VENTURE KAMLOOPS

INVEST IN OUR CITY

2014 ECONOMIC IMPACT STUDY

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Executive Summary

Introduction

Roslyn Kunin and Associates, Inc. (RKA) was retained by Venture Kamloops to prepare a comprehensive economic analysis of the Kamloops area economy. In this report, we have analyzed Kamloops' economic past and present, and projected the most likely economic future by researching and assessing several key economic factors and their most likely impacts on the region's economy. A 10-year economic forecasting model has been developed, and used to produce four alternative future scenarios. Each one revolves around the future of major operations or investments (existing, new or expanding) and their impacts in the region. The four scenarios are:

1) Status Quo – no change

2) Domtar Pulp mill shuts down

3) KGHM-Ajax mine project proceeds

4) Kinder Morgan Trans Canada pipeline twinning project proceeds

Overview of Methodology

In our analysis, we first present a macro-economic evaluation of the general economy, which provides broad economic indicators of the overall economy, key sectors and major indicators such as employment. Next we assess external and internal variables affecting economic performance. It is in this context of a baseline situation analysis that the RKA research team has built a 10-year economic model that incorporates the key drivers of economic growth, and evaluates the economic impacts of four different scenarios upon the local economy, drawing conclusions on how potential changes in GDP, employment, and government tax revenues may occur in the future. We have reviewed existing social and economic data and information and conducted primary research with key stakeholders in the community to help us identify trends, issues, opportunities and concerns. Finally, we developed an economic model to analyse and project the impacts of four potential alternative economic scenarios.

Overview of Current Economic Situation

Employment growth patterns by industry in the Thompson Okanagan Development Region are fairly similar to the growth patterns in the province. Service-producing industries have been the primary driver in employment growth. However, it should also be noted that resource extraction industries, such as mining and oil and gas extraction, along with manufacturing, contributes to a larger share of the GDP growth than their employment shares due to their higher labour productivity.

In addition to the above quantitative analysis, we note the following chronology of major events and policies which have shaped the Kamloops area economy:

- 1890s: Construction of railways
- Since 1950s: Highway hub
- 1965: Weyerhaeuser opens in Kamloops
- 1977-1987 New Afton mine operates
- Since 1980s: Tourism
- Since 1980s: Multiple challenges of the forest products industry
- 1990: Launch of Rocky Mountaineer
- Since 1993: Development of Sun Peaks Resort
- 1999: Weyerhaeuser Canada relocates its head office
- 2001: Designation of Kamloops as "The Tournament Capital of Canada"
- 2005: Incorporation of Thompson Rivers University (TRU)
- Since mid-2000s: Growing tech sector
- 2007: Teck announces Highland Valley Mine life extension
- 2008: Weyerhaeuser closes Kamloops sawmill
- 2009: Expansion of Kamloops Airport
- 2010: Government of Canada aids investment in Domtar Kamloops
- 2010: Closure of Pollard Banknote printing plant
- 2010: Convergys call centre closes
- 2012: New Gold reopens Afton Mine
- 2013: Domtar A-line pulp machine
- 2014: Announcement of Kamloops Daily News Closure
- 2014/15: Pending decision regarding KGHM-Ajax mine
- 2014/15: Pending decision regarding Trans Mountain Pipeline

All the above events have had an important impact on bringing the Kamloops economy to where it is today, and ultimately leading to a more diversified and healthy economy.

1. Introduction

Overview of the project

Venture Kamloops is the marketing and economic development arm of the City of Kamloops. With a mission to create economic growth and establish the City as the premiere location for new business development, Venture Kamloops is dedicated to building a prosperous community through economic opportunity. This includes supporting business start-ups, retaining and expanding established businesses, and attracting new businesses and investments to the Kamloops region.

In order to successfully prepare and plan for economic strength and stability for the region in the coming years, Roslyn Kunin and Associates, Inc. (RKA) was retained by Venture Kamloops to prepare a comprehensive economic analysis of the Kamloops area economy and a 10 year forecasting model. RKA has analyzed Kamloops' economic past and present and projected the economic future by researching and assessing several key economic factors and their predicted impacts on the region's economy, should they occur. The 10-year economic forecasting model was developed and used to produce four possible alternative scenarios. The details of each scenario were determined in close consultation with Venture Kamloops during the project and revolve around the future of possible major operations, projects and/or investments (existing, new or expanding) and their projected impacts on Kamloops. The four scenarios analysed in the economic model are:

1. Status Quo – no change
2. Domtar Pulp mill shuts down
3. KGHM-Ajax mine project proceeds
4. Kinder Morgan Trans Canada pipeline twinning project proceeds

Project Purpose and Scope

This study closely examines the state of the Kamloops economy; past, present and future. Secondary and primary research has been utilized to address specific research objectives which include:

- A history of the region's economy;
- Overview of the current economic situation;
- Identification of major events and/or policy changes that have impacted the economy to date;
- Demographic profile of the region's population;
- Economic strengths, weaknesses, threats and opportunities - both current and possible future;

- Anticipated external events and decisions which will impact the region's economy in the future; and,
- Other economic factors which should be considered in the forecasting model.

The 10-year economic forecasting model takes the above into account and includes four (4) alternative scenarios.

General Research and Analytical Approach

In sector driven economic impact modeling, the general approach is to start with a macro-economic evaluation of the general economy, which provides broad economic indicators of the general economy and key sectors, in areas such as real Gross Domestic Product (GDP), investment, and prices. For example, in the latest version of the *2013 Financial and Economic Review* published by the Government of British Columbia, major macro-economic indicators that have been examined include the real GDP in major sectors of the economy, such as construction, manufacturing, agriculture, forestry, fishing and hunting, and the energy sector on the goods-producing side of the economy, as well as financial services, real estate, rental and leasing, wholesale and retail trade, transportation and warehousing, professional, scientific and technical services, health care and educational services, etc. on the services-producing side of the economy. Other major indicators examined include employment growth, housing starts, retail sales, and merchandise exports. Recent year-to-date performances are examined to compare with the same sector's performances in the past periods in order to draw out emerging trends occurring in the economy.

Ultimately, in a small economy such as that of British Columbia and sub provincial areas like Kamloops, economic performances of the overall economy and key sectors are affected by *external* variables, domestic demand, and public policies. Examples of these external and internal variables are described here.

External variables	Internal factors
BC's trading partners demand for our goods and services produced, such as wood, pulp and paper, natural gas and oil, metal and mineral products, machinery and equipment, and others	Population growth and composition of demography
General economic conditions of our major trading partners such as the United States, China, Japan, and Western Europe	Labour force growth
Economic conditions in other jurisdictions across Canada also can affect our economy in a positive or negative way	Availability of skilled labour
	Wages and disposable income

In public policy, interest rates set by the Bank of Canada and the fiscal management by the federal and provincial governments send out strong signals that can affect housing starts and non-residential construction activities such as new capital spending on infrastructure or upgrades. Other changes in public policy can also affect the level of demand for, as well as the composition of, goods and services produced.

For a mid-sized city like Kamloops, its economic conditions are affected by the performances of major economic indicators in the province as well as the factors driving such performances. There are challenges facing the local economy, but at the same time, opportunities will present themselves if there is a conducive environment and positive measures are made by the community and its leaders to encourage investment.

It is in this context that the RKA research team has built a 10-year economic model that incorporates the key drivers of economic growth, and evaluates the estimate economic impacts of four different scenarios upon the local Kamloops economy, drawing conclusions on how potential changes in GDP, employment, and government tax revenues may occur in the future. The sensitivity of the model's results to its assumptions will be testable.

Our general approach is to construct an economic model for the purposes of impact evaluation as described below:

1) Review of Existing Social and Economic Data and Information – a review of information and data pertaining to the region's economic structure, key sectors, and a discussion of the major events and policy changes that have occurred in the past with an impact to Kamloops' economy.

The review has been conducted through a combination of literature review and interviews with representatives from Venture Kamloops and the City of Kamloops and identified sector stakeholders. We have sought support from the Project Manager in accessing the appropriate representatives and documents to maximize the benefits.

2) Review and Evaluation of Current Economic Data – a review of current demographic and economic data including population growth in the past; composition of population and how it has changed over time; key sectors in the economy (both revenue and employment); and a discussion of major measures and initiatives presently in place to attract investment to the City and/or region.

For this element of the research, we have relied on a combination of secondary research and primary research to collect the necessary data and information to conduct analysis. The purpose of this research step is to provide a snapshot of the City's current economic performance, and to allow the researchers to conduct a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis.

Secondary data sources include BC Regional Socio-Economic Profiles and Indices produced by BC Stats, Community Fact Sheets, BC Provincial Budget, Statistics Canada's Census and National Household Survey, regional population estimates and projections, economic forecasts produced by institutions such as the Conference Board of Canada, Central 1 Credit Union, and others.

Primary research involved conducting 20 in-depth telephone interviews with key agency and industry representatives to seek their evaluation of potential opportunities to attract investment, factors driving growth or constraint, extent of labour supply, issues and barriers.

RKA conducted interviews with following types of stakeholders:

- Lead staff at Venture Kamloops;
- Government agency representatives such as Community Futures, Chamber of Commerce, Tourism Kamloops, etc.;
- Spokespeople representing key industries and employers in the region, such as mining, forestry, tourism, education, agriculture, technology and manufacturing etc. Those industries and/or employers which have and are anticipated to experience the most significant changes or adjustments (positive or negative) were contacted; and,
- Other important stakeholders as a result of discussion with Venture Kamloops.

3) Identification of Data Sources and Model Specification – the availability of data and their limitations must be recognized in constructing an economic model that will provide a forecast of overall economic growth for the City of Kamloops in the next 10 years.

The first observation we are making here is that Statistics Canada does not provide any estimates on GDP or other aggregate economic numbers beyond what is published at the provincial level. Therefore, we do not have any historic estimates to rely on in building a forecast model for the City of Kamloops boundaries. The Ministry of Finance in BC publishes short- to medium-term forecasts with key indicators such as provincial real GDP growth rates, population growth, labour force, employment, and others that are incorporated in the Provincial Budget. Real GDP growth rates at the regional level, though available within the provincial government for planning purposes, are not released in the public domain.

Other institutions also publish provincial forecasts on key indicators such as real GDP growth and employment in major industries, but again, such forecasts do not apply at the regional level.

Given such data limitations, we have built an economic forecast model for the City of Kamloops via the following method described. Based on existing estimates of provincial real GDP by industry, we derive shares in each industry that are applicable to the City according to its employment. The latter dataset can be obtained by analysis of the Census data applicable to Census sub-division, as well as by examining changes in employment by major industry in the Thompson-Okanagan Development Region. Using provincial forecasts of real GDP growth and employment by industry, and by examining assumptions on population growth in the region, we can therefore derive estimates of real GDP growth rates and employment by industry for the City. This set of forecast values serves as the baseline values for our model to evaluate economic impacts as described in the next step.

4) Impact Estimation and Analysis – a comparison of four potential alternative scenarios, the assumed timing and implementation of each of these possible scenarios, and their impact quantification.

RKA worked with Venture Kamloops and the specific organization identified for each individual scenario to identify and determine assumptions relevant to the modeling process. As stated, the four scenarios include the status quo plus three separate scenarios related to major investment (or withdrawal of it) in the resource sector.

The standard economic impact analysis model gathers information on different sources of expenditure (input) to assess the dollar value of their contribution to a specified economy (output). The Input-Output Model is built based on the input-output structure of the economy, which is essentially a set of tables describing the flows of goods and services amongst the various sectors of the economy. Such a model is very useful in determining how much additional production is generated by a change in the demand for one or more commodities or by a change in the output of an industry.

In the context of economic impact analysis of major capital projects in the resource sector, the usual sources of expenditure include capital expenditure during the infrastructure construction phase and operating expenses during the life-span of the facility, which, through their demand for goods and services, will result in increased economic activities that can be measured by changes in employment and the Gross Domestic Product (GDP), as well as in government revenue within a geographic area.

The types of impact usually measured in an input-output analysis include:

- **Direct Impacts** – this type of impact measures the increase in industrial output and the increase in an industry's labour force due to construction of facilities (if appropriate), and on-going operation of the businesses. In addition, the increase in government revenue can be measured.

- **Indirect Impacts** – this type of impact measures the change in industrial output and employment demand in sectors that supply goods and services used in the construction of facilities and the operation of the businesses.

- **Induced Impacts** – this type of impact measures further increases in economic activities as a result of the general increase in income of workers providing goods and services directly and indirectly.

The total economic impact of each of the scenarios to be analyzed will be the sum of direct, indirect, and induced impacts. For the purposes of this study, the input-output model results will be derived from is the BC Input-Output Model (BCIOM). The BCIOM can be viewed as a snapshot of the BC economy; of the structures of the business sector of the entire British Columbia economy in terms of who makes what and who uses what. It is derived from the *2004 Interprovincial Input-Output Tables* developed by Statistics Canada.

Final Report – we have prepared this comprehensive document report describing the data and analysis, model construction, four alternative economic development scenarios, and impact quantification.

2. History and Overview of Current Economic Situation

In this Section we provide an overview of the current economic situation by summarizing available secondary data pertaining to the Kamloops area. This includes population and employment patterns by sector and a chronological listing of key events and policies that have shaped Kamloops' economic history to date.

2.1. Population

Incorporated in 1893, Kamloops has a total land area of 297.3 square kilometers (2006 Census). By highway, the City is 356 km northeast of Vancouver and 622 km west of Calgary, Alberta. Kamloops is in the Thompson-Nicola Regional District.

Depending on the sources of information we use in the compilation of the report, in certain cases the geographic area under analysis is the Kamloops Census Agglomeration (CA) – the City of Kamloops and surrounding communities. Specifically the Kamloops CA area includes:

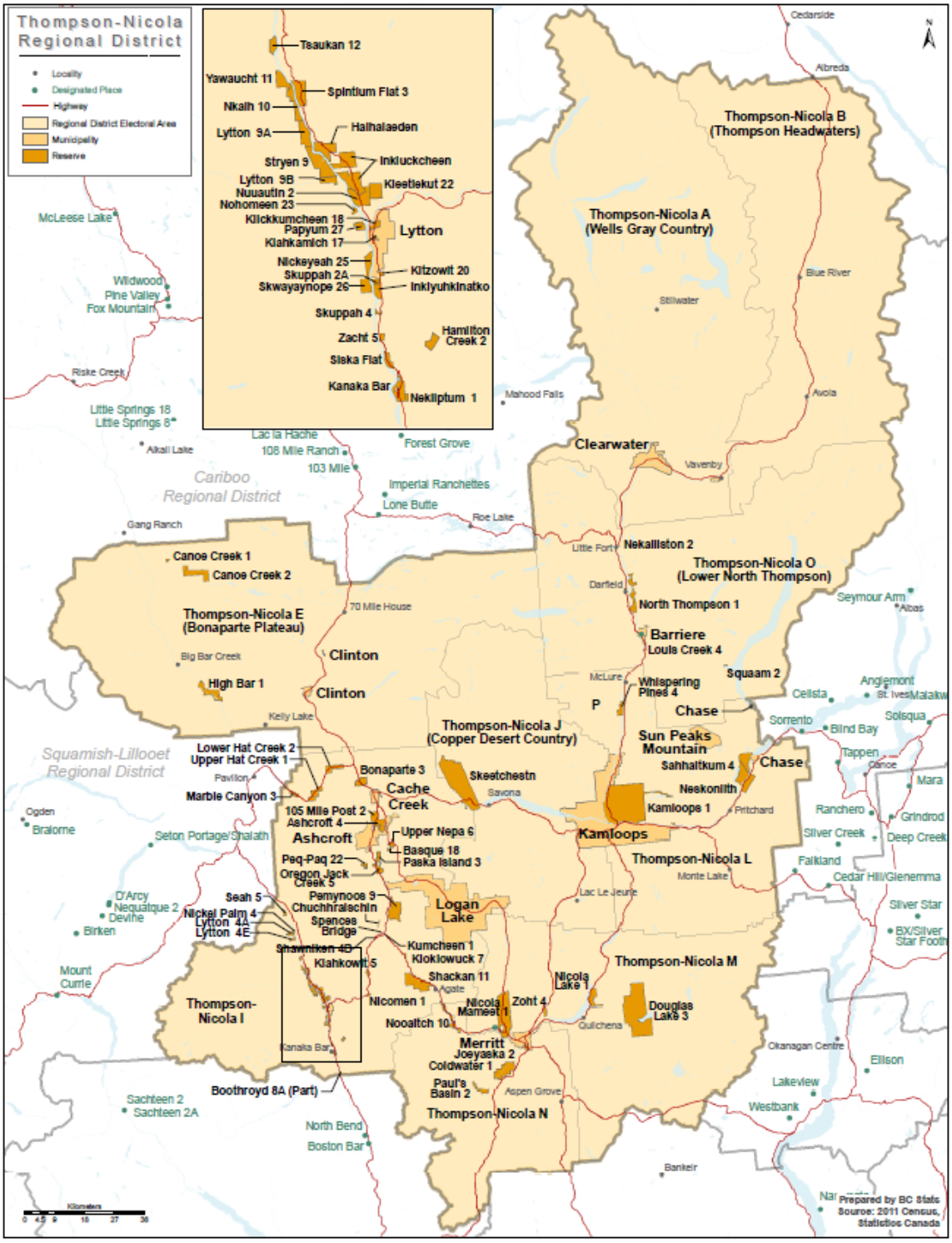
- City of Kamloops
- Thompson-Nicola J Electoral Area (Copper Dessert Country)
- Logan Lake District Municipality
- Thompson-Nicola P electoral area (Rivers and the Peaks)
- Chase Village

See the map of the Thompson-Nicola Regional District (below) for the locations of these communities. Kamloops CA had a total population of 98,754 in 2011.[1] Total labour force was estimated at 60,000 in 2012, accounting for 2.4% of the provincial total.[2]

[1] Statistics Canada, 2011 Census.

[2] Statistics Canada, Labour Force Survey (Table 282-0115).

Figure 1: Map of the Thompson-Nicola Regional District



Source: BC Stats

1) City of Kamloops

The population in the City of Kamloops grew from 80,376, in 2006, to 85,680, in 2011, up 6.6%. By comparison, the Regional District of Thompson-Nicola's population increased from 122,286, in 2006, to 128,470, in 2011, up 5.1%. In BC, the total provincial population grew from 4,113,487, in 2006, to 4,400,057, by 2011, up by 7.0%.[3]

Comparison of the population by age indicates that the population of the City of Kamloops has an average age younger than that of BC as a whole. This is accounted for by the fact that the share of youth population (age 0 to 14 years and age 15 to 24 years) is larger than the provincial average (29.6% vs. 28.0%), while the share of older population (age 65 plus) is just marginally larger than the provincial average (15.6% vs. 15.7%).[4]

2) Logan Lake

The District Municipality of Logan Lake has a population of 2,073 in 2011, down 4.1% from 2006 when the population was 2,162.

3) Thompson-Nicola J Electoral Area (Copper Dessert Country)

The Thompson-Nicola J Electoral Area is south of the City of Kamloops and has an area of 3,294.5 square kilometers. It has a population of 1,560 in 2011, down 3% from 2006 when it was 1,609. [5]

4) Thompson-Nicola P Electoral Area (Rivers and the Peaks)

The Thompson-Nicola P Electoral Area has an area of 1,549.6 km^2. It has a population of 3,620 in 2011, down 1% from 2006. It is located north of the City of Kamloops.[6]

5) Chase Village

Chase Village has an area of 3.77 km^2, but has a population of 2,495 in 2011. Population growth was up 3.6% from 2006.[7]

[3] Statistics Canada, 2006 and 2011 Census.
[4] Statistics Canada, 2006 and 2011 Census.
[5] Statistics Canada, 2006 and 2011 Census.
[6] Statistics Canada, 2006 & 2011 Census.
[7] Statistics Canada, 2006 & 2011 Census.

2.2. Employment Growth by Sector

2.2.1. Regional Economy

This sub-section of the report provides an overview of the general economic background of the broader Kamloops geographic area, and describes how different sectors have grown compared to the rest of the economy. The City of Kamloops, or the Kamloops CA, is in the Thompson-Nicola Regional District (RD), which in turn is part of the Thompson Okanagan Development Region.

The Thompson-Nicola RD had a population of 132,884 in 2012, about 2.9% of the provincial total. Different from what has been described of the population in the City of Kamloops, the regional district has a similar share of youth (28.05% of those aged 0-24 years vs. 28.01% in the province), but a larger than average share of the older population (17.7% of those aged 65 and over vs. 15.9% in the province).[8]

In terms of income dependency, the proportion of the population residing in the regional district depending on government transfers and income other than from employment is higher than the provincial averages (11.7% vs. 9.6%, and 12.5% vs.13.4% respectively).[9] This is consistent with the older age profile of the population (the RD has an older age profile than the province, see paragraph above).

While traditionally the region's economy was dependent upon resource extraction, today the service-producing industries account for over 80% of the labour force in Kamloops, a proportion similar to the provincial average. This is shown in Figure 2.

Figure 2: Labour Force Distribution by Industry, Kamloops CA and BC

	Kamloops CA	BC
Goods Producing Industries		
Primary	6.2%	4.1%
Construction	7.4%	7.6%
Manufacturing	4.9%	6.4%
Services Producing Industries		
Non-Government	74.6%	75.5%
Government	6.9%	6.4%
All Industries	100.0%	100.0%

Source: Statistics Canada, 2011 National Household Survey.

[8] BC Stats, Population Estimates 2012.

[9] BC Stats, Socio-Economic Profile for Thompson-Nicola Regional District. http://www.bcstats.gov.bc.ca/StatisticsBySubject/SocialStatistics/SocioEconomicProfilesIndices/Profiles.aspx

Primary industries, including agriculture, forestry, fishing and hunting; mining and quarrying; as well as utilities, employ 6.2% of the local workforce, while in the province, the employment share in primary industries is 4.1%. In the construction sector, the employment share in Kamloops is similar to that in the province. The share of employment in the manufacturing sector in Kamloops, at 4.9%, however, is much lower than the provincial average of 6.4%.

Turning to occupational distribution, Kamloops has a smaller than provincial average share of professional occupations (15.0% vs. 17.9%), as well as a smaller than provincial average share of other high-skilled, semi-technical jobs (14.4% vs. 15.1%). On the other hand, Kamloops has a larger than provincial average share of trades jobs (19.3% vs. 16.2%), indicating the importance of trades workers in the local economy.

Figure 3: Labour Force Distribution by Occupation, Kamloops CA and BC

	Kamloops CA	BC
Management Occupations	10.6%	11.8%
Professional Occupations		
Business/Finance	1.8%	3.2%
Natural/Applied Science	2.3%	3.6%
Health	3.7%	3.3%
Social Science except Teachers	2.5%	2.7%
Teachers	4.1%	3.9%
Arts/Culture	0.6%	1.3%
Other High Skilled Occupations		
Finance/Admin	1.9%	1.8%
Natural/Applied Science	3.0%	3.2%
Techs. In Health	1.9%	1.8%
Paral. Profs in Sco Sci Edu, etc.	2.8%	2.2%
Techs. In Arts, Culture, Rec	1.6%	2.1%
Sales/Service	3.3%	4.0%
Trades		
All Skill Levels	19.3%	16.2%
Intermediate/Lesser Skilled Occupations	40.7%	39.0%
All Occupations	100.0%	100.0%

Source: Statistics Canada, 2011 National Household Survey

In the sub-sections to follow in the rest of this chapter, we will describe employment growth in each of the industries that make up the economy. Due to data availability, employment growth in industries and sectors in the region is described in the context of the broader Thompson-Okanagan Development Region (TODR), minus the impact from the Kelowna Census Metropolitan Area (CMA). Although the magnitude may not be the same, the growth patterns between the City of Kamloops and surrounding communities and the development region (outside of metropolitan Kelowna) would be similar.

Note that throughout the rest of this section, the wording "development region" refers to the TODR excluding the Kelowna CMA, unless otherwise stated.

2.2.2. Agriculture

The agriculture sector in the Thompson-Okanagan Development Region (excluding Kelowna CMA) employed approximately 4,500 individuals in 2013, accounting for about 2.8% of the overall workforce in the development region (excluding Kelowna CMA).

We have produced two graphs showing the change of employment in the industry we are describing here, the broader sectoral classification (either the goods-producing sector or the services-producing sector), and all industries in the economy. In the first graph, we compare the pace of change of the level of employment that has occurred over the years within the development region. In the second graph, we compare the change of each industry in the region with the same industry at the provincial level. For ease of comparison, we have not shown actual number of employed in each of the sectors, but have converted them to an employment index, using 1997 as the base year.[10]

In general, employment growth in the goods producing sector (including all the industries engaged in resource extraction as well as in construction and manufacturing – the red line shown the graph) has fluctuated slightly more than the overall economy in the development region. Between 1997 and 2013, employment in the goods-producing sector increased by approximately 17%, while general employment in the development region (excluding Kelowna CMA) has increased by 10% more what it was in 1997. The number of employed in the agriculture sector has changed little over the same period, up by only 5%, as shown in Figure 4 below. Employment levels in the agriculture sector also fluctuated the most on a year-to-year basis, which may be explained by the change in industry activity due to nature's forces. Part of the reason may also be due to the size of the industry. The sample size for the Labour Force Survey at a regional level is much smaller than at the provincial level, making the year to year change of employment more drastically than it actually should have been.

