

# State <sup>OF THE</sup> North REPORT

JANUARY 2018





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## A Northern Perspective

One of the most important questions a person can ask is also one of the simplest: “why?” The answer to that question is the reason this report exists. More than a decade ago, the Province of British Columbia created Northern Development Initiative Trust to strengthen Northern B.C.’s economy. In the years since, the Trust has deployed its financial resources and expertise to deliver funding programs that allow communities, businesses and not-for-profit groups to carry out projects that put people to work, generate profit and make our communities more inviting places to live.

Yet through the years we noticed a trend – too many business decisions, community decisions, and even our own decisions, were in some small or large part based on assumptions or anecdotal evidence about our regional economy. When we looked closer, we found that up-to-date, readily available data about Northern B.C.’s economy was hard to come by. Sure, in many of our communities it’s not difficult to figure out who the major employer is and from where our first dollars are generated, but on a regional basis it was difficult to identify trends, pressure points or opportunities. We didn’t have the data, and too often the story about Northern B.C.’s economy was lost in provincially-focused reports that leaned toward economic trends in Metro Vancouver.

So why does the State of the North Economic Report exist? Because as the North’s economic development organization we wanted to understand the data behind the decisions that are affecting the communities we serve. We felt that the data, collected in one document and made easily digestible, would not only be valuable for our own decision-making processes, but also would be a tool that communities, businesses and not-for-profits could use as they develop and deploy strategies to create jobs, generate new wealth and ensure our towns are amongst the most desirable places to live in Canada.

In the age of big data – when numbers and statistics inform decision making for leading corporations and economies around the globe – we felt Northern B.C. needed a better handle on its numbers.

### Our Economy

So now that we have some numbers, what’s the story with Northern B.C.’s economy? Well, it’s a fascinating one.

Region-wide, our economic base, unsurprisingly, remains heavily dependent on commodity-based industries such as forestry, oil and gas, mining and agriculture. Still, tourism and manufacturing play a key role in our economy, and aquaculture, albeit small, is a growing player in coastal communities.

Yet even though we’re known for our industry backbone, Northern B.C. is truly the land of small business. Take agriculture, for example. There are 3,633 agriculture businesses in our region, however, the vast majority of them are small businesses with few or no permanent employees, suggesting they rely largely on seasonal or contract workers or are family-run. Across Northern B.C., approximately 87% of all businesses have fewer than 20 employees and 75% have fewer than 10.

Northern B.C. remains a vastly more affordable place to live than other areas of B.C. such as Metro Vancouver, and has a relatively younger population and somewhat higher labour force participation rates than other parts of B.C.

But our communities remain heavily reliant on business tax revenues. Some 57% of the municipal property tax base in the region is commercial and industrial. As well, the regional population has declined since 2014 to approximately 332,000 due to the downturn in resource sectors, impacting both



