

## **What drives the Shuswap economy?**

*A Shuswap Passion* column for the Shuswap Market News

By Jim Cooperman

October 21, 2011

From the worldwide debt crisis, to the growing Occupy Wall Street protests, to the contentious proposed developments here; the economy is the current hot topic for most people. At the most recent public hearing for a high density development in Scotch Creek, the mantra of the development supporters was that the without new development, the local economy would wither and die. Is it true that local economies depend on continued development? Just what does make the Shuswap economy tick?

I posed this last question to the two Shuswap organizations tasked with economic development. Both Lana Fitt with the Salmon Arm Economic Development Society and Robin Cyr with the CSRD Economic Development Office and Shuswap Tourism pointed to our region's diversity and the combination of manufacturing, tourism and commerce as key economic drivers. Given the recent recession, both are confident that the Shuswap has managed to "weather the storm" and that there are signs now of a recovery.

Most of the efforts underway by these agencies are focused on attracting new businesses and improving the tourism sector. Yet there is little recognition of what the actual government data shows, the economy of the Shuswap is increasingly dependent on income not from the traditional sectors of forestry, agriculture and manufacturing; but from retirement income!

The most recent data comes from a 2009 BC Stats report that actually uses census data from the year 2006. The results are startling, in that forestry only represents 11 percent of the base economy, tourism is at just 4 percent, agriculture at 2 percent, the public sector is 18 percent and the combination of transfer payments and investment income totals a whopping 40 percent! While some of income includes unemployment and welfare payments, the vast majority of it flows to seniors living in rural housing developments or in Salmon Arm condos and townhomes, who then spend at least some of this money on local goods and services.

This data corresponds with other statistics that show how populations have increased, while school enrollment has been steadily dropping. Not only is the overall population aging as the baby boomers are now retiring, but the Shuswap is becoming increasingly dependent on a growing influx of retirees who are now choosing the Shuswap above the overcrowded Okanagan as the best place to live. There are a growing number of senior residences in Salmon Arm as evidenced by the recent groundbreaking ceremony for a new residential care facility, while other construction has stalled.

Local economies require income sources from outside the community in order to both survive and grow. For many years, the Shuswap depended on producing primarily lumber and apples. With one of the Shuswap's once largest employers, the Canoe sawmill shut down and likely to never start up again and the modernized high-tech Adams Lake sawmill now running full tilt with far fewer workers, our economy is now primarily based on the income flowing to a growing number of retirees.

Some of Shuswap's smaller communities have definitely seen a huge spike in recreational foreshore development, including massive vacation condo buildings. But this construction has not resulted in healthy local economies as evidenced by Sicamous's shrinking population and growing food bank usage. And now that the demand for vacation properties has plummeted, some recreational developments have failed.

So it is certainly not a given that the "build it and they will come" principle works, especially in smaller, outlying communities that lack the amenities available in larger centres. There is actually a three-stage, lifestyle pattern for many retirees; with the first stage a home near a golf course or a small acreage that provides a place for gardening and hobbies. The second stage is often a condo or townhouse located closer to cultural amenities, medical care and shopping and the third stage are the senior's residences that provide various levels of care.

Fortunately, the strategies now in place for Shuswap economic development to attract new businesses and tourists also work well to attract more retirees. More than anything else, it is the Shuswap's magnificent natural amenities: our lakes and streams, our forests, our parks, our scenery, our agricultural land and our relatively moderate climate that is the real driver of our economy. And so one of the best things we can do to protect and improve our economy is to look after our environment and avoid more development that could threaten the 'goose that lays our golden eggs.' [Next: Ideas to green the economy for success.]