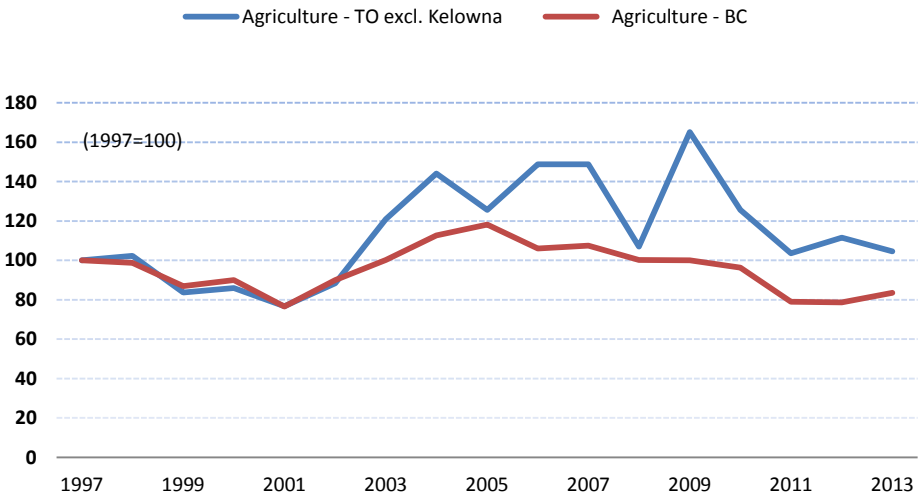
[10] It should be noted that because the size of the agriculture sector in Kelowna CMA is quite small (in some years below 1,500 individuals), and therefore no data is reported in the Labour Force Survey we have estimated the possible level of employment in the sector in the years where data is missing, based on Census data from 2006 and 2001.

Figure 4: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Agriculture Sector and All Industries

Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, Census 2006, 2001.

Compared with their provincial counterparts, the workforce in the agriculture sector in the development region has fared much better during the period from 1997 to 2013; this is shown in Figure 5 below. Essentially, the employment growth patterns of the agriculture sector in the development region and in the province have been quite similar, especially from year 2000 onwards. The year-to-year variation of employment in the sector may be the result of weather patterns and changes in demand for BC's agriculture products.

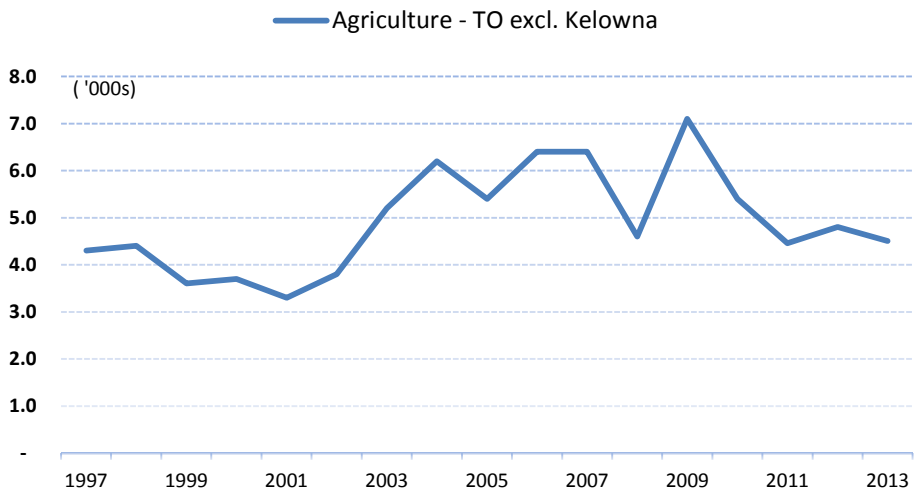
Figure 5: Employment Growth in the Agriculture Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, Census 2006, 2001.

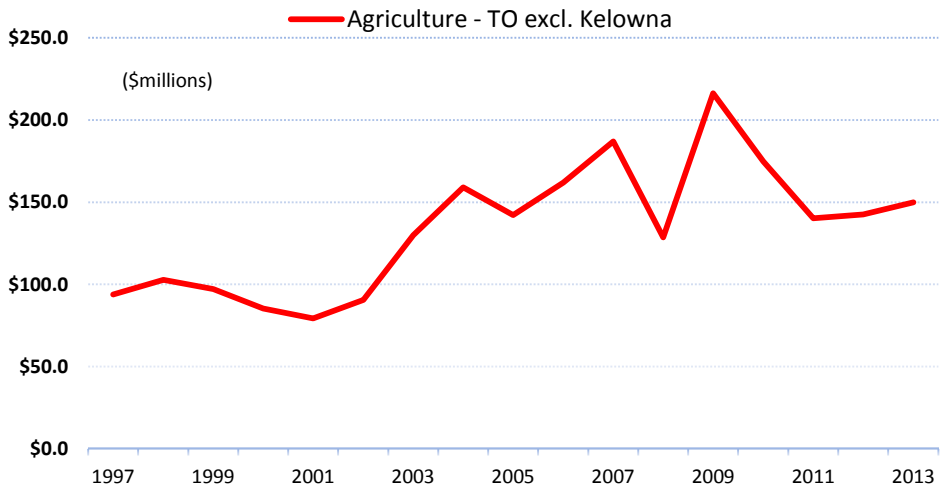
We have further shown our estimated number of employed in the agriculture sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 6). We have also shown, in Figure 7, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 6: Estimated Actual Number of Employed in Agriculture, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, and Census 2006, 2001.

Figure 7: Total Compensation for Those Employed in Agriculture, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

2.2.3. Forestry

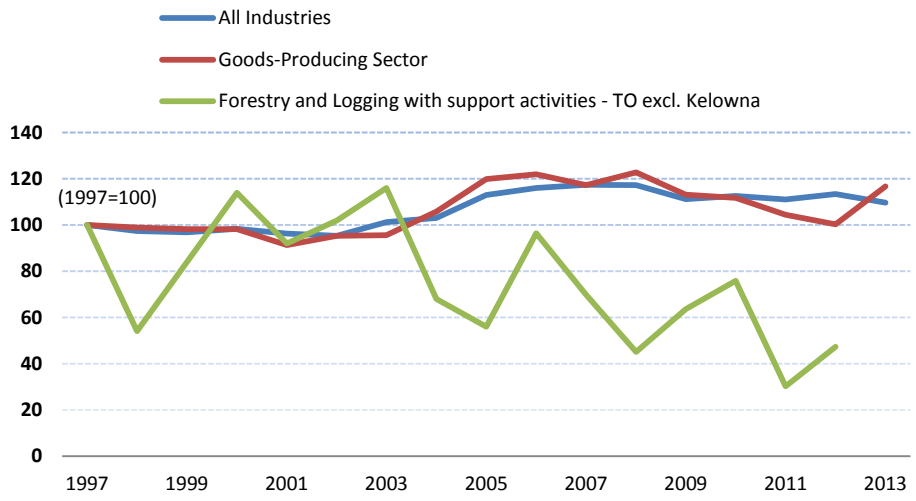
The forestry sector includes the activity of forestry and logging, as well as enterprises engaged in providing support services to forestry and logging. In 2012, the sector employed approximately 2,100 individuals in the Thompson/Okanagan Development Region (excluding Kelowna CMA), accounting for about 1.3% of the overall workforce in the region.

Note that as the absolute number of employed in the sector is too small in the Kelowna CMA to be released, we have derived values applicable to the Kelowna CMA in order to generate estimate of the sector's employment pattern in the region in the past.

Using the same pattern as in section 2.2.2, we have created two charts showing the change of employment in the industry. In general, employment growth in the goods producing sector (the red line shown the graph below) has fluctuated more, but followed fairly similar patterns as the overall economy in the development region. Between 1997 and 2012, employment in the goods-producing sector increased by approximately 17%, by comparison general employment in the development region (excluding Kelowna CMA) has increased by about 10%.

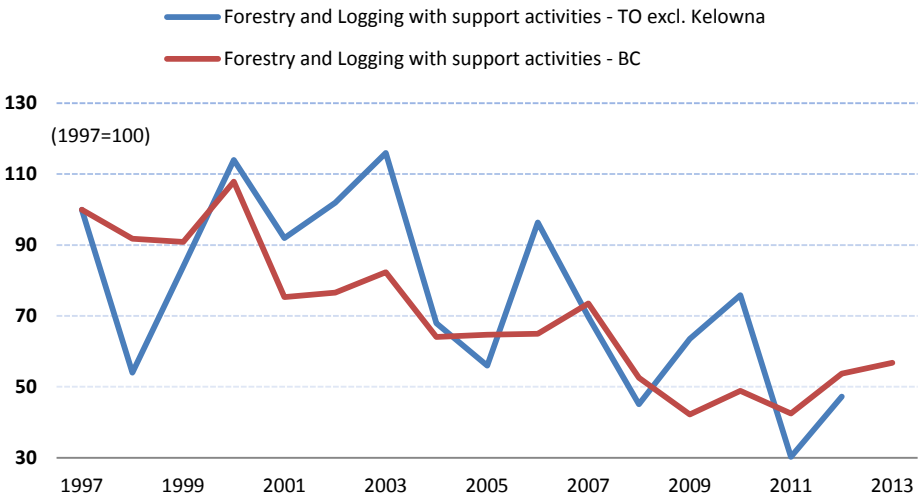
The number of employed individuals in forestry and logging has fluctuated more drastically than the general employment in the goods-producing sector. Part of the reason that we see so much fluctuation from one year to another may be due to the size of the industry. The sample size for the Labour Force Survey at a regional level is also much smaller than at the provincial level, making the year to year change of employment more drastically than it actually should have been. In any case, in spite of the variation from one year to another, the downward trend of the industry's employment is obvious. Similar to the overall forestry and logging sector in the province (as shown in Figure 9), employment of individuals has been steadily declining, but the pace of decline has accelerated since the year 2000. There are a number of factors that contributed to the decline. Like most other resource industries in BC, forestry and logging activities are tied to demand for our resource products outside of the province or Canada. When the labour productivity in the wood manufacturing sector decreased, the demand for BC's wood products declined, although in recent years some firms have been successful in restructuring and become more competitive. When the United States imposed export duties on BC softwood lumber during the first half of 2002, employment in forestry and logging also suffered. On the supply side, the mountain pine beetle infestation in interior forests has greatly reduced, and will continue to reduce in the near future, the supply of timber.

Figure 8: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Forestry Sector and All Industries



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, Census 2006, 2001.

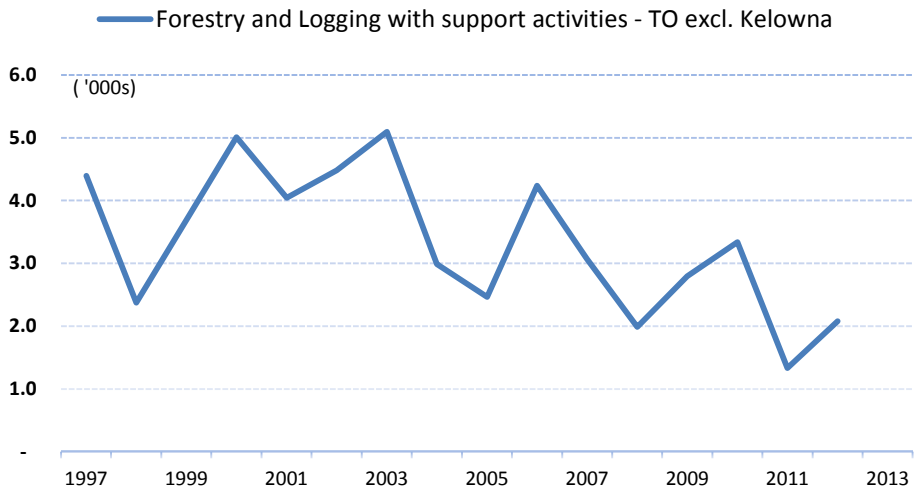
Figure 9: Employment Growth in the Forestry Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, Census 2006, 2001.

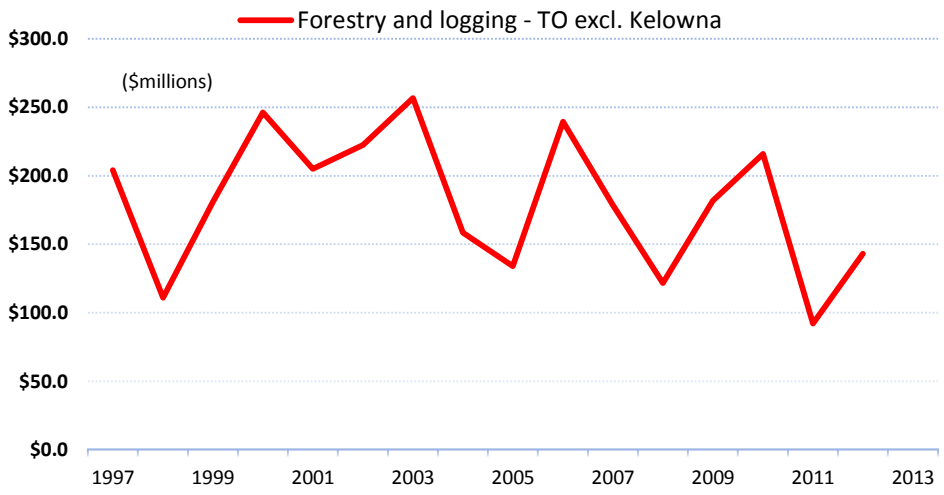
We further show the estimated number of employed in the sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 10). We have also shown, in Figure 11, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 10: Estimated Actual Number of Employed in Forestry and Logging, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, and Census 2006, 2001.

Figure 11: Total Compensation for Those Employed in Forestry and Logging, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

2.2.4. Mining

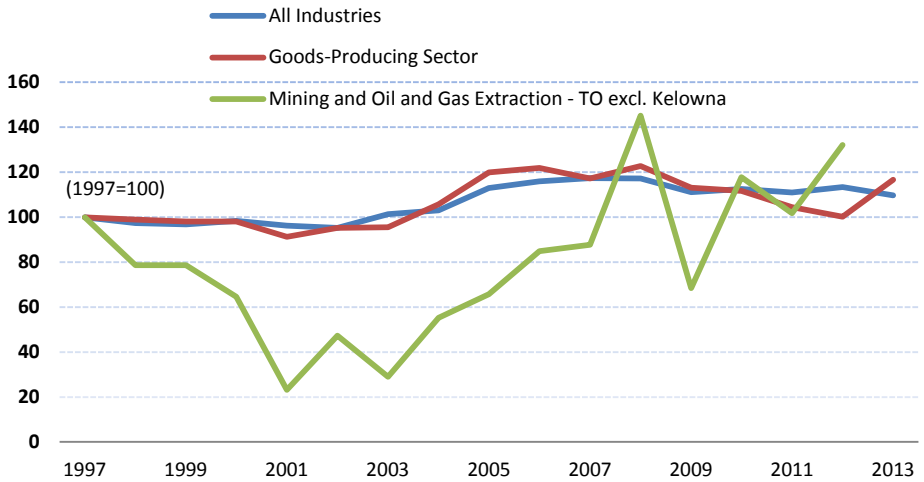
In the data showing employment by industry, mining and mineral exploration is part of the broader industry group of mining and oil and gas extraction. In 2012, employment in this industry in Thompson Okanagan Development Region (excluding Kelowna CMA) was about 3,900 individuals, accounting for 2.4% of the development region's overall employment.

Similar to the forestry and logging sector, as the absolute number of employed in the sector is too small in the Kelowna CMA to be released, we have derived values applicable to the Kelowna CMA to generate estimates of the sector's employment pattern in the region (i.e., outside of Kelowna CMA) in the past.

Using the same pattern as in section 2.2.2, we have created two charts to show changes of employment in the industry. In general, employment growth in the goods producing sector (the red line shown the graph below) has fluctuated slightly more than the overall economy in the development region. Between 1997 and 2013, employment in the goods-producing sector increased by approximately 17%. By comparison general employment in the development region (excluding Kelowna CMA) has increased by 10% of what it was in 1997.

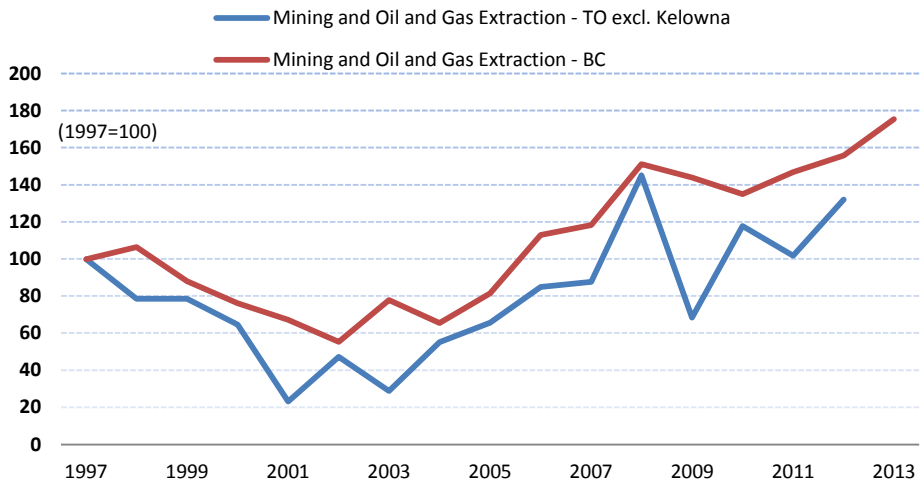
The number of employed individuals in the mining and oil and gas extraction sector (which is really mining and mineral exploration as there are no oil and gas extraction activities in the development region) has grown much faster than all industries, or the overall goods-producing sector, over the same period. Employment level in the sector in 2012, at 3,900, was one third higher than in 1997.

Figure 12: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Mining Sector and All Industries



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, Census 2006, 2001.

Figure 13: Employment Growth in the Mining Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

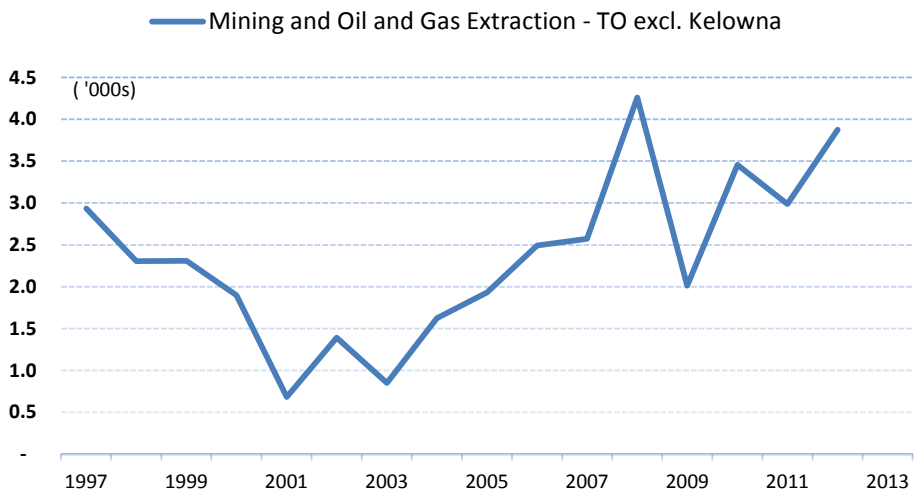


Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, Census 2006, 2001.

The overall mining and oil and gas extraction sector in BC employed 26,200 individuals, so the number of employed in the sector in the development region accounts for almost 15% of the provincial workforce in this sector. The two lines in Figure 13 indicate that regional level employment development follows a similar provincial pattern during the period of analysis, although changes of employment at the regional level are more pronounced. Again, we believe that is more likely due to small sample size at the regional level.

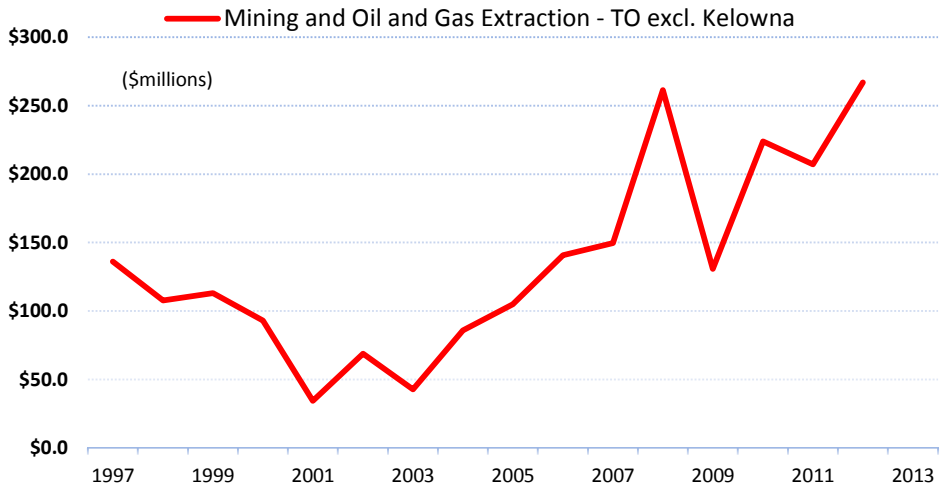
We further show our estimated number of employed in the sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 14). We have also shown, in Figure 15, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 14: Estimated Actual Number of Employed in Mining and Oil and Gas, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Estimated by RKA based on Statistics Canada, Labour Force Survey, NHS, and Census 2006, 2001.

Figure 15: Total Compensation for Those Employed in Mining and Oil and Gas, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

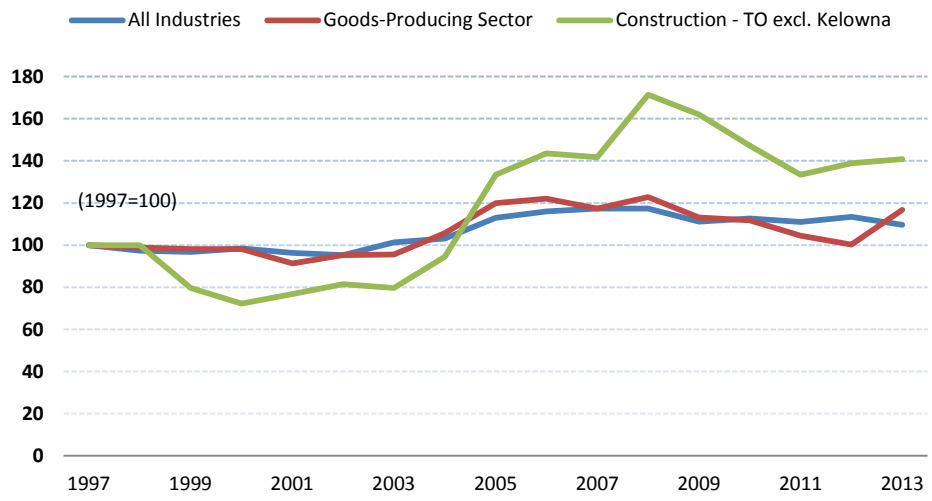
2.2.5. Construction

Construction was the second largest sector in terms of employment in goods-producing in the development region (excluding Kelowna CMA) in 1997. By 2008, it surpassed manufacturing as the largest within the goods-producing sector. Today, it accounts for almost 10% of the region's workforce.

Using a similar method as above, we have shown two charts to represent change of employment in construction – one to compare employment growth in construction with all industries in the development region (excluding Kelowna CMA), and the other to compare employment growth in the region (excluding Kelowna CMA) with the same workforce in the province.

Between 1997 and 2013, employment in the goods-producing sector increased by approximately 17%, while general employment in the development region has increased by only about 10% from what it was in 1995. The number of employed individuals in the construction sector has climbed much faster than the overall industry employment growth over the same period, more than 40% from its level in 1995, as shown in Figure below. The fastest growth came since 2003, driven by the residential housing market and construction activities related to engineering projects.

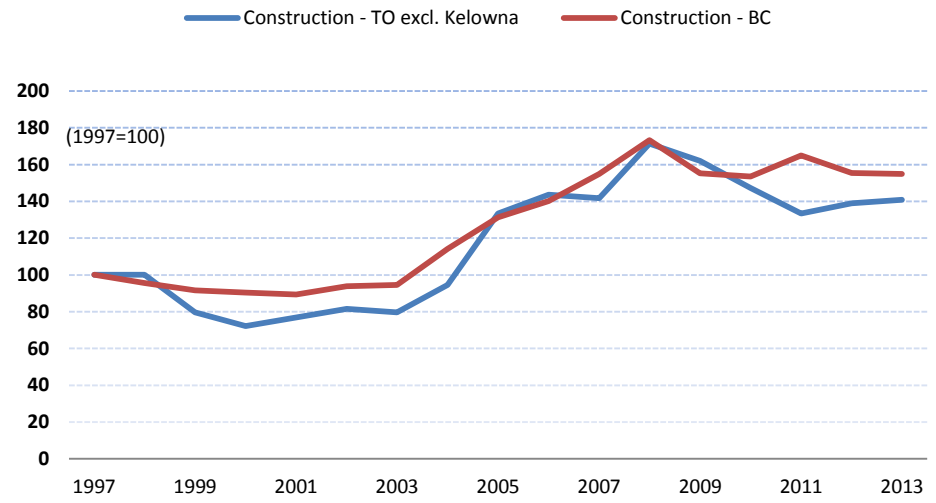
Figure 16: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Construction Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Compared with their provincial counterparts, employment in the construction sector grew more modestly in the development region during the same period, up 41% vs. 55%. This is shown in Figure 17 below.

