

State OF THE North REPORT

JANUARY 2019





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A Northern Perspective

Thanks for taking the time to read the second annual State of the North Economic Report. When we published the first report in 2018, we were anxious about how it might be received. Discussion about the state of the economy in Northern B.C. is ever-present, but there had never been a single report that had attempted to capture a snapshot of all the data in one place. We were pleasantly surprised by the amount of positive feedback, media coverage and social media chatter the report generated – clearly the audience we intended it for found value in it. So here we are with version 2.0.

This year's report follows roughly the same structure, though we've made a few notable changes based on feedback we received. First, we included a section on the transportation sector as an attempt to acknowledge its critical importance to the economy in Northern B.C. We also broke down the municipal property tax revenue by region to show industrial, commercial and residential tax revenue separately. We also tried to provide more information on the state of small businesses, the impacts of the LNG Canada final investment decision, the newly agreed-upon United States-Mexico-Canada trade agreement and even passenger numbers for smaller ferry routes such as the Port Hardy to Bella Coola route. Creating a report like this is not simple, and we want to thank our partners at MNP and our stakeholders throughout the region for the feedback you provided on the first report – we hope that it's made the second version of the report even better.

So, how's the economy in Northern B.C. looking?

Well, it's a bit of a mixed bag. Certainly, the outlook in the energy and oil and gas sector is more positive heading into 2019 than it was a year ago thanks to a positive investment decision for the LNG Canada project in Kitimat, its accompanying Coastal GasLink pipeline and continued construction at BC Hydro's Site C project near Fort St. John. As well, AltaGas' propane export terminal on Ridley Island near Prince Rupert is nearing completion creating yet more long-term jobs and opportunities for that part of the region. Things are looking a bit more positive in the mining sector as well, where a bump in steel-making coal prices lifted the fortunes of Tumbler Ridge and Chetwynd over the past two years and boosted the amount of export activity at Ridley Terminals.

Yet forestry, a mainstay of our provincial economy, is a more challenging story. Our major forest companies enjoyed record lumber prices through most of 2018, which has helped keep them in the black, however, they're also impacted by export tariffs in the U.S. market due to the as-yet unresolved Softwood Lumber Agreement. On top of that, wildfire activity over the past two summers has eaten into a good chunk of the available timber in the region and exacerbated an already challenging timber supply picture due to the aftermath of the Mountain Pine Beetle epidemic and the current challenges with spruce and fir beetles. Looking forward, reduced timber supply will place continued downward pressure on this sector and force some forestry companies to rationalize their operations, which could mean shutdowns, further job loss and community impacts in the coming years.

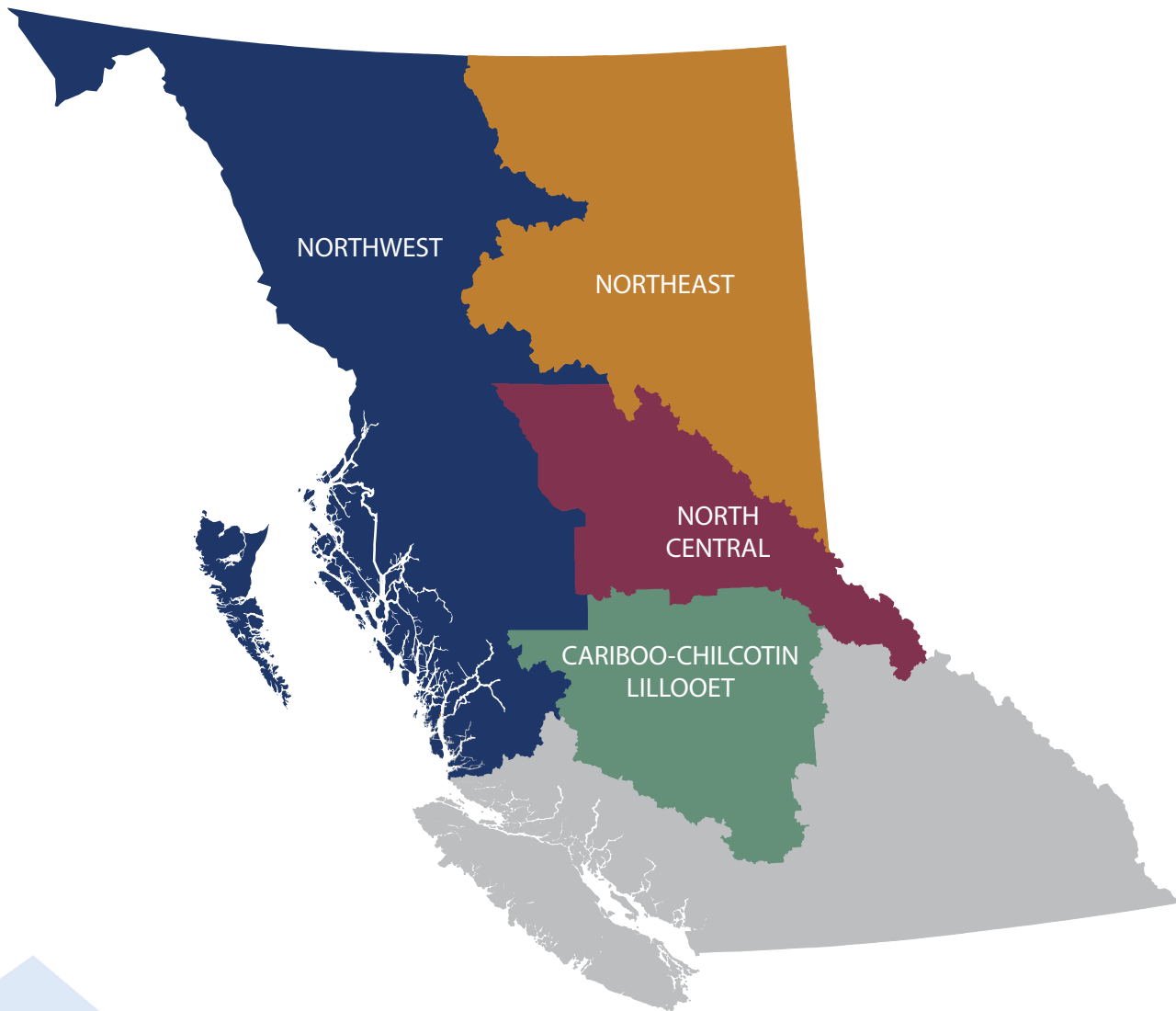
Aside from these industry trends, the economy in the north has continued to show strength, with relatively tight labour market conditions and a slightly lower unemployment rate of 6.4%, an increase in building permits in residential and industrial classes and a substantial lift in the number of housing starts for the first nine months of 2018 compared with the same period in 2017. Business formations remained in line with three-year averages in 2017 suggesting stability in the regional market, except for the Northeast Region where they remained below the average no doubt due to the ongoing recovery in the energy sector.

As we move into 2019 the economy in Northern B.C. is stable but not without its challenges. A number of the capital projects moving forward in the coming years, both industry projects and public sector projects such as highways, schools and hospitals, will provide employment and revenue boosts to smaller communities. These will hopefully help to offset, somewhat, challenges faced in the forestry sector and other market factors that remain unpredictable.

Meanwhile, our hope is that community leaders, business owners and senior levels of government will use the information contained in this report to make informed decisions that support economic development in Northern B.C. For our part, the Trust will continue to focus on responsibly stewarding its assets to ensure there's funding available every year that will help communities and businesses build a stronger north.

Joel McKay
Chief Executive Officer
Northern Development Initiative Trust

Where We Are



Northern Development Initiative Trust is an independent, non-profit corporation; a catalyst stimulating economic growth through investments in grassroots, community-led projects. The Trust was created on the premise that “the best economic development decisions for the North should be made in the North.”

The Trust serves more than 70% of the province, from Lytton to Fort Nelson and from Valemount to Haida Gwaii, including

39 incorporated communities, nine regional districts, one regional municipality and 88 First Nations communities.

The central and northern region of B.C. that Northern Development covers is broken into four service areas: the Northwest, Northeast, North Central and Cariboo-Chilcotin/Lillooet regions.

The Big Question

Where is Northern B.C.? or Why this Report Isn't Perfect

There was no simple place to begin in creating this report. As noted elsewhere, the question as to 'where' Northern B.C. begins is a constant debate. For the purposes of this report, and the Trust's ability to use its data to inform policy and programs, Northern B.C. is defined as the Trust's legislative service area, which stretches from Lytton to the Yukon Border and Valemount to Haida Gwaii, or roughly 75% of the geographic area of B.C.

The geography made it difficult to find readily available data that could be measured year-over-year and compared from region to region or community to community. For example, the Trust's service regions differ from the Province of British Columbia's economic zones, and so in some cases economic zone data had to be split up to match the Trust's service regions. As well, a lot of the statistics available in urban centres and census metropolitan areas are simply not available in Northern B.C. due to the size of our communities and sparse population. Often that meant the data we really wanted simply wasn't available on a sub-regional level. As well, the statistics aren't stored in one place – readers will note that the data used to inform this report comes from many different sources that report data at different intervals and different times, which means some data is several months old or older at the time of this report's publication. What does this mean? In short, the report isn't perfect. Certainly, it's designed to provide a snapshot of the regional economy as it stands today and it has done that very well. Yet one of our learnings through this exercise is that there is a dearth of meaningful, readily available data about our regional economy. More resources and innovative new approaches to data gathering are needed in our region if we want to have a deeper understanding of our regional economy and, perhaps eventually, forecast its future.

Limitations

This report is provided for information purposes and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for personalized, business or investment advice.

We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the presentation are conditional upon the completeness, accuracy and fair presentation of the information underlying them. As a result, we caution readers not to rely upon any findings or opinions expressed as complete and disclaim any liability to any party who relies upon them as such. The findings and opinions expressed in the presentation constitute judgments as of the date of the presentation,

and are subject to change without notice. MNP is under no obligation to advise of any change brought to its attention which would alter those findings or opinions. The reader must understand that our analysis is based upon projections, founded on past events giving an expectation of certain future events. Future events are not guaranteed to follow past patterns and results may vary, even significantly. Accordingly, we express no assurance as to whether the projections underlying the economic and financial analysis will be achieved.

Before taking any particular course of action, readers should consult their professional advisor to discuss matters in the context of their particular situation.

Throughout this report situational trends and future forecast is indicated wherever possible.



Up arrow: Suggests a strong and growing economic situation



Down arrow: Suggests a declining economic situation



Sideways arrow: Suggests a stable economic situation with little change



Question mark: Suggests that the economic situation is uncertain

The Big Picture

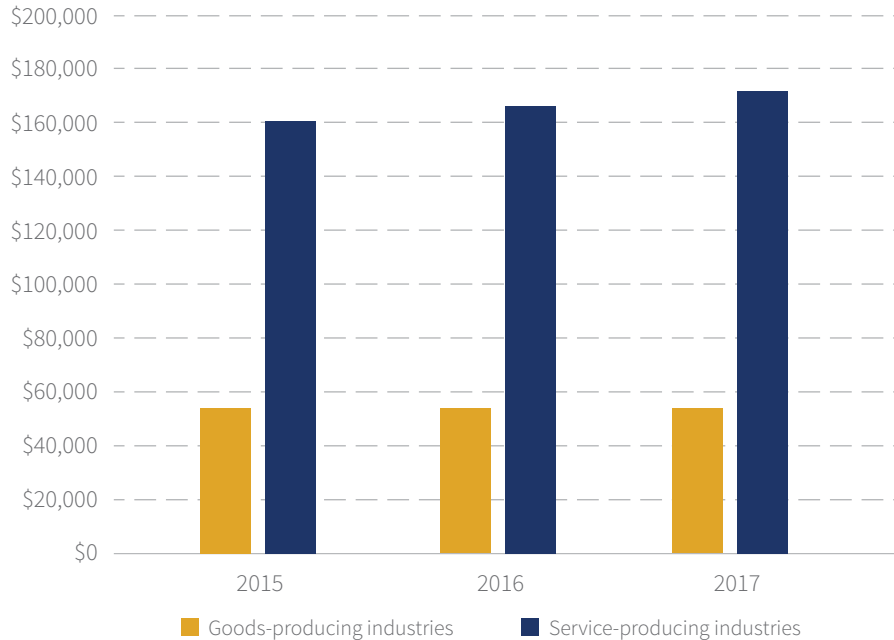




Macroeconomic Indicators

GDP

B.C. Real GDP Millions of 2007 Chained Dollars



(Source: Statistics Canada Table 379-0030 Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars x 1,000,000))

Canadian and global economic growth remained strong in 2017. The Canadian economy grew at 3.0 per cent¹ as economic activity became more broad-based and regional differences began to narrow. This resulted in capacity pressures and labour shortages in some regions, and led the Bank of Canada to increase its key policy rate twice.

B.C. has had one of the strongest economies in Canada since 2014, with an average annual growth rate of 3.6 per cent. Growth in 2017 reached nearly 4 per cent, led by 10 per cent growth in the construction industry, over 8 per cent growth in wholesale trade and 6.3 per cent growth in the retail sector. Economic growth in 2018 is expected to meet or exceed 3 per cent.

Much of the economic growth in B.C. has been centred in the southern regions of

B.C.; however, significant infrastructure projects such as the Site C dam, highway upgrades and the construction of a propane export terminal in Prince Rupert have helped to offset declines in natural resource industries in Northern B.C. The economy of Northern B.C. also faced a number of challenges due to forest fires in 2017 and 2018, which exacerbated labour shortages and temporarily closed mills and mining operations in the Cariboo region.

While Northern B.C. has lagged the southern regions of the province in terms of growth in recent years, improvements in the market for metallurgic coal have led to the re-opening of mines in the northeast, and the positive final investment decision by LNG Canada is expected to lead to increased economic growth in the region.

Gross domestic product (“GDP”)

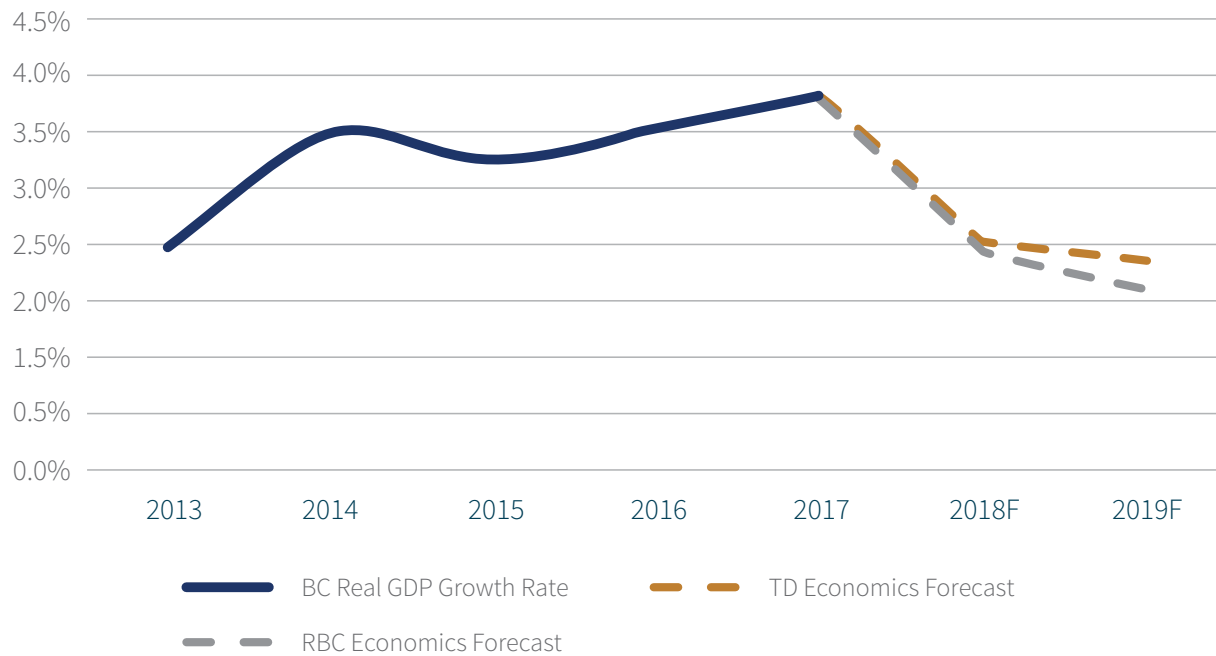
measures the value of final goods and services produced in the economy. Changes in GDP are the standard measure of economic growth.

Chained Dollars

“Chained dollars” is a method of adjusting real dollar amounts for inflation over time in order to allow comparison of data from different years. In this case, 2007 is used as the base year to calculate the data.

¹ Statistics Canada. Table 36-10-0129-01 Gross national income and gross domestic income, indexes and related statistics, annual.

B.C. Real GDP Growth Rate



(Source: Statistics Canada, Table 379-0030, TD Economics (September 2018), RBC Economics, (September 2018))

Short Term Outlook

Global economic growth remained steady in first half of 2018 and is expected to remain strong through 2019. However, there is considerable uncertainty due to continued trade tensions between the U.S. and its trading partners.

The Canadian economy has been operating at or near capacity and is expected to continue to do so in the near term. Exports and business investment in increased capacity are rising while consumer spending and investment in residential construction is slowing due to tighter mortgage rules and higher interest rates.²

Those factors, combined with U.S. tariffs on Canadian steel and aluminum, are expected to lead to a gradual slowing of GDP growth in Canada.

B.C.'s economic growth is expected to moderate as the housing market slows and tight labour market conditions limit employment growth. In Northern B.C. fibre supply constraints have lowered growth expectations for the forest industry, while construction of the LNG Canada export facility in Kitimat and the associated infrastructure is expected to significantly increase economic activity in the region. Increases in prices for metallurgic coal, copper, zinc and other commodities suggest that the outlook for mining is also improving.

GDP GROWTH

TREND

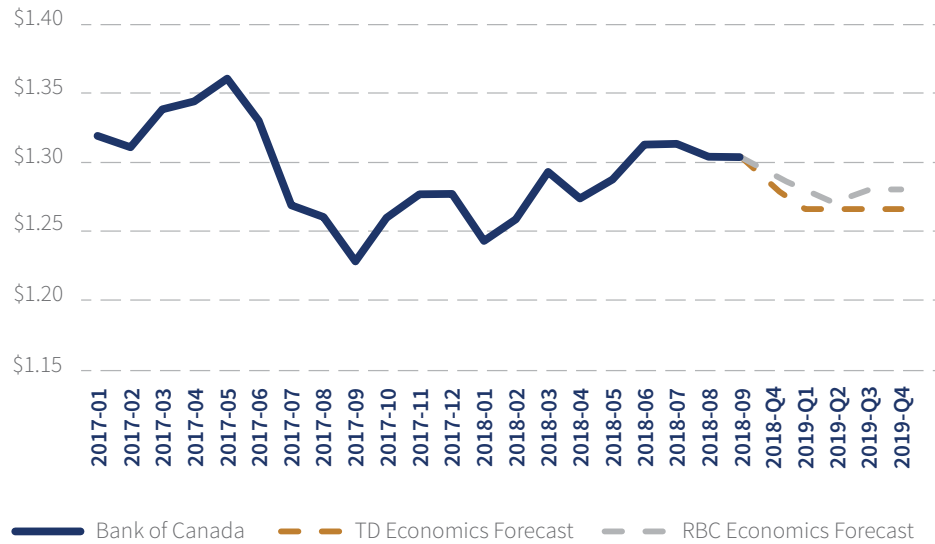


FORECAST



² Bank of Canada. "Monetary Policy Report". July 2018. Available here: <https://www.bankofcanada.ca/wp-content/uploads/2018/07/mpr-2018-07-11.pdf>

Exchange Rate



(Source: Bank of Canada, TD Economics, RBC Economics)

Exchange Rates

After increasing in value at the end of 2017, the Canadian dollar declined in value relative to the U.S. dollar in the first half of 2018. As of November 2018 the Canadian dollar was trading at around \$1.31 Canadian per U.S. dollar (\$0.76 U.S. per Canadian dollar). Relative to the Great British Pound, and the Euro, the Canadian dollar has declined in value since the third quarter of 2017, while relative to the Chinese Yuan the value of the Canadian dollar has been stable.³

Canada's inflation rate is trending above the Bank of Canada's two per cent target, and core measures of inflation are also rising, suggesting that inflationary pressures are starting to build. That prompted the Bank of Canada to raise its key policy rate three times between January 2018 and November 2018. However, the U.S. Federal Reserve has embarked on a more aggressive tightening cycle, and the interest rate differential between the U.S. and Canada has widened

somewhat, putting downward pressure on the value of Canadian dollar. That dynamic, along with uncertainty over the future of the North American Free Trade Agreement (NAFTA) has prompted the exchange rate to trade between \$1.30 Canadian per U.S. dollar (\$0.77 U.S. per Canadian dollar) and \$1.33 Canadian per U.S. dollar (\$0.75 U.S. per Canadian dollar). The successful completion of NAFTA negotiations suggests that the Canadian dollar should regain some strength, and analysts expect the Canadian dollar to trade in the range of \$1.26 Canadian per U.S. dollar (\$0.79 U.S. per Canadian dollar) to \$1.28 Canadian per U.S. dollar (\$0.78 U.S. per Canadian dollar) through 2019.⁴

The favourable exchange rate, combined with increases in commodity prices, has had a positive impact on mining activity in B.C. Other export sectors, including film production and tourism, have also benefited.