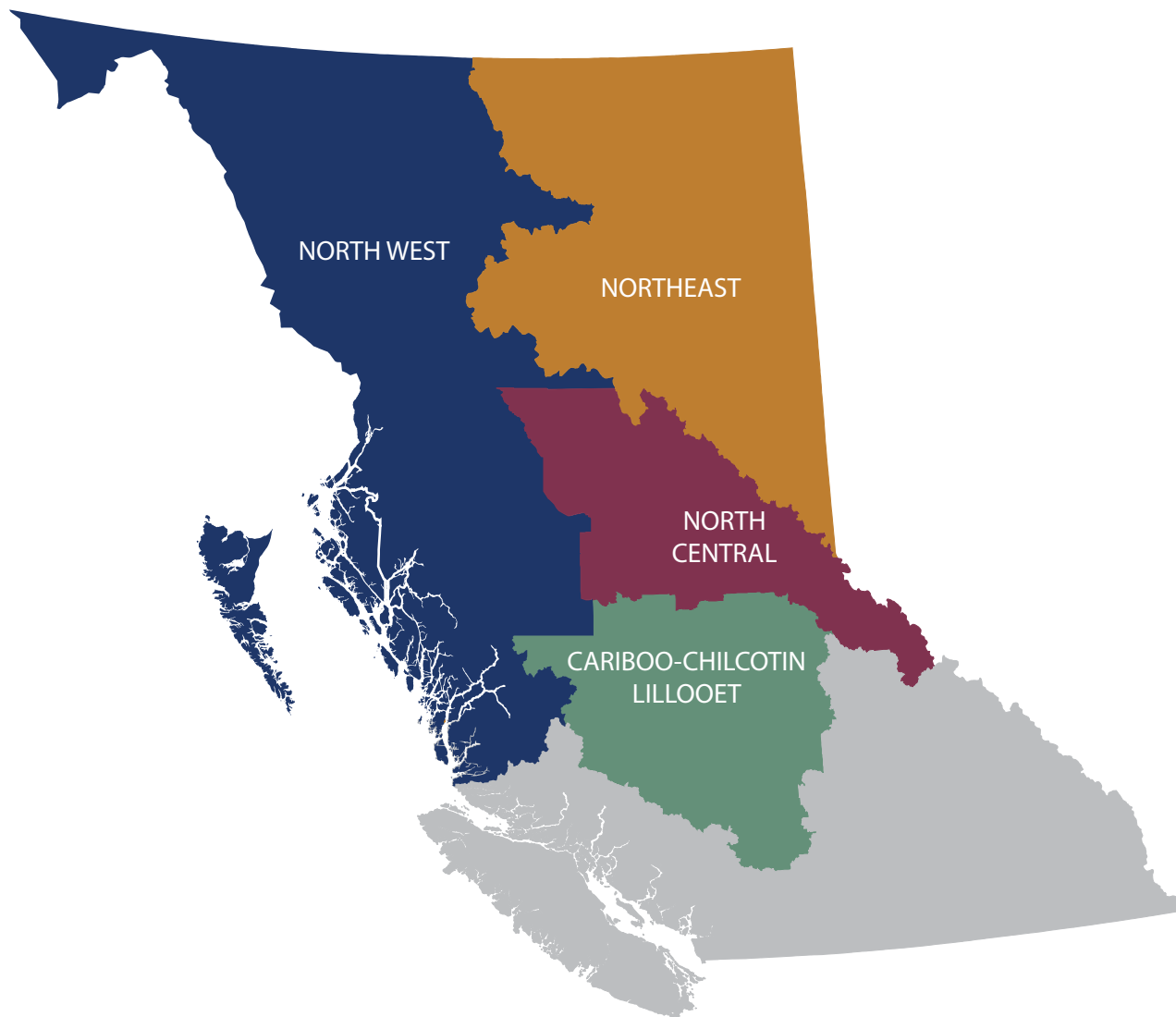
residential and commercial/industrial property tax revenues for communities, among other things.

At this point, the outlook for Northern B.C. remains uncertain. The economy has stabilized following commodity price collapses in 2014, but major energy project delays, as well as timber harvesting declines and trade disputes with the U.S., have generated anxiety in the regional market. These are just a few examples of the information that can be found in this document. Already, the data has started to inform different thinking at our organization, and we hope that this information will do the same for communities, businesses and not-for-profit groups across the region.

We'd like to thank our partners at MNP for their research and assistance in putting this report together, as well as the advice we received from the Vancouver Island Economic Alliance, which produces the State of the Island Economic Report that this report is modeled after. At Northern Development, we're incredibly passionate about Northern B.C. and our hope is that this report will provide value to community and business leaders throughout the province, acknowledging the while data plays an important role in decision making it must be married with good advice, experience and partnerships if we're going to chart a brighter future for our region.

**Joel McKay**  
**Chief Executive Office**  
**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, Prince George and Cariboo-Chilcotin/Lillooet regions.

# The Big Question

## How much does northern B.C.'s economy contribute to the economy as a whole?

One of the questions Northerners have about our economy most often is: how much do we contribute to B.C.'s economy as a whole? This report is not designed to answer that question, in part because it's difficult to answer but also because this report is not meant to argue that one part of B.C.'s economy is more important than another's. That said, because it comes up often enough, we took a high-level stab at it. Unfortunately, there's no regional GDP figure for Northern B.C. to make it an easy question to answer. This is in part because no one can quite agree on where Northern B.C. begins (some, jokingly, attest that the border lies in the Fraser Canyon "beyond Hope", while others figure it's somewhere around 100 Mile House, and others still argue that the north doesn't truly begin until you cross the Pine Pass), but also because statistical agencies don't necessarily gather this data on sub-regional levels.

Perhaps another way to phrase the question is this way: how much does rural B.C. contribute to the provincial economy? Well, from a commodity export perspective, rural British Columbia accounts for, on a 10-year average, roughly 78% of the total value of B.C.'s annual exports, or, on an annual basis, somewhere between \$24 and \$30 billion. It's important to note, however, that "rural B.C." includes mid and North Vancouver Island, the Thompson-Nicola, Okanagan and Kootenays.