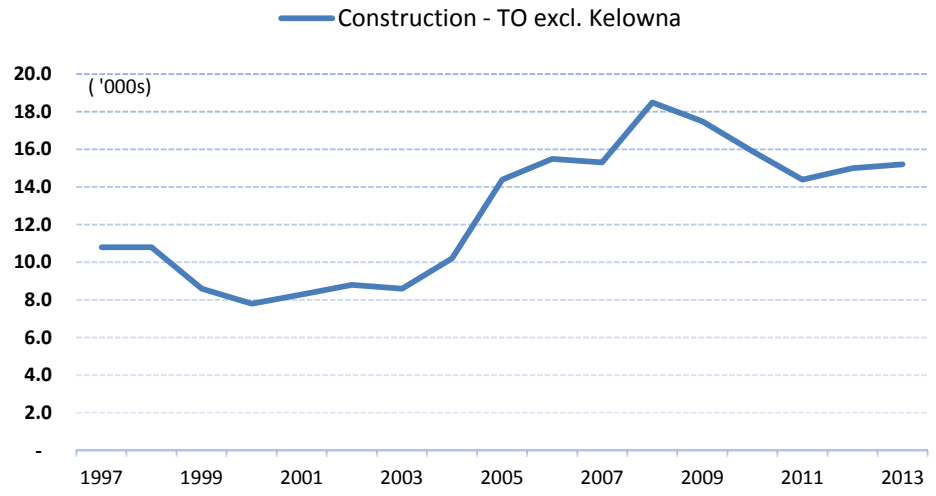
Figure 17: Employment Growth in the Construction Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013



Source: Statistics Canada, Labour Force Survey.

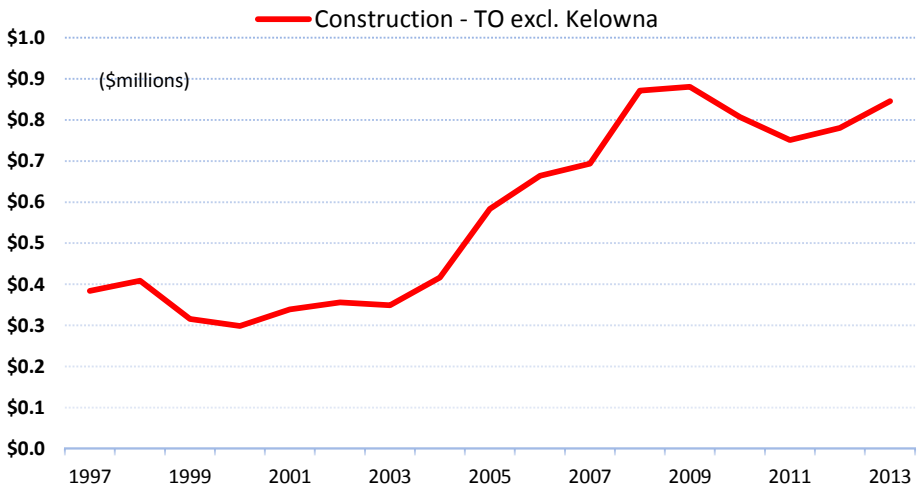
We further show actual number of employed in the construction industry in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 18). We have also shown, in Figure 19, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 18: Actual Number of Employed in Construction, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 19: Total Compensation for Those Employed in Construction, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

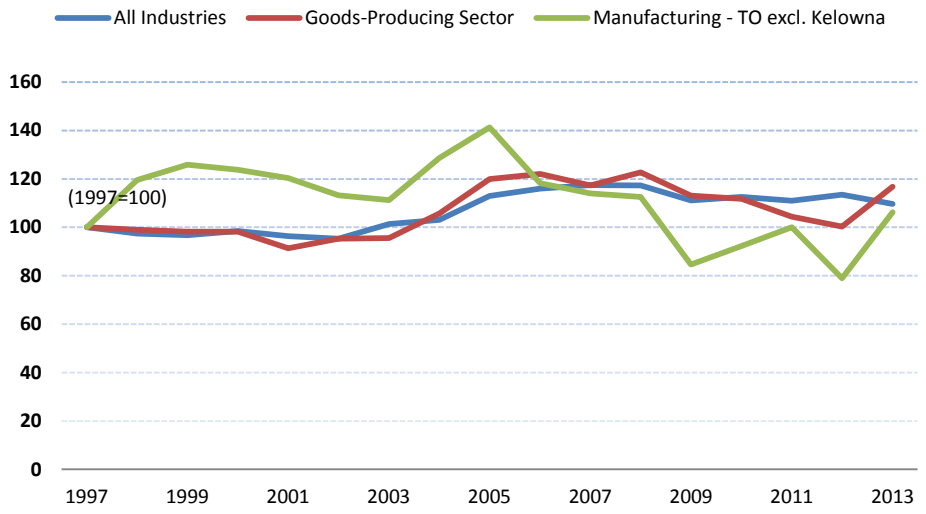
2.2.6. Manufacturing

While employment in manufacturing in the development region (excluding Kelowna CMA) used to account for more than 10% of the overall workforce in 1997, by 2013 its share has been slightly reduced to only 9.6% of the overall workforce.

Similar to the method in the previous subsection, we have produced two graphs to show change of employment in the industry – one comparing with all industries in the regional economy and the other with the provincial workforce in the same sector.

Between 1997 and 2013, the number of employed individuals in the manufacturing sector has grown much more slowly than the overall regional workforce over the same period, up by 6%, as shown in Figure below. In fact, manufacturing employment suffered substantially during the financial crisis in 2008 and has barely recovered to the employment level in 2008. There have been a number of challenges the industry has faced, examples include the soft demand for wood products in the United States, the imposition of softwood duties as described earlier, a strong Canadian dollar, and others. However, within the manufacturing sector, there are some bright spots, examples of which include food and beverage production and transportation equipment manufacturing. On the other hand, these two employ only a small fraction of the workers in overall manufacturing.

Figure 20: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Manufacturing Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

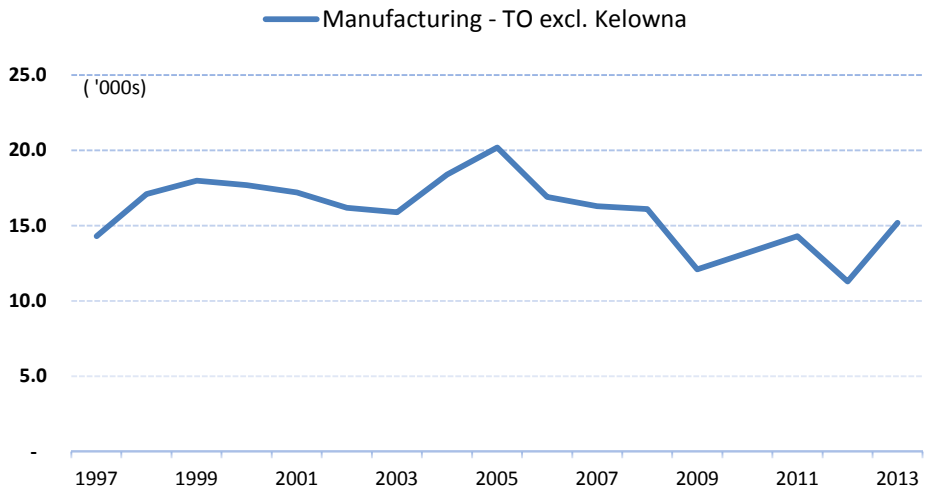
Figure 21: Employment Growth in the Manufacturing Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

Source: Statistics Canada, Labour Force Survey.

Manufacturing in the development region has followed a similar employment growth trend in the overall manufacturing sector in the province, but has shown more positive growth from 1997 to 2008, indicating the strength of the sector in the region.

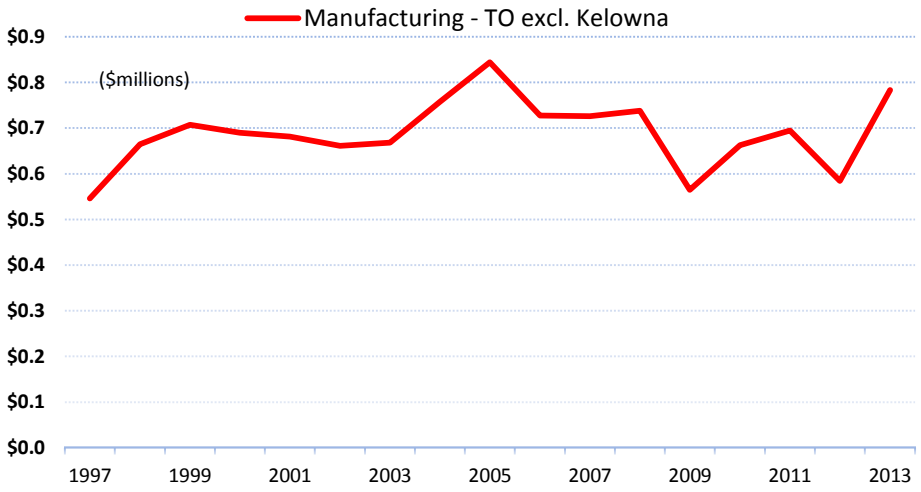
We have further shown actual number of employed in the manufacturing industry in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 22). We have also shown, in Figure 23, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 22: Actual Number of Employed in Manufacturing, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 23: Total Compensation for Those Employed in Manufacturing, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

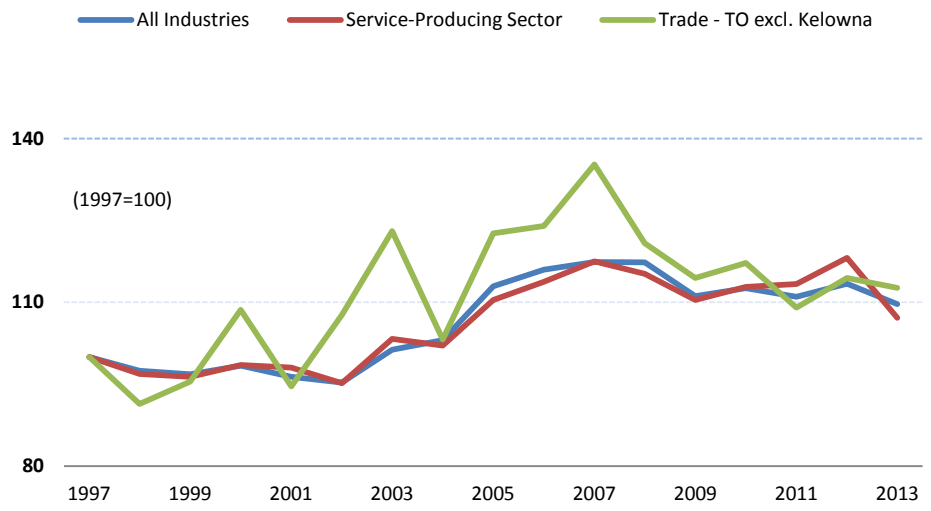
2.2.7. Trade

The trade sector employed approximately 24,900 individuals in the Thompson/Okanagan Development Region (excluding Kelowna CMA), making it the largest employer in the economy (accounting for 15.7% of the overall employment). The sector's share of the overall employment has remained relatively unchanged over the years, from 15.3% in 1997.

Using a similar method as the above sub-section, we have shown two charts to represent change of employment in trade – one to compare employment growth in trade with all industries in the development region, and the other to compare employment growth in the region with the same workforce in the province.

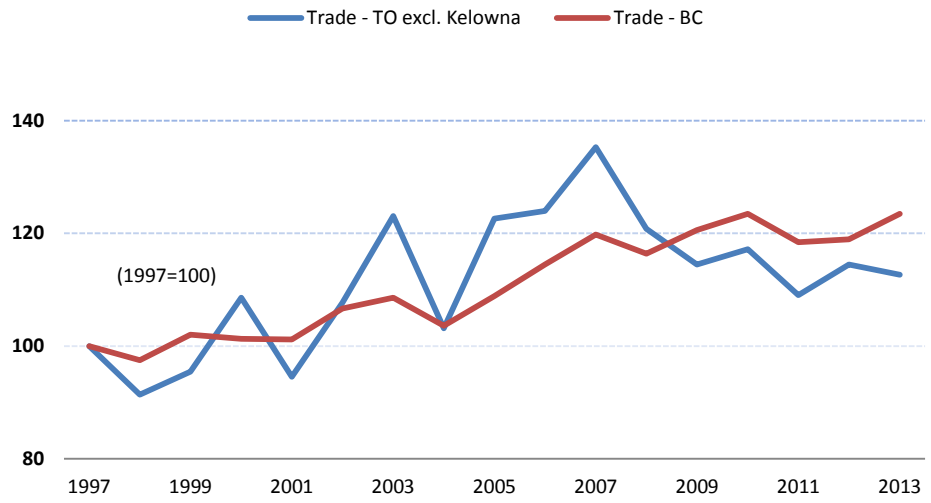
In general, employment growth in the services-producing sector (the red line shown the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region which has increased by 10% more than what it was in 1997. The number of employed individuals in the trade sector, however, has grown much faster over the same period, up by 13%, as shown in Figure below. Employment levels in retail trade have grown about the same as in wholesale trade.

Figure 24: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Trade Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 25: Employment Growth in the Trade Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013



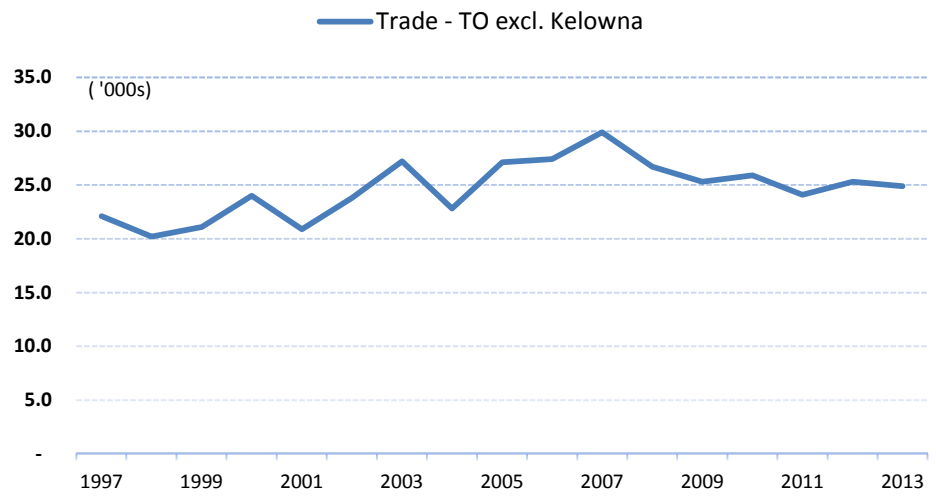
Source: Statistics Canada, Labour Force Survey.

It should be noted that within the trade sector, retail depends on consumer spending, while wholesale trade is more closed tied to activities in the resource extraction, construction, and manufacturing activities in the economy.

Compared with their counterparts in the provincial workforce, employment growth in the development region has been more modest, up by only 13% as opposed to up by 23% in the province. However, the sector employment growth has followed a similar pattern from approximately the year 2000 till 2007. The substantial drop in trade employment in 1998 and 1999 coincided with hard times in wood product manufacturing and subsequently in forestry and logging during the same period. Employment growth in the sector in the development region also lagged provincial counterparts since the global financial crisis in 2008.

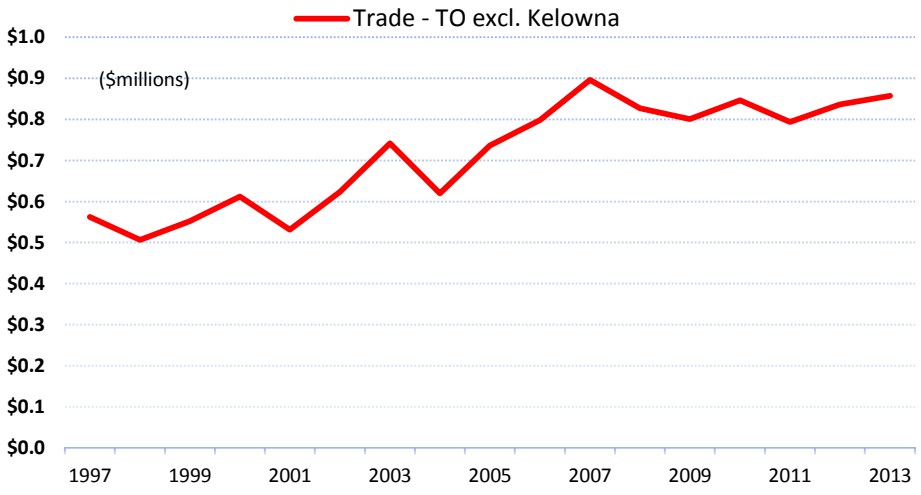
We have further shown actual number of employed in trade sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 26). We have also shown, in Figure 27, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 26: Actual Number of Employed in Trade, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 27: Total Compensation for Those Employed in Trade, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

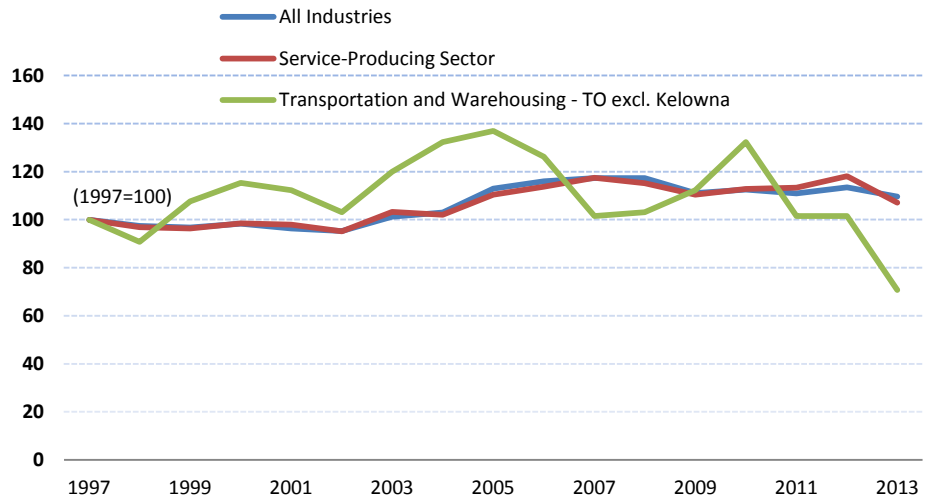
2.2.8. Transportation and Warehousing

Kamloops being at the intersection of four major highways, the area is a hub for transportation and warehousing activities. The sector employed about 4,600 individuals in the Thompson-Okanagan Development Region (excluding Kelowna CMA) in 2013, accounting for 2.9% of the overall employment.

Similar to the previous sub-sections, we have presented two charts here to represent change of employment in the sector since 1997.

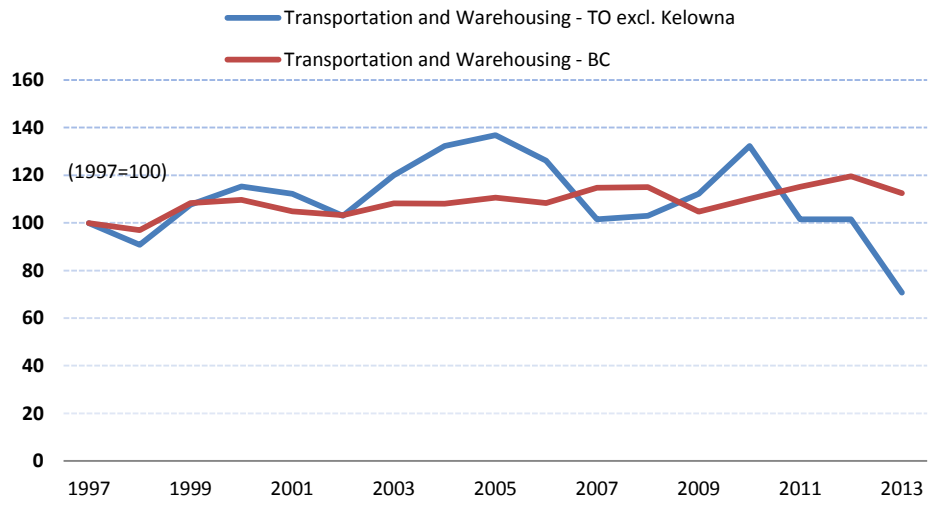
In general, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region which has increased by 10% from 1995. The number of employed individuals in the transportation and warehousing sector, however, has grown more slowly over the same period. In fact, employment level in the sector in 2011 and 2012 was essentially the same as in 1997, and experienced a substantial drop in 2013.

Figure 28: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), Transportation and Warehousing and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 29: Employment Growth in Transportation and Warehousing, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

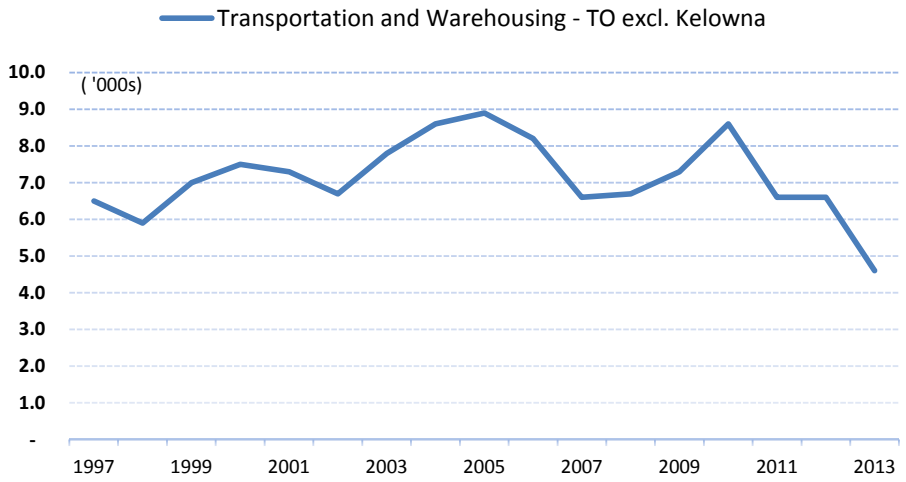


Source: Statistics Canada, Labour Force Survey.

Employment and economic activities in the transportation and warehousing sector is closely tied to changes in the resource extraction industries, construction, and manufacturing because of its role as a service provider. Hence, changes in the sector follow more closely with economic cycles and demand for the region's goods from outside of the province and/or Canada. On the other hand, consumer driven demand for transportation, such as air transportation and sight-seeing services, add another possibility for growth.

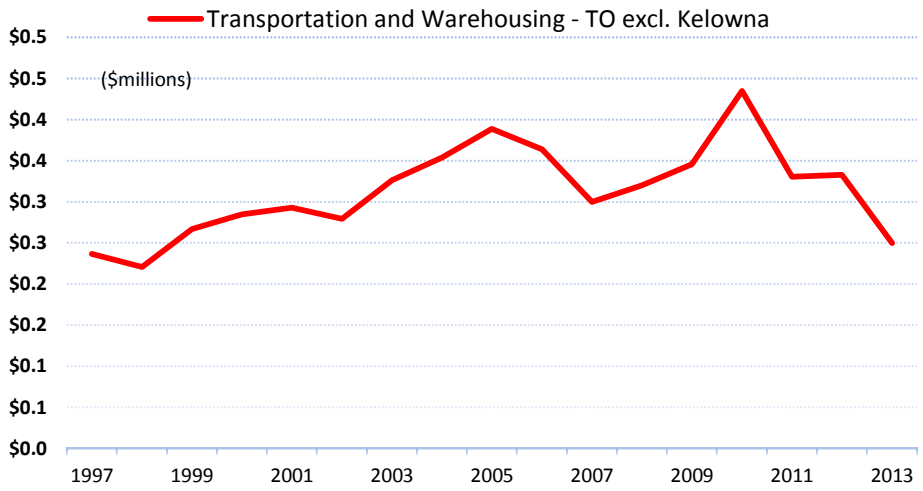
We have further shown actual number of employed in the transportation and warehousing sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 30). We have also shown, in Figure 31, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 30: Actual Number of Employed in Transportation and Warehousing, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 31: Total Compensation for Those Employed in Transportation and Warehousing, Thompson/Okanagan Development Region (excluding Kelowna CMA)



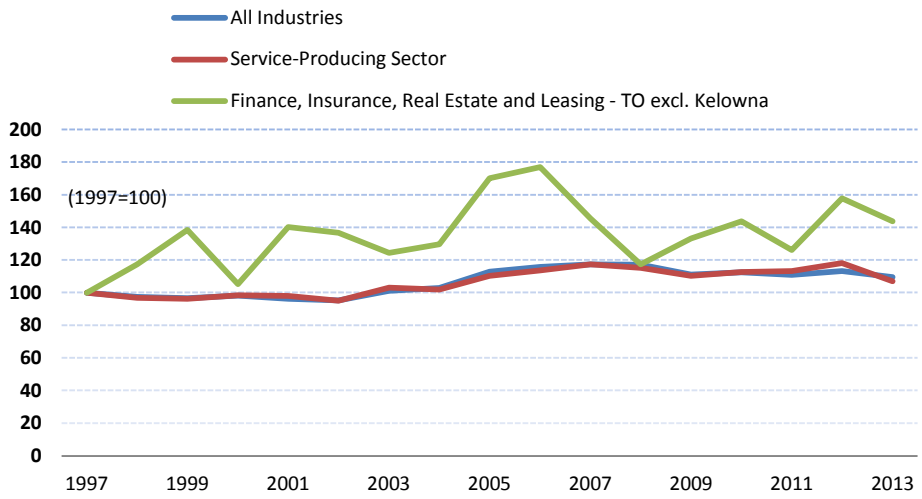
Source: Statistics Canada, Labour Force Survey

2.2.9. Financial Services

Financial services include businesses providing banking and investment services, as well as those providing real estate services and insurance services. This sector employed 8,200 individuals in 2013, accounting for 5.2% of the region's overall employment (excluding Kelowna CMA).