Exchange Rate

The exchange rate is the rate at which one nation's currency can be exchanged for that of another. The graph expresses this in terms of number of Canadian dollars for one U.S. dollar.

As the Canadian dollar rises in value relative to the currency of Canada's trading partners' exports become relatively more expensive while imports become relatively cheaper. This means that a rise in the value of the Canadian dollar tends to reduce the demand for exports and negatively impact sectors such as manufacturing that are heavily dependent on export sales. A decline in the value of the Canadian dollar tends to have the opposite effect.

EXCHANGE RATE

TREND



FORECAST



3 Bank of Canada. "Monthly Exchange Rates". Available here: <https://www.bankofcanada.ca/rates/exchange/monthly-exchange-rates/>

4 TD Economics, Exchange Rate Forecast May 2018 and RBC Economics and Research, Exchange Rate Forecast June 2018.

Unemployment Rate

After increasing between 2014 and 2016, the unemployment rate in Northern B.C. has recently begun to trend lower. Declines in the unemployment rate have been accompanied by increases in employment in the North Central, Cariboo-Chilcotin and Lillooet, and Northwest regions due to increased construction activity. Continued declines in the unemployment rate are expected throughout Northern B.C. as the construction of the LNG Canada export facility and associated infrastructure begins. The scale of that project suggests that its impacts will be felt throughout B.C. and could exacerbate the already tight labour market conditions in the province.

Unemployment Rate by Region

Region	2017	2018 (Jan-Sept)
Northeast	5.9%	6.1%
Kootenay	7.3%	6.1%
Thompson-Okanagan	7.1%	6.6%
Northwest	5.8%	6.5%
Cariboo-Chilcotin-Lillooet*	9.2%	7.0%
North Central	6.2%	5.0%
Vancouver Island and Coast	5.0%	5.0%
Lower Mainland-Southwest	4.6%	4.4%
British Columbia Total	5.1%	4.9%
Northern BC	6.6%	6.0%

(Source: Statistics Canada, Statistics Canada. Table 282-0123 and Table 282-0134)

*Estimates for the Cariboo-Chilcotin-Lillooet do not include Lillooet, Lytton, Logan Lake, Cache Creek, Clinton or Ashcroft.

Unemployment Rate: Rural vs Urban

Rural areas tend to have higher unemployment rates than urban areas due to the higher dependence on seasonal employment such as forestry, fish processing and tourism. This is evident in a comparison of the unemployment rate in Prince George with that in the rural areas of Northern B.C. In Prince George the unemployment rate is lower than in the region overall. In other areas of northern B.C. unemployment rates and employment trends are similar to those in other regions of B.C. that have mainly rural populations.*

*Statistics Canada, "Understanding Rural Canada: Structures and Trends", available here: <http://www.statcan.gc.ca/pub/21f0016x/21f0016x1998001-eng.htm>

EMPLOYMENT LEVELS

TREND



FORECAST



UNEMPLOYMENT RATE

2014 - 2017 TREND



FORECAST

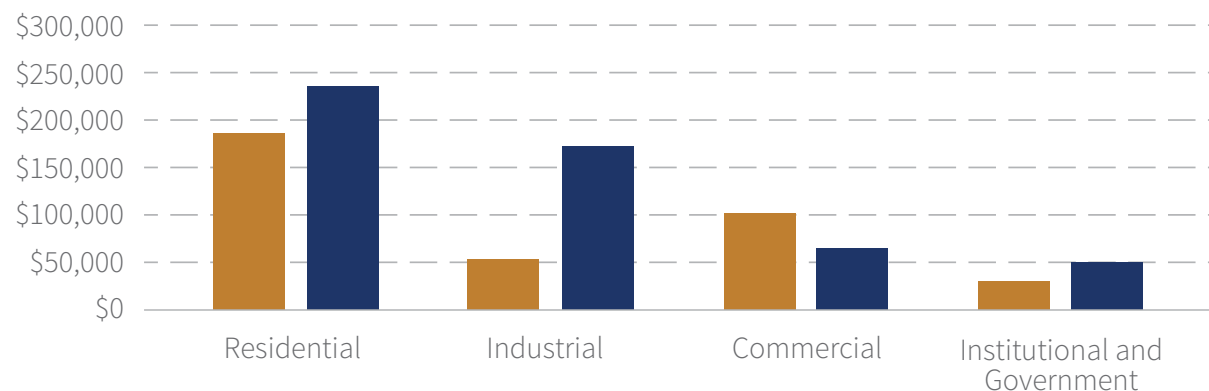


Unemployment Rate

The unemployment rate provides an indication of overall economic conditions and the labour market in a region. Unemployment rates tend to increase during periods of weak economic performance and decline during periods of strong economic growth. However, changes in the unemployment rate may also result from people entering and leaving the labour force. Consequently, it is important to look at overall employment levels in conjunction with the unemployment rate.

Building Permits

Northern B.C. Building Permit Values - by type (\$000s)



(Source: Statistics Canada, Produced by B.C. Stats (www.bcstats.gov.bc.ca))

■ 2017 (Jan - Sept)

■ 2018 (Jan - Sept)

Housing Starts By Region (January - September)

Region	2017	2018
Northwest	28	88
Northeast	48	61
North Central	214	342
Cariboo-Chilcotin-Lillooet*	28	96
Northern BC Total	318	587

Housing Starts By Region (Annual)

Region	2016	2017
Northwest	32	38
Northeast	146	127
North Central	313	272
Cariboo-Chilcotin-Lillooet*	61	114
Northern BC Total	552	551

(Source: Canada Mortgage and Housing Corporation, Starts and Completions Survey)



After a period of continual decline, the value of building permits has started to increase. Through the first eight months of 2018, the value of residential building permits in Northern B.C. was up 30 per cent over the same period in 2017. Industrial permits were up 427 per cent and permits for institutional and government buildings were up 42 per cent. In contrast, the value of commercial permits was down close to 60 per cent compared to 2017.

The increase in value of residential permits is concentrated in the North Central and Cariboo-Chilcotin-Lillooet region, both of which were affected by wildfires in 2017 and 2018. In the North Central region residential permit values were up 66 per cent in the first eight months of 2018 and in

Prince George, the region's largest city, residential permits have almost doubled in 2018 compared with the same period in 2017. In the Cariboo-Chilcotin-Lillooet region residential permit values were up 42 per cent in the first eight months of 2018, while in the Northwest region permit values were relatively flat year-over-year. In the Northeast region residential permit values were down approximately 39 per cent in 2018.

Between 2016 and 2017 new home construction in Northern B.C. was essentially flat as increased housing starts in Quesnel, Dawson Creek and Prince Rupert offset declines in Prince George and Fort St. John. In the first nine months of 2018 housing starts have increased across Northern B.C.

Trends in residential building permits and housing starts suggest that the economic outlook for Northern B.C. is improving and higher levels of economic activity are expected.

Building Permits

Building permit values are a measure of construction, and changes in building permits are often one of the first indications of changes in the surrounding economic conditions.

After a period of sustained expansion, declines in building permits may indicate the expansion is ending while growth in building permits after a contraction may indicate the economy is improving.

BUILDING PERMITS & HOUSING STARTS

TREND



FORECAST



Building permits indicate construction intentions, while housing starts indicate construction activity.

Infrastructure Investment and Business Environment

Major Projects

Northern B.C. Major Projects

Region	Total Value (\$millions)*
Northwest	\$18,651***
Northeast	\$17,151**
North Central	\$100
Cariboo-Chilcotin-Lillooet	\$613
Total	\$36,515

(Source: B.C. Stats Major Projects Inventory, Q2 2018)

*Please note that the total value of the projects includes expenditures that are planned both in B.C. and outside B.C.

** Includes \$4.8 billion to construct the Coastal GasLink pipeline.

***Includes \$18 billion to develop the LNG Canada facility in Kitimat. Value was estimated using an exchange rate of \$0.76 CAD/USD based on development costs reported by Mitsubishi Corporation.⁵

Energy Infrastructure

The Site C Dam is being constructed by BC Hydro on the Peace River near Fort St. John. It will be the third dam in the area and will add approximately 1,110 megawatts to B.C.'s power generating capacity.⁶ Construction began in July 2015 and is expected to be completed by the end of 2024.⁷ As of August 2018, over 3,561⁸ individuals were employed in the construction of the dam.

Additional investments in electricity generating infrastructure include the Peace Region Electrical Supply project that will increase the reliability of electricity supply to existing customers in the South Peace region and enable the electrification of natural gas production, processing, and compression.

5 Mitsubishi Corporation. "Mitsubishi Corporation Reaches Final Investment Decision on LNG Canada Project", October 2, 2018. (Available here: <https://www.mitsubishicorp.com/jp/en/pr/archive/2018/html/0000035820.html>)

6 BC Stats Major Projects Inventory

7 BC Hydro. <https://www.sitecproject.com/sites/default/files/Construction-Schedule-20161007.pdf>

8 BC Hydro, Site C Clean Energy Project, "Employment Statistics (<https://www.sitecproject.com/>)

Mining, Oil and Gas Processing Facilities

Investments in gas transmission are being made in the Northeast region. The North Pine Liquids Separation Facility began commercial operations in December 2017 and the Saturn Compressor facility near Dawson Creek was expanded.

Other major projects in the Oil and Gas sector that are under construction include:

- T-South Reliability and Expansion Program, also known as Project RAM (Reliability, Availability and Maintainability). Project RAM is providing upgrades to the existing gas transmission system, enhancing the reliability of its southern portion, which stretches from south of Chetwynd to the U.S. border. The project is expected to be completed by early in 2021.⁹
- Expansion of the Townsend Complex near Fort St. John. The expansion will increase gas processing capacity and is expected to be completed by the end of 2019.
- The Ridley Island Propane Export Terminal which is scheduled to be completed in early 2019. The facility will ship propane from Alberta and the Northeast to markets in Asia.

LNG

In October 2018, LNG Canada announced that it would be proceeding with construction of a liquefied natural gas (LNG) export facility in Kitimat. The first phase of the project includes a liquefaction facility in Kitimat and a natural gas pipeline that will bring gas from the Northeast to Kitimat.

Construction of the liquefaction facility is expected to take five years and employ approximately 4,500 at the peak of construction. Construction has begun with a small workforce and will be ramped up over a period of approximately 18 months. Once operational the facility is expected to employ between 300 and 450 people, which is equivalent to approximately 8 to 10 per cent of total employment in Kitimat in 2016.*

Construction of the Coastal GasLink pipeline is expected to take four years and employ between 2,000 and 2,500 people. Once operational the

pipeline will employ between 16 and 35 people.

In addition to the direct employment, these projects will provide procurement opportunities for businesses in the Northeast and Northwest both during construction and operation.

Together these two projects will allow B.C. gas producers to reduce their reliance on the U.S. market. This may also lead to increased exploration and drilling activity in the Northeast region and could provide more stability in Oil and Gas employment in the region.

Source: LNG Canada (Available here: <https://www.lngcanada.ca/>) and Coastal GasLink Pipeline Project (<http://www.coastalgaslink.com/benefits/economic-benefits/>)

**Estimated impact on total employment in Kitimat is based on the number of people employed in Statistics Canada's 2016 Census.*

⁹ Enbridge, projects, T-South Reliability and Expansion Program. Source: <https://www.enbridge.com/projects-and-infrastructure/projects/tsouth-reliability-and-expansion-program>

Transportation Infrastructure

Transportation infrastructure investments in Northern B.C. include five road and two bridge improvement projects.¹⁰

The Cariboo Connector on Highway 97 is a four-phase project that has been initiated to widen Highway 97 to four lanes as well as replace bridges, add weigh facilities and improve intersections along the route.¹¹ The highway connects Cache Creek with Prince George and provides

commercial vehicle access to mines and logging regions in northern B.C. The project is intended to reduce congestion and improve the flow of goods and people through the Cariboo region. Phase 1 of the project was completed in 2011, Phase 2 is expected to be complete by the end of 2019¹², and Phase 3 has received provincial funding for further Highway 97 upgrades. The list of projects that will be included in Phase 3 is still being developed.¹³

Other infrastructure improvements to support improved safety, reliability and efficiency of road transportation include:

- Lane widening of Highway 99 - Ten Mile Slide, and Highway 16 between Houston and Smithers and the Bulkley View Rest Area. Highway 99 - Ten Mile Slide Improvements were expected to go to tender in fall 2018 and construction was expected to be completed in 2020. Work on the Highway 16 Passing Lanes and Intersection has started and is scheduled for completion in fall 2019.¹⁴
- Highway 16 - Mile 28 Crossing Project will realign two kilometres of Highway 16 to construct an overpass at the rail crossing. Construction started in spring 2018 and is expected to be completed in fall 2019.

10 BC Stats Major Projects Inventory

11 "Cariboo Connector Program". Government of B.C.

12 BC Ministry of Transportation and Infrastructure.

13 BC Ministry of Transportation and Infrastructure, News Release, March 27, 2017. Source: https://archive.news.gov.bc.ca/releases/news_releases_2013-2017/2017TRAN0113-000852.htm

14 BC Government, Transportation Infrastructure projects. Source: <https://www2.gov.bc.ca/gov/content/transportation/transportation-infrastructure/projects>



Investments in Port Capacity

Container traffic at the Fairview Terminal has increased in the past seven years and this expansion is intended to allow the terminal to meet growing international demand. Phase 2A of the Fairview Container Terminal Expansion was completed in 2017, adding a second deep-water berth, three additional cranes and additional land for the container yard.¹⁵ In June 2018, the Port of Prince Rupert and DP World established an agreement on terms of a Phase 2B of the Terminal project development, which will increase annual throughput.

¹⁵ "Fairview Container Terminal Expansion Project Reaches 75% Milestone". Port of Prince Rupert. Dec 12, 2016.



Investments in Education Infrastructure

The Kelly Road Secondary School Replacement in Prince George began construction in summer 2018. The new school will accommodate up to 900 secondary students and is expected to be completed by the fall of 2020.¹⁶

Construction of a new K-6 elementary school in Fort St. John was completed in fall 2018. The new school is intended to alleviate overcrowding at the elementary schools in School District 60.¹⁷

Additional trades training facilities were developed to support training for high demand occupations in northern B.C.'s resource sectors. These include:

- An expanded and refurbished trades training facility at Coast Mountain College in Terrace. The programs that will benefit from the project include carpentry, welding, automotive service, electrical and heavy mechanical trades.¹⁸
- An expansion of the College of New Caledonia's (CNC) Quesnel facility to accommodate industry standard equipment and provide additional lab space to support the power engineering program.¹⁹
- Construction of a new heavy mechanical trades facility in Dawson Creek.^{20 21}

In addition, a wood engineering lab opened at the University of Northern British Columbia (UNBC). The facility will support research on large scale wood structures, using engineered wood products.²²

New Engineering Programs

UNBC has received funding for civil and environmental engineering degree programs and CNC has received funding for a new civil engineering technologist program.²³ These programs are intended to help attract and retain skilled workers to the region. There are expected to be 70 graduates per year by 2023 from UNBC and 25 per year from CNC.

¹⁶ BC Ministry of Education

¹⁷ BC Government News, New school will open the door to learning for kids in Fort St. John, June 28, 2018. Source: <https://news.gov.bc.ca/releases/2018EDUC0038-001301>

¹⁸ "\$18.4-million investment will create jobs, expand research and foster innovation." Northwest Community College. Sep 23, 2016.

¹⁹ BC Government News, "Expanded renovations to trades facility benefits students in Quesnel", May 1, 2018 (Available here: <https://news.gov.bc.ca/releases/2018AEST0060-000781>)

²⁰ BC Government News, "Heavy mechanical trades students get skills to keep B.C. moving", September 17, 2018. (Available here: <https://news.gov.bc.ca/releases/2018AEST0117-001764>)

²¹ BC Government News, "New trades facility gives NLC students skills to build a strong future", October 12, 2018. (Available here: <https://news.gov.bc.ca/releases/2018AEST0137-001983>)

²² Ministry of Advanced Education, Skills and Training. "Investment in wood science supports student innovation, research" (Available here: https://archive.news.gov.bc.ca/releases/news_releases_2017-2021/2018AEST0062-000787.htm)

²³ University of Northern British Columbia. "Government to Fund Engineering Programs for Students in Prince George", January 16, 2018. (Available here: <https://www.unbc.ca/releases/45811/government-fund-engineering-programs-students-prince-george>)

New Hospitals

Investments in new hospitals have been announced for Terrace,²⁴ Fort St. James,²⁵ Williams Lake²⁶ and Dawson Creek²⁷. Concept plans for the four facilities have been approved and the projects have moved to the business planning phase. The business planning phase typically takes between 12 and 18 months, during which the scope and budget are finalized. Once the business plan is approved the next step is procurement followed by construction.

24 BC Government News, "It's official: A new hospital for people in Terrace", February 9, 2018. (Available here: <https://news.gov.bc.ca/releases/2018HLTH0012-000187>).

25 BC Government News. (Available here: <https://news.gov.bc.ca/releases/2018HLTH0097-001955>)

26 BC Government News. (Available here: <https://news.gov.bc.ca/releases/2018HLTH0009-000144>)

27 BC Government News. (Available here: <https://news.gov.bc.ca/releases/2018HLTH0068-001331>)

Industry Overviews

Industry Overviews

The economic base of a region is comprised of the industries that attract people to the region, drive employment and support the retention of workers. In turn, workers and businesses within the economic base require supporting services, such as retail, public services, real estate and support services for their businesses. These supporting industries are known as the local area market, and are industries that exist to support the needs of residents and local businesses.

In Northern B.C. the economic base is comprised of goods-producing industries and tourism. There are also several industries that fall into both the economic base and the local area market. These industries both attract workers from outside the region and support the local market. Included in this group of industries is construction, education, healthcare, energy, transportation and professional, scientific and technical services.