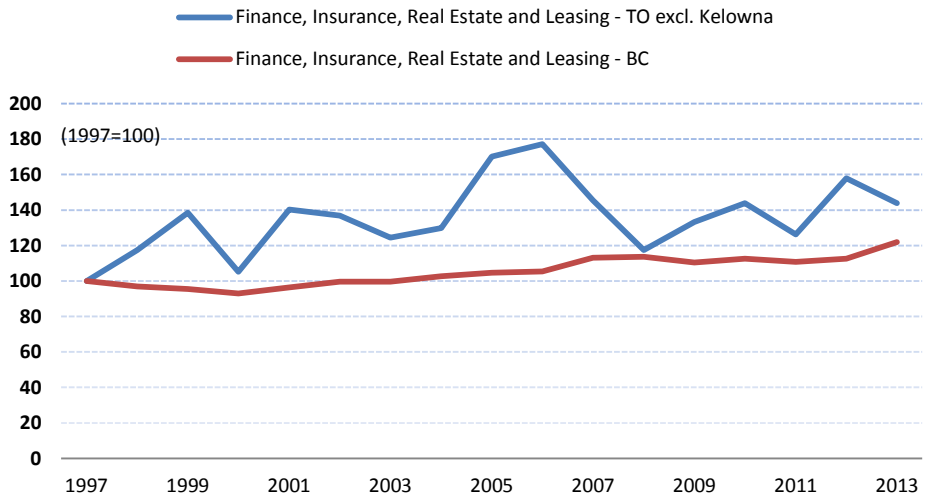
The two charts that follow show changes of employment in the financial services sector in the development region (excluding Kelowna CMA) as well as comparison with the sector workforce in the province. In general, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region (up by 10%). The number of individuals employed in the financial services sector, however, has grown by much faster over the same period, up by 44%, as shown in Figure 32 below. .

Figure 32: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Financial Services Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 33: Employment Growth in the Financial Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

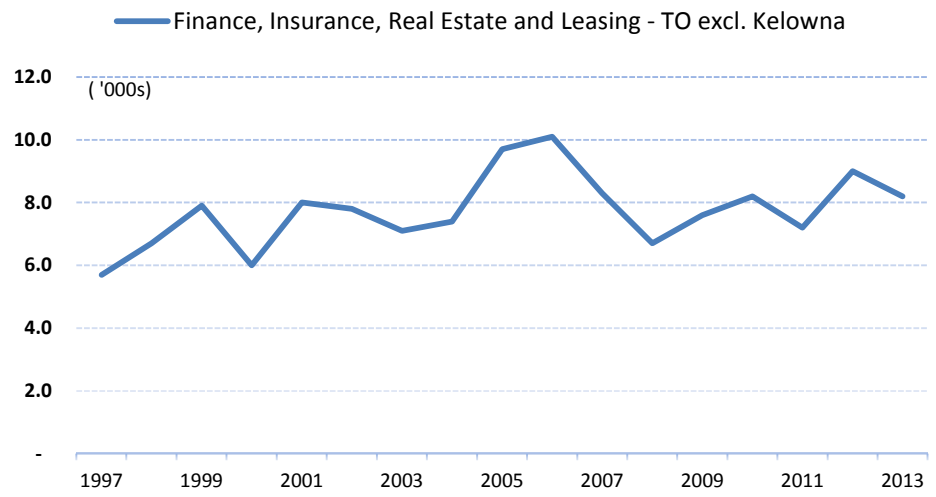


Source: Statistics Canada, Labour Force Survey.

Comparing with its provincial counterpart, employment growth in the development region has fared better over the period under analysis. Financial services industry is a consumer driven industry, although the 2008 global financial crisis also appeared to have played a role in the region's employment. The stronger than average employment performance in the region is also tied to population growth, including an ageing population.

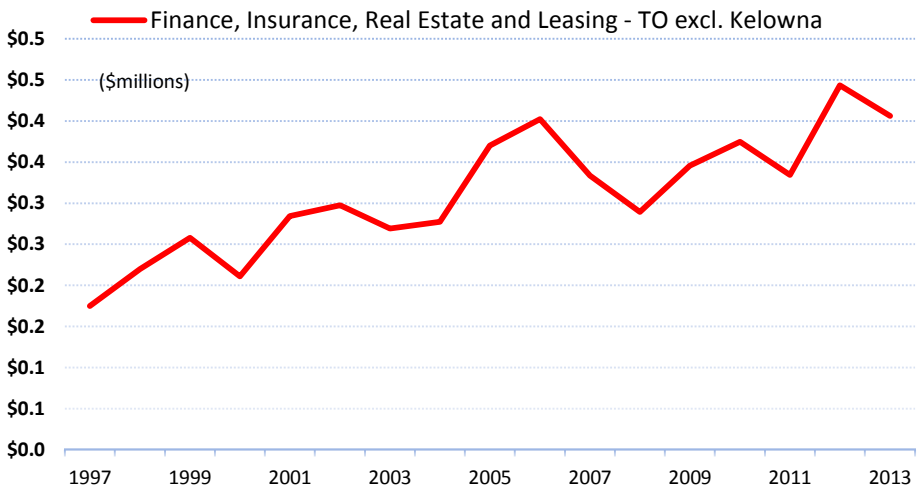
We have further shown the actual number of employed in the financial services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 34). We have also shown, in Figure 35, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 34: Actual Number of Employed in Financial Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 35: Total Compensation for Those Employed in Financial Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



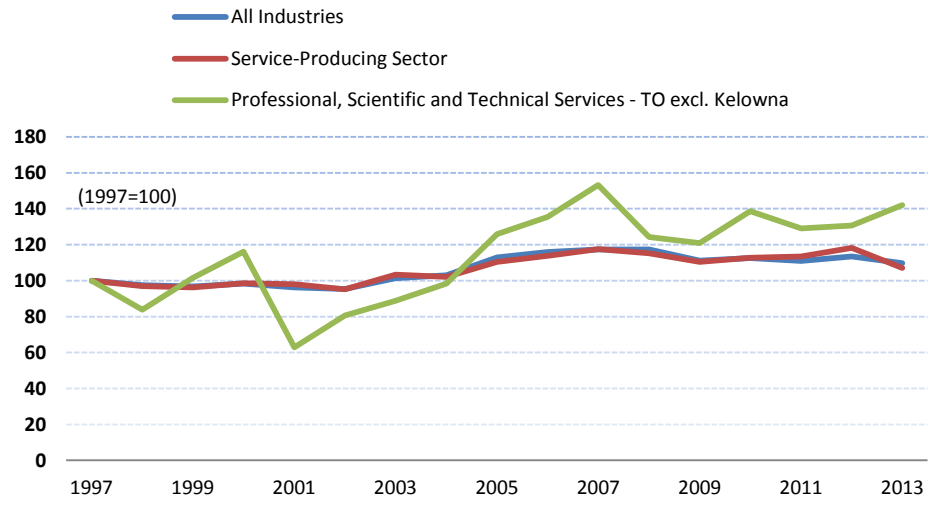
Source: Statistics Canada, Labour Force Survey

2.2.10. Professional, Scientific and Technical Services

Professional, scientific and technical services industry employed 8,800 individuals in the development region (excluding Kelowna CMA) in 2013, accounting for 5.6% of the overall employment in the region.

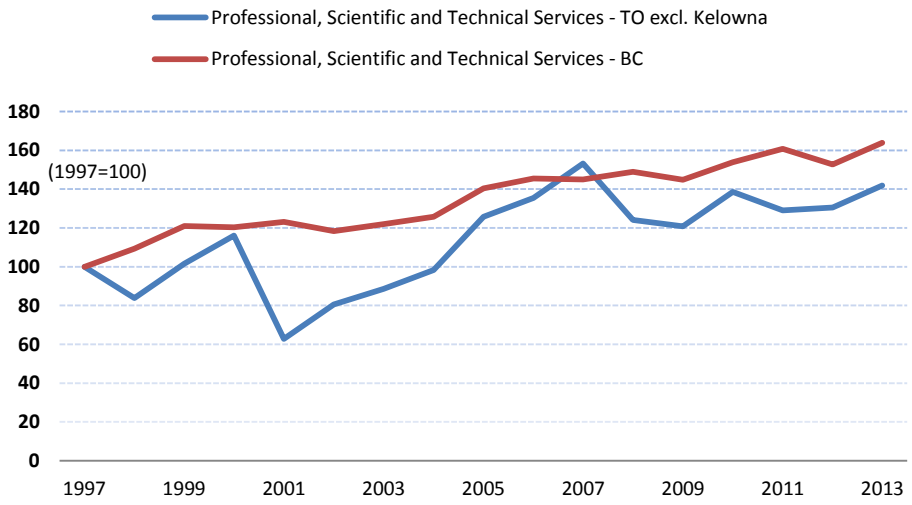
The two charts that follow show changes of employment in the professional, scientific and technical services sector in the region as well as comparison with the sector workforce in the province. In general, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region (up 10%). The number of employed individuals in the professional, scientific and technical services sector, however, has grown substantially faster over the same period, more than 40% higher than its employment level in 1997, as shown in Figure 36 below.

Figure 36: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Professional, Scientific and Technical Services Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 37: Employment Growth in the Professional, Scientific and Technical Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

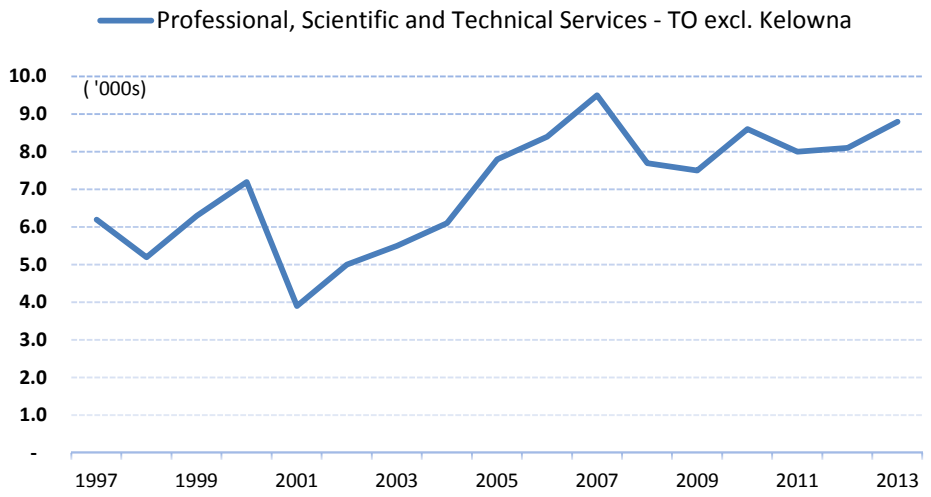


Source: Statistics Canada, Labour Force Survey.

Compared with their provincial counterparts in the same sector, employment growth in this sector in the region has been much more modest. At the province level, employment in this sector grew by 64% between 1997 and 2013, while it has grown by 42% in the development region.

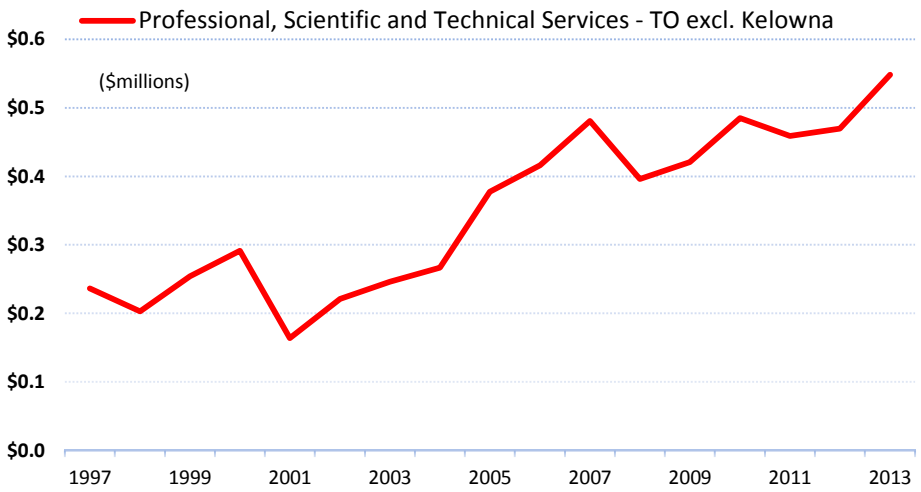
We have further shown the actual number of individuals employed in the professional, scientific and technical services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 38). We have also shown, in Figure 39, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 38: Actual Number of Employed in Professional, Scientific and Technical Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 39: Total Compensation for Those Employed in Professional, Scientific and Technical Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



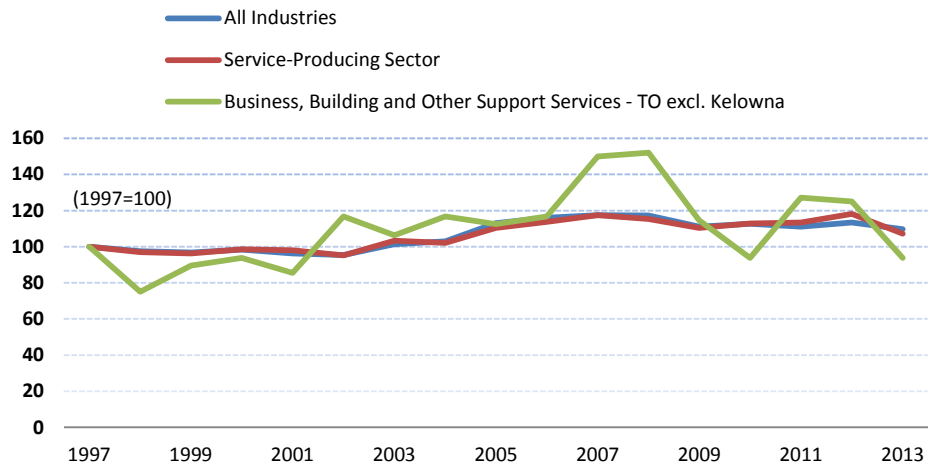
Source: Statistics Canada, Labour Force Survey

2.2.11. Business Services

The business services sector employed approximately 4,500 individuals, accounting for 2.8% of the overall employment in the development region (excluding Kelowna CMA).

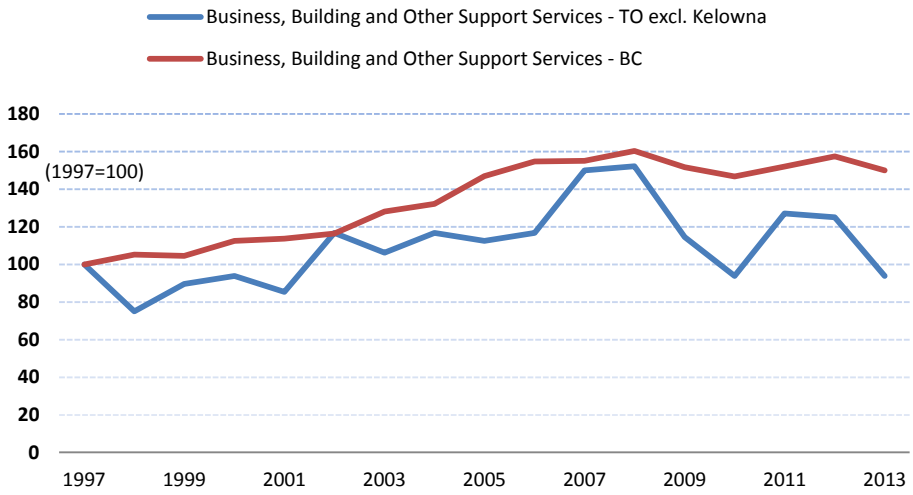
The two charts that follow show changes of employment in the business services sector in the region as well as comparison with the sector workforce in the province. In general, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region which has increased by 10%. The number of individuals employed in the business services sector, however, has grown more modestly over the same period, as shown in Figure 40 below.

Figure 40: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Business Services Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 41: Employment Growth in the Business Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

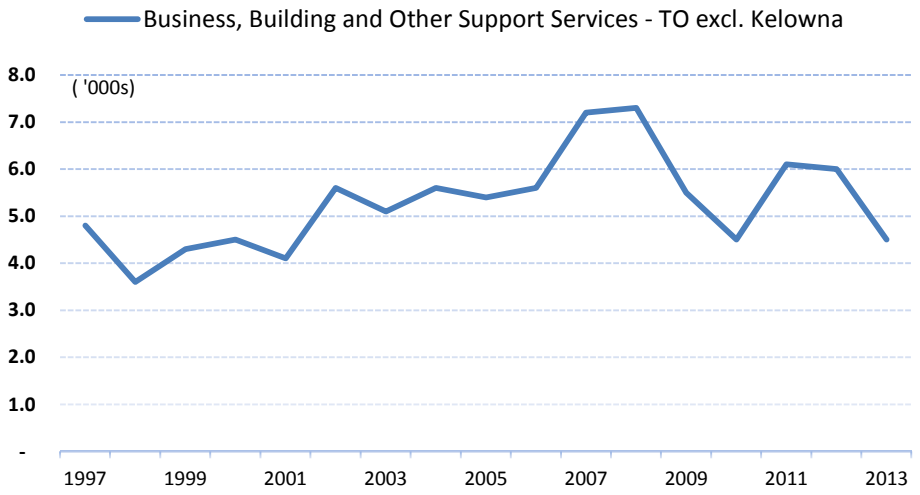


Source: Statistics Canada, Labour Force Survey.

Both in the development region and in the province as a whole, employment in the business services sector has experienced strong growth since the data is available to show, up by at least 60% of its level in 1997 until the year 2008. This is a result of the overall growth in the service-producing industries, and large companies trying to cut cost by resorting to smaller but more competitive and more specialized service providers. However, employment growth in the sector has slowed since 2009, especially in the development region.

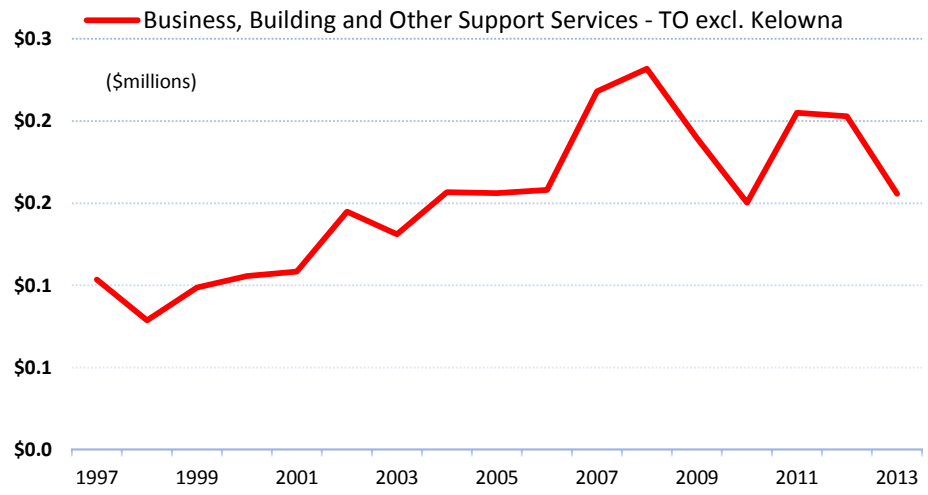
We have further shown the actual number of individuals employed in the business and support services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 42). We have also shown, in Figure 43, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 42: Actual Number of Employed in Business Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 43: Total Compensation for Those Employed in Business Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



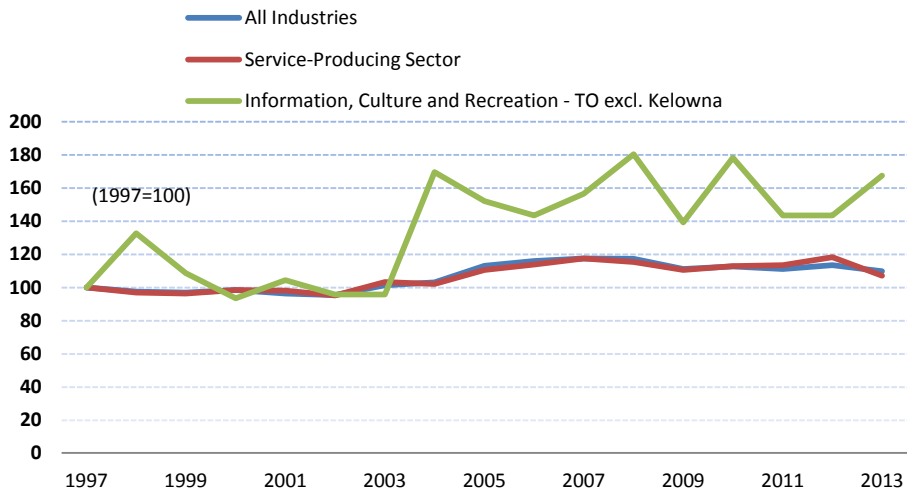
Source: Statistics Canada, Labour Force Survey

2.2.12. Information, Culture and Recreation

Information, culture and recreation sector employed 7,700 individuals in the development region (excluding Kelowna CMA), accounting for 4.9% of overall employment in the region.

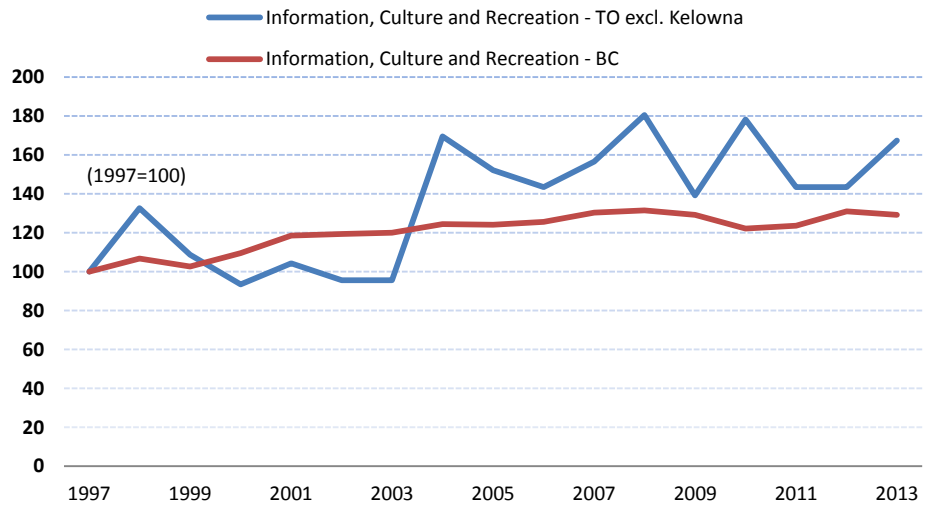
As shown in the chart that follows, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region (up by 10%). The number of individuals employed in the information, culture and recreation sector, however, has grown much faster over the same period, up by two-thirds of what it was in 1997.

Figure 44: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), Information, Culture and Recreation and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 45: Employment Growth in Information, Culture and Recreation, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

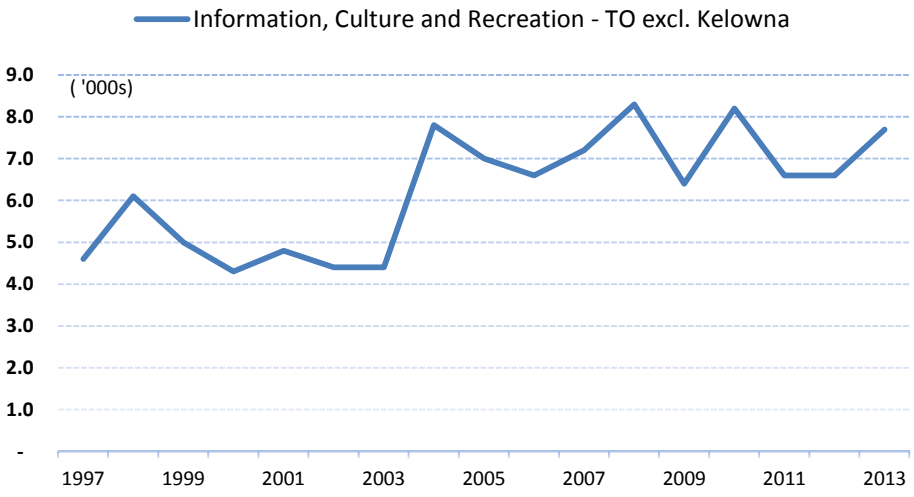


Source: Statistics Canada, Labour Force Survey.

Compared with their provincial counterparts in the same sector, employment growth in this sector in the region has been much faster, although the year-to-year variation is also more pronounced. Such strong growth can be attributed to the concerted efforts the communities in the region put together to promote the region's outstanding recreation facilities.

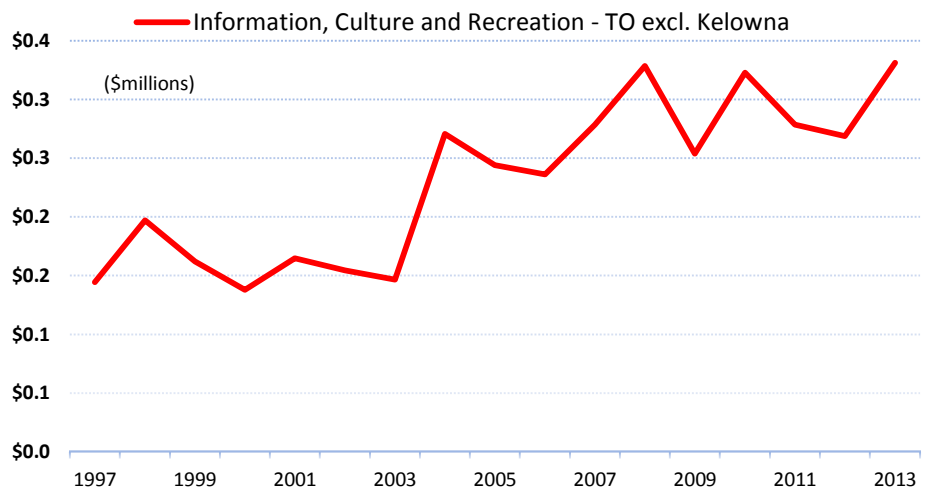
We have further shown the actual number of individuals employed in the information, culture and recreation sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 46). We have also shown, in Figure 47, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 46: Actual Number of Employed in Information, Culture and Recreation, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 47: Total Compensation for Those Employed in Information, Culture and Recreation, Thompson/Okanagan Development Region (excluding Kelowna CMA)



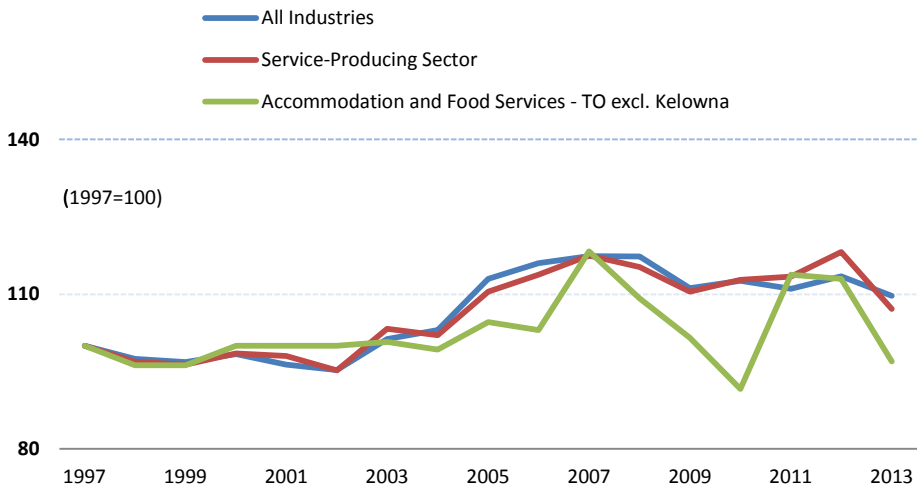
Source: Statistics Canada, Labour Force Survey

2.2.13. Accommodation and Food Services

Accommodation and food services is the third largest sector within the service-producing sector, after trade and health care and social services. It employed 12,700 individuals in 2013 in the region (excluding Kelowna CMA), accounting for 8.0% of overall employment in the region.

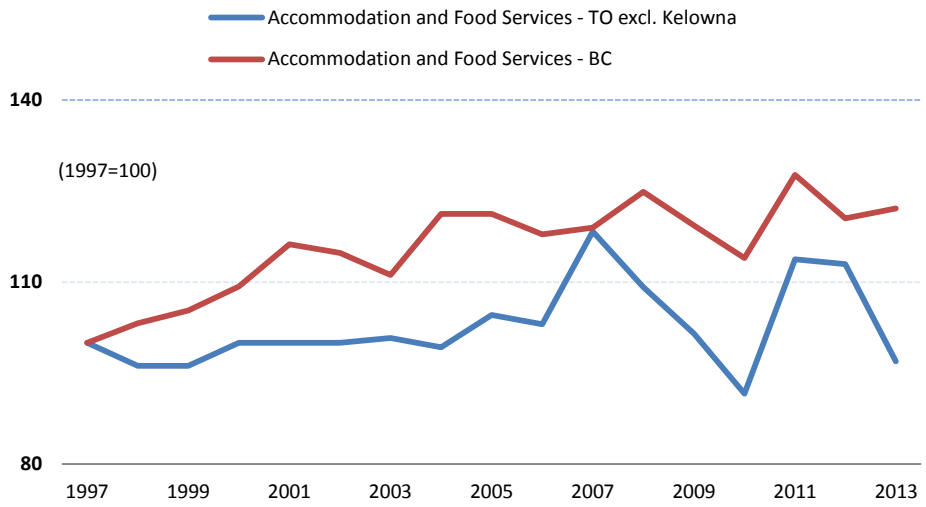
As shown in the chart to follow, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region (up by 10%). The number of individuals employed in the accommodation and food services sector, however, has grown more slowly over the same period. In fact, the number of employed in the sector in 2013 was even slightly lower than its level in 1997.

Figure 48: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), Accommodation and Food Services Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 49: Employment Growth in the Accommodation and Food Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

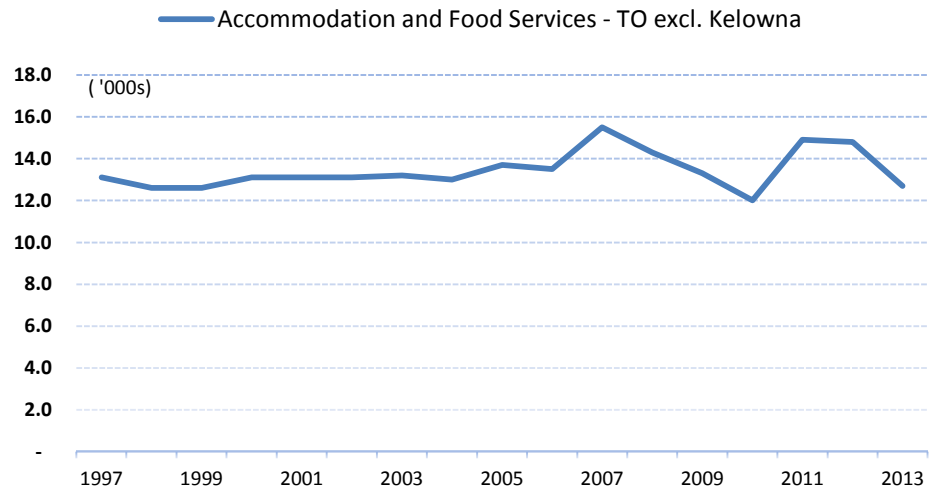


Source: Statistics Canada, Labour Force Survey.

This sector is commonly considered a tourism and hospitality sector, and therefore employment is more likely affected by tourism activities and spending outside of the region. Employment in this sector in the region has not fared as well as its provincial counterpart, especially since 2008. Overall improvement in BC's tourism market would also improve employment outlook in the region as well.

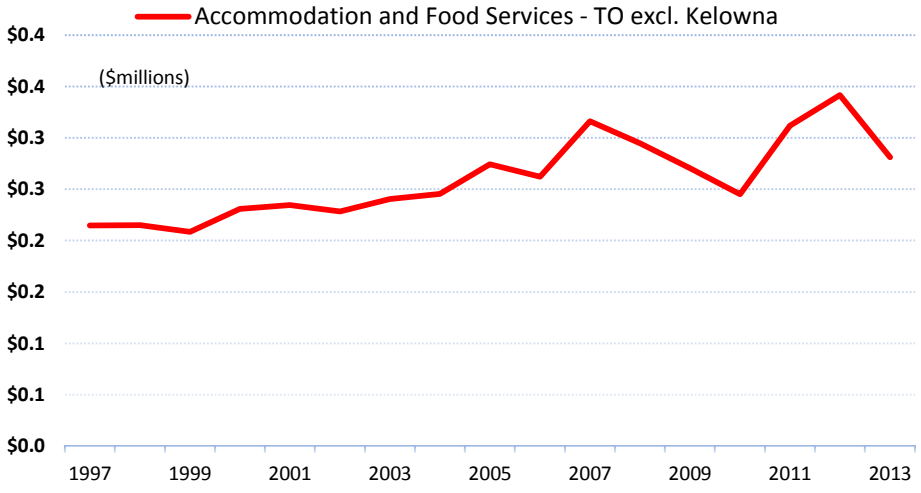
We have further shown the actual number of individuals employed in the accommodation and food services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 50). We have also shown, in Figure 51, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 50: Actual Number of Employed in Accommodation and Food Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 51: Total Compensation for Those Employed in Accommodation and Food Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



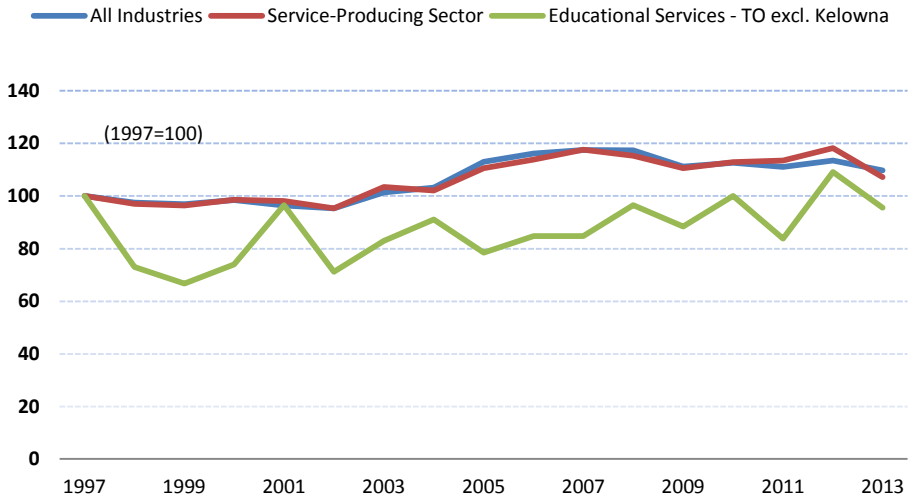
Source: Statistics Canada, Labour Force Survey

2.2.14. Education

Education services in the development region (excluding Kelowna CMA) employed 10,600 individuals in 2013, accounting for about 6.7% of the overall workforce in the region.

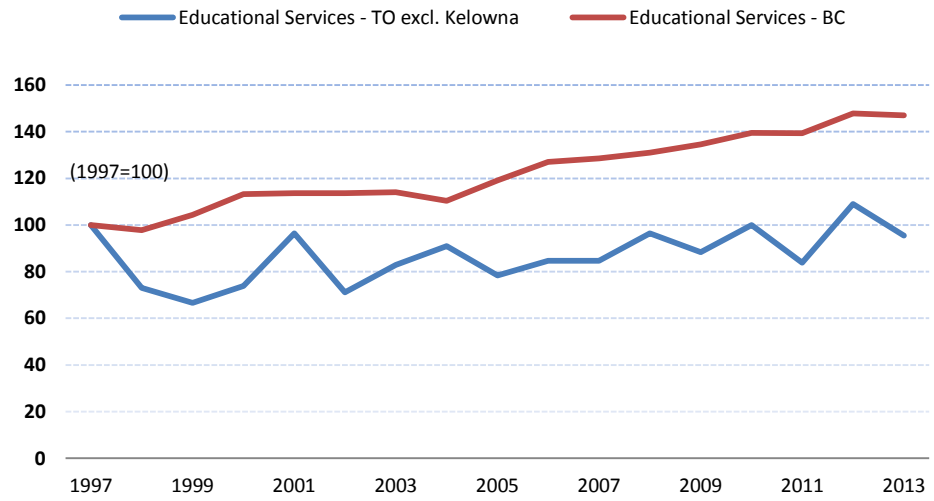
As shown in Figure 48 below, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region (up by 10%). The number of employed individuals in the educational services sector has grown more slowly over the same period. In fact, for the majority part of the analysis period, employment levels in educational services fell below the level in 1997. This can be reflecting the slow growth in school aged children in the region.

Figure 52: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Educational Services Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 53: Employment Growth in the Educational Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

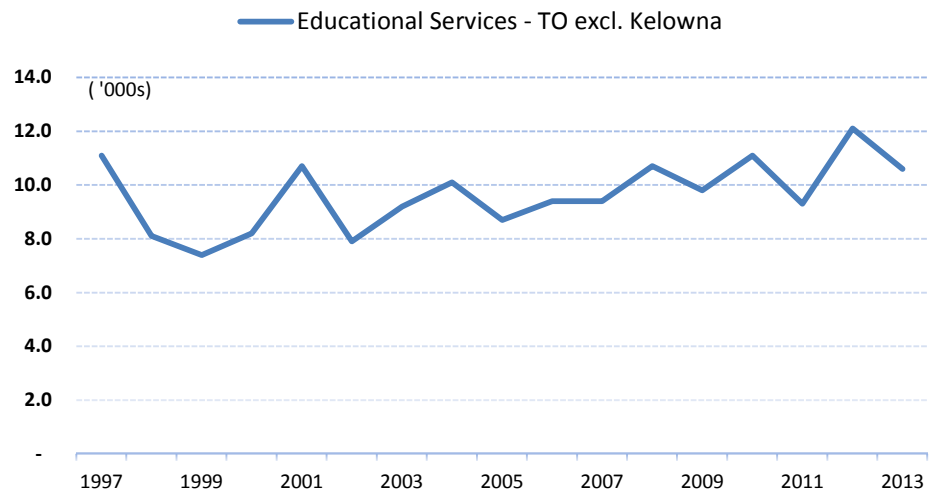


Source: Statistics Canada, Labour Force Survey.

Employment growth patterns shown in Figure 49 indicate that the sector performance in the development region (excluding Kelowna CMA) has lagged substantially behind its provincial counterpart.

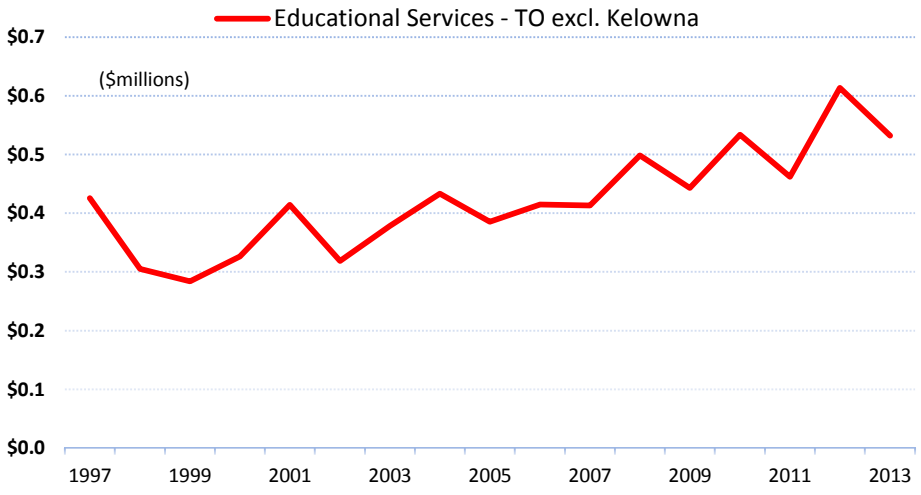
We have further shown the actual number of individuals employed in educational services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 54). Figure 55 shows, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 54: Actual Number of Employed in Educational Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 55: Total Compensation for Those Employed in Educational Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



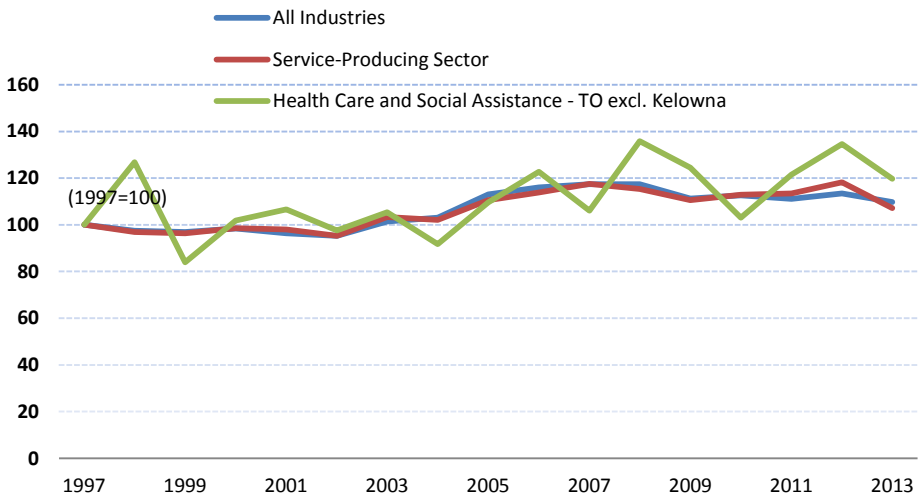
Source: Statistics Canada, Labour Force Survey

2.2.15. Health Care and Social Assistance

Health care and social assistance sector is the second largest employer within the services-producing sector, employing 20,100 individuals in 2013 in the development region (excluding Kelowna CMA), accounting for 12.7% of overall employment in the development region.

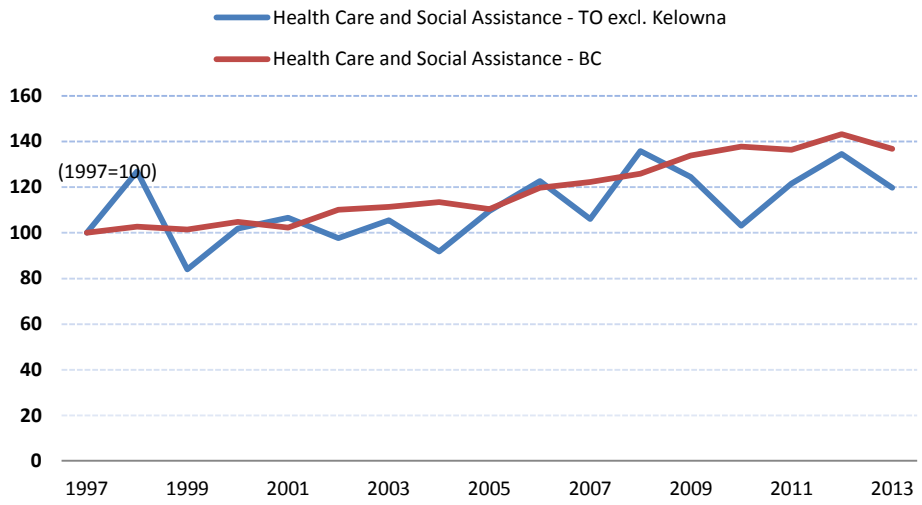
As shown in Figure 56 below, employment growth in the services-producing sector (the red line shown in the graph) has followed a very similar employment trend in the overall economy in the development region, indicating that the services-producing economy drives the overall growth in the economy in the region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region. The number of individuals employed in the health care and social services sector, however, has grown faster over the same period, up by 20% more than its level in 1997. The employment level in this sector is strongly related to the general population growth, especially the ageing of the population.

Figure 56: Employment Growth in Thompson/Okanagan Development Region (excluding Kelowna CMA), the Health Care and Social Services Sector and All Industries



Source: Statistics Canada, Labour Force Survey.

Figure 57: Employment Growth in the Health Care and Social Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013

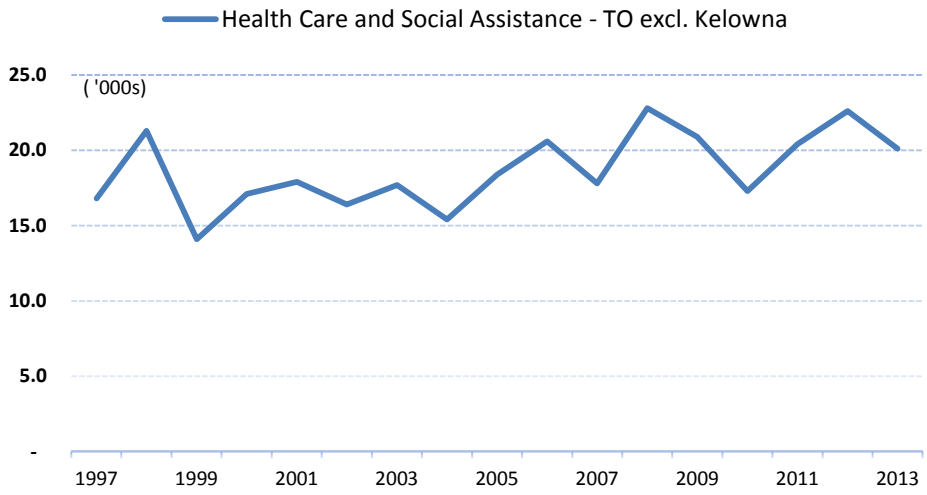


Source: Statistics Canada, Labour Force Survey.

Compared with its provincial counterpart, employment growth in the sector in the development region has been more modest over the period of analysis. By 2013, employment in the sector has grown more than one third in the province, while it has grown only 20% in the region.

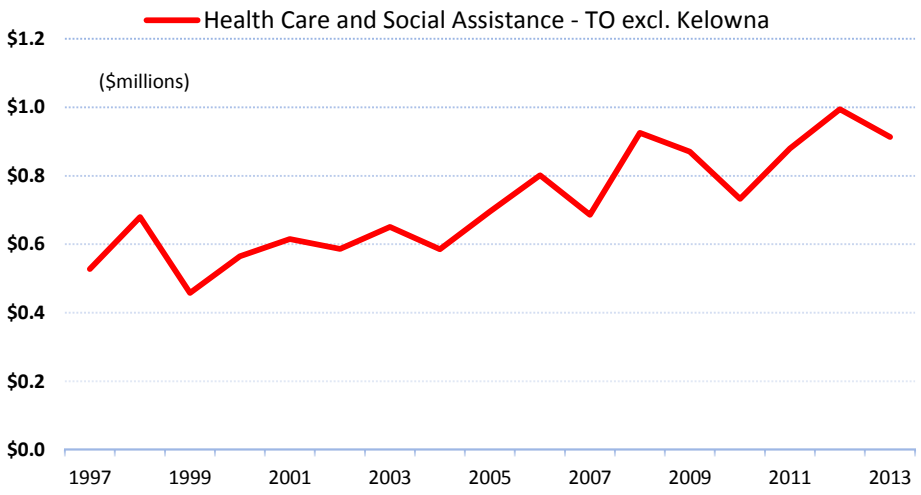
We have further shown the actual number of individuals employed in the health care and social services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 58). We have also shown, in Figure 59, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 58: Actual Number of Employed in the Health Care and Social Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

Figure 59: Total Compensation for Those Employed in Health Care and Social Services, Thompson/Okanagan Development Region (excluding Kelowna CMA)



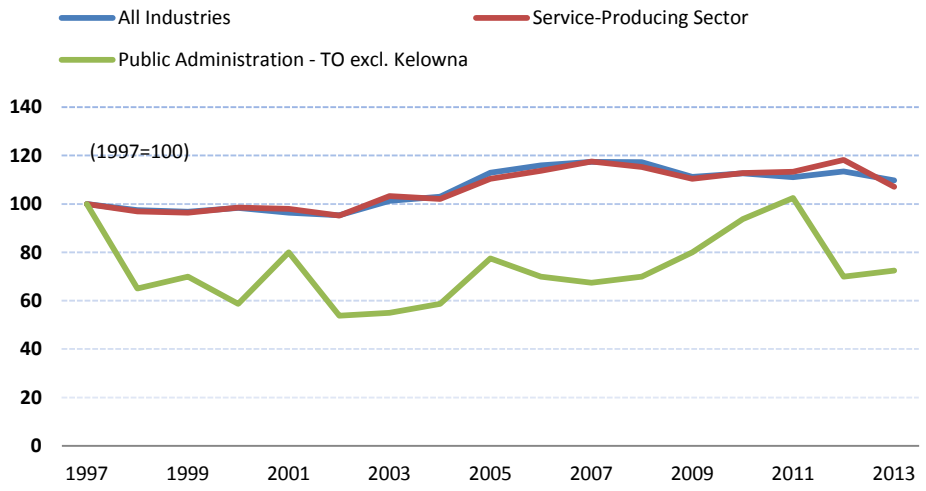
Source: Statistics Canada, Labour Force Survey

2.2.16. Public Administration

Public administration employed approximately 5,800 individuals in the development region (excluding Kelowna CMA) in 2013, which accounts for 3.7% of the region's overall employment.