Industries in the Economic Base

(Industries that drive employment as well as attract and retain workers)

- Agriculture
- Aquaculture
- Forestry
- Oil and Gas
- Mining
- Manufacturing
- Tourism

Industries in the Local Area Market

(Industries that support the needs of residents and local businesses)

- Retail Trade
- Administration and Support Industries
- Wholesale Trade
- Arts, Entertainment and Recreation
- Information and Cultural Industries
- Public Administration
- Finance and Insurance

Both

(Industries that contribute to both the Economic Base and Local Area Market)

- Construction
- Healthcare
- Professional, Scientific and Technical Services
- Transportation and Warehousing
- Education
- Energy



Agriculture

Agriculture production occurs across Northern B.C. and plays an important role in the economies of many communities in the region. There are approximately 1,900 farms producing livestock and 1,734 farms engaged in crop production in the region.

Most crop production takes place in the Northeast. This area produces over 80 per cent of the total grain and oilseed in B.C.²⁸ Grain is also grown in the Cariboo-Chilcotin/Lillooet and Northwest regions where it is mostly used for livestock feed.

Livestock production primarily takes place in the Cariboo-Chilcotin/Lillooet area, where there is large scale cattle production as well as hog, sheep, poultry and alpaca farming. The Northeast also produces cattle, hogs, bison and other game.²⁹ The Northwest produces cattle, hogs, sheep and poultry and specialty products such as ostrich.³⁰

Horse breeding takes place throughout Northern B.C. and supplies the needs of local ranchers and the tourism industry.

Agriculture accounts for a relatively small share of overall employment in Northern B.C. (less than 1 per cent) but the industry supports many related businesses. These include farming equipment retailers and manufacturers, suppliers of gravel, peat, and feed and businesses that provide agricultural services such as fencing installation and crop protection.³¹

The majority of agriculture businesses in Northern B.C. do not have employees. This suggests that they are mostly small-scale family-run operations, or that they rely on temporary or contract workers.

Since 2011, the number of farms in Northern B.C. has declined and there is some indication that there has been some consolidation of operations.

AGRICULTURE

TREND



FORECAST ?

Agricultural Business Counts – by Region (June 2016)

	Without employees	Total, with employees	Number of Employees			
			1 - 4	5 - 9	10 - 19	20+
Northeast	421	63	51	10	1	1
Northwest	13	4	2	1	1	0
North Central	190	35	21	6	5	3
Cariboo-Chilcotin-Lillooet	108	16	11	1	3	1
TOTAL	732	118	85	18	10	5

(Source: BC Stats Business Locations)











28 Ministry of Agriculture (<http://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/animals-and-crops/crop-production/grains-oilseeds-pulse-crops>)

29 Ministry of Agriculture, Agricultural Regions

30 Ministry of Agriculture

31 Supply Chain Connector

Number of Farms by Region (2016)

	Livestock	Crops	Total
Northeast	515 	844 	1,359
Northwest	440 	324 	764
North Central	338 	253 	591
Cariboo-Chilcotin/Lillooet	606 	313 	919
Total	1,899 	1,734 	3,633

(Source: Statistics Canada, Table 32-10-0403-01)

USMCA Dairy and Poultry Changes

On September 30, 2018 Canada, the U.S. and Mexico announced that they had reached agreement on a free trade deal that will replace NAFTA. As part of the new agreement the U.S. was given increased access to Canada's dairy and poultry markets.

The changes represent approximately 3.6 per cent of the dairy market. As of July 2018 there were 19 dairy producers with quotas in Northern B.C.

There was no data available on the number of quotas held by poultry farmers in Northern B.C. According to the 2016 Census of Agriculture there were 57 farms in Northern B.C. that were engaged in poultry and egg production.

The majority of milk, egg and poultry producers are in the Cariboo-Chilcotin and North Central regions. Changes under the USMCA could affect the quotas of Northern B.C. farmers and future growth in allocations.

Source: Government of Canada, BC Milk Marketing Board and Statistics Canada, 2016 Census of Agriculture.

Energy

Employment in the Utilities Sector

Region	Number of Employees
Cariboo	<1,500
Northeast	<1,500
North Coast-Nechako	<1,500

Please note data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.

(Source: Statistics Canada Labour Force Survey)

Energy Facilities

Region	Independent Power Producers (IPPs)			Number of Employees	
	Number	Capacity (MW)	Energy (GWh/yr)	Number	Capacity (MW)
Northwest	13	1,299	5,175	17	101
North Central	11	224	706	1	1.5
Cariboo-Chilcotin-Lillooet	8	227	1,138	3	551
Northeast	6	690	2,573	5	3,643
NORTHERN B.C. TOTAL	38	2,440	9,590	26	4,295.50

(Source: B.C. Hydro)

Major Utilities Investments in Northern B.C.

Region	Projects	Value (millions)
Northeast	7	\$11,251
North Central	0	0
Cariboo-Chilcotin-Lillooet	2	\$112
Northwest	0	0
Northern BC Total	9	\$11,363

(Source: B.C. Stats Major Projects Inventory)

The energy sector in Northern BC includes large hydroelectric dams, biomass facilities and wind farms. BC Hydro operates two hydroelectric facilities in the Northeast, which together represent approximately 29 per cent of BC Hydro's generating capacity.³² In addition to BC Hydro's facilities, there are 38 independent power producers (IPPs) located in Northern B.C. This includes ten biomass plants, four wind farms, 21 hydroelectric generating facilities and three other facilities.³³

Most of the IPPs in Northern B.C. have been in operation for more than five years. According to Clean Energy B.C. there is unlikely to be significant investments in IPPs in the near future.³⁴ The Site C Dam, currently under construction in the Northeast, is expected to reduce BC Hydro's need to purchase electricity from IPPs when it comes into operation in 2024.

ENERGY TREND

TREND



FORECAST



Energy projects under construction in Northern B.C. as of September 2018 include:

- The Site C Dam, near Fort St. John, would have an annual capacity of over 1,100 MW and would be the fourth largest generating station in B.C.³⁵
- The Moose Lake Wind Project, near Tumbler Ridge, is expected to be commissioned by the end of 2018. It is projected to produce 15 MW of power once in operation.³⁶
- The Peace Region Electrical Supply project which will increase the reliability of electricity supply to existing customers in the South Peace region and enable the electrification of natural gas production, processing and compression.³⁷
- The Bridge River facilities near Lillooet are undergoing upgrades to restore historical operating capacity and repair damage due to corrosion.

Energy Facts

- *Approximately 95 per cent of the generating capacity in Northern B.C. comes from renewable sources.*
- *Hydro (storage and non-storage) accounts for 82 per cent of generating capacity in Northern B.C.*
- *Wind accounts for approximately 8.5 per cent of generating capacity in northern B.C.*
- *Natural gas and diesel generation is primarily used for backup power generation and in some remote communities.*

32 https://www.BC.hydro.com/energy-in-BC/our_system/generation/our_facilities/peace.html

33 BC Hydro. Independent Power Producers (IPPs) currently supplying power to BC Hydro

34 BC Stats Major Projects Inventory.

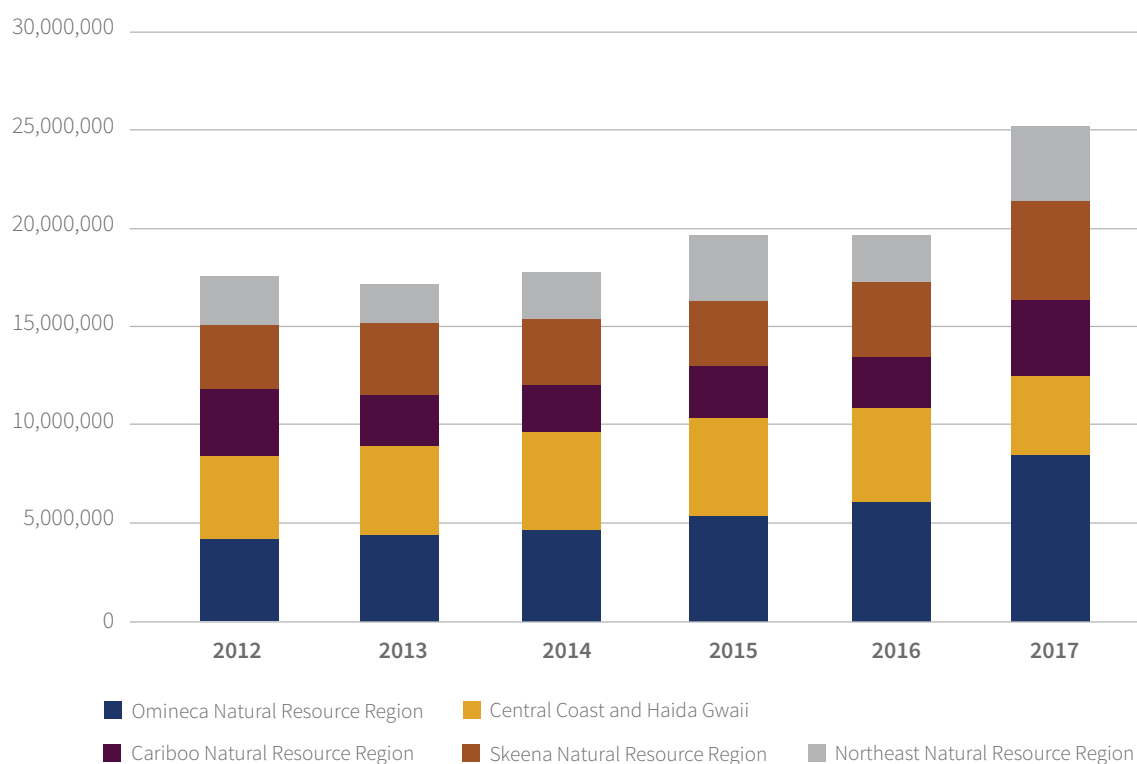
35 BC Stats Major Projects Inventory.

36 Boralex, "Interim Report – Third Quarter", September 30, 2018. (Available here: <https://www.boralex.com/investors/financial-documents>)

37 BC Stats, Major Projects Inventory.



















Forestry

Harvest Volumes by Region (cubic metres)



(Source: Ministry of Forests, Lands, Natural Resource Operations and Rural Development Harvest Billing System)

Log and Wood Pellet Cargo Volumes Through Port of Prince Rupert (metric tonnes)

	2012	2013	2014	2015	2016	2017
Containerized Shipments Lumber, Pulp and paper, etc.	 629,900	 698,073	 834,750	 773,580	 700,914	 Not Available
Logs	 324,270	 417,012	 351,861	 434,955	 454,461	 473,799
Wood Pellets	 0	 1,107	 511,742	 734,598	 896,257	 1,089,596

(Source: Prince Rupert Port Authority)



State of the North REPORT

The B.C. forestry industry has long been a primary engine of the B.C. economy and is especially important to the economy of Northern B.C. Since 2012, increasing demand from China and improvements in the U.S. housing market have contributed to modest growth in the industry. In the first half of 2018 solid growth in U.S. housing starts contributed to increases in exports of softwood lumber to the U.S. Demand for pulp and paper also remained strong and shipments to the U.S. were up approximately 3.5 per cent over 2017.³⁸

Forestry product exports to Asian markets have been mixed in 2018. The dollar value of wood product exports to China is down close to 20 per cent, including a 17 per cent drop in softwood exports. Conversely, pulp and paper product exports to China are up almost 30 per cent. Demand for wood products from Japan jumped 24 per cent year-to-date in August 2018, including a sharp increase in raw log exports and double-digit gains in softwood lumber shipments.³⁹

Overall, the value of manufactured wood products is up 10.5 per cent through the first half of 2018, reflecting continued strong demand in the U.S., and sales of manufactured paper products increased 25 per cent through July 2018. Sales of paper products are now at their highest level in more than a decade.

Although sales of manufactured wood and paper products remain strong, both production and employment are declining. Softwood lumber production in Northern B.C. fell by approximately three per cent in 2017 and continued to decline in the first six months of 2018. Production declines were accompanied by declines in employment in both harvesting and wood product manufacturing.

Declining production in the face of strong demand is primarily a reflection of declining timber supply. Since 2015, Allowable Annual Cuts (AAC) have been reduced in a number of areas. Those reductions were intended to bring harvest levels in line with historical levels after past increases aimed at salvaging value from trees killed by the mountain pine beetle.

FOREST PRODUCTION

TREND



FORECAST ?

Timber Processing Facilities – Northern B.C.

Facilities			Capacity		
	2011	2016	2011	2016	Share of B.C. Capacity, 2015
Lumber Mills	48	50	7.8 million board feet	7.3 million board feet	55%
Pulp and Paper Mills	10	10	2.7 million tonnes	2.5 million tonnes	39%
Pellet Mills	8	9	1.7 million tonnes	1.8 million tonnes	79%
Veneer, Plywood & Panel Mills	10	8	3.7 million sq ft	2.5 million sq ft	45%
Other	16	20	Not available	Not available	

(Source: Ministry of Forests, Lands and Natural Resource Operations, Major Timber Processing Facilities in BC, 2016)

³⁸ B.C. Stats, Exports Data (August 2018)

³⁹ B.C. Stats, Exports Data (August 2018)

In October 2017, the AAC for the Prince George Timber Supply Area (TSA), the largest TSA in Northern B.C., was reduced by 33 per cent, bringing it below 1996 levels.⁴⁰ In addition, forest fires in 2017 burned approximately 1.2 million hectares of land, 83 per cent of which was in the Cariboo-Chilcotin-Lillooet region. Timber supply in the Cariboo-Chilcotin-Lillooet region had already been affected by the mountain pine beetle and a significant portion of the AAC was to harvest dead trees. A review of the impact of the 2017 fires on the timber supply in the region found that while mid-term timber supply was expected to be reduced, AAC's would not need to be adjusted as long as they remain focused on salvaging dead trees.⁴¹ As of November 2018, the impact of fires in the summer of 2018 is unknown.

Another factor that could affect timber supply in Northern B.C. is habitat protection for caribou. The federal and provincial governments are currently developing a conservation agreement to support the recovery of the Southern Mountain Cariboo (SMC) population, which is listed as threatened under the federal Species at Risk Act.⁴² The SMC range

includes the areas of the Northeast, North Central and Northwest regions; however, the initial focus of recovery efforts will be on the Central Group which is located in the Northeast. Removal of caribou habitat from the timber harvesting land base is expected to further constrain timber supply in the area.

High demand for lumber, pulp, and paper combined with timber supply constraints has resulted in price increases and strong financial results for forest companies. However, since June 2018 lumber prices have been falling and a number of mills have announced that they will be reducing production in the fourth quarter citing poor market conditions and increasing log costs.⁴³ The announced curtailment of production is expected to lead to further declines in employment in both wood product manufacturing and harvesting. The short-term outlook for the industry remains positive due to expectations of continued strength in the U.S. housing market; however, production is expected to continue to decline due to timber supply constraints.

Forestry remains an integral part of the economy in Northern B.C., accounting for almost half of employment in the goods-producing sector.

40 Ministry of Forest, Lands, Natural Resource Operations and Rural Development. "Prince George Timber Supply Area, Rationale for Allowable Annual Cut (AAC) Determination." October 11, 2017.

41 Ministry of Forest, Lands, Natural Resource Operations and Rural Development. "Impacts of 2017 Fires on Timber Supply in the Cariboo Region.", February 2018.

42 Government of Canada, Species at Risk Registry. (Available here : http://www.registrelep-sararegistry.gc.ca/document/default_e.cfm?documentID=3202) (Accessed November 7, 2018)

43 Random Lengths. "Curtailment Watch>Lumber Mills- Canada". (Available here: <http://www.random-lengths.com/WoodWire/WoodWireContent/?nodeId=22>)

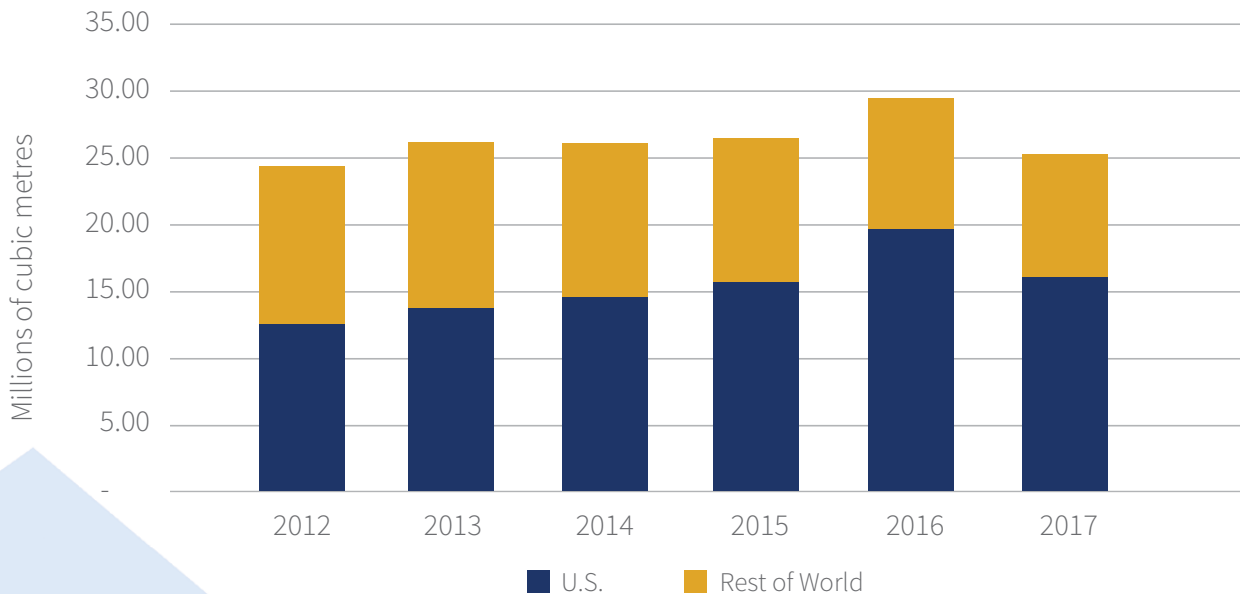
Forest Sector Employment – Northern B.C. (2017)

	Wood Product Manufacturing	Paper Manufacturing	Forest and Logging
Cariboo	4,800	2,700	3,100
Northeast	<1,500	<1,500	<1,500
North-Coast Nechako	2,100	<1,500	2,400

(Source: Statistics Canada Labour Force Survey)

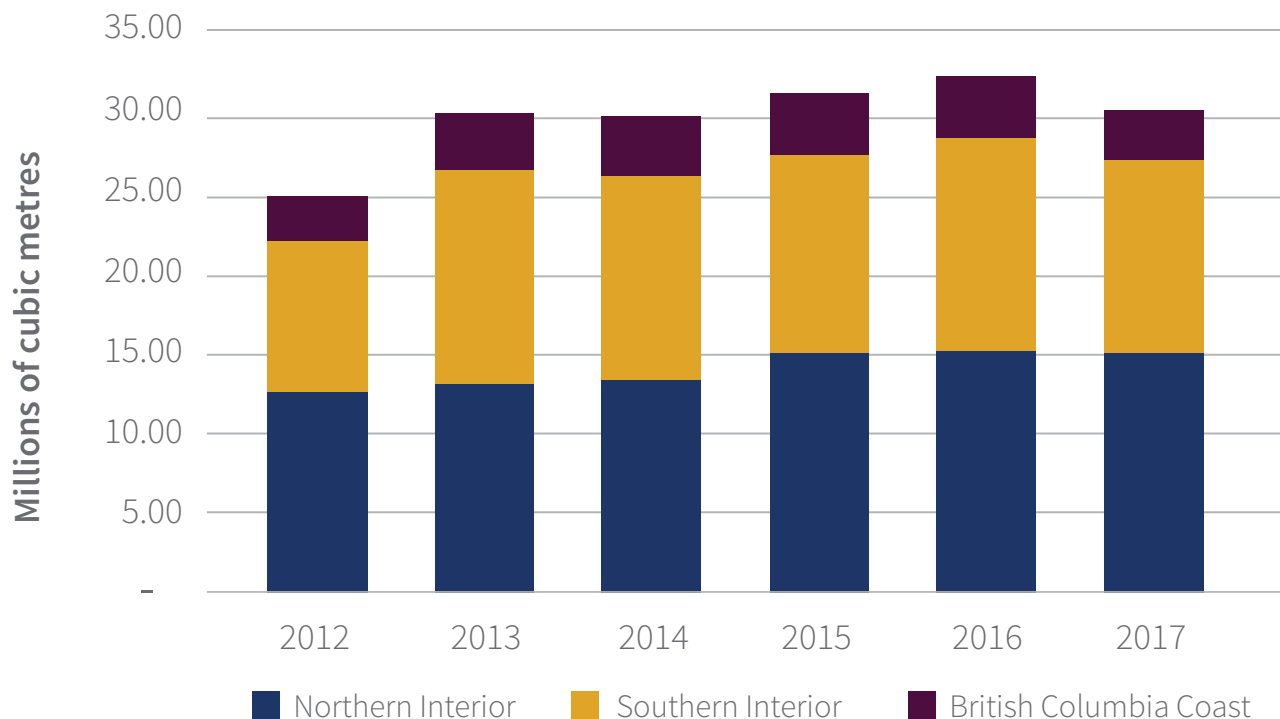
Please note data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.