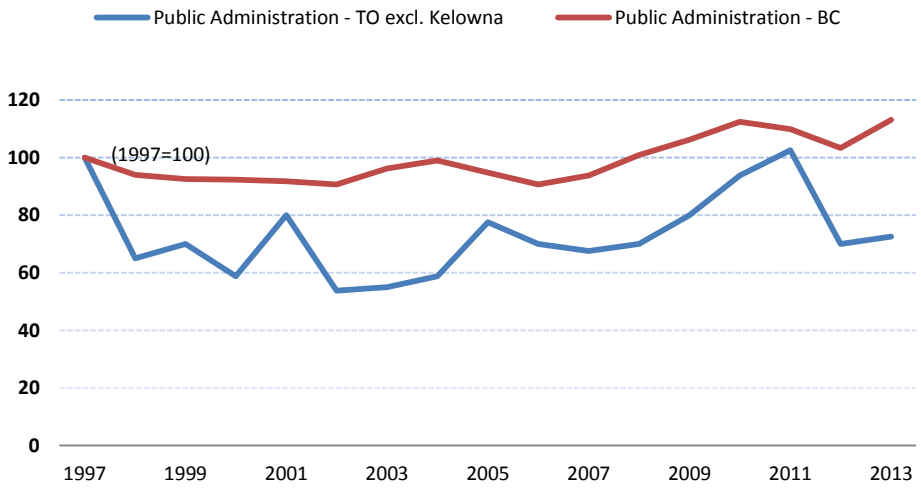
As shown in Figure 56, employment growth in the services-producing sector (the red line shown the graph) has followed a very similar employment trend in the overall economy in the development region. Between 1997 and 2013, employment in the services-producing sector increased by approximately 7%, essentially the same as general employment in the development region. Size of the public service in the development region (excluding Kelowna CMA) actually shrank by almost a quarter compared with its level in 1997. The employment growth pattern in the region follows the same pattern in the overall public service workforce in the province, as governments at all levels faced financial constraints.

Figure 60: Employment Growth, Public Administration and All Industries, Thompson/Okanagan Development Region (excluding Kelowna CMA), 1997 to 2013



Source: Statistics Canada, Labour Force Survey.

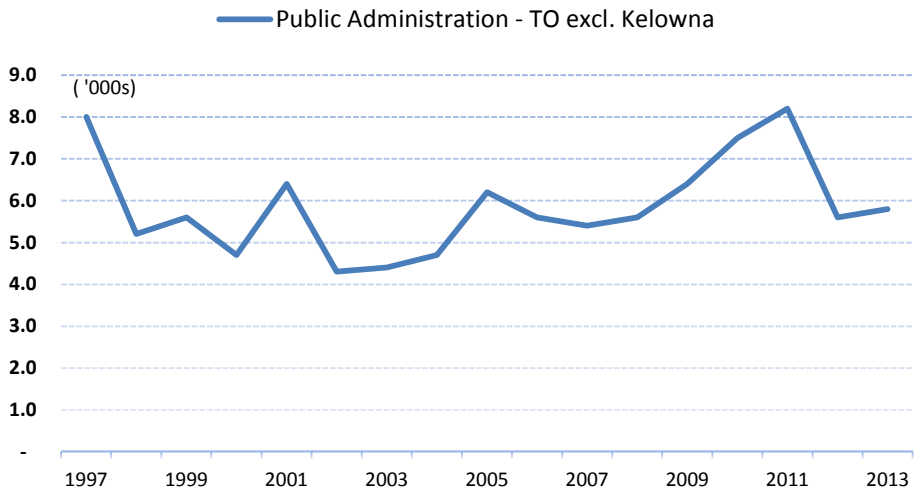
Figure 61: Employment Growth in the Public Administration Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC



Source: Statistics Canada, Labour Force Survey.

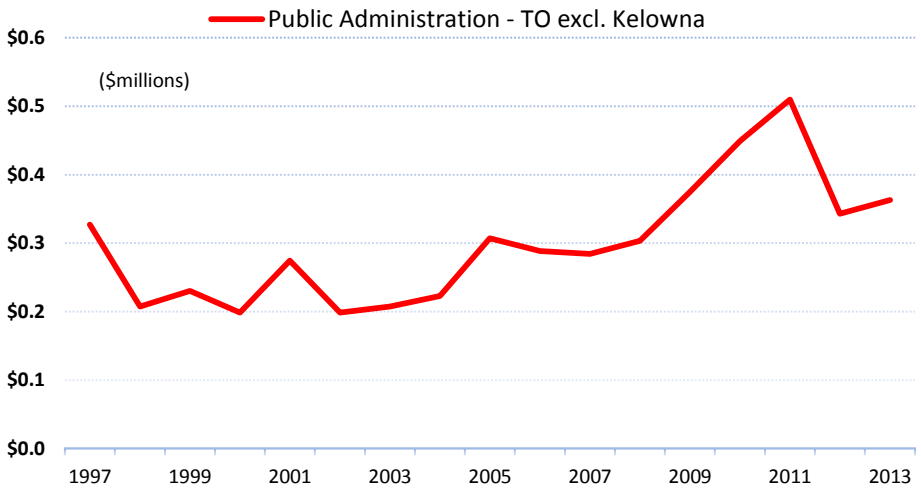
We have further shown the actual number of individuals employed in the public services sector in the Thompson Okanagan Development Region (excluding Kelowna CMA) (in Figure 62). We have also shown, in Figure 63, total compensation for the total number of employed in the industry as derived by applying data pertaining to average weekly wage rates by industry.

Figure 62: Actual Number of Employed in the Public Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

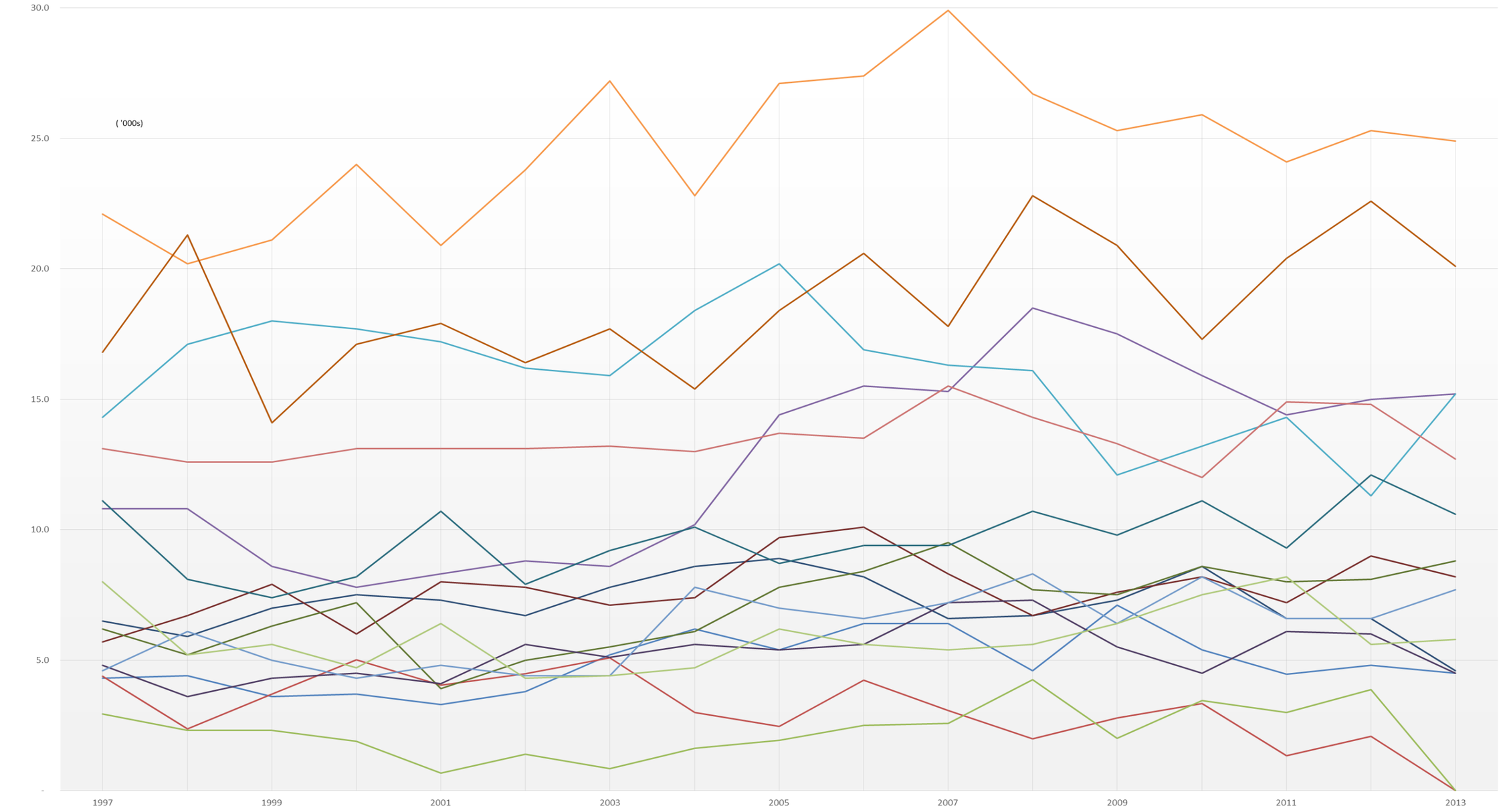
Figure 63: Total Compensation for Those Employed in the Public Services Sector, Thompson/Okanagan Development Region (excluding Kelowna CMA)



Source: Statistics Canada, Labour Force Survey

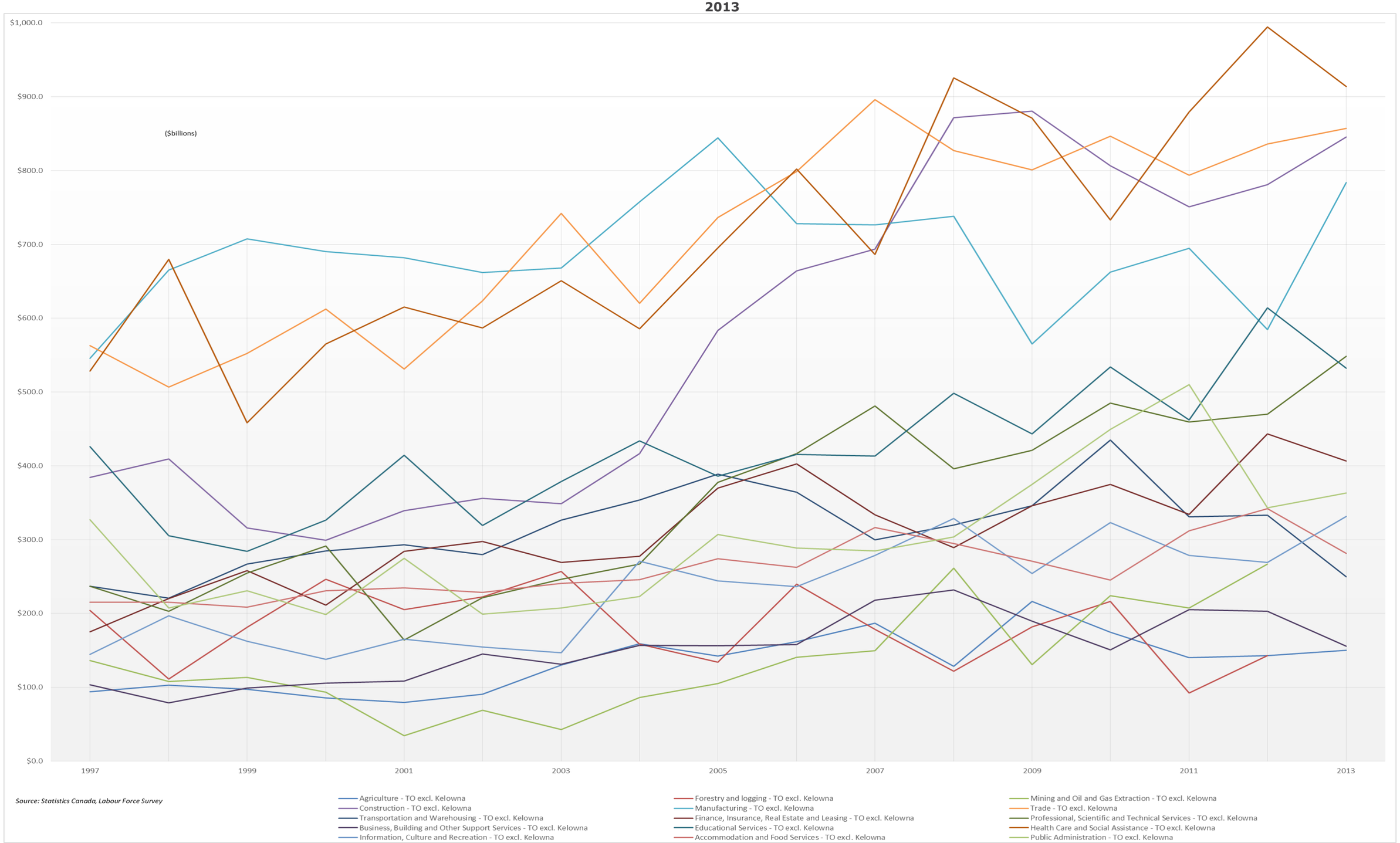
To summarize, the previous 15 subsections have detailed economic growth patterns (as presented through changes in employment by industry, as well as overall compensation by industry) in the development region (excluding the impact that is attributed to Kelowna). This serves as the basis of our understanding of the regional economy, as well as the basis for building a forecasting model for the regional economy in Section 4. We summarize the region's employment development over the period of 1997 to 2013 in the two graphs that follow.

Figure 64: Employment by Industry, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013



Source: Statistics Canada, Labour Force Survey

Figure 65: Total Compensation by Industry, Thompson/Okanagan Development Region (excluding Kelowna CMA) and BC, 1997 to 2013



Source: Statistics Canada, Labour Force Survey

2.3. Major Events and Policies Impacting the Kamloops Economy

Kamloops' location in the BC Interior has served the region well economically. Historically, natural resource industries steered the area's economy. While forestry and mining remain core sectors, over the past 10 to 20 years, Kamloops has steadily evolved to become a much more diversified city and economy. Several key trends, events and policies have impacted the area's growth and development over time, leading the way for Kamloops to establish its position as a major economic centre in BC's interior.

1890s: Construction of railways

In the 1890s, the years of the early mining boom, numerous rail lines were built in the Interior of BC to service the mines and boom towns of the region. Today, Kamloops intersects both the Canadian National Railway (CNR) and Canadian Pacific Railway (CPR) and is one of only two cities in Canada that is serviced by both.

Since 1950s: Highway hub

Kamloops is also uniquely situated at the intersection of Western Canada's four major highways: Coquihalla (Hwy 5), TransCanada (Hwy 1), Yellowhead (Hwy 5), and Highway 97. This has led to Kamloops becoming a natural centre for trucking, transportation and logistics.

1965: Weyerhaeuser opens in Kamloops

Weyerhaeuser Canada Ltd. opened the Kamloops pulp mill in 1965. At the time, it brought 600 mill and office jobs to the City.

1977-1987 New Afton mine operates

The Afton property, previously mined for gold during the last years of the 19th century until 1927, was re-explored and then open pit mined by Teck. (New Gold acquired an option on the New Afton property in 1999 and began exploration work in 2000.)

Since 1980s: Tourism

Kamloops has become an important stopover point for independent travellers and bus tour companies driving between the Lower Mainland and Rocky Mountains. Kamloops is also the gateway to high quality outdoor recreation and adventure opportunities and the area's tourism golf product has been developed for destination marketing. The City caters to the business travel market with state-of-the-art meeting and conference facilities. Several major hotel chains have moved to Kamloops within the last 10 to 20 years. Over $50 million has been invested in hotel renovations, upgrades and new construction over the past 3-5 years alone. Provincial hotel tax revenues for the Kamloops area total nearly $900,000 per annum.

***Since 1980s: Multiple challenges* of the forest products industry**

The forest sector throughout BC, including the Kamloops area, has been challenged by a number of external factors, such as pine beetle infestation, US border dispute over softwood exports, higher Canadian dollar, and a severe downturn in the North American economy, especially the US housing market.

1990: Launch of Rocky Mountaineer

The luxurious Rocky Mountaineer train travels by daylight between Vancouver and the Rocky Mountains, stopping in Kamloops en route. Over the past 20 years, Rocky Mountaineer has grown to become the largest privately owned passenger rail service in North America and has hosted more than one million guests from around the world. Rocky Mountaineer Vacations is estimated to inject over $15 million into the local Kamloops economy during the summer season.

Since 1993: Development of Sun Peaks Resort

Prior to July 1993, Sun Peaks, located 50km northeast of Kamloops, was known as Tod Mountain after the highest ski mountain in the area. In 1992, Tod Mountain was purchased by Nippon Cable Company Ltd. of Tokyo and redeveloped as Sun Peaks Resort. Since that time, $630 million has been invested and the resort has grown to nearly 4,000 skiable acres of terrain, generating 340,000 skier visits. Sun Peaks also operates a downhill mountain bike park with over 2,000 vertical feet of terrain and includes a 6,400 yard, 18-hole golf course. In addition to providing over 7,000 tourist beds, Sun Peaks has a significant resort real estate component. The area has transformed into a true four-season resort destination, with approximately 1,000 people employed during the winter and 500 year-round. Sun Peaks Mountain Resort Municipality was formed in 2010 and has a permanent population of 500 residents as well as a school. Sizeable economic benefits spill over to Kamloops from Sun Peaks.

1999: Weyerhaeuser Canada relocates its head office.

Weyerhaeuser Canada relocated its Kamloops head office and shifted 25 corporate jobs to Vancouver as it merged operations with MacMillan Bloedel.

2001: Designation of Kamloops as "The Tournament Capital of Canada".

The City of Kamloops and its tourism industry representatives have long recognized "sport tourism", i.e. hosting tournaments and events, as an important economic generator. In 2001, the Facility Expansion Project enabled the City to commence significant upgrading as well as construction of new and improved sporting facilities. In the last 10 years, approximately $60 million have been invested; another $250,000 per annum goes towards marketing and promotions.

2005: Incorporation of Thompson Rivers University (TRU)

TRU is the result of the amalgamation of the University College of the Cariboo with the BC Open University and the Open Learning Agency. The Kamloops-based university has a student population of just under 25,000, a little over half of which are learning online or remotely. The student body is comprised of 11 percent Aboriginal and nearly 2,600 international students from more than 85 countries. TRU also employs 2,000 staff and offers undergraduate, masters, vocational and trades/skills training, adult and continuing education, as well as research and scholarly activities. The reputation and value of TRU as a recognized research university has been steadily increasing and its faculty are an important source of up-to-date knowledge and information for many of the region's economic sectors, including forestry, mining, technology and tourism. In 2011, TRU opened its law faculty and is currently investigating the possibility of an engineering school.

The importance and value of the international student market has grown for TRU and generates a significant positive economic impact on the Kamloops area economy. According to research done by the university, it is estimated that international students alone contribute $88 million to the Kamloops economy each year[11], more than seven times the of value 15 years earlier and more than double that of a period only five years ago. The research report states that those students will on average each spend approximately $28,800 yearly in Kamloops ($14,700 on tuition and fees, $11,700 on basic living costs and $2,300 in capital purchases). International students' demand for degrees offered by TRU is forecast to continue for the foreseeable future. The capacity for domestic students has also increased by 25 per cent. Without doubt, TRU is a vital force in Kamloops and has done much to diversify the area economy and reduce its reliance on resource activities.

Since mid-2000s: Growing technology sector

In the last 5 to 10 years, Kamloops has become home to a cluster of data centres, software developers, technology support services, and call centres. Kamloops has four long distance and international telecommunications service providers in the area.

Today, the Kamloops Innovation Council represents independent IT professionals and companies that have united to make a concerted effort towards a "business first" approach to fostering the growth of the technology sector in Kamloops. They also offer affordable programs that guide, coach and mentor early stage ventures.

2007: Domtar merges with the paper division of Weyerhaeuser

This event included Domtar's merger of the Weyerhaeuser pulp mill operations in Kamloops. Despite tight economic conditions for the pulp and paper industry, no job layoffs occurred in Kamloops as a direct result of this acquisition at that time.

[11] Economic Impact of Thompson Rivers University's International Students on the Kamloops Economy, by Dr. Zena A. Seldon, Associate Professor of Economics, in the School of Business and Economics

2007: Teck announces Highland Valley Mine life extension

Teck extended the life of the Highland Valley copper mine from 2013 to 2020. The operation, located 75 km southwest of Kamloops, has a current workforce of 880 and makes a significant economic contribution to a number of regional communities.

2008: Weyerhaeuser closes Kamloops sawmill

Weyerhaeuser announced the sale of its timber harvesting licences and the closure of the Kamloops sawmill. The decision to close the sawmill was identified as a result of continuing challenging markets in the US and the rising Canadian dollar. Weyerhaeuser indicated they had tried unsuccessfully to sell the mill and were not in a position to spend the $10-million-plus needed to upgrade it. This was a significant loss for the Kamloops economy, as 196 employees lost well-paying jobs at the time.

2009: Expansion of Kamloops Airport

An investment of $20 million was made to expand the runway and upgrade the terminal building at Kamloops Airport. This has improved flight service between Kamloops and Vancouver as well as northern BC and Alberta. The facility handled 287,000 passengers in 2013 and forecasts passenger volumes will grow at a rate of 6% per annum. Strong economic activity in the north, and the growing student population of TRU, especially international students, are factors for the growth in demand for air travel. In 2014, the airport will further investigate the potential for air service between Kamloops and Toronto, a large potential skier market for Sun Peaks.

2010: Government of Canada aids investment in Domtar Kamloops

Domtar's Kamloops Mill received funding under the Pulp and Paper Green Transformation Program (PPGTP) for two capital improvement projects. A $57.6-million investment was made to allow the mill to increase its capacity to produce renewable energy and reduce particulate emissions by acquiring new equipment and modifying existing equipment. The projects allowed the mill to increase its capacity to produce renewable energy, and thus improved Domtar's environmental performance while contributing to a more sustainable pulp and paper industry in Canada.

2010: Closure of Pollard Banknote printing plant

This decision resulted in the loss of 200 jobs

2010: Convergys call centre closes

This caused a loss of 200 jobs. Although most of these were low skilled, lower wage jobs, at its peak the company employed more than 1,200 people.

2012: New Gold reopens Afton Mine

After eight years of discussions between New Gold Inc. and First Nations stakeholders in the area, the New Gold Afton Mine (located 10 kilometres west of Kamloops) was reopened with a big celebration. The operation hired 400 people, 75 percent of which were recruited locally, including more than 100 B.C. Aboriginal Mine Training Association candidates. The mine was estimated to have a 12-year mine life, and expected to produce an average of 85,000 ounces of gold and 75 million pounds of copper annually. It is now anticipated that the life of the mine will be extended.

The New Afton the mine has been recognized for its sustainable practices, and New Gold was the winner of the 2011 BC Mining and Sustainability Award. One of the innovative practices at the Afton site is that the soil is being saved after removal for the land's rehabilitation, and plans are to return the site to grazing land so that it will be in better shape when this mine is finished than when it began.

2013: Domtar A-line pulp machine closes

The current Domtar pulp and paper operation, which lies right within the boundaries of the City of Kamloops, has been a vital economic force in the community since the mill first opened under Weyerhaeuser in 1972. However, due to market conditions, technical issues with equipment and production capability limits of one of the mills' two operating lines, the company made the difficult decision to close one of its two production lines, the A-line pulp machine, which produced about 120,000 air-dried metric tons of product a year (a small amount on the global market). In March 2013, 150 employees were laid off. The annual payroll for the 125 workers who lost their jobs is estimated to exceed $10 million a year.

Domtar has said it will continue to operate its remaining pulp manufacturing B-line which has an annual capacity of approximately 350,000 air-dried metric tons of softwood kraft pulp and employs approximately 300 people. The ongoing vulnerability of the BC forest sector due to volatile external market conditions and cheaper labour elsewhere has some people in Kamloops concerned about the possible full closure of the Domtar mill. *(Scenario 2 in Section 5 examines the projected economic outcomes of this possibility.)*

2014: Announcement of Kamloops Daily News Closure

In early January 2014, after 80 years of publication, the Kamloops Daily News' owners, Glacier Media, announced the paper will close within 60 days, leaving the city without a daily publication. The shutdown is said to have been a business decision that came from financial losses blamed on a struggling economy, a broadening of advertising options and a change in modes of reaching readers. The Daily News employed 55 staff (43 full-time and 12 part-time, as well as more than 100 drivers and carriers).