B.C. Softwood Lumber Exports (Millions of Cubic Metres)



Source: BC Stats, Softwood Lumber Exports (from Statistics Canada, International Trade Statistics custom extract, August 2017)

B.C. Softwood Lumber Production (Millions of Cubic Metres)



(Source: Statistics Canada, Table 16-10-0045-01)

Softwood Lumber Agreement Update

After the U.S. Department of Commerce implemented preliminary countervailing duties on Canadian softwood lumber in April 2017 and further anti-dumping duties in June 2017, the U.S. International Trade Commission ruled in December 2017 that softwood lumber imports from Canada have materially injured the U.S. domestic lumber industry. This provided the legal basis for the levying of countervailing and anti-dumping duties on imports of Canadian softwood lumber.

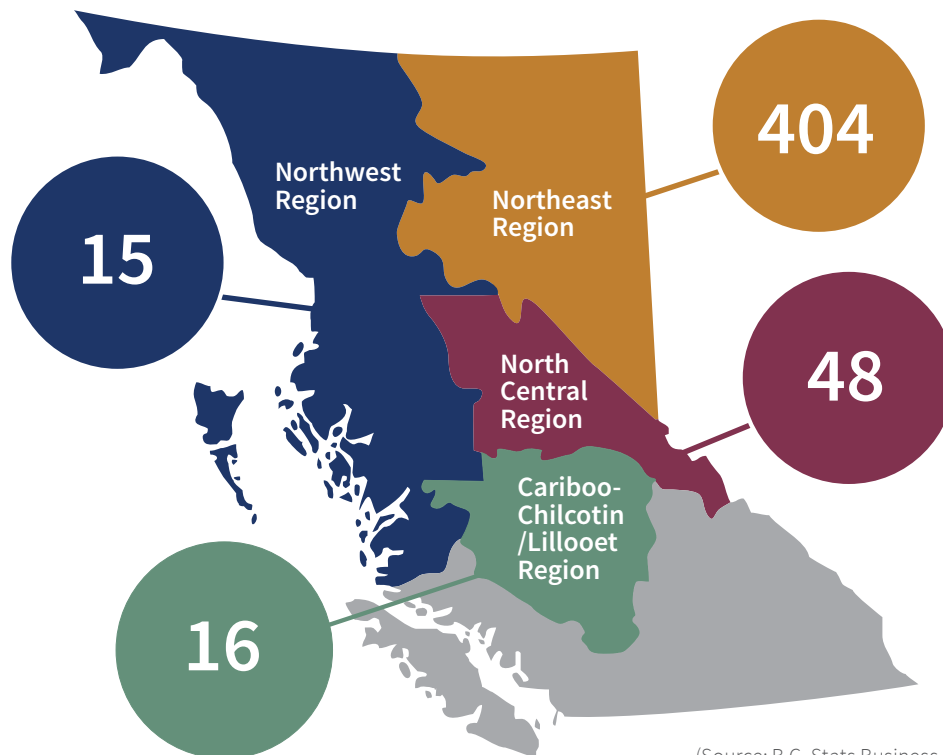
The final duties that were set were lower than the preliminary duties. As of November 2018, shipments from Northern B.C. to the U.S. have duties of between approximately 20 per cent and 24 per cent applied. Canada has requested World Trade Organization consultations on the duties imposed by the U.S. on Canadian softwood lumber. In addition, the Chapter 19 dispute mechanism from NAFTA was retained in the U.S. Mexico Canada Agreement. This allows the use of binational panels to resolve disputes on countervailing and anti-dumping duty matters among signatories to the agreement. Chapter 19 has been employed in Canada's favour in past softwood lumber disputes.

Source: Global Affairs Canada, "Softwood Lumber". (Available here: http://www.international.gc.ca/controls-controles/softwood-bois_oeuvre/index.aspx?lang=eng)

Mining, Oil and Gas

Businesses in Mining, Oil and Gas

Northern B.C. - by Region



(Source: B.C. Stats Business Locations)

Employment in the Mining, Oil & Gas Sector – Northern B.C.

Development Region	2012	2013	2014	2015	2016	2016
Cariboo-Chilcotin/Lillooet	2,200	3,400	2,500	1,900	2,500	2,100
Northeast	3,700	3,200	3,300	4,200	4,800	2,900
North-Coast Nechako	<1,500	<1,500	<1,500	<1,500	<1,500	<1,500

(Source: Statistics Canada Labour Force Survey)

Please note data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.



Mining

Northern B.C. is endowed with significant metal, mineral and coal deposits. As of November 2018 there were eight mineral mines, eight metal mines, three coal mines and three quarries operating in the region. In addition there were 12 proposed metal mines, two proposed quarries and one proposed coal mine.

Metallurgical coal is the most important mining commodity produced in the region. Prices for metallurgical coal prices rose 18 per cent in 2017 and have continued to rise in 2018,⁴⁴ leading to the reopening of the Willow Creek mine near Chetwynd.⁴⁵ This was the third coal mine to have re-opened in the Northeast since 2016.

Improvements in the outlook for commodities has led to increases in exploration activity. In 2017, total metal, industrial mineral and coal exploration expenditures in Northern B.C. totalled \$132.8 million in 2017, accounting for about 54 per cent of the total for B.C. The majority of expenditure occurred in the northwest, with exploration spending of close to \$100 million.⁴⁶

MINING

TREND



FORECAST



Mining, Oil & Gas Investments – Northern B.C.

REGION	Oil & Gas	
	Number of Projects	Value (\$millions)
Northeast	3	\$5,900
Northwest	1	\$18,475
North Central	0	\$0
Cariboo-Chilcotin/Lillooet	0	\$0
TOTAL	3	\$24,375

(Source: B.C. Stats Major Projects Inventory)

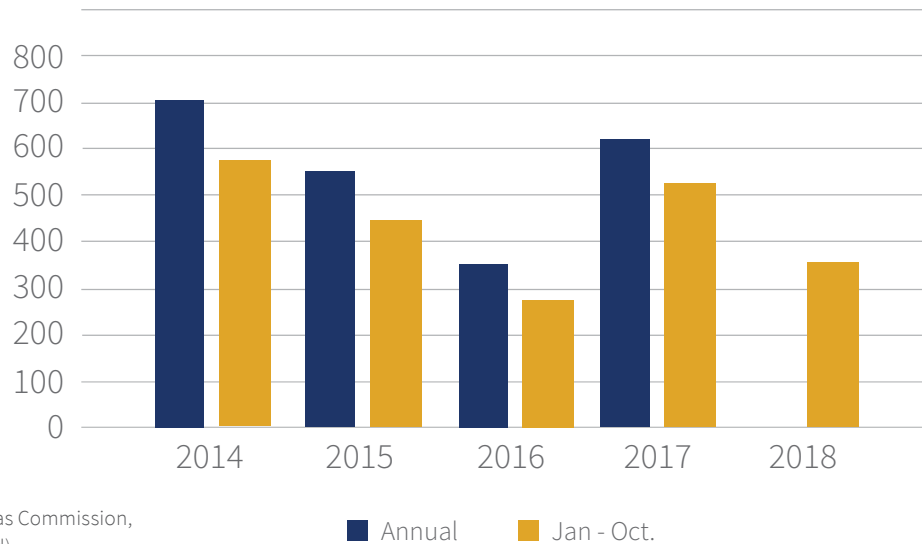
*Please note that the total value of the projects includes expenditures that are planned both in B.C. and outside B.C.

⁴⁴ <http://www.mining.com/metallurgical-coal-prices-starting-slip-fitch/>

⁴⁵ British Columbia Coal Industry Overview, 2017

⁴⁶ Provincial Overview of Exploration and Mining in British Columbia, 2017

Wells Drilled



Oil and Gas

Northern B.C.'s oil and gas reserves are primarily found in the Northeast region. Between 2014 and 2017 drilling activity declined due to poor market conditions. In 2017, drilling activity increased and is above 2016 levels in the first 10 months of 2018. This is consistent with improvements in the global outlook for oil and gas.

Improvements in market conditions have resulted in LNG Canada and its partners making a positive final investment decision to build an export facility in Kitimat. That decision has the potential to re-shape the economy of Northern B.C. In addition to the construction of the LNG export terminal, the project also includes construction of a 670 km pipeline to deliver natural gas from the Northeast to Kitimat. Together, those projects will inject as much as \$10 billion in spending directly into the B.C. economy while employing over 7,000 people during the construction phase.⁴⁷

Once operational, the LNG Canada facility will open new markets for Northern B.C.'s natural gas reserves and reduce Canada's reliance on the U.S. market. The LNG Canada facility is expected to export an estimated 14 million tonnes of liquid natural gas per year, with the potential to expand further should demand require it.⁴⁸

OIL & GAS

TREND



FORECAST



Additional investments in oil and gas in Northern B.C. include:

- Construction of a propane export terminal on Ridley Island. The project is scheduled to begin operations in 2019 and will employ between 35 and 40 people. Propane will be brought to the facility by rail from processing facilities in the Northeast and Alberta.
- Expansion of AltaGas's Townsend Complex near Fort St. John. The expansion will increase the gas processing capacity and is expected to be completed by the end of 2019.

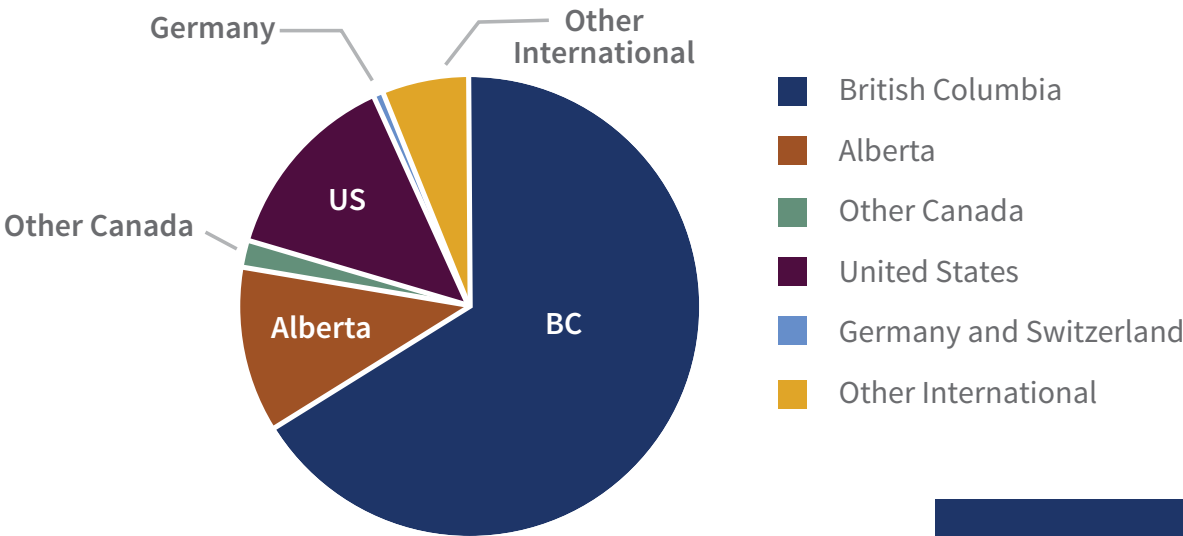
⁴⁷ <https://www.lngcanada.ca/>

⁴⁸ <https://www.lngcanada.ca/>

Tourism

Tourism in Northern B.C. is generally related to outdoor recreation and to visiting friends and family. The region has an abundance of wildlife, outdoor recreation opportunities and Aboriginal cultural sites that draw visitors from other parts of B.C., Canada, the U.S. and parts of Europe.

Overnight Visitors by Market



(Source: Destination B.C., Northern British Columbia and Cariboo Chilcotin Coast Regional Tourism Profiles)

There is limited data on the number of visitors to Northern B.C. The data that is available measure passenger traffic at airports, ferry passenger volumes, hotel room occupancy rates and cruise ship passengers. These indicators suggest that tourism in Northern B.C. experienced modest growth between 2015 and 2017, and that trend continued in the first six months of 2018. This is consistent with overall trends in tourism in B.C.

Wildfires during the summers of 2017 and 2018 are expected to have both short-term and potentially longer-term impacts on tourism in Northern B.C. In the short-term, tourism businesses in areas directly affected by the wildfires lost most of their summer season which created financial hardship. Businesses in areas where people were evacuated to, such as Prince George, would have been positively impacted.

Changes in the number of passengers traveling on ferries, cruise ships and by air and the number of travel parties to visitor centres provide an indication of trends in visitors to the region.

TOURISM

TREND



FORECAST





Change in Passenger Volumes at Regional Airports

	2017	Jan - Jun 2017	Jan - June 2018
North Central	8.00%	3.8%	5.5%
North Peace	2.20%	0.4%	-2.0%
Northwest	4.70%	5.0%	1.1%
Total	6.50%	3.9%	3.5%

(Source: Destination B.C. Tourism Indicators)

In the longer term, there is uncertainty around the effects the forest fires will have on tourism in Northern B.C. Most visitors to the region are B.C. residents, and many come to the region to visit family and friends. The Alaska highway is also an important feature influencing visits to the region by those travelling between Alaska and other parts of the U.S. Visits by these two groups are unlikely to be significantly affected by forest fires in the longer-term.

The outlook for tourism continues to be positive due to the favourable exchange rate and the continued strength in the U.S. economy. These factors encourage Canadians to vacation in Canada and U.S. visitors to come to Canada. However, subsequent summers with significant wildfires have the potential to adversely impact the outlook for tourism businesses in the affected areas.

BC Ferries Traffic - Year-over-year

	Port Hardy - Prince Rupert		Skidegate - Prince Rupert		Skidegate - Aliford Bay	
2017	11.7%	10.9%	9.7%	10.8%	9.6%	8.9%
Jan - Sept. 2017	6.5%	8.4%	3.3%	4.2%	7.7%	4.3%
Jan - Sept. 2018	-1.3%	-5.8%	3.6%	2.6%	7.2%	6.8%
	Vehicles	Passengers	Vehicles	Passengers	Vehicles	Passengers

(Source: BC Ferries Traffic Statistics)

In the summer of 2018 BC Ferries introduced direct seasonal service between Port Hardy and Bella Coola. In September, the only month for which data was available, there were 324 vehicles and 783 passengers carried on the route.

Transportation

Please note data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.

Transportation is a vital component of the economy of Northern B.C. Key industries rely on the highway, rail and port facilities to get goods to market, while the significant distances between communities and relatively sparse population mean that residents often need to travel outside of their communities to access specialized services.⁴⁹

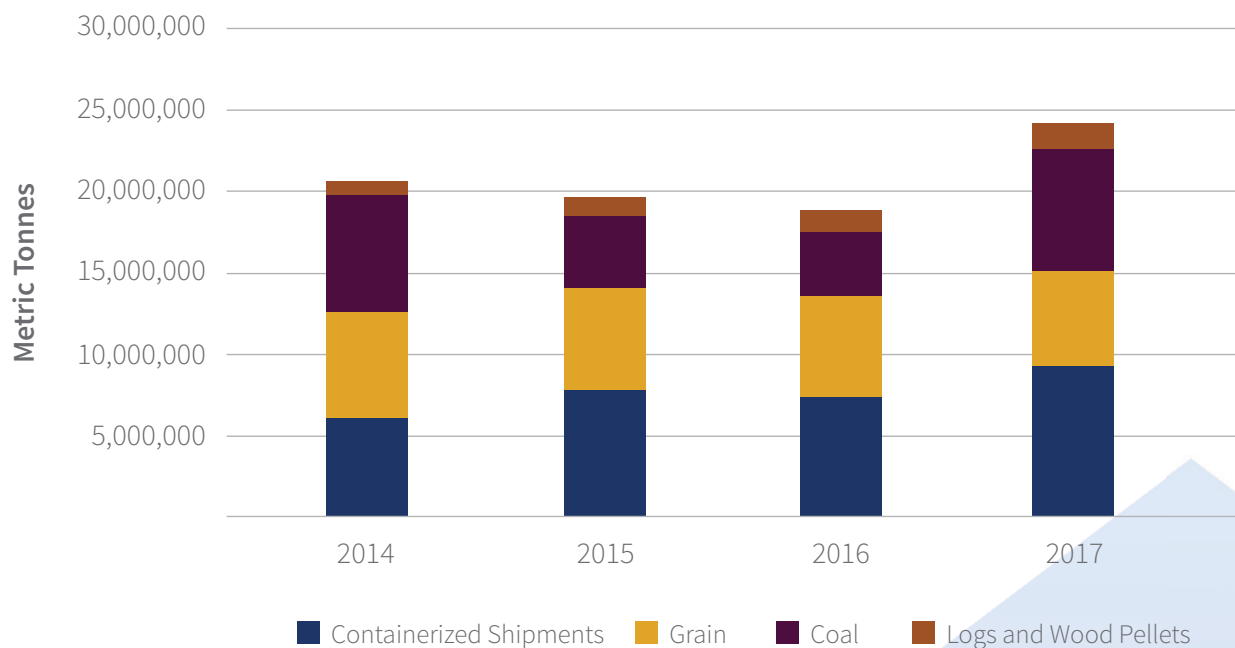
Transportation infrastructure in Northern B.C. includes highways, a rail network providing freight services, airports with scheduled flights in selected communities, and the Port of Prince Rupert. Passenger transportation is limited to private vehicles, scheduled flights between selected communities and provincially operated bus services in 15 communities across Northern B.C.⁵⁰ There is also scheduled bus service between Fort Nelson, Fort St. John, Dawson Creek, Prince George, Prince Rupert and Valemount. In addition, most communities have a taxi service.

Businesses in Northern B.C. rely on trucking and the rail network operated by CN Rail to get goods to market.

Transportation Facts

- *Trucking accounts for approximately 61 per cent of employment in transportation and warehousing in northern B.C.*
- *Approximately 9 per cent (or one in every 11) businesses in Northern B.C. are in the transportation and warehousing sector.*

Shipments Through the Port of Prince Rupert (metric tonnes)



(Source: Port of Prince Rupert Monthly Performance Reports)

⁴⁹ BC Transit. "Our Transit Systems Map." (Available here: <https://www.bctransit.com/about/our-bc-transit-systems-map>).