2014/15: Pending decision regarding KGHM-Ajax mine

This proposed copper-gold mine project located within the City of Kamloops' boundaries has the potential to generate significant economic benefits for the City but is not without its controversy. *(Scenario 3 in Section 5 examines the projected economic outcomes of this potential project.)*

2014/15: Pending decision regarding Trans Mountain Pipeline

Kinder Morgan has submitted a proposal to the federal government seeking approval to twin the existing pipeline, which passes through Kamloops, between Edmonton and Vancouver. *(Scenario 4 in Section 5 examines the projected economic outcomes of this potential project.)*

All the above events have had an important impact on bringing the Kamloops economy to where it is today, away from sole dependence on the resource sectors and, ultimately, leading to a more diversified and healthy economy.

3. SWOT Analysis

In this section, we summarize the strengths, weaknesses, threats and opportunities (SWOT) of the City of Kamloops and its area economy.

3.1. STRENGTHS

Overall

- Offers relaxed, safe lifestyle in a natural setting with an abundance of outdoor recreation opportunities in close proximity
- Affordable housing and safe neighbourhoods
- Increasingly cosmopolitan city with expanding range of art galleries, museums, symphony, theatre, sports teams and shopping opportunities
- Quality professional base through nationally recognized accounting, legal and financial services firms
- Adequate supply of affordable commercial real estate and office space, when compared to most Lower Mainland areas
- Dependable supply of affordable power and telecommunications
- Healthy relations with First Nations in area
- Demonstrated resilience of the resource sectors, especially forestry and mining
- Progressively more diversified economy with a range of regional and provincial head offices, manufacturers, exporters, specialty medical clinics, enhanced educational opportunities, healthy tourism sector
- Proximity to markets: local, regional, national, North American, international
- Entry of major retailers

Transportation and Logistics

- Excellent transportation infrastructure
- Situated at the intersection of BC's four major highways; widening of Highway 1 expected in 2014
- Immediate access to both CNR and CPR rail lines
- Proximity to Vancouver, Calgary, Edmonton, Prince George
- Well-supported by trucking, transport and logistics companies
- Efficient all-weather airport facilities; recently upgraded; providing direct flights to Vancouver, Calgary and Prince George with connections worldwide and future expansions anticipated

Labour and Education

- Well-educated and highly skilled labour pool exists
- Specialized workforce is well-paid
- Thompson Rivers University (TRU), growing university, offering, degrees, diplomas, and trades training in over 25 disciplines
- Recognized research and educational capabilities
- New job opportunities available to community through mining, pipeline construction etc.

IT

- Diverse hi-tech sector includes: data centers, software developers, technology support services, and call centres, as well as four long distance and international telecommunications service providers
- The number and types of job opportunities in the Kamloops hi-tech sector are increasing, thus transforming the image of the area to show that professionals have career growth potential, making them willing to relocate and stay longer
- Not just reliant on local business; no borders to markets for this sector
- Safe, affordable place for data storage (i.e., away from outside earthquake and flood zones of Lower Mainland areas)

Tourism and Recreation

- Excellent location for all types of touring travelers
- Close access to spectacular outdoor recreation and adventure destination opportunities, including: skiing, hiking, golf
- Internationally recognized train travel tour, Rocky Mountaineer, stops in Kamloops
- New tourism infrastructure including accommodation, meeting venues and sports/recreation facilities
- Branded "Canada's Tournament Capital"; Kamloops has first-class amenities, many experienced volunteers and high-level officials, thus is; capable of hosting world class conventions and sporting events

Mining

- History in region and longevity of projects
- Numerous active and proposed metal and mineral mines
- Employment for a strong and diverse labour pool
- Available labour for mining, as well as research specialists and supporting services
- Specialty mining product manufacturing and services generate strong economic activity when mining activity is robust
- Significant improvements have been made to the way the industry operates over last decade, i.e. with respect to reclamation, aesthetics, waste water

Forestry

- Access to a healthy supply of wood waste
- Improvements to environmental impact
- Skilled labour pool available
- Adaptability to changing external conditions

Manufacturing

- Specialized manufacturing supports and serves local, regional, national and international markets

3.2. WEAKNESSES

Overall

- High property tax rate for heavy industry, light industry and commercial in comparison to other BC communities.
- Risk of not being able to attract and retain specialty labour because of high demand and competitive conditions outside of Kamloops
- Limited commercial and industrial land still available in Kamloops; limiting expansion opportunities
- High development cost charges

Transportation and Logistics

- Roads require ongoing upgrades
- Challenge to keep highways clear in winter all directions

IT

- Lack of sufficient upward mobility in organizations risks skilled labour looking to work elsewhere

Tourism and Recreation

- Lower wages on average than in other industries
- Challenge to get true return on sporting investment

Mining

- Environmental challenges
- Community lacks understanding around value of mining on Kamloops in terms of standard of living and other economic benefits

Forestry

- Highly cyclical, reliant on North American and world economies
- Wood supply affected by pine beetle infestation

Manufacturing

- Constant pressure to keep costs low
- Increasing competition from lower cost manufacturers

3.3. OPPORTUNITIES

Overall

- Lifestyle and affordability a continued advantage over Vancouver's Lower Mainland
- New innovation and reduced costs strengthen market position and competitive advantage of business
- Ongoing search for new markets further afield by all businesses and industries
- Investment in light industrial construction, if made attractive
- Retiring residents wish to remain in community
- Potential for growth through new opportunities possible if resident and local government mindset are receptive

Transportation and Logistics

- Growth in online sales have created a new market for wholesale fulfillment and distribution; warehouses take advantage of Kamloops hub
- Airport facility can handle continued passenger growth

Labour and Education

- Continued growth of TRU creates economic and other spinoff benefits in terms of student population, future workforce, quality faculty and high level research capabilities
- Growing demand for education/training for trades, including: electricians, heavy duty mechanics, process control technology

IT

- New startups
- Collaboration on research with TRU faculty
- Employment for TRU graduates
- Kamloops Innovation Council represents independent IT professionals and companies that have united to take a "business first" approach to fostering the growth of Kamloops' IT industry, also offer affordable programs that guide, coach and mentor early stage ventures.

Tourism and Recreation

- Expansion of tourism attractions and products, i.e. adventure, golf, winter, as well as restaurant choices
- Growth in visitor volumes projected over long term, especially from international markets, i.e. Australia, Germany, Holland
- Potential new market development with possible future air connections for Kamloops Airport, i.e., Toronto, Seattle

Mining

- Ongoing exploration into untapped reserves in the area
- Continued improvement of environmental impacts
- Spinoffs to supporting services and other sector from investment in new mine(s)

Forestry

- Ongoing potential for new markets and applications for wood products
- Continued improvement of environmental impacts
- Companies committed to making long term investments in research, product innovation and development, equipment maintenance and capital upgrades in order to be competitive
- BC values renewable energy, making pulp and paper industry a natural fit for gasification systems that produce biofuels either for consumption or for sale
- Growing export opportunities for BC forest products to China and other parts of Asia

Manufacturing

- New product innovation
- Spinoffs from other industries, i.e., forestry and mining

3.4. THREATS

Overall

- Community mindset is divided over future economic direction of Kamloops; loud opposition towards new business/industry and change in community may turn opportunities away
- Intense pressure for businesses to be more cost effective
- Ongoing high property tax rates impacting competitiveness and business profitability; tax burden at municipal level could become too high causing businesses to leave
- Global competition for skilled labour
- Inflation in energy-related costs
- Businesses are operating in an increasingly competitive global marketplace
- Asia and South America offer cheaper labour and other costs for manufacturing and production
- Concern around fragility of the local economy and young people leaving to find work elsewhere
- Concern over BC carbon tax adding to operating costs
- Risk of running out of suitable land to develop
- Immigrant integration into community can be a challenge if programs are not maintained

Transportation and Logistics

- Increasing fuel costs
- Pressures on cost reduction

Labour and Education

- Limited capacity at TRU
- Concern that TRU may focus too much on academic programs, rather than trades and technology where the opportunities lie
- Aging population creating labour gaps that are difficult to fill
- Skilled trades and specialized personnel attracted to employment opportunities outside the region

IT

- Concern over losing talented staff to other areas if not enough opportunities in Kamloops

Tourism and Recreation

- Demand is very dependent on economic conditions in market areas
- Decline in group tour business from 20 years ago due to changing traveler needs and interests
- Anticipate long term competition for labour and talent from other industries
- Funding for marketing is inconsistent because dependent on hotel revenues which are cyclical
- Increasing competition from other tourism destinations, and also for the sport/tournament tourism market
- Leisure and travel market is extremely price sensitive; strong dollar makes Canadian tourism more expensive for international travelers
- Industry is highly dependent on US visitors

Mining

- Risk of copper prices declining
- Strong negativity in community towards the Ajax proposal could cause KGHM to walk away from the project

Forestry

- Risk of forest products prices declining
- Declining demand for newspaper and paper products worldwide creating lower global price for pulp
- The world market in paper and pulp is highly competitive; leading companies are those able to afford investment in modernization, building of new facilities and up-to-date technology
- New pulp mills being built in South America with fully modern facilities, operating with lower labour costs.
- Strong Canadian dollar affects competitiveness and profitability

Manufacturing

- Tightening labour force; competition from other industries within and outside region
- Businesses will relocate if conditions not conducive to running and expanding business in Kamloops, i.e. if not cost-effective enough

4. Projecting the Kamloops Economy

In this section we examine demographic factors that will drive labour force and economic growth in the province as well as in the Kamloops region.

4.1. Demographic Changes

BC's population on July 1, 2012 was 4.62 million people, 1.0% higher than the 4.58 million people counted on the same date in 2011. During the first three quarters of 2012, BC saw a net inflow of 28,832 people, as the province welcomed 35,255 individuals from other countries but lost 6,423 people relocating to other provinces.

Population growth, as well as the structure of age distribution of the population, is amongst the most important factors driving labour force growth and ultimately economic growth in an economy. It is expected that the B.C. population will grow at an annual rate of 1.3% per year over the next decade from 4,669,022 persons in 2013 to 5,229,463 in 2022. After this, growth will slow to just below 1.0% towards the end of the projection period with 6,057,948 persons in 2036.

Except for those in the age group of 20-25, BC's population in all other five-year age groups is expected to be larger in 2036 than today. However, other things being equal, this future increase in absolute size of the population will not necessarily imply a more prosperous economic future as the very young and very old populations are expected to grow even faster. The senior and youth dependency ratios (the number of those over 65 and under 19 per hundred of working age people) are expected to jump considerably throughout the projection period. For example, the number of seniors to be "supported" by 100 workers will increase from 25.9 in 2013 to 43.5 in 2036.

The Thompson-Nicola Regional District faces a similar population outlook, with even higher total dependency ratios. In 2013, it was expected that the combined dependency ratio would have been 63.8. By 2036, the ratio is expected to climb to 80.6. This means that there will be four children and seniors for every five workers unless the retirement age is raised and the definition of a senior is changed.

Figure 66: Population Dependency Ratios, Thompson-Nicola Regional District and BC

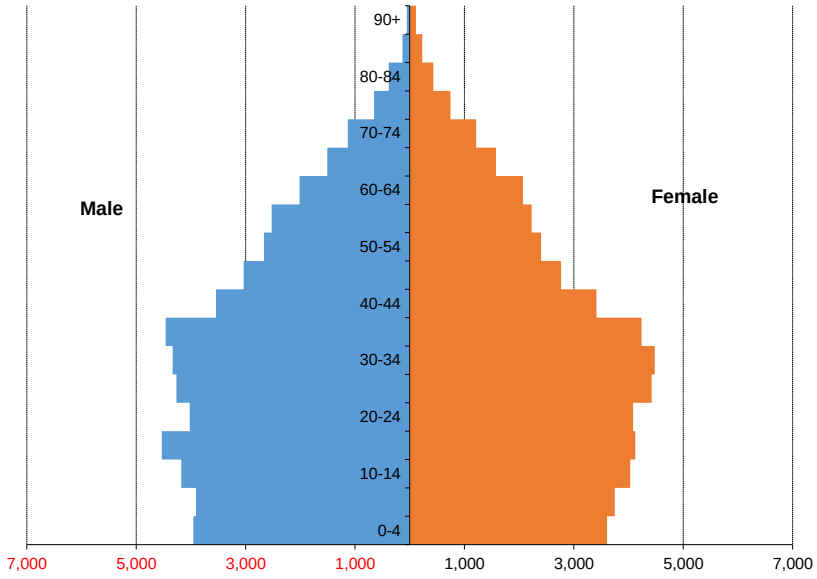
	Thompson Nicola RD		BC	
	2013	2036	2013	2036
Youth Dependency	33.62	34.71	32.32	32.82
Senior Dependency	30.13	45.92	25.95	43.49

Dependency ratio = selected group per 100 workers (age 20-64)

Source: BC Stats

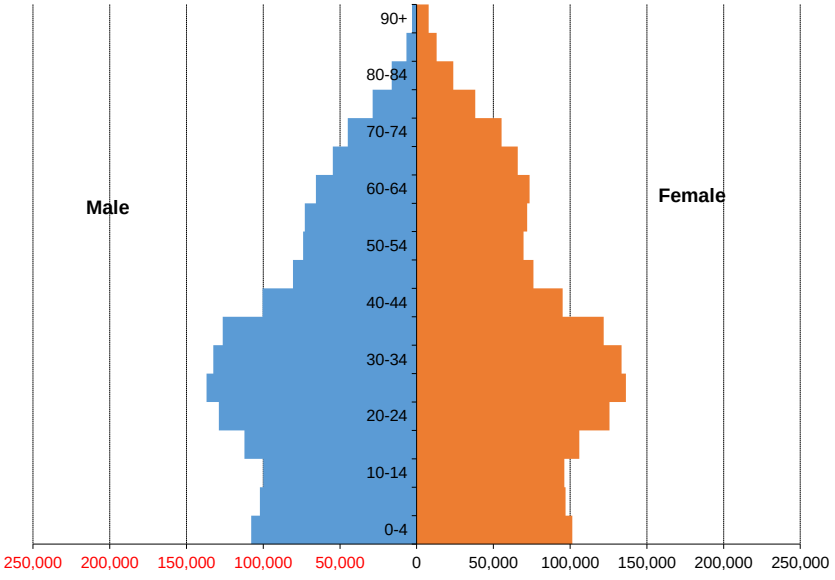
In the charts to follow, we show how population distribution in the Thompson-Nicola Regional District and BC has changed over the years and into the future.

Figure 67: Population Estimates by Age and Gender, Thompson-Nicola Regional District, 1986



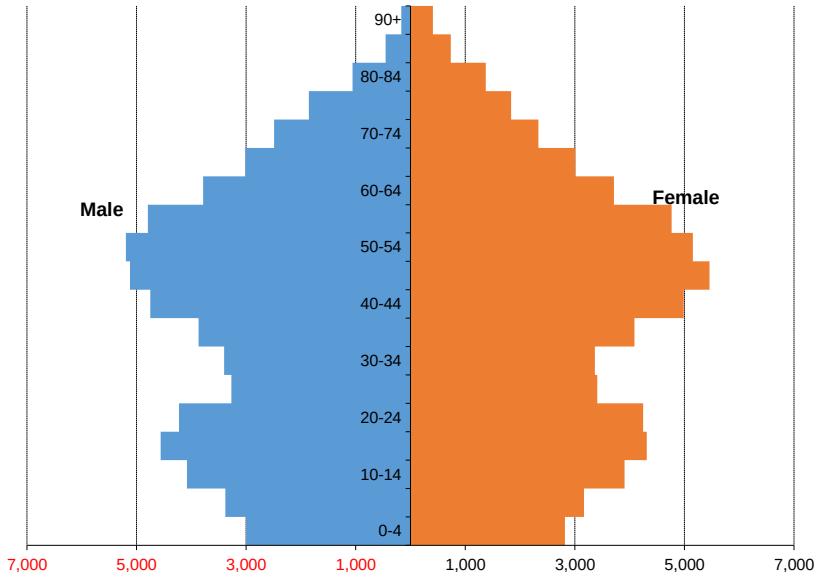
Source: BC Stats

Figure 68: Population Estimates by Age and Gender, BC, 1986



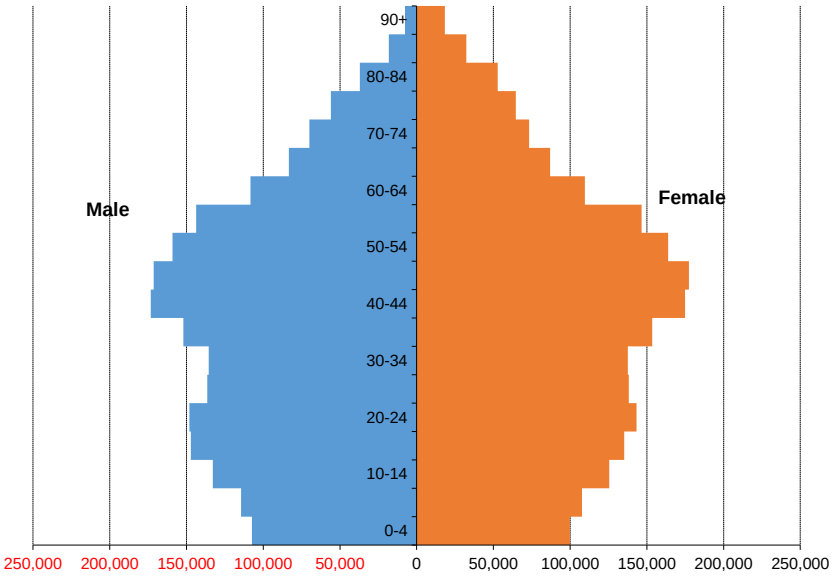
Source: BC Stats

Figure 69: Population Estimates by Age and Gender, Thompson-Nicola Regional District, 2006



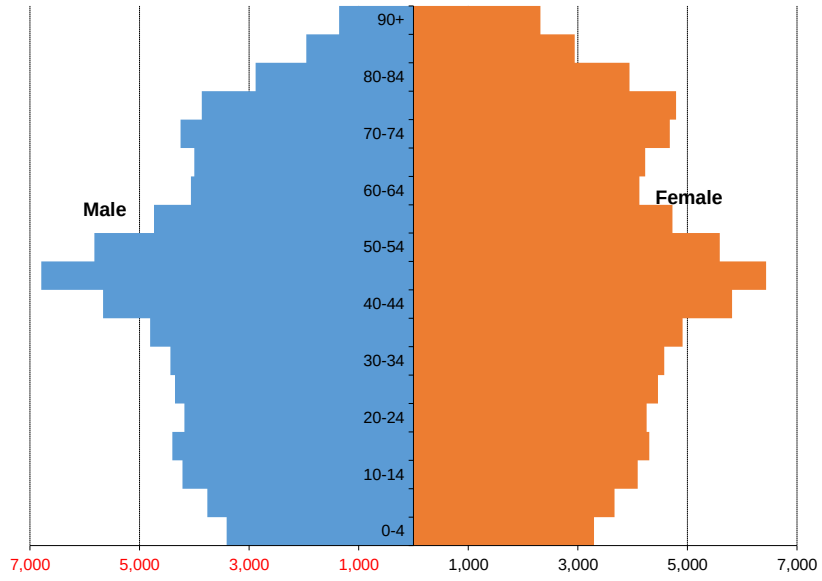
Source: BC Stats

Figure 70: Population Estimates by Age and Gender, BC, 2006



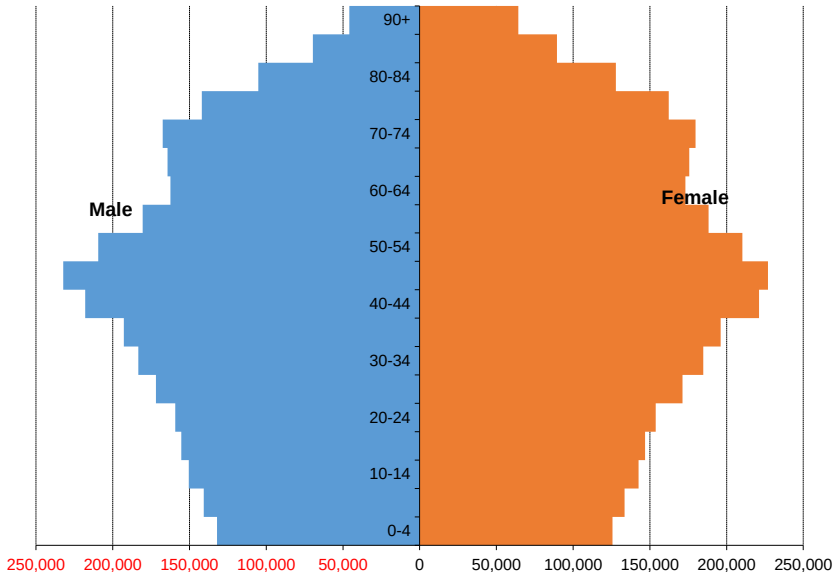
Source: BC Stats

Figure 71: Population Projections by Age and Gender, Thompson-Nicola Regional District, 2036



Source: BC Stats

Figure 72: Population Projections by Age and Gender, BC, 2036



Source: BC Stats

Information in this section indicates that while the population in the region where Kamloops is located and in BC is expected to experience positive growth into the future, the core working age population (age 15 to 64) as a share of the overall population is expected to decline between 2013 and 2036, resulting in potential challenges in labour force growth and employment growth in the region.

4.2. Economic Growth Projections

As mentioned in the Introductory section, we have observed that Statistics Canada does not provide any estimates on GDP or other aggregate economic indicators beyond what is published at the provincial level, as such we do not have any historic estimates to rely on in building a forecast model. The Ministry of Finance in BC publishes short- to medium-term forecasts with key indicators such as provincial real GDP growth rates, population growth, labour force, employment, and others that are incorporated in the Provincial Budget. Real GDP growth rates at the regional level, though available within the provincial government for planning purposes, are not released in the public domain.

Given such data limitation, we have built an economic forecast model for the City of Kamloops by the following method. Based on existing estimates of provincial real GDP by industry, we derive shares in each industry at the City level based on employment shares by industry that are applicable to the City. The latter dataset can be obtained by analysis of the Census data applicable to Census sub-division, as well as by examining changes in employment by major industry in the Thompson-Okanagan Development Region. Using provincial forecasts of real GDP growth and employment by industry, and by examining assumptions on population growth in the region, we can therefore derive estimates of real GDP growth rates and employment by industry for the City.

In the process of building the forecasting model, we further note that data available for employment shares by industry at the city level (i.e., Kamloops CA) is from the Censuses, as well as the most recent 2011 *National Household Survey*, and therefore subject to a five-year gap. For practical purposes, we have assumed that the real GDP growth pattern, employment growth pattern, and unemployment rates in the city is the same as what we have projected for the Thompson-Okanagan Development Region (excluding Kelowna CMA) as a whole.

The most recently available employment outlook statistics are those produced by the Province of BC in 2011, *BC Labour Market Outlook, 2010 to 2020*. In light of recent employment growth changes in the region and in the province, and along with current economic conditions and outlook, we have updated potential employment growth rates for all industries in the province, as well as in all regions, as the first step in modelling.

In order to derive potential employment growth rates in the province from 2013 to 2020, we have referred to the 2013 Budget document for forecasted employment growth rates in 2013 through 2017.[12] Growth rates from 2018 to 2020 are assumed to remain the same as those in the *BC Labour Market Outlook: 2010-2020*, published in 2011.

Updates to projected labour force growth rates in the province for all industries, and projected unemployment rates from 2013 to 2017 have been derived based on the 2013 Budget document. For 2018, 2019, and 2020, we have assumed that labour force growth will remain the same as those in the *BC Labour Market Outlook: 2010-2020*, published in 2011.

To summarize, actual rates in 2010 through 2012 and projected rates from 2013 onwards for key provincial labour market indicators are presented in Figure 73.

Figure 73: Estimates and Projected Labour Force, Employment and Unemployment Rates for BC, 2010 to 2020

	Actual			Projected							
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Labour Force ('000)	2,442.7	2,458.0	2,478.9	2,514.8	2,547.9	2,583.6	2,623.0	2,663.0	2,681.6	2,697.7	2,713.9
% Change	1.7%	0.6%	0.9%	1.4%	1.3%	1.4%	1.5%	1.5%	0.7%	0.6%	0.6%
Employment ('000)	2,256.5	2,274.7	2,312.5	2,338.6	2,369.4	2,405.6	2,442.6	2,479.0	2,499.9	2,515.1	2,533.9
% Change	7.6%	0.8%	1.7%	1.1%	1.3%	1.5%	1.5%	1.5%	0.8%	0.6%	0.7%
Unemployment Rates	7.6%	7.5%	6.7%	7.0%	7.0%	6.9%	6.9%	6.9%	6.8%	6.8%	6.6%

Source: RKA based on BC Labour Market Outlook, 2010-2020, and Statistics Canada – Labour Force Survey

For projecting potential employment changes in the Thompson-Okanagan Development Region from 2013 to 2020, we took into account recent employment growth trends as well as our assumptions of overall labour force growth and unemployment rates in the economy, and derived our projection as follows.