⁵⁰ BC Bus North (Available here: <https://bcbus.ca/>)



The Port of Prince Rupert is another important piece of the transportation infrastructure providing access to markets for forestry products, coal and other minerals, grain and other goods produced in Northern B.C. and other parts of western Canada.

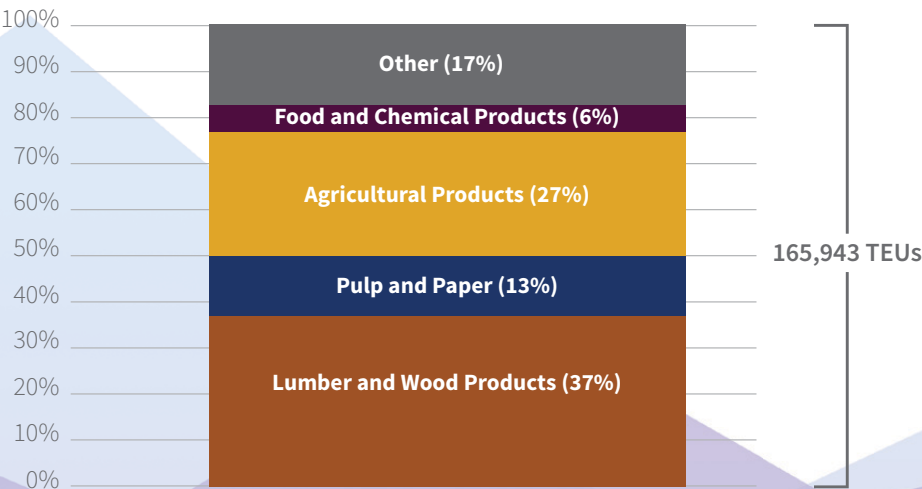
Shipments through the Port of Prince Rupert are closely tied to the economic conditions for commodity goods produced in Northern B.C. and other parts of western Canada. Prior to 2014, coal accounted for

approximately half of the volume of cargo shipped through the Port of Prince Rupert. Downturns in the market for coal in 2014 resulted in declines in coal shipments and overall declines in cargo volumes. Between 2014 and 2017 containerized shipments, grain volumes and log and wood pellet volumes increased, while coal volumes continued to decline through 2016 before increasing in 2017. In the first six months of 2018, cargo volumes increased compared with the same period in 2017 which is consistent with improvements in the

Transportation Facts

- *Businesses providing transportation services in northern B.C. tend to be small (over 90 per cent employ fewer than 20 people) and focus on providing services in their local market.*
- *There is an intermodal terminal in Prince George with connections to the Port of Prince Rupert, Port of Vancouver and other parts of Canada.*

Composition of Containerized Shipments (2017)



* TEUs = Twenty Foot Equivalent Unit (the standard size of an intermodal container)

Employment in Transportation and Warehousing

Development Region	2012	2013	2014	2015	2016	2017
Cariboo	5,700	5,100	4,300	3,700	5,200	4,900
Northeast	3,000	3,200	3,400	3,500	2,900	2,600
North Coast-Nechako	2,600	2,000	2,600	2,600	3,300	3,800

(Source: Statistics Canada Labour Force Survey)

market for metallurgic coal and continued strong demand for forest products. Employment in transportation services in Northern B.C. was relatively stable between 2012 and 2017; however, there have been changes within regions. In the Cariboo and Northeast overall employment has declined, while employment has increased in the Northwest. These trends correspond to economic conditions and demographic trends in the region. In the Cariboo, the aging population and lack of entry

into transportation occupations has created labour shortages,⁵¹ while in the Northeast downturns in the oil and gas and mining sectors have reduced employment opportunities. Construction and development activities related to LNG and other resources has led to increased employment opportunities in the Northwest.

⁵¹ Interviews with industry stakeholders.

United States Mexico Canada Agreement

On September 30, 2018 Canada, Mexico and the U.S. announced that they had reached agreement on a trade deal to replace the North American Free Trade Agreement (NAFTA). The new agreement has been named the U.S., Mexico Canada Agreement (USMCA).

The USMCA generally preserves tariff free trade between Canada, the U.S. and Mexico. A significant part of the agreement is focused on the auto sector and the changes there relate to content requirements and a cap on exports to the U.S. What this means for B.C. is that the price of new vehicles may increase but it is not yet clear by how much or when.

Elements of the USMCA that affect B.C. include:

- The dispute resolution mechanism from NAFTA remains part of the USMCA. This is important for the forest industry in B.C. While softwood lumber has never been part of the free trade agreement, disputes over softwood lumber can use the dispute resolution mechanism.*
- Grocery stores that sell wine on the shelf will need to offer non-B.C. wines as well as B.C. wines. Currently only B.C. VQA products can be sold on grocery store shelves.*
- New market access for U.S. to Canada's dairy market (approximately 3.6 per cent of the market). There are 19 dairy producers with quotas in Northern B.C. and this change could affect their quotas.*
- Increased market access was granted for poultry and eggs.*
- The limits for duty free online shopping limits were increased from \$40 to \$150. The increase in limits only applies to goods ordered from the U.S., not cross-border shopping. For consumers this will potentially make goods ordered from the U.S. relatively cheaper, while for Canadian retailers it could make it more difficult.*

Another element of USMCA that could affect B.C. is the non-market economy clause. This clause requires any signatory that decides to engage in free trade negotiations with a non-market economy such as China, to notify the other USMCA signatories before negotiations commence and provide a copy of any agreement that is reached before the agreement is signed. If a USMCA signatory enters into a free trade agreement with a non-market economy, the other USMCA signatories can give six months notice to terminate the USMCA and enter into a bilateral agreement. This is not expected to have an effect on Canada's existing trade relationships with China which are important to B.C. What effect it will have for future relationships is unclear.

Overall, the new agreement is business as usual and the changes are not expected to have a significant impact on Northern B.C. What may impact Northern B.C. is the steel and aluminum tariffs that were introduced by the U.S. in June. If these remain, they could affect construction costs for a number of major projects including the Coastal Gaslink pipeline and the LNG facility in Kitimat.

Source: Government of Canada, "Summary Background: United States-Mexico-Canada Agreement (USMCA)" (Available here: <https://international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/usmca-aeumc/summary-sommaire.aspx?lang=eng>).

Regional Analysis: NORTHERN B.C.



Regional Analysis

Population and Labour Force

Population growth in Northern B.C. region tends to be highly correlated with global commodity cycles. At times when commodity prices are high and resource development activities are in full swing, there is net migration to Northern B.C. both from within the province and from other provinces. The downturn in global commodity prices from 2014 to 2017 resulted in slowdowns in resource development and modest declines in population.

Beginning in 2017, there are indications that overall population levels have stabilized, and in some areas population growth is occurring as a result of infrastructure development and increases in resource exploration.

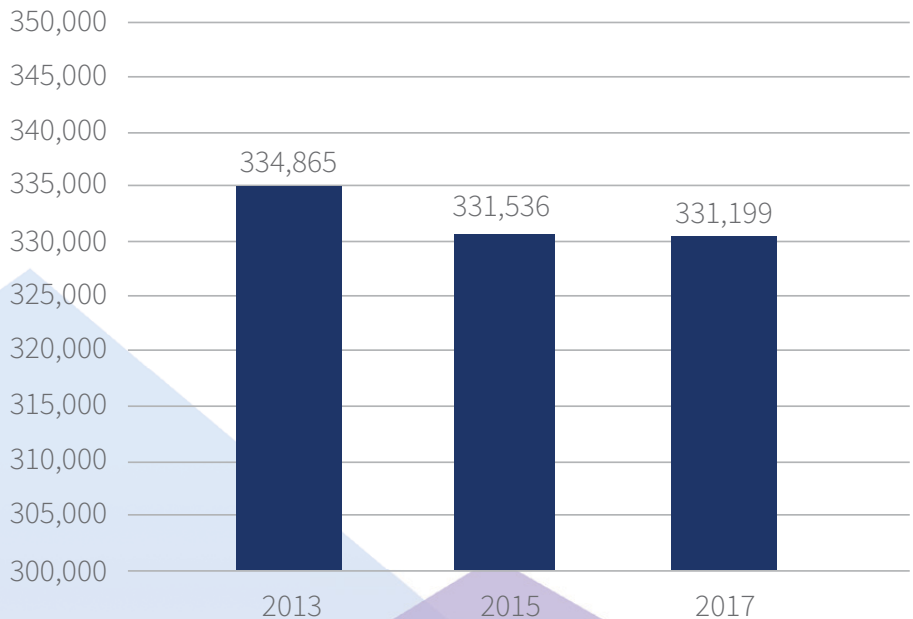
International immigration, is and will likely continue to be, only a small component of population growth in Northern B.C.

Population Growth Rates

Population growth rates reflect the economic health of a region. Growth in population occurs as people move in search of economic opportunities or for lifestyle factors.

Sustained population growth creates demand for services and housing which leads to expansion of these sectors.

Northern B.C. Population (2013 - 2017)



Source: B.C. Stats, Sub-Provincial Population Estimates

NORTHERN B.C. POPULATION

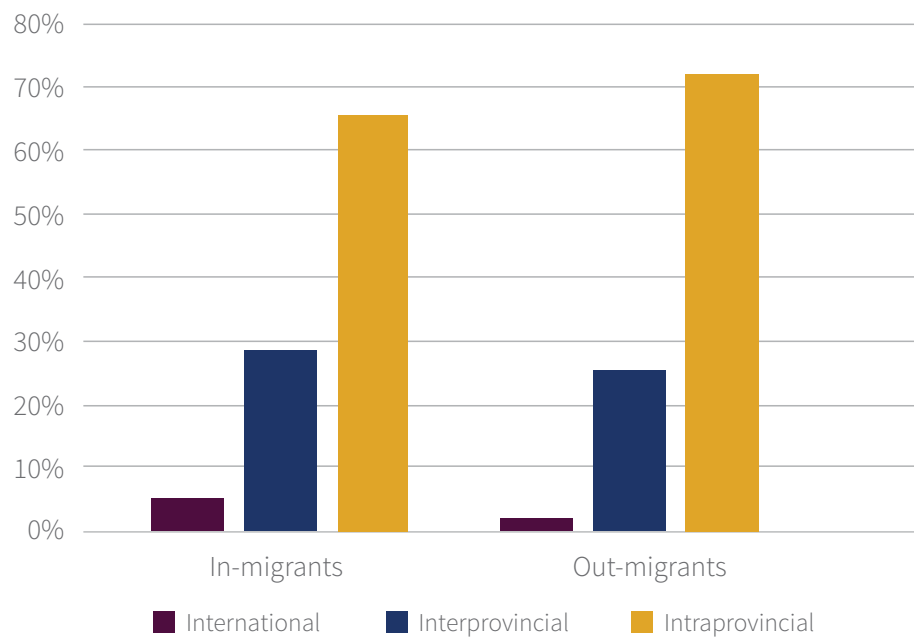
TREND



FORECAST



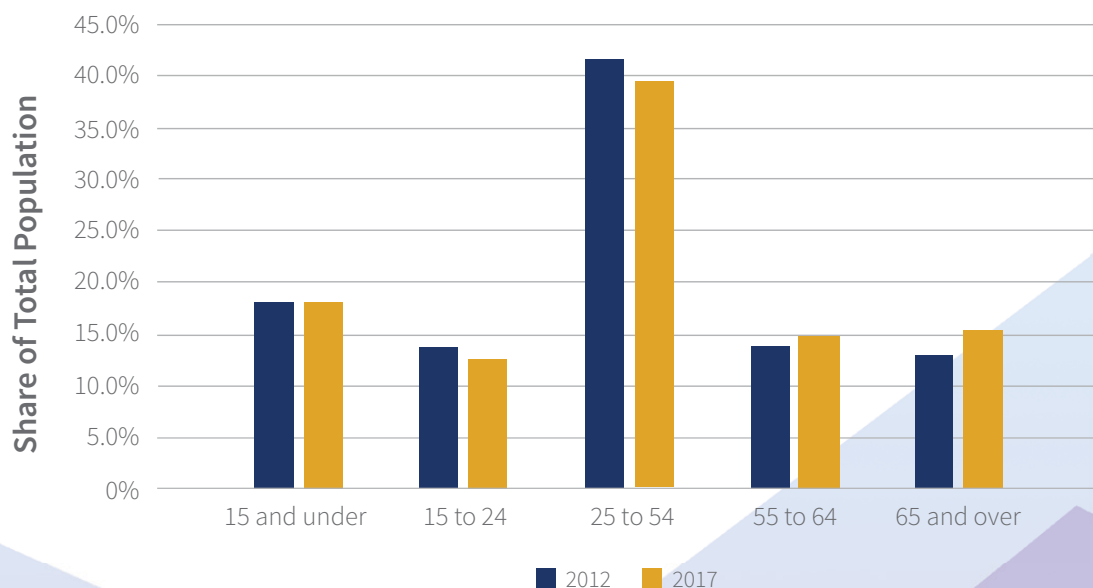
Average Share of Annual Migration by Source/Destination (2010/11 to 2015/2016)



(Source: B.C. Stats, British Columbia Regional District Development Region Migration Components, January 2017)

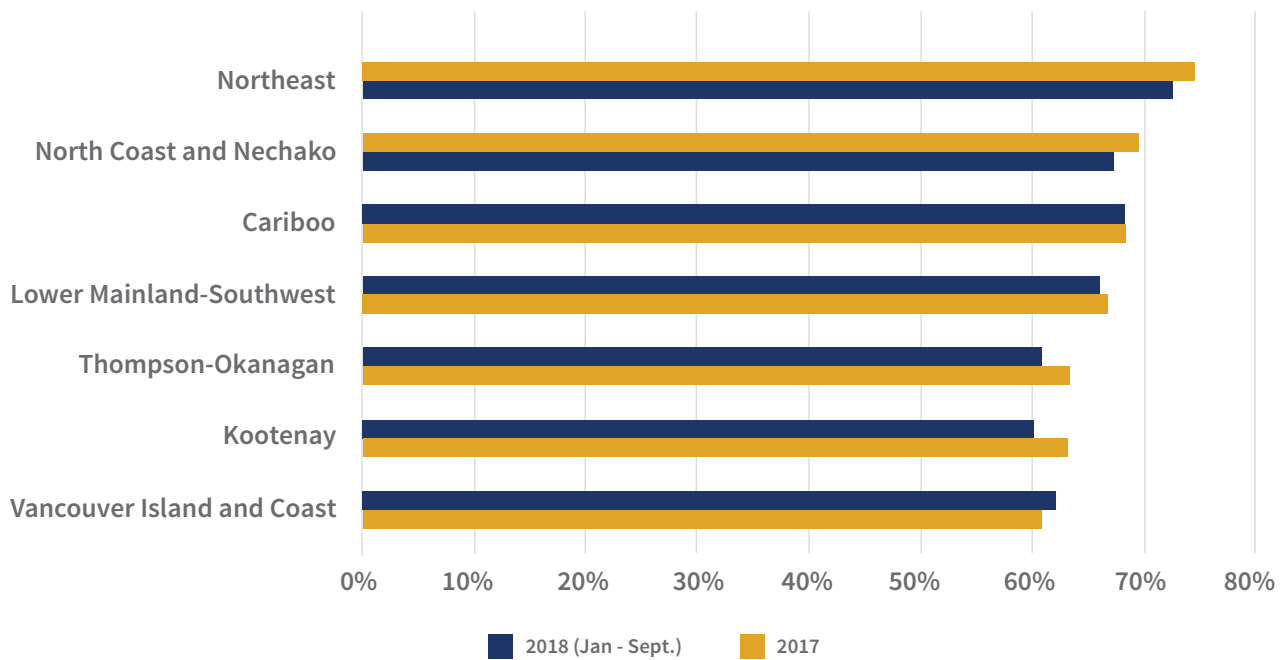
The population of Northern B.C. is aging; however, the age profile for Northern B.C. is relatively younger than that of the population of B.C. as a whole due a smaller percentage of the population being over 65 and larger percentage of the population being under 14. The proportion of the working age population (those aged 15 to 64) is similar to that of the province as a whole.

Population Distribution – Northern B.C.



(Source: B.C. Stats, Sub-Provincial Population Estimates)

Labour Force Participation Rate by Region



(Source: Statistics Canada Labour Force Survey)

Northern B.C.'s labour force participation is higher than in most other regions of B.C. Between 2014 and 2017, reductions in natural resource development activity and migration out of the region contributed to declines in both the labour force and labour force participation rates. However, there are indications that these trends are reversing due to increases in resource development activity and infrastructure projects. In the first nine months of 2018 there was an increase in both the labour force and employment levels in Northern B.C.

Going forward, growth in employment and the labour force is expected to persist as young families are drawn to Northern B.C. by its relative affordability and workers from other regions of B.C. and Canada are attracted by job opportunities related to LNG and other resource development projects.

Labour Force

The labour force participation rate measures the share of the population 15 years and over that are in the labour force.

Regions with younger populations tend to have higher labour force participation rates while those with older populations have lower rates.

Participation rates also tend to fall during recessions and rise during expansions.

LABOUR FORCE

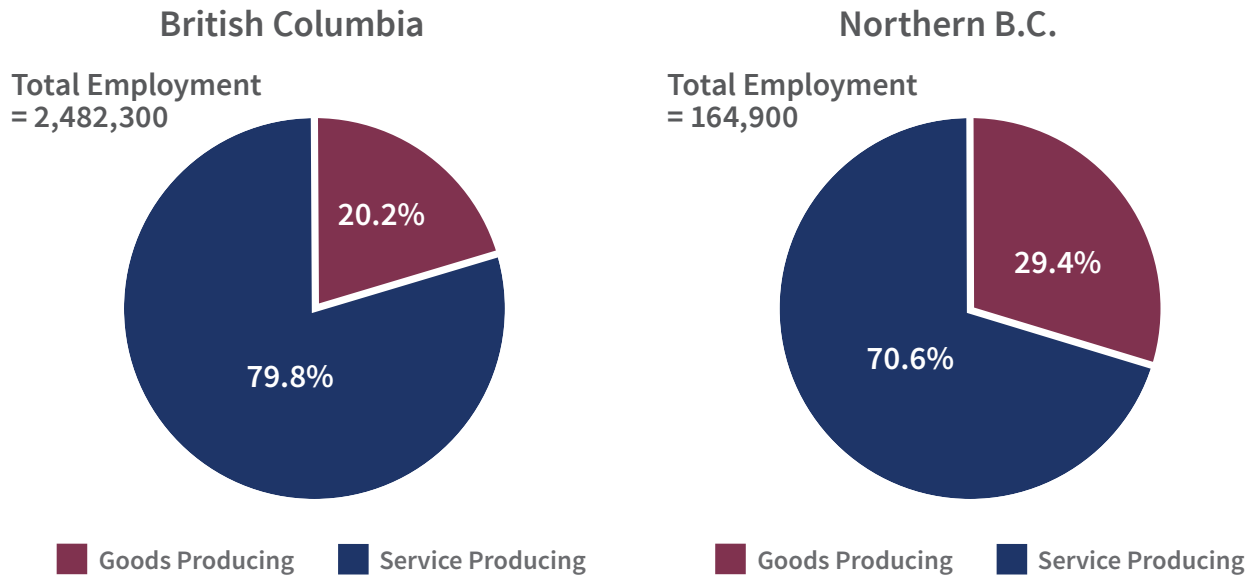
TREND



FORECAST



Employment



(Source: Statistics Canada Labour Force Survey)

Northern B.C. accounts for approximately 6.6 per cent of employment in B.C. and that share has been falling over time. The decline in employment share is linked to Northern B.C.'s dependence on resource-based industries. Since 2014, the B.C. economy has been among the strongest in Canada; however, a downturn in commodity prices means that employment growth in Northern B.C. has been well below that in other regions of the province.

Between 2014 and 2017, employment in the Cariboo-Chilcotin-Lillooet region and Northeast region, was essentially unchanged, while in the Northwest region there was modest employment growth. In the first six months of 2018, modest employment growth continued in the Northwest and employment levels rose in the Cariboo region, which includes the City Prince George. Employment growth in the

Northwest was primarily in construction, and mining and oil and gas. In the Cariboo employment growth was concentrated in the service producing sectors such as health care, social assistance and educational services. Overall employment levels were relatively flat in the Northeast.

Employment in educational services increased modestly in all regions. That increase is likely linked to the November 2016 Supreme Court ruling which put limitations on class sizes, the number of special needs students per class and the number of specialists required in schools.⁵²

Improvements in global commodity prices, a renegotiated North American trade agreement, and the decision to proceed with the LNG Canada facility in Kitimat, suggest that the outlook for employment in Northern B.C. has improved significantly.

EMPLOYMENT

TREND



FORECAST



⁵² Vancouver Sun. "Court ruling to force hiring of hundreds of teachers in B.C". Available here: <https://vancouversun.com/news/local-news/b-c-teachers-win-landmark-supreme-court-of-canada-victory>

Number of Businesses with Employees – Northern B.C.

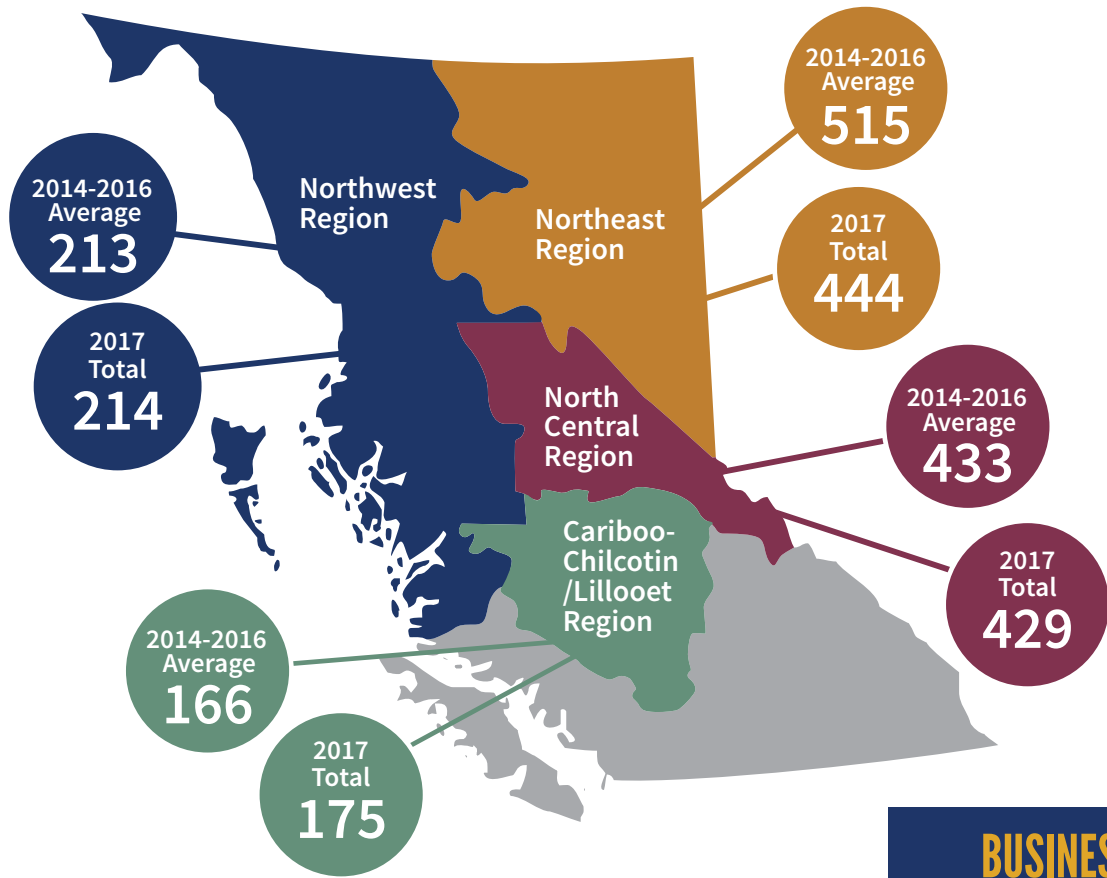
	Industry	2017 Total	Growth Trend (2014 - 2017)	Share of businesses with less than 20 employees
Economic Base	Construction	1,896	↓	90%
	Agriculture, Forestry, Fishing & Hunting	1,226	↓	90%
	Mining, Oil & Gas Extraction	483	↔	86%
	Manufacturing	397	↓	72%
	Transportation & Warehousing	1,198	↓	91%
Local Area Market	Retail Trade	1,571	↔	86%
	Health Care & Social Assistance	1,091	↔	88%
	Professional, Scientific & Technical Services	994	↓	93%
	Accommodation & Food Services	927	↔	70%
	Real Estate, Rental & Leasing	553	↓	96%
	Administration, Support, Waste Management & Remediation	545	↔	90%
	Wholesale Trade	478	↓	82%
	Finance & Insurance	331	↓	87%
	Arts, Entertainment & Recreation	209	↔	84%
	Public Administration	143	↔	27%
	Educational Services	136	↓	73%
	Information & Cultural Services	133	↑	89%
	Utilities	37	↔	92%
	Management of Companies & Enterprises	37	↑	59%
	Other Services (excl. Public Administration)	1,306	↓	95%
	Total	13,691		87%
Trend Legend: Up = ↑ Down = ↓ Stable = ↔				

(Source: BC Stats Business Locations)

Business Formations

Business formations across Northern B.C. trended lower following the decline in commodity prices in 2014. In 2017, the number of business formations increased and in most areas was consistent with the three-year average. This suggests that economic conditions in Northern B.C. are improving.

Business Incorporations – Northern B.C.



(Source: BC Stats Business Formations & Failures)

BUSINESS FORMATIONS

TREND



FORECAST



Similar trends are evident in bankruptcies. Personal bankruptcies declined close to 20 per cent year over year in 2017 and were below the three-year average. The number of business bankruptcies remained low and is consistent with the three-year average.

In terms of the composition of businesses the number of businesses with employees in the construction, transportation and warehousing and professional, scientific

and technical sectors has been declining while business counts in most other sectors remain relatively stable. Declines in business counts have primarily been in the Northeast.

As construction of the LNG facility in Kitimat begins, there is anticipated to be an increase in business formations in the construction, oil and gas and supporting sectors.

BANKRUPTCIES

TREND



FORECAST



Bankruptcies - Northern B.C.

	Northern B.C.		B.C. Total	
	2014-2016 Average	2017 Total	2014-2016 Average	2017 Total
Personal Bankruptcies	407	360	5,582	4,146
Business Bankruptcies	6	7	168	117

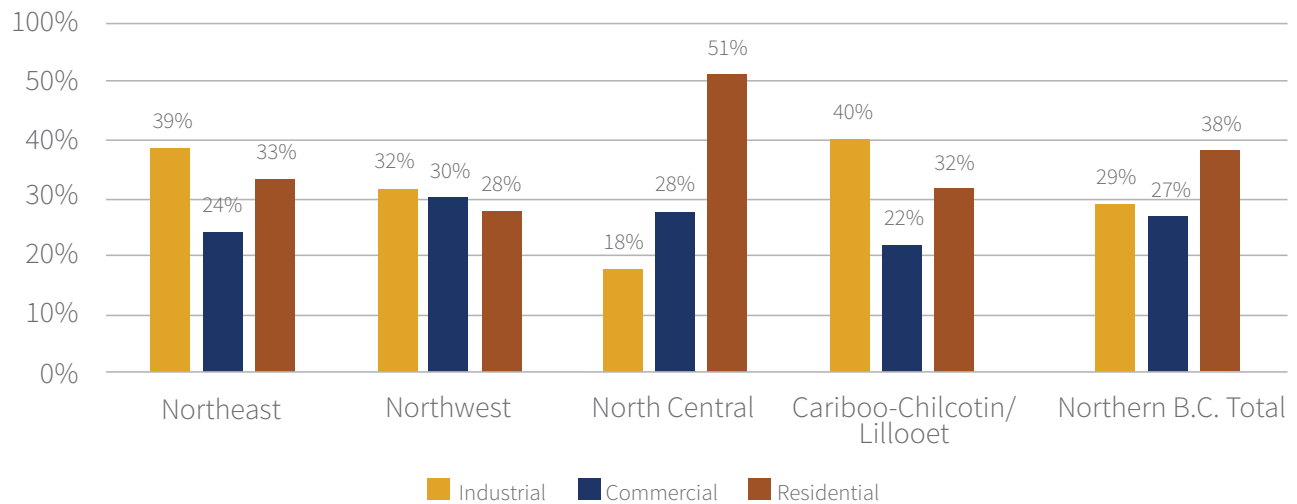
(Source: Office of the Superintendent of Bankruptcy Canada)

Small Business in Northern B.C.

- *Most businesses in Northern B.C. are small, with 75 per cent of businesses employing fewer than 10 employees and 87 per cent of businesses employing fewer than 20 people.*
- *Businesses employing fewer than 20 people account for approximately 35 per cent of employment in northern B.C.*
- *Over half of small businesses are found in the construction, forestry, retail trade, transportation and warehousing and supporting services (e.g., repair and maintenance) industries.*

Tax Burden

Municipal Property Tax Revenue Shares By Region



(Source: Ministry of Municipal Affairs and Housing, 2018)

Communities in Northern B.C. derive the majority of their municipal tax revenues from commercial and industrial properties. Approximately 56 per cent of the municipal property tax base in the region is commercial and industrial, while 38 per cent is residential, and 6 per cent is other categories of property. The share of the tax base attributable to commercial and industrial properties varies by region. In the North Central region, commercial properties account for approximately 28 per cent of the tax base and industrial properties account for approximately 18 per cent, while residential properties account for approximately 51 per cent of the tax base. In less urban areas industrial properties account for between 32 and 40 per cent of the tax base, commercial

properties account for between 22 per cent and 30 per cent of the tax base and residential properties account for between 28 per cent and 33 per cent of the tax base.

There are five communities that derive over 55 per cent of their tax revenues from industrial properties. These are Kitimat, Logan Lake, Northern Rockies (Fort Nelson), Tumbler Ridge and Quesnel. Kitimat's industrial tax base is currently heavily dependent on manufacturing, while Quesnel's industrial tax base is dependent on forestry. Tumbler Ridge and Logan Lake's industrial tax base is primarily comprised of mining properties.

Tax revenue shares measure the reliance of municipalities on tax revenues from different categories of properties. Urban areas and those regions with more diversified economies generally have a more diversified tax base and are less reliant on commercial and industrial properties or single industries for tax revenues.

The reliance on commercial and industrial tax revenues in Northern B.C. reflects the region's dependence on resource industries and in some communities, single employers.

Northern B.C. Communities with the Highest Commercial/Industrial Property Tax Share

Town	Industrial	Commercial	Residential	Other*
Kitimat	76.5%	7.8%	15.5%	0.2%
Logan Lake	71.4%	2.5%	22.1%	4.1%
Northern Rockies	67.8%	9.3%	5.9%	17.1%
Tumbler Ridge	59.6%	5.2%	12.2%	23.0%
Quesnel	57.4%	18.7%	22.2%	1.7%

(Source: Ministry of Municipal Affairs and Housing, 2018)

*Other includes Utilities, Supportive Housing, Recreation, Managed Forest and Farm

Cost of Living and Affordability

The living wage in the Northern B.C. is estimated to be in a range of \$16.51 per hour in the North Central region to \$18.29 in the Northeast. Wages paid in Northern B.C. averaged \$21.75 in 2017, well above the living wage for the region but below than the \$25.71 average wage in B.C.

Home ownership in Northern B.C. remains affordable, especially in contrast to areas like Metro Vancouver or Victoria. Although affordability has deteriorated slightly due to rising home prices and higher mortgage rates, the relative affordability of Northern B.C. remains very attractive. As of 2017,

most households in Northern B.C. spend less than 30 per cent of income on costs related to home ownership, including mortgage payments, property taxes and utilities.

Living Wages

A living wage is the hourly wage rate that is required for a household to meet its basic needs and provide a basic level of economic security. Living wages are calculated based on a family of four in which both parents work full-time, one child is in full-time daycare and one child is in after school care. Costs used in the calculation include rental housing, transportation, food, clothing, child care, medical expenses and other miscellaneous expenses. The calculation does not include retirement savings, debt servicing or costs associated with caring for elderly, disabled or seriously ill family members.

Source: Living Wage Canada, Canadian Living Wage Framework

Northwest

REGION

The Northwest region is the largest geographic area in Northern B.C. It is comprised of the Stikine, Kitimat-Stikine, North Coast, and Central Coast regional districts as well as the majority of the Bulkley-Nechako regional district (includes the communities of Houston, Burns Lake, Granisle, Smithers and Telkwa). Prince Rupert is the largest population centre in the area and the majority of the Northwest region's population resides in the communities between Burns Lake and Prince Rupert.



Population and Labour Force

Population Levels and Growth Rates - Northwest

	2011 Pop.	2016 Pop.	2017 Pop.	Growth Rate (2016-2017)	Compound Annual Growth Rate(2011-2016)
Northwest	80,231	79,571	77,832	0.6%	-0.8%
Percentage of Northern B.C. Total	24%	24%	23%	—	—

(Source: BC Stats Sub-Provincial Population Estimates)

The population of the Northwest has declined steadily since 2011. That trend was exacerbated by falling natural resource activity in 2014, prompting a further 2.1 per cent decline from 2014 to 2016. A modest increase in population in 2017 is consistent with the increase in resource development activity in the region and further increases are expected as a result of construction of the LNG Canada terminal in Kitimat. That project is expected to employ workers from all over Canada; however, many of these workers are expected to commute from other regions and be housed in workforce accommodations near the site.⁵³ Once operational, the facility is expected to employ between 350 and 400 people, most of whom are expected to reside in the local area.

Population growth rates reflect the economic health of a region. Growth in population occurs as people move in search of economic opportunities or for lifestyle factors.

Sustained population growth creates demand for services and housing which leads to expansion of these sectors.

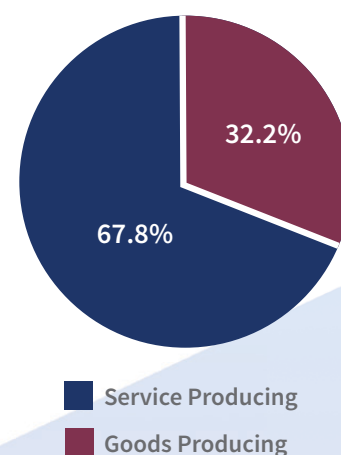
Employment

Employment in the Northwest region is largely dependent on forestry, mining, tourism, and transportation related to the operations of the Port of Prince Rupert. Employment in the region generally trended lower following the decline in commodity prices in 2014 but started to recover in mid-2017. That recovery was led by gains in construction and manufacturing resulting from construction of a propane export terminal on Ridley Island, site preparation for the LNG facility in Kitimat and expansion of the aluminum smelter in Kitimat. There were also gains in mining which likely reflect the increased levels of exploration activity resulting from improvements in the outlook for commodities.

In the service sector there were gains in employment in transportation and warehousing and educational services. Growth in employment in educational services is likely linked to the November 2016 Supreme Court ruling for the British Columbia Teacher's Federation, which put limitations on class sizes, the number of special needs students per class and the number of specialists required in schools.⁵⁴

Further growth in employment in the Northwest region is expected due to the construction and operation of the LNG Canada terminal in Kitimat. During construction of that facility there is expected to be an expansion of ancillary services and associated employment in the Kitimat area. Longer term, operation of the facility is expected to support an expansion of employment in services to support both the facility and its workforce.

Share of Employment by Sector



(Source: Statistics Canada Labour Force Survey)

⁵³ LNG Canada, "LNG Canada Announces a Positive Final Investment Decision.", Available here: <https://www.lngcanada.ca/>

⁵⁴ Vancouver Sun, "Court ruling to force hiring of hundreds of teachers in B.C.", Available here: <https://vancouversun.com/news/local-news/b-c-teachers-win-landmark-supreme-court-of-canada-victory>

Number of Businesses with Employees – Northwest (2017)

Number of Businesses

The composition of businesses in the Northwest region reflects the economic activity in the area. Approximately 86 per cent of businesses in the Northwest have fewer than 20 employees. Of the over 200 businesses that employ more than 20 people, approximately 75 are in the retail trade and accommodation and food services industries. Other large employers are found in the mining, construction, manufacturing, educational services and healthcare industries.

Businesses with fewer than 20 employees account for approximately 34 per cent of employment in the Northwest region. Businesses with between 20 and 49 employees account for approximately 20 per cent of employment in the region and the remainder is accounted for by businesses with more than 50 employees.

The total number of businesses with employees in the Northwest was more or less unchanged in 2017, compared with 2016.

	Industry	2017 Total	Share of businesses with less than 20 employees
Economic Base	Construction	236	89%
	Agriculture, Forestry, Fishing & Hunting	147	95%
	Mining, Oil & Gas Extraction	15	87%
	Manufacturing	53	75%
	Transportation & Warehousing	143	87%
Local Area Market	Retail Trade	297	88%
	Health Care & Social Assistance	172	83%
	Professional, Scientific & Technical Services	148	91%
	Accommodation & Food Services	192	78%
	Real Estate, Rental & Leasing	79	100%
	Administration, Support, Waste Management & Remediation	89	91%
	Wholesale Trade	67	91%
	Finance & Insurance	50	88%
	Arts, Entertainment & Recreation	42	83%
	Public Administration	52	25%
	Educational Services	34	59%
	Information & Cultural Industries	20	85%
	Utilities	8	75%
	Management of Companies & Enterprises	3	67%
	Other Services (excl. Public Administration)	172	94%
	Total	2,019	86%

(Source: BC Stats Business Locations)

Cost of Living and Affordability

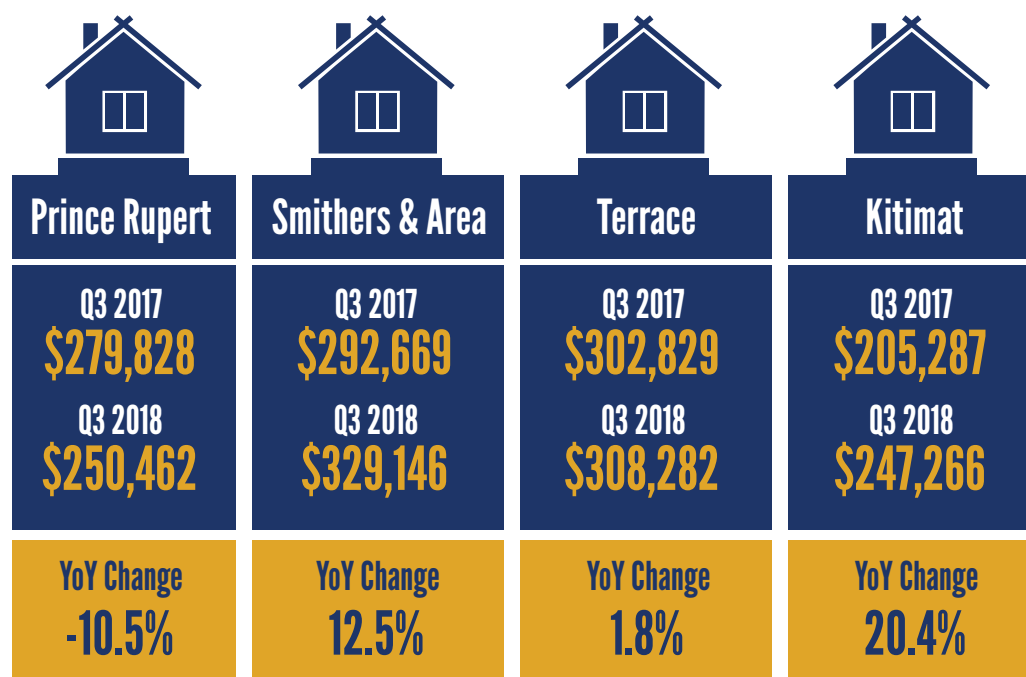
Median Wages for Select Occupations – Northwest Region

Occupation	Median Wage
Goods-producing industries	
Machine operators, mineral and metal processing	\$37.71
Welders and related machine operators	\$28.00
Heavy-duty equipment mechanics	\$31.67
Logging machinery operators	\$30.00
Heavy equipment operators (except crane)	\$30.00
Electricians (except industrial and power system)	\$27.50
Carpenters	\$26.00
Transport truck drivers	\$25.63
Construction trades helpers and labourers	\$20.00
Silviculture and forestry workers	\$22.00
Service industries	
Registered nurses and registered psychiatric nurses	\$38.00
Elementary school and kindergarten teachers	\$34.87
Administrative assistants	\$21.08
Social and community service workers	\$20.00
Accounting technicians and bookkeepers	\$20.07
Home support workers, housekeepers and related occupations	\$18.00
Retail salespersons	\$13.00
Cashiers	\$12.65
Food and beverage servers	\$14.00
Living Wage (Terrace, 2013)	\$18.17

(Source: <https://www.jobbank.gc.ca> and Living Wage Canada)

Median wages in the Northwest are comparable to other regions in Northern B.C. Median wages in the goods sector and the majority of occupations in the service sector are above the living wage of \$18.17, while median wages for those working in accommodation and food service and retail occupations are below the living wage. Compared with other regions of Northern B.C., wage rates in the Northwest region are higher for silviculture and forestry workers and generally similar in other selected occupations.