12 Refer to http://www.bcbudget.gov.bc.ca/2013/bfp/2013_Budget_Fiscal_Plan.pdf

Figure 74: Projected Average Annual Employment Growth Rates for BC and Thompson-Okanagan Development Region, 2010 to 2020

	Projected Annual Employment Growth Rate 2010-2020	
	BC	Thompson Okanagan
All Industries Total	1.2%	0.8%
Agriculture	-1.3%	-0.8%
Other Primary	1.3%	-0.7%
Utilities	0.7%	1.5%
Construction	1.2%	0.8%
Manufacturing	1.2%	0.0%
Trade	0.5%	0.2%
Transportation & Warehousing	1.4%	-0.2%
Finance, Insurance & Real Estate	0.8%	-0.1%
Professional, Scientific & Managerial	1.8%	1.6%
Education Services	0.5%	0.3%
Health & Social Services	1.8%	2.9%
Other Services	1.6%	0.7%
Accommodation & Food Services	1.7%	2.2%
Government Services	0.2%	-0.2%

Source: BC Labour Market Scenario Model; Updated by RKA

From employment projections by industry, along with assumptions of changes in labour productivity, we have arrived at potential real GDP growth rates in the Thompson-Okanagan Development Region as presented here.

Figure 75: Estimated (2012) and Projected Real GDP growth, Thompson-Okanagan Development Region, 2013 to 2020

Thompson-Okanagan Development Region									
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Changes in Real GDP	1.8%	2.1%	1.1%	2.2%	2.3%	3.2%	2.6%	2.2%	2.1%

Source: RKA.

Based on this projection, on average, the economy is expected to grow by about 2.2% per cent per year over the projection period.

5. Analysis of Alternate Growth Scenarios and Impact

This section of our economic analysis examines three alternate economic scenarios for the future of Kamloops. These include potential changes to the area's mining, forestry or oil and gas transportation sectors. Although RKA possesses no specific knowledge regarding which if any of the possible scenarios are most or least likely to proceed, we have prepared our analysis based on information available to us up to and including the completion date of this report. The modelling assumptions specific to each economic possibility are explained in the scenario subsections.

Following are the future scenarios identified for analysis in terms of projected economic impacts on the Kamloops economy:

1) Status Quo – Kamloops economy continues with no major changes
2) The Domtar Mill closes
3) The KGHM-Ajax Mine proceeds
4) The twinning of the Trans Mountain Pipeline is approved and built

It should be noted that, in each scenario description and impact quantification, we make assumptions that the project will proceed as planned and impacts are calculated for illustrative purposes only. Again, we do not offer any opinion whether the project will in fact proceed.

5.1. Status Quo

As we described in section 4.2, based on assumptions outlined in the Provincial Budget, as well as assumptions we made on the province's population growth, labour force growth, and unemployment rates, we have projected employment growth rates by industry for the province from 2013 to 2020. For the Thompson Okanagan Development Region, we have projected employment growth rates by industry for each of the years from 2013 to 2020, based on the BC Labour Market Outlook 2010 to 2020 produced by the Province in 2011, with adjustments made by our research team.

Further, we have arrived at potential real GDP growth rates in the Thompson-Okanagan Development Region from employment projections by industry, along with assumptions on changes in labour productivity. This was summarized in Figure 75. In other words, we have projected that the overall Thompson Okanagan Development Region, and Kamloops itself (as represented by the development region excluding Kelowna CMA), will experience an average 2.2% annual growth in real GDP. Overall employment growth is projected to average 0.8% per year from 2010 to 2020.

5.2. Domtar

5.2.1. Project Overview

Domtar acquired the Weyerhaeuser pulp mill operation in 2007. The mill currently has 1 pulp line operating and has a production capacity of 375,000 tonnes. Since 1994, $450 million has been invested in capital improvements, including an injection of $58 million in partnership with the federal government for environmental improvements in 2010. Domtar invests $10-12 million annually in its Kamloops operations to maintain and upgrade operations. The company also pays over $6 million per year in property taxes as per the City of Kamloops' tax calculation method for the heavy industry category. The amount is reportedly three times the tax payment of the next largest mill in Kamloops and twice the provincial average for heavy industry. These contributions are significant.

This scenario examines the projected impacts if Domtar were to close its Kamloops mill. RKA has no information regarding the likelihood of such a major decision. The following economic impact analysis incorporates expenditure figures provided by Domtar.

5.2.2. Impact Quantification and Analysis

Based on information we have obtained from the company regarding its annual operating expenditure, along with its capital expenditure estimated for each year, and further allocation to account for only the portion of expenditure that has an impact in the region, we have produced results as follows.

Figure 76: Economic Impact of Production at Domtar Kamloops in 2013

Capital Expenditure and Operation Activities	Direct	Indirect	Induced	Total
Economic Activity	$120,465,000	$101,260,350	$19,381,800	$241,107,150
GDP at Factor Cost	$31,190,250	$40,981,350	$10,949,250	$83,120,850
Employment (Person Years)	379	459	162	1,000
Federal Taxes	$3,482,745	$3,736,740	$1,576,785	$8,796,270
Provincial Taxes	$3,697,545	$2,783,760	$1,697,250	$8,178,555
Municipal Taxes	$6,064,440	$361,395	$251,670	$6,677,505

Source: RKA

In sum, the economic impact that would be reduced to the Kamloops area economy if the Domtar pulp mill were to shut down would be substantial. During each year of operation, Domtar directly, supports almost 380 jobs (both those working in the pulp mill itself and those working in construction upgrade projects), generate $31 million in provincial GDP, and contribute over $6 million to the City's revenue.

5.3. KGHM-Ajax Mine

5.3.1. Project Overview

Since 2012, KGHM International Ltd. has been developing its proposal for the Ajax Copper-Gold project, which consists of an open-pit mine located on what was previously the Ajax-Afton mine. A range of explorations and extractions have previously taken place on the site, from small scale mine operations to the development of an open-pit operation under Teck Resources Ltd. and the Afton Operating Corporation between 1989 and 1997. This project is located on traditional Secwepemc territory, near, and partially within the city limits of Kamloops; and is entirely within the Thompson Nicola Regional District (TNRD).

Publicly available details of the proposed project include:

- Annual production of 109 million pounds of copper and 99,000 ounces of gold;
- 60,000 tonne-per-day (TPD) processing capacity;
- Planned to incorporate state-of-the-art mining and environmental protection and monitoring technologies;
- Approximately 500 full-time positions ranging from technical, to mining services, health and safety, and administrative will be required over the *project life span*. It should be noted that some of these jobs are beyond TODR.
- Employees will earn above average salaries in the range of $120,000 on average per annum.

The KGHM-Ajax proposal is currently going through the environmental assessment process and is said to be striving to exceed current standards. The project could potentially receive approval by spring 2014 and, if so will proceed to the design phase during summer 2014. Construction would then start one year later with operations commencing mid-2018 (at the earliest). The mine is expected to operate for 23 years.

5.3.2. Impact Quantification and Analysis

For modeling purposes, in order to quantify the economic impact, we have separated impacts into three stages, and have applied different assumptions in each of these stages.

Design Phase

This phase is assumed to proceed in 2014 and 2015. During this time, the input cost we have applied in the model refers to the cost to be incurred for drilling only, while we assume that the impact of engineering services provided is outside of the region.

The direct, indirect, and induced impacts for one year, as measured in changes in gross output, gross domestic products (GDP), employment, and municipal government revenue, are presented in the table below.

Figure 77: Economic Impact of Proposed Ajax Mine – Design Phase

Design Phase	Direct	Indirect	Induced	Total
Economic Activity	$18,000,000	$6,300,000	$1,620,000	$25,920,000
GDP at Factor Cost	$12,420,000	$2,160,000	$900,000	$15,480,000
Employment (Person Years)	22	32	14	67
Federal Taxes	$972,000	$198,000	$126,000	$1,296,000
Provincial Taxes	$522,000	$144,000	$144,000	$810,000
Municipal Taxes	$36,000	$36,000	$18,000	$90,000

Source: RKA

Construction Phase

This phase is assumed to start in mid-2016 and continue on for two years. For the purposes of calculation, we assume 40% of annual budget for this phase will have a local impact, i.e., 60% of the labour requirement will be met by labour outside of the region.

The direct, indirect, and induced impacts in each year, as measured in changes in gross output, gross domestic products (GDP), employment, and municipal government revenue, are presented in the table below.

Figure 78: Economic Impact of Proposed Ajax Mine – Construction Phase

Construction Phase	Direct	Indirect	Induced	Total
Economic Activity	$172,800,000	$93,312,000	$29,376,000	$295,488,000
GDP at Factor Cost	$60,480,000	$41,472,000	$17,280,000	$119,232,000
Employment (Person Years)	1,116	612	252	1,980
Federal Taxes	$4,838,400	$3,628,800	$2,419,200	$10,886,400
Provincial Taxes	$8,294,400	$2,419,200	$2,592,000	$13,305,600
Municipal Taxes	$1,036,800	$518,400	$518,400	$2,073,600

Source: RKA

Operating Phase

In estimating annual operating expenditures for the purposes of impact quantification, we have included the cost of labour, cost of materials that are assumed made in BC only, as well as the cost of trucking concentrate.

The resulting direct, indirect, and induced impacts per year, as measured in changes in gross output, gross domestic products (GDP), employment, and municipal government revenue, are presented in the table below.

Figure 79: Economic Impact of Proposed Ajax Mine – Operating Phase

Operating Phase	Direct	Indirect	Induced	Total
Economic Activity	$180,000,000	$63,000,000	$16,200,000	$259,200,000
GDP at Factor Cost	$124,200,000	$21,600,000	$9,000,000	$154,800,000
Employment (Person Years)	216	320	135	671
Federal Taxes	$9,720,000	$1,980,000	$1,260,000	$12,960,000
Provincial Taxes	$5,220,000	$1,440,000	$1,440,000	$8,100,000
Municipal Taxes	$360,000	$360,000	$180,000	$900,000

Source: RKA

In sum, the economic impact that will be realized if the Ajax mine will begin the operating phase by 2018 will be substantial. Each year, directly, the operation will support almost 220 jobs, and generate $124 million in provincial GDP, and contribute $360,000 to the City of Kamloops' revenue.

5.4. Kinder Morgan Pipeline Twinning

5.4.1. Project Overview

Kinder Morgan is proposing an expansion of the current Trans Mountain Pipeline (TMPL) between Strathcona County (near Edmonton), Alberta and Burnaby, BC. The proposed expansion or twinning represents a total capital investment of $5.5 billion. The goal is to follow the existing Trans Mountain right-of-way, where practical. In Kamloops, the pipeline is planned to make some changes to the original routing to avoid Jacko Lake, as well as consideration of a route through the Lac du Bois Grasslands Protected Area in order to avoid disruption to Westsyde rural and residential neighbourhoods.

In operation since 1953, the 1,150-km existing TMPL system transports both crude oil and refined products to the west coast. Refined products from Edmonton are routed to Kamloops for local distribution. Kamloops is also a receiving site for products from northeastern British Columbia that are bound for the west coast. The site contains two storage tanks with an overall volume of 23,000 m3 (144,000 bbl).

The current capacity of the TMPL is 300,000 barrels per day. The proposed Trans Mountain Expansion Project, if approved by the National Energy Board (NEB), would increase the capacity of the pipeline to 890,000 barrels per day.

If approval is granted, construction of the second pipeline is expected to take place during 2016/17. Throughout the construction phase, local suppliers, contractors, and consultants would be hired and the project would generate workforce spending, procurement opportunities, community investment and also add to the municipal tax base by almost $1.3 million dollars annually. Because existing infrastructure and operations already exist, there are relatively few new additional jobs required to support the Expansion Project during operations once constructed.

RKA has no knowledge regarding the outcome of Kinder Morgan's submission for approval of the TMPL expansion.

5.4.2. Impact Quantification and Analysis

For impact quantification, we have relied upon information provided by Kinder Morgan regarding local (Kamloops) workforce expenditure and non-local workers spending in the City during construction of the new pipeline near the City. Such expenditure is assumed to occur between 2016 and 2017. We have not estimated the impact associated with the operating phase of the pipeline as incremental employment impact is minimal.

Total local and non-local workforce potential spending is estimated at $42.2 million. This is based on information presented by the company to the Kamloops Chamber of Commerce: Of the approximate $42.2 million that might potentially be spent in acquiring local services and labour, $39.1 million would be spent by non-local labour acquiring food, accommodation, and other personal services. However, in our quantification of impact as shown in Figure 80 below, we have excluded cost items where the actual impact is attributed to areas outside of Kamloops.13

Figure 80: Economic Impact of Construction of TMPL Pipeline in 2016 and 2017

Construction Activities	Direct	Indirect	Induced	Total
Economic Activity	$40,882,160	$19,686,366	$7,867,967	$68,436,494
GDP at Factor Cost	$21,220,756	$8,624,718	$4,390,216	$34,235,691
Employment (Person Years)	752	133	67	953
Federal Taxes	$1,254,700	$703,025	$655,250	$2,612,976
Provincial Taxes	$1,549,444	$551,950	$696,132	$2,797,526
Municipal Taxes	$486,993	$169,146	$128,846	$784,986

Source: RKA

In sum, the economic impact that would be realized if the pipeline construction proceeds as proposed will be substantial. Over the total of 18 months, directly, the construction would support about 750 jobs (21 local construction jobs and the rest working in food and beverage services, accommodation services, personal services, and recreation to support non-local workers during the period), generate $21.2 million in provincial GDP, and contribute $487,000 to the City's revenue.

We have summarized the GDP and employment impacts from all three scenarios with comparison with the status quo GDP and employment scenario as described in section 5.1. The results are presented in the following two charts.

13 Total estimated spending by non-local workforce in the area excludes expenditure on fuel as the latter would not have been produced locally.

Figure 81: Projected GDP Impact of Three Alternate Scenarios in Thompson Okanagan Development Region (excluding Kelowna CMA)

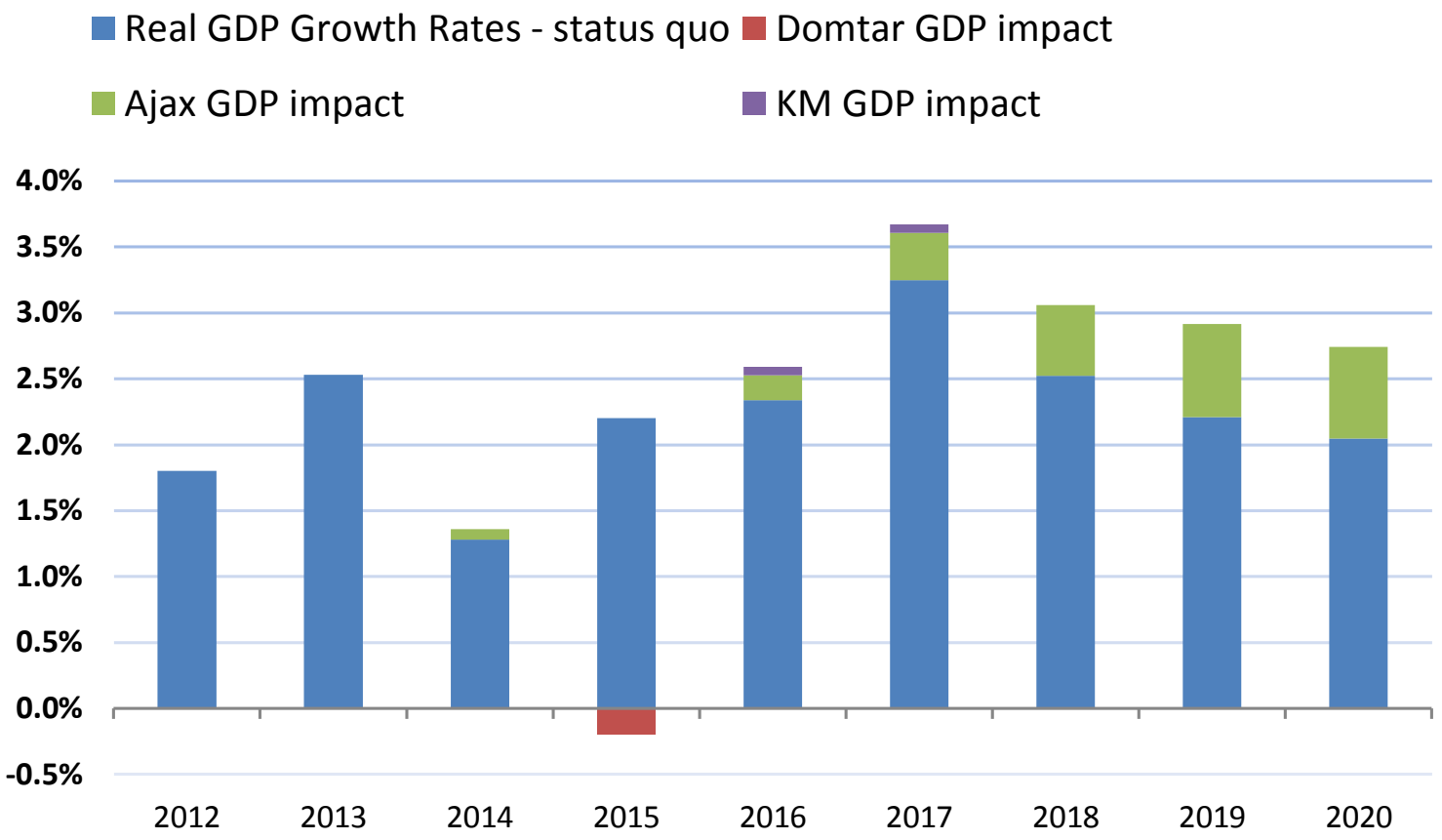
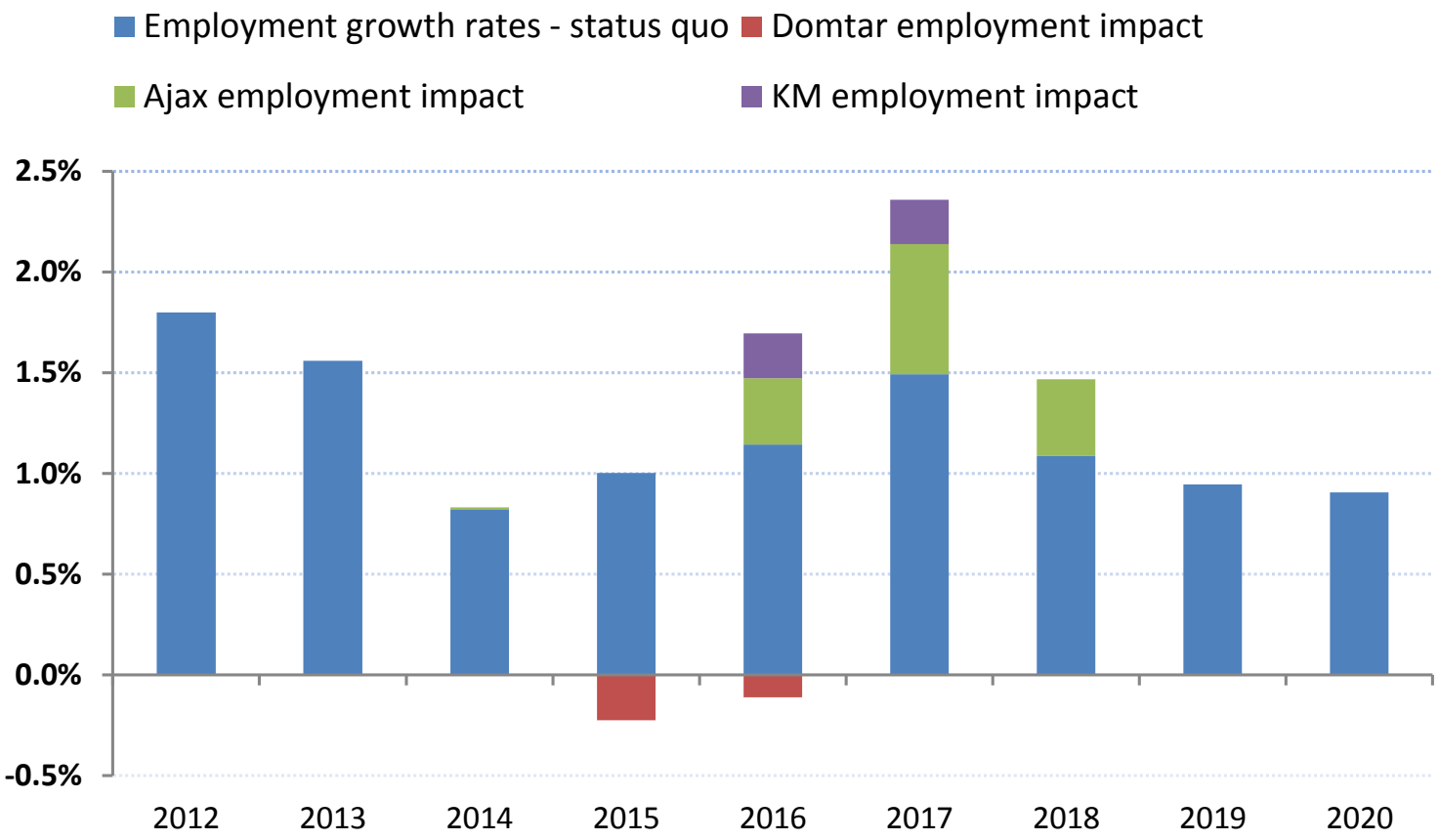


Figure 82: Projected Employment Impact of Three Alternate Scenarios in Thompson Okanagan Development Region (excluding Kelowna CMA)



It is noted that both the GDP and employment may seem small in comparison to the overall economy of over $15 billion, or just under 200,000 individuals employed in a given year. In reality, however, the impacts are substantial. For example, in 2015, employment growth is projected to be 1.0% in the region. If Domtar does in fact shut down the operation completely, a direct impact of 379 person years of employment is lost in that year. This is equivalent to -0.2% loss in employment growth in that year. We have shown the employment loss impact lasting for two years, assuming that only half of those who lost their jobs would have found employment the following year.

In another example, if the Ajax mine proceeds to operation in 2018, a direct GDP impact equivalent to 0.5% of the region's GDP value will be realized. For that year, we have projected a real GDP growth rate of 2.5%. With the addition of the mine operation, the region's GDP growth will be 3.0%, which is substantial.

6. Conclusions

In the past 10 years, Kamloops has diversified its economy to reduce dependence on natural resources.

Our review of the structure and development of major industries in the region reveals that the trade sector (including wholesale and retail) has the largest employment share (about 15%) of the region's economy, followed by health care and social assistance. In the goods producing sector, the construction industry and manufacturing industry each accounts for about 10% of the employment share, indicating their roles as major economic drivers.

We also note that the services producing industry has experienced stronger employment growth than the goods producing sector. Amongst them, information, culture and recreation industries, as well as professional, scientific and technical services, have both seen their employment growing the fastest, resulting in 67% and 40% more than their employment levels in 1997. On the other hand, it should be noted that these sectors are still fairly small in the employment share.

The area is rich in natural resources, and the importance of forest products and mining to the economy cannot be underestimated. In the report, we have illustrated three potential economic growth scenarios and how they may bring substantial GDP and employment impacts to the regional economy.

Appendix I List of Interviewed Stakeholders

Name	Title	Organization
Bill Adams	Manager, Engineering and Strategic Planning	Domtar
Jim Anderson	Executive Director	Venture Kamloops
Myles Bruns	Regional Manager, Thompson/Okanagan	Min. of Jobs Tourism & Skills Training
Shirley Culver	CED Coordinator and SE Coordinator	Community Futures Thompson County
Maurice Hindle	Sales Manager	Molycop
Yves Lacasse	External Affairs Manager	KGHM - AJAX
Randy Lambright	Planning and Development Manager	City of Kamloops
Fred Legace	Managing Director	Kamloops Airport Ltd/
Bill Matheson	Project Development Manager	KGHM - AJAX
Deb McClelland	Executive Director	Kamloops Chamber of Commerce
Peter McKenna	President	NRI Distribution
Lee Morris	CEO	Tourism Kamloops
Colin O'Leary	Business Retention and Expansion Manager	Venture Kamloops
Dave Peressini	President, Kamloops Real Estate Board	Royal Lepage
Christopher Seguin	VP Advancement	Thompson Rivers University
Lincoln Smith	Executive Director	Kamloops Innovation Council
Sean Smith	Tournament Capital Coordinator	Tournament Capital Centre/City of Kamloops
Kate Stebbing	Stakeholder Engagement and Communications	Kinder Morgan
Frieda Jules	Acting General Manager and Lands Dept.	Tk'Emlups Indian Band
David Trawin	Chief Administrative Officer	City of Kamloops