Median Housing Prices – Northwest Region



(Source: Canadian Real Estate Association and BC Real Estate Association)

Home prices were higher across the Northwest in 2017, with the exception of Kitimat. Price increases continued in the first nine months of 2018 in all markets except Prince Rupert. After falling 18 per cent in 2017, Kitimat home prices were up 20.4 per cent year-over-year by the third quarter of 2018. The average home price in Smithers was up 12.5 per cent and in Terrace the average home increased 1.8 per cent. Prince Rupert, like many small markets, has experienced considerable price volatility in 2018. Average home prices were up 25 per cent in the first quarter but were 10.5 per cent lower compared to the third quarter of 2017.

Affordability in the Northwest remains extremely favourable. Homeowners in Kitimat spent approximately 20 per cent of household income on housing while those in Smithers spent

26 per cent.⁵⁵ In Prince Rupert and Terrace, it generally takes 33 per cent of household income to cover all housing costs.

As construction of the LNG Canada facility begins home prices in the region may experience a sharp increase as currently limited housing supply struggles to respond to a surge in demand. Some of that impact is expected to be offset by LNG Canada's plans to construct a workforce accommodation centre with capacity for 7,500 people; however, there is likely to be considerable pressure on the existing housing stock. Rising prices and higher mortgage rates are expected to reduce the region's affordability; however, higher wages and strong employment growth could help to absorb at least some of the impact of higher home prices.

⁵⁵ B.C. Northern Real Estate Board. "Housing Affordability Indicators Northern British Columbia 2017." (Available here: <http://bcnreb.bc.ca/files/documents/HousingAffordabilityIndicators20171.pdf>)

Tax Burden

Tax Burden – Northwest Region

Community	Industrial	Commercial	Residential	Other
Burns Lake	4%	40%	52%	4%
Fort St. James	37%	13%	20%	30%
Granisle	4%	14%	81%	1%
Houston	48%	18%	31%	3%
Kitimat	77%	8%	15%	0%
Masset	1%	40%	58%	2%
Port Clements	26%	18%	54%	2%
Port Edward	54%	11%	11%	24%
Prince Rupert	21%	32%	46%	1%
Queen Charlotte	9%	27%	58%	6%
Smithers	13%	42%	42%	2%
Telkwa	0%	7%	92%	1%
Terrace	6%	46%	46%	2%
Regional Total	42%	23%	31%	4%

(Source: Ministry of Municipal Affairs and Housing, 2016)

*Other includes Utilities, Supportive Housing, Recreation, Managed Forest and Farm

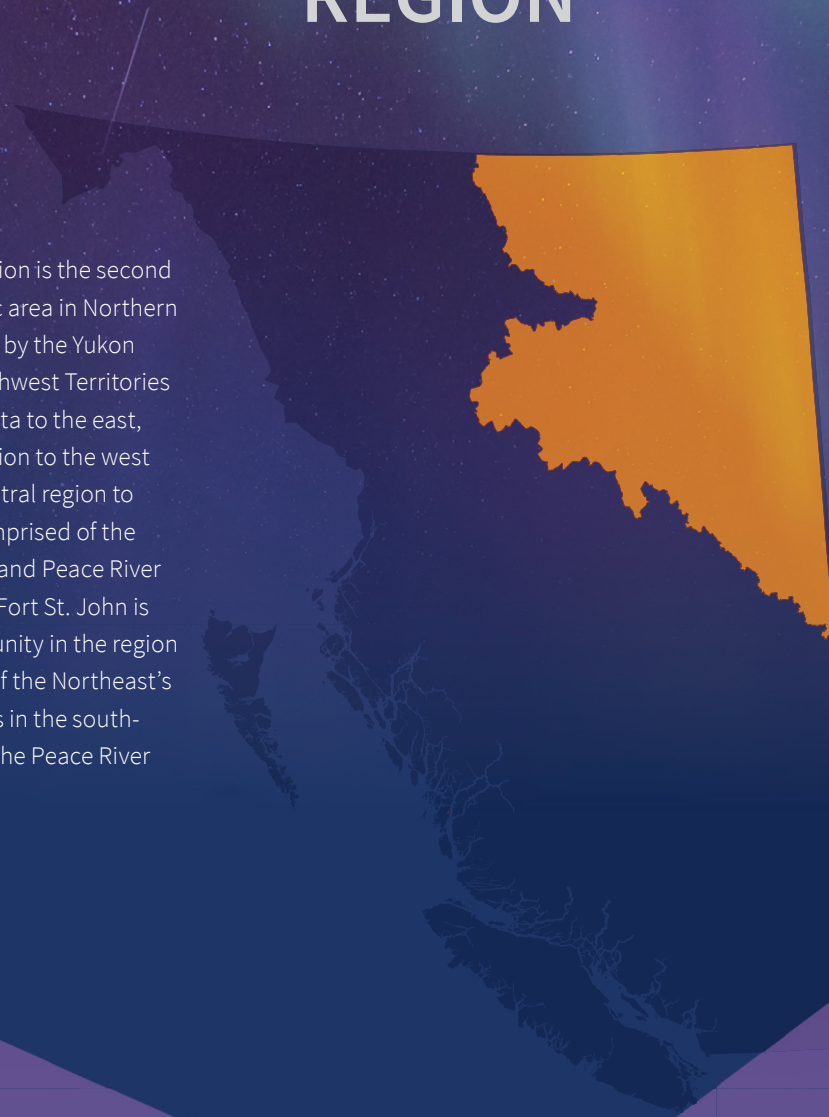
Communities in the Northwest region derive the largest share of their municipal tax revenues from industrial properties. Approximately 42 per cent of the municipal property tax base in the region is industrial, while 31 per cent is residential, 23 per cent is commercial, and 4 per cent is in other categories of property. In more urban areas with more diversified economies such as Prince Rupert, Smithers and Terrace, commercial and residential properties account for a relatively higher share of the tax base. In communities such as Kitimat, Port Edward and Houston, that are heavily reliant on single industries, industrial properties account for the largest share of the tax base.

Tax revenue shares measure the reliance of municipalities on tax revenues from different categories of properties. Urban areas and those regions with more diversified economies generally have a more diversified tax base and are less reliant on commercial and industrial properties or single industries for tax revenues.

Northeast

REGION

The Northeast region is the second largest geographic area in Northern B.C. It is bordered by the Yukon Territory and Northwest Territories to the north, Alberta to the east, the Northwest region to the west and the North Central region to the south. It is comprised of the Northern Rockies and Peace River regional districts. Fort St. John is the largest community in the region and the majority of the Northeast's population resides in the south-eastern corner of the Peace River regional district.



Population and Labour Force

Population Levels and Growth Rates

	2011 Pop.	2016 Pop.*	2017 Pop.	Growth Rate (2016-2017)	Compound Annual Growth Rate(2011-2016)
Northeast	67,882	67,981	68,110	0.2%	0.05%
Percentage of Northern B.C. Total	20%	21%	21%	—	—

*Please note that 2016 population estimates were revised by BC Stats in its 2018 data release.
(Source: B.C. Stats Sub-Provincial Population Estimates)

The Northeast region accounts for approximately 21 per cent of Northern B.C.'s population. The population remained essentially unchanged between 2016 and 2017. Construction of the Site C dam near Fort St. John and projects related to supporting the LNG Canada facility in Kitimat, such as the \$6 billion Coastal GasLink pipeline near Dawson Creek, are expected to attract workers to the region in the near term.

Sustained population growth creates demand for services and housing which leads to expansion of these sectors.

Population growth rates reflect the economic health of a region. Growth in population occurs as people move in search of economic opportunities or for lifestyle factors.

Employment

Employment in the Northeast region is linked to the natural resource sector and this is reflected in the relatively high share of employment linked to the goods-producing sectors. Falling energy and coal prices prompted a decline in employment in the mining and oil and gas sector between 2014 and 2017. Construction of the Site C dam near Fort St. John and other infrastructure projects resulted in increases in construction employment which somewhat offset the declines in other sectors.

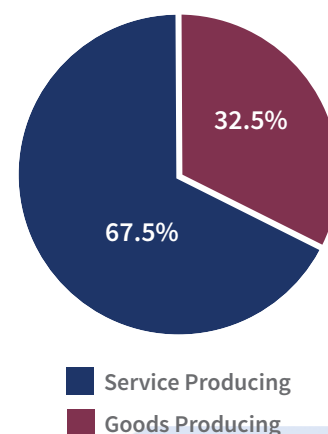
Improvements in the price of metallurgic coal led to the reopening of two mines in the area in 2016 and one in 2018. In addition, TransCanada has announced that its proposed Coastal GasLink pipeline will proceed.

The pipeline will transport natural gas from the Northeast to the LNG Canada facility in Kitimat.

The construction of the Coastal GasLink pipeline is estimated to employ between 2,000 to 2,500 people during the four year construction period, and to employ between 16 and 35 people during operation.⁵⁶ Much of the hiring is expected to be local, though the project will likely be competing with other LNG related projects for needed labour and will likely draw in added resources from inside and outside of B.C.

Construction of the Coastal GasLink pipeline and processing facilities for propane and natural gas are expected to lead to further employment gains in the region.

Share of Employment by Sector



(Source: Statistics Canada Labour Force Survey)

⁵⁶ <http://www.coastalgaslink.com/benefits/economic-benefits/>

Number of businesses

The composition of businesses in the Northeast reflects the natural resources in the region. Most businesses in the Northeast are small in scale, with nearly 90 per cent of businesses employing fewer than 20 people. Those businesses account for approximately one-third of employment in the region. Businesses with between 20 and 49 employees account for approximately 19 per cent of employment, while businesses with 50 or more employees account for approximately 47 per cent of employment.

The number of businesses with employees in the Northeast declined in 2017, led by losses in the region's oil and gas, construction and transportation and warehousing industries. Construction of the Coastal GasLink pipeline and associated infrastructure is expected to create business opportunities in the region related to construction, transportation and supporting services.

Number of Businesses with Employees – Northeast Region (2017)

	Industry	2017 Total	Share of businesses with less than 20 employees
Economic Base	Construction	630	89%
	Agriculture, Forestry, Fishing & Hunting	204	95%
	Mining, Oil & Gas Extraction	404	85%
	Manufacturing	75	83%
	Transportation & Warehousing	449	92%
Local Area Market	Retail Trade	317	85%
	Health Care & Social Assistance	204	87%
	Professional, Scientific & Technical Services	311	93%
	Accommodation & Food Services	198	67%
	Real Estate, Rental & Leasing	177	93%
	Administration, Support, Waste Management & Remediation	166	91%
	Wholesale Trade	135	84%
	Finance & Insurance	68	87%
	Arts, Entertainment & Recreation	41	83%
	Public Administration	20	20%
	Educational Services	33	76%
	Information & Cultural Industries	35	91%
	Utilities	12	100%
	Management of Companies & Enterprises	5	60%
	Other Services (excl. Public Administration)	432	95%
Total		3,916	88%

(Source: B.C. Stats Business Locations)

Cost of Living and Affordability

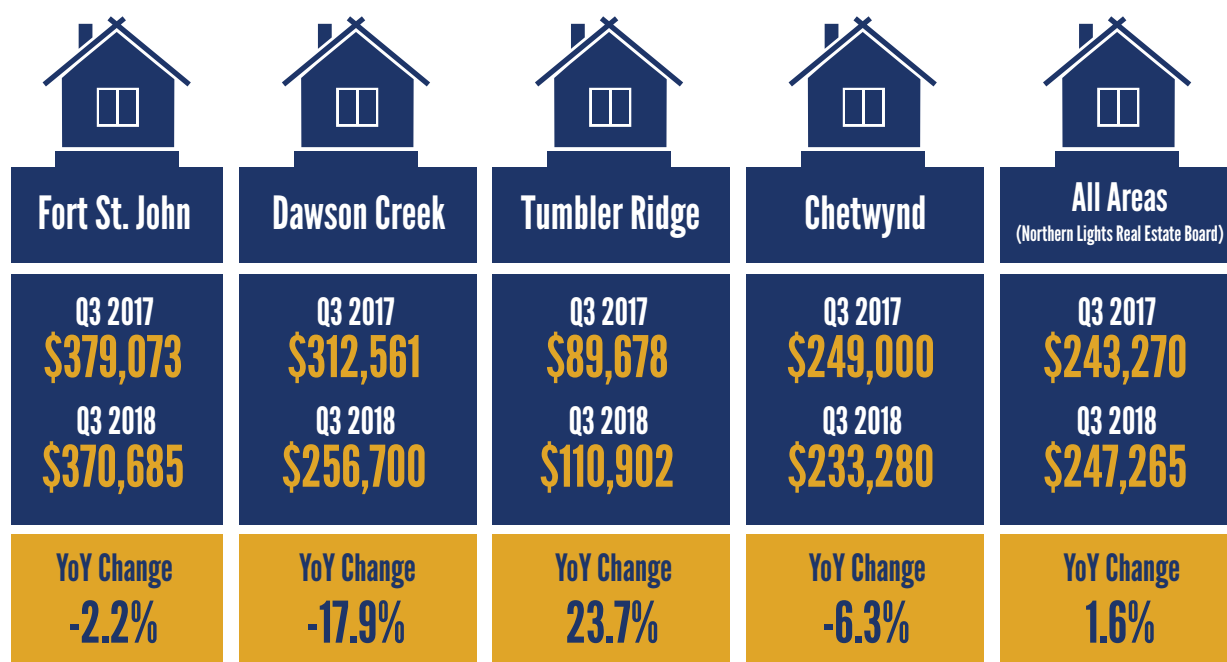
Median Wages for Select Occupations – Northeast Region

Occupation	Median Wage
Goods-producing industries	
Heavy equipment operators (except crane)	\$30.00
Heavy-duty equipment mechanics	\$31.67
Welders and related machine operators	\$28.00
Transport truck drivers	\$25.63
Electricians (except industrial and power system)	\$27.50
Carpenters	\$26.00
Oil and gas drilling, servicing and related labourers	\$24.00
Labourers in wood, pulp and paper processing	\$23.84
Construction trades helpers and labourers	\$20.00
Service-producing industries	
Registered nurses and registered psychiatric nurses	\$38.00
Elementary school and kindergarten teachers	\$34.87
Administrative assistants	\$22.00
Accounting technicians and bookkeepers	\$24.00
Social and community service workers	\$20.00
Home support workers, housekeepers and related occupations	\$18.00
Retail salespersons	\$14.00
Food and beverage servers	\$14.00
Cashiers	\$12.65
Living Wage	\$18.29

(Source: <https://www.jobbank.gc.ca> and Living Wage Canada)

Median wages in the Northeast tend to be above median wages in other regions in Northern B.C. Median wages in the goods sector and the majority of occupations in the service sector are above the living wage of \$18.29, while median wages for those working in accommodation and food service and retail occupations are below the living wage. Compared with other regions of Northern B.C. wage rates for electricians, transport truck drivers, construction trades helpers and labourers and accounting technicians are higher, while wage rates for carpenters and heavy equipment operators are lower.

Median Housing Prices – Northeast Region



(Source: Canadian Real Estate Association and BC Real Estate Association. No data was available for the Northern Rockies Regional Municipality.)

Average home prices were lower in most of the communities in the Northeast region, falling 18 per cent in Dawson Creek, 6.3 per cent in Chetwynd and 2.2 per cent in Fort St. John in the third quarter of 2018. Home prices in Tumbler Ridge were significantly higher year-over-year in the third quarter of 2018, though prices in small communities can be volatile. Given limited housing supply in the region, the approval of the LNG Canada facility and the related pipeline construction and drilling activity is expected to increase demand for housing and put upward pressure on prices.

Tax Burden

Tax Burden – Northeast Region

Community	Industrial	Commercial	Residential	Other*
Chetwynd	28%	26%	31%	15%
Dawson Creek	5%	47%	48%	0%
Fort St. John	4%	52%	42%	1%
Hudson's Hope	9%	7%	17%	67%
Northern Rockies	68%	9%	6%	17%
Pouce Coupe	0%	32%	66%	2%
Taylor	62%	2%	16%	21%
Tumbler Ridge	60%	5%	12%	23%
Regional Total	32%	30%	28%	10%

(Source: Ministry of Municipal Affairs and Housing, 2018)

*Includes Utilities, Supportive Housing, Recreation, Managed Forest and Farm

The share of municipal tax revenues accounted for by industrial, commercial, and residential properties in the Northeast is similar. Approximately 32 per cent of the municipal property tax base in the region is industrial, while 30 per cent is commercial, and 28 per cent is residential. The remaining 10 per cent is primarily utilities. While the shares by source may be similar for the region as a whole, there are significant differences across communities. Fort St. John, Dawson Creek, and Pouce Coupe receive less than 10 per cent of their municipal taxes from industrial properties

and between 40 per cent and 66 per cent of municipal revenues from residential properties, while the Northern Rockies (Fort Nelson), Taylor and Tumbler Ridge receive over 60 per cent of municipal tax revenues from industrial properties and between 6 per cent and 16 per cent of municipal revenues from residential properties. Hudson's Hope derives approximately 67 per cent of its municipal taxes from utilities, while the distribution of municipal taxes by source in Chetwynd is similar to the region as a whole.

Tax revenue shares measure the reliance of municipalities on tax revenues from different categories of properties. Urban areas and those regions with more diversified economies generally have a more diversified tax base and are less reliant on commercial and industrial properties or single industries for tax revenues.

North Central

REGION

The North Central region is the smallest geographic region in Northern B.C. but is home to approximately one-third of the population. It is bordered by the Northeast region to the north, Alberta and the Northeast region to the east, the Northwest region to the west and the Cariboo-Chilcotin/Lillooet region to the south. The regional districts that comprise the North Central region are the Fraser-Fort George regional district and part of the Bulkley-Nechako regional district. The city of Prince George is the region's population centre and is the fourth largest urban area in the province outside of Metro Vancouver, the Fraser Valley and the Capital Region.



Population and Labour Force

Population Levels and Growth Rates

	2011 Pop.	2016 Pop.	2017 Pop.	Growth Rate (2016-2017)	Compound Annual Growth Rate(2011-2016)
North Central	114,677	112,049	114,650	2.3%	-0.5%
Share of Northern B.C. Total	34%	34%	35%	—	—

(Source: B.C. Stats Sub-Provincial Population Estimates)

The population of the North Central region posted strong growth in 2017 after declining for three consecutive years. Most growth occurred in rural areas and despite an overall increase in the North Central region, the population of Northern B.C.'s largest city, Prince George, declined marginally in 2017.

Population growth rates reflect the economic health of a region. Growth in population occurs as people move in search of economic opportunities or for lifestyle factors.

Sustained population growth creates demand for services and housing which leads to expansion of these sectors.

Employment

Data on employment by industry were not available for the North Central region.

The North Central region has the most diverse economy in Northern B.C. In addition to having a significant forestry sector, the region also has the University of Northern British Columbia, the University Hospital of Northern British Columbia and a range of suppliers of equipment and professional services. This suggests that the region's employment is more diverse than in other regions of Northern B.C. and less dependent on cyclical factors such as commodity prices.

Number of Businesses

The number of businesses with employees in the North Central area was relatively stable between 2016 to 2017. Overall, 86 per cent of businesses in the region have fewer than 20 employees and more than half employ fewer than five people. Businesses with more than 50 employees are concentrated in the construction, retail, wood product manufacturing and accommodation and food services sector. There are also a number of large publicly funded employers including the University of Northern British Columbia and Northern Health.

Businesses with fewer than 20 employees account for approximately 34 per cent of employment in the North Central region. Businesses with between 20 and 49 employees account for approximately 23 per cent of employment in the region and the remainder is accounted for by businesses with more than 50 employees.

Number of Businesses with Employees – North Central Region (2017)

	Industry	2017* Total	Share of businesses with less than 20 employees
Economic Base	Construction	707	90%
	Agriculture, Forestry, Fishing & Hunting	537	87%
	Mining, Oil & Gas Extraction	48	83%
	Manufacturing	185	69%
	Transportation & Warehousing	407	90%
Local Area Market	Retail Trade	624	84%
	Health Care & Social Assistance	521	90%
	Professional, Scientific & Technical Services	392	93%
	Accommodation & Food Services	359	65%
	Real Estate, Rental & Leasing	207	96%
	Administration, Support, Waste Management & Remediation	202	89%
	Wholesale Trade	211	78%
	Finance & Insurance	149	86%
	Arts, Entertainment & Recreation	83	82%
	Public Administration	44	30%
	Educational Services	52	77%
	Information & Cultural Industries	58	90%
	Utilities	11	91%
	Management of Companies & Enterprises	24	50%
	Other Services (excl. Public Administration)	490	94%
	Total	5,311	86%

(Source: BC Stats Business Locations)

Cost of Living and Affordability

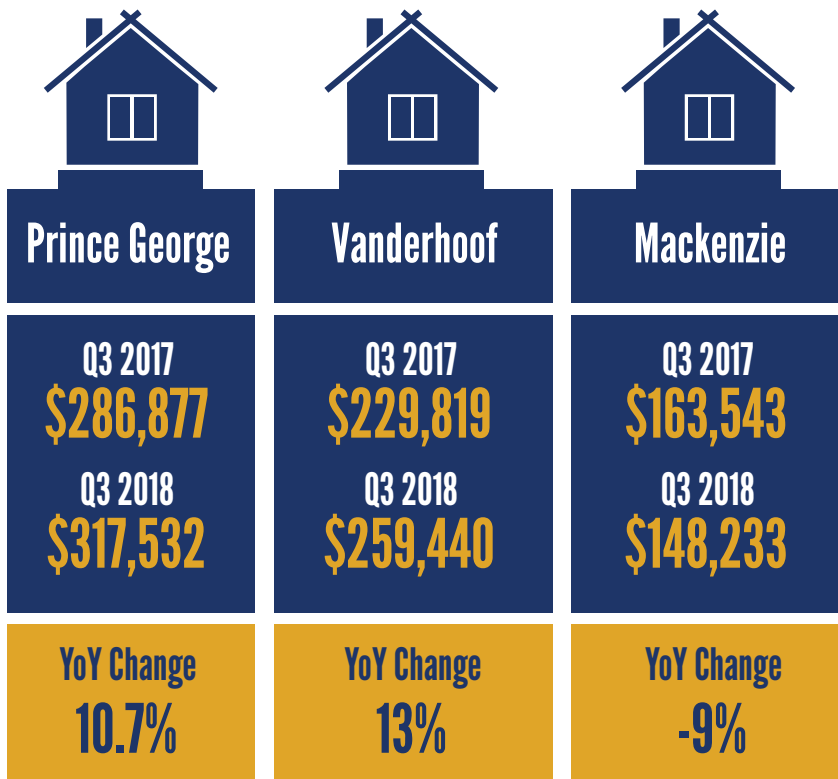
Median Wages for Select Occupations – North Central Region

Occupation	Median Wage
Goods-producing industries	
Welders and related machine operators	\$28.00
Heavy-duty equipment mechanics	\$31.67
Transport truck drivers	\$25.63
Heavy equipment operators (except crane)	\$30.00
Electricians (except industrial and power system)	\$27.50
Carpenters	\$26.00
Labourers in wood, pulp and paper processing	\$23.84
Silviculture and forestry workers	\$20.00
Construction trades helpers and labourers	\$20.00
Service-producing industries	
Registered nurses and registered psychiatric nurses	\$38.00
Elementary school and kindergarten teachers	\$34.87
Administrative assistants	\$21.08
Accounting technicians and bookkeepers	\$20.07
Social and community service workers	\$20.00
Home support workers, housekeepers and related occupations	\$18.00
Retail salespersons	\$13.00
Cashiers	\$12.65
Food and beverage servers	\$14.00
Living Wage	\$16.39

(Source: <https://www.jobbank.gc.ca> and Living Wage Canada)

Median wages in the North Central region are comparable to other regions in Northern B.C. The region has the lowest living wage in Northern B.C., likely reflecting a combination of relatively lower transportation costs and lower food costs compared with other parts of Northern B.C. Compared with other regions in Northern B.C., median wages for the selected occupations are within the wage ranges of the other regions.

Median Housing Prices - North Central Region



(Source: Canadian Real Estate Association)

The average home price in Prince George has been rising at a double-digit rate through the first three quarters of 2018 as steady housing demand is met with a declining level of supply of homes available for sale. A strengthening local economy and the city's relative affordability make Prince George an attractive option for families re-locating from the Lower Mainland. Vanderhoof has also seen double-digit increases in the average home price in the first nine months of 2018, while home prices in Mackenzie have declined by approximately 9 per cent over the same period. It is important to note that estimates of the average home prices in smaller communities can be volatile due to a relatively small number of transactions.

As the northern economy improves and economic activity related to LNG rises, housing demand in Prince George and surrounding communities is expected to continue to be strong, placing further upward pressure on home prices.

The North Central region is the smallest geographic region in Northern B.C. but is home to approximately one-third of the population.

Tax Burden

Tax Burden – North Central

Community	Industrial	Commercial	Residential	Other*
Fraser Lake	50%	7%	20%	24%
Mackenzie	53%	6%	25%	15%
McBride	0%	38%	53%	9%
Prince George	15%	30%	54%	1%
Valemount	0%	41%	57%	2%
Vanderhoof	31%	24%	42%	2%
Regional Total	18%	28%	51%	3%

(Source: Ministry of Municipal Affairs and Housing, 2018)

*Other includes Utilities, Supportive Housing, Recreation, Managed Forest and Farm

Communities in the North Central region derive the majority of their municipal tax revenues from residential and commercial properties. Approximately 51 per cent of the municipal property tax base in the region is residential, while 28 per cent is commercial, 18 per cent is industrial and three per cent is in other categories of property. In Prince George, the most populated city in Northern B.C., residential properties account for the majority of the tax base at 54 per cent, with commercial and industrial properties accounting for 30 per cent and 15 per cent respectively. In smaller communities that have less diversified economies, and are dependent on the forest industry such as Mackenzie and Fraser Lake, industrial properties account approximately half of the municipal tax base.

Tax revenue shares measure the reliance of municipalities on tax revenues from different categories of properties. Urban areas and those regions with more diversified economies generally have a more diversified tax base and are less reliant on commercial and industrial properties or single industries for tax revenues.

Cariboo-Chilcotin /Lillooet REGION

The Cariboo-Chilcotin-Lillooet region is the most southern region in Northern B.C. and has the smallest population. It is bordered by the North Central region to the north, the Northwest region to the north-west, the Squamish-Lillooet regional district to the south-west and the Thompson-Nicola regional district to the south and east. It is comprised of the Cariboo regional district and parts of the Thompson-Nicola and Squamish-Lillooet regional districts (Lillooet, Lytton, Logan Lake, Cache Creek, Ashcroft and Clinton). Williams Lake is the largest population centre in the region, followed by Quesnel.



Population and Labour Force

Population Levels and Growth Rates

	2011 Pop.	2016 Pop.	2017 Pop.	Growth Rate (2016-2017)	Compound Annual Growth Rate(2011-2016)
Cariboo-Chilcotin-Lillooet	71,256	71,382	71,105	0.0%	-0.4%
Share of Northern B.C. Total	21%	21%	21%	—	—

(Source: B.C. Stats Sub-Provincial Population Estimates)

The population of the Cariboo-Chilcotin-Lillooet region was relatively stable between 2011 and 2016. There is some indication that the population declined in 2017 following the forest fires that burned almost one million hectares in the region and resulted in the evacuation of several communities including William's Lake, Clinton and 100 Mile House.

Compared with other parts of Northern B.C. the Cariboo-Chilcotin-Lillooet region is relatively older.

This a reflection of economic activity within the region's key industries of agriculture, forestry and mining. Agriculture production in the region has not grown significantly and the number of farms has been declining. Growth in forestry has been constrained by the loss of timber supply due to the mountain pine beetle outbreak and there have been no new mining developments.

Population growth rates reflect the economic health of a region. Growth in population occurs as people move in search of economic opportunities or for lifestyle factors.

Sustained population growth creates demand for services and housing which leads to expansion of these sectors.

Employment

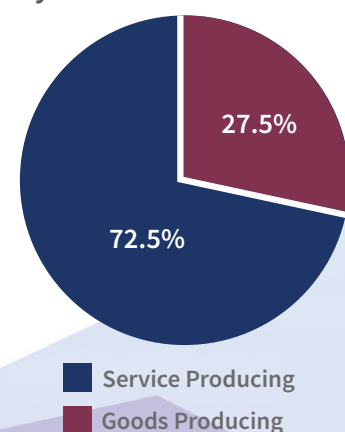
Employment in the Cariboo-Chilcotin-Lillooet region is heavily dependent on agriculture, forestry and mining. Employment in forestry declined between 2016 and 2017, while employment growth occurred in healthcare and social services. In the first half of 2018 employment in construction increased, which likely reflects rebuilding following the forest

fires in the summer of 2017. There were also further gains in healthcare and social assistance.

The forest fires in the region in the summer of 2017 and 2018 likely reduced the mid-term timber supply which could affect forestry in the region and lead to further employment losses in the region.

*Please note data on employment was only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka Bar and Boothroyd are not included in these estimates.

Share of Employment by Sector*



(Source: Statistics Canada Labour Force Survey)

Number of Businesses

Businesses in the Cariboo-Chilcotin-Lillooet region are relatively small, with 88 per cent employing fewer than 20 people. The number of businesses with employees remained stable from 2016 to 2017, despite some business closings in the forestry and construction sector. The number of businesses in the healthcare and social assistance industry has grown, which is consistent with the population of the region being relatively older than other parts of Northern B.C. and the forest fires in the summers of 2017 and 2018.

Businesses with fewer than 20 employees account for approximately 40 per cent of employment in the Cariboo-Chilcotin-Lillooet region. Businesses with between 20 and 49 employees account for approximately 21 per cent of employment in the region and the remainder is accounted for by businesses with more than 50 employees.

The region's reliance on agriculture and forestry is evident in the number of large employers in these sectors. Wood product manufacturing accounts for approximately a quarter of businesses that employ more than 50 people, while agriculture and forestry account for an additional 12 per cent of businesses that employ more than 50 people.

Number of Businesses with Employees – Cariboo-Chilcotin-Lillooet Region (2017)

	Industry	2017* Total	Share of businesses with less than 20 employees
Economic Base	Construction	323	94%
	Agriculture, Forestry, Fishing & Hunting	338	91%
	Mining & Oil & Gas Extraction	16	94%
	Manufacturing	84	69%
	Transportation & Warehousing	199	94%
Local Area Market	Retail Trade	333	87%
	Health Care & Social Assistance	194	87%
	Professional, Scientific & Technical Services	143	98%
	Accommodation & Food Services	178	76%
	Real Estate & Rental & Leasing	90	98%
	Administration, Support, Waste Management & Remediation	88	91%
	Wholesale Trade	65	85%
	Finance & Insurance	64	89%
	Arts, Entertainment & Recreation	43	91%
	Public Administration	27	33%
	Educational Services	17	82%
	Information & Cultural Industries	20	90%
	Utilities	6	100%
	Management of Companies & Enterprises	5	100%
	Other Services (excl. Public Administration)	212	96%
	Total	2,445	88%

(Source: B.C. Stats Business Locations)

*Please note business counts for the Cariboo-Chilcotin-Lillooet were revised in 2017 and are not directly comparable to those published in previous periods.

Cost of Living and Affordability

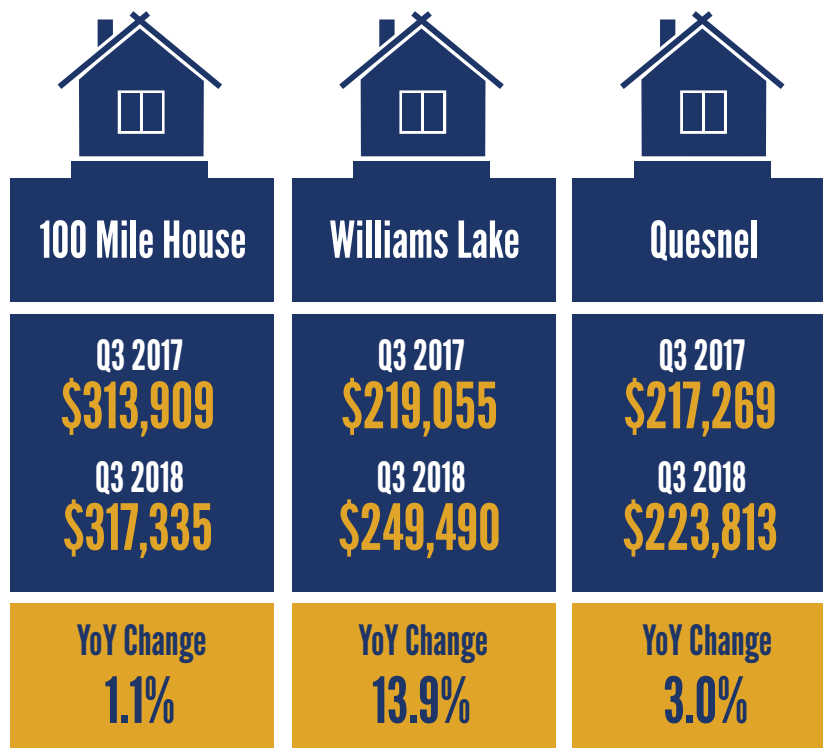
Median Wages Select Occupations – Cariboo-Chilcotin-Lillooet Region

Occupation	Median Wage
Goods-producing industries	
Welders and related machine operators	\$28.00
Heavy-duty equipment mechanics	\$33.00
Heavy equipment operators (except crane)	\$30.00
Electricians (except industrial and power system)	\$27.50
Carpenters	\$26.00
Transport truck drivers	\$24.75
Construction trades helpers and labourers	\$19.00
Silviculture and forestry workers	\$20.00
General farm workers	\$15.00
Service-producing industries	
Registered nurses and registered psychiatric nurses	\$38.55
Elementary school and kindergarten teachers	\$34.87
Administrative assistants	\$23.45
Accounting technicians and bookkeepers	\$21.25
Social and community service workers	\$19.50
Home support workers, housekeepers and related occupations	\$18.00
Retail salespersons	\$14.00
Cashiers	\$12.65
Food and beverage servers	\$14.00
Living Wage	
100 Mile House	\$17.45
Quesnel	\$16.39

(Source: <https://www.jobbank.gc.ca> and Living Wage Canada)

Median wages in the Cariboo-Chilcotin-Lillooet region tend to be below other regions in Northern B.C. The living wage is between \$16.39 (Quesnel) and \$17.45 (100 Mile House) and is comparable to other regions outside Metro Vancouver, the Fraser Valley and the Capital Region. Compared with other regions of Northern B.C. wage rates for registered nurses and registered psychiatric nurses as well as administrative assistants are higher, while wage rates for transport truck drivers, construction trades helpers and labourers and social and community service workers are lower.

Median Housing Prices – Cariboo-Chilcotin/Lillooet Region



(Source: Canadian Real Estate Association and BC Real Estate Association)

Home prices throughout the Cariboo-Chilcotin-Lillooet region have generally been rising over the past two years. Since the beginning of 2016, average home prices are 10 per cent higher in Quesnel, 46 per cent higher in 100 Mile House and 22 per cent higher in Williams Lake. Even with increasing prices, affordability in the region remains attractive. Homeownership costs account for about 36 per cent of household income in 100 Mile House, 30 per cent in Williams Lake and 25 per cent in Quesnel.

Tax Burden

Tax Burden – Cariboo-Chilcotin/Lillooet Region

Community	Industrial	Commercial	Residential	Other
100 Mile House	32%	29%	23%	15%
Ashcroft	16%	21%	52%	12%
Cache Creek	21%	30%	42%	7%
Clinton	16%	22%	60%	2%
Lillooet	1%	30%	53%	16%
Logan Lake	71%	3%	22%	4%
Lytton	12%	25%	26%	37%
Quesnel	57%	19%	22%	2%
Wells	0%	39%	58%	3%
Williams Lake	26%	27%	40%	7%
Regional Total	40%	22%	32%	6%

(Source: Ministry of Municipal Affairs and Housing, 2018)

*Other includes Utilities, Supportive Housing, Recreation, Managed Forest and Farm

Communities in the Cariboo-Chilcotin-Lillooet region derive the largest share of their tax revenues from industrial properties. Approximately 40 per cent of the municipal property tax base in the region is industrial, while 32 per cent is residential, 22 per cent is commercial, and 6 per cent is in other categories of property. The relatively high share attributable to industrial property is primarily driven by the communities of Logan Lake and Quesnel. In those communities industrial properties account for 71 per cent and 57 per cent shares of the tax base respectively. The industrial share of the tax base in other municipalities in the region ranges from less than one per cent in Wells to approximately 32 per cent in 100 Mile House.

Tax revenue shares measure the reliance of municipalities on tax revenues from different categories of properties. Urban areas and those regions with more diversified economies generally have a more diversified tax base and are less reliant on commercial and industrial properties or single industries for tax revenues.



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