That said, in years when natural gas, metallurgical coal and lumber prices trade at higher values, Northern B.C.'s share of rural B.C.'s contribution to exports is higher. For example, in 2016 alone, forest and energy product exports accounted for 56% of the total value of B.C.'s exports, or approximately \$21.5 billion. Yet this data doesn't account for service exports and their contribution to our total trade balance. Still, it's clear that without rural B.C., and Northern B.C. as the largest part of it, B.C. would suffer from an incredible trade deficit.

## 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.

All data and commentary are based on information available as of June 2017.

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



**Up arrow:** Suggests that 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

The background is a deep purple and blue gradient representing a night sky. It is filled with numerous small, white, star-like specks. A faint, ethereal aurora borealis is visible in the center-right, showing soft, swirling patterns of light blue and green. In the foreground, there is a range of mountains rendered in a low-poly, geometric style. The mountains are composed of several flat, triangular and quadrilateral shapes in various shades of blue and purple, creating a sense of depth and silhouette.

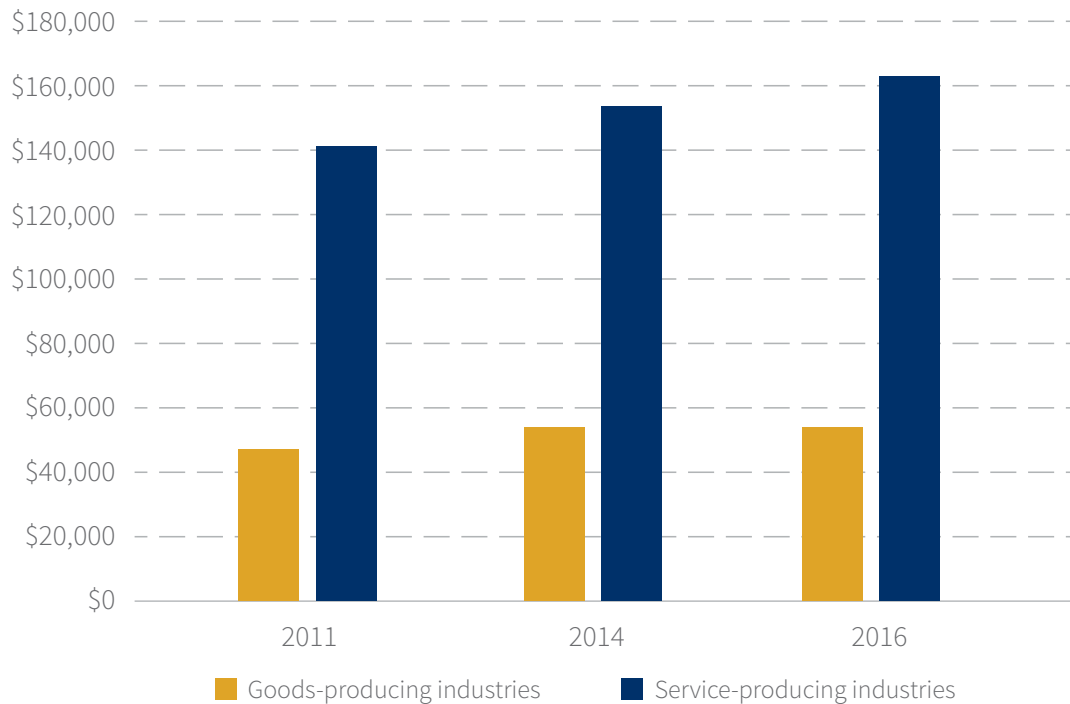


# Macroeconomic Indicators

## GDP

### B.C. Real GDP

Millions of 2007 Chained Dollars



(Source: Statistics Canada, CANSIM Table 379-0030)

Between 2011 and 2016 B.C.'s GDP grew by 2.5 percent to 3 percent annually.<sup>1</sup> Approximately 30 percent of the growth in GDP between 2011 and 2014 was due to the strong performance of the mining, oil and gas, manufacturing and construction sectors, while the remainder was due to increases in activity in a combination of real estate, transportation and tech related industries. Since 2014, residential construction, manufacturing, real estate, and tech related industries have continued to grow, while mining and oil and gas have declined due to declines in the global demand for commodities.

For northern B.C., the period 2011 to 2014 was one of positive growth due to mining development, oil and gas exploration,

and improvements in the forest industry. However, since 2014, economic growth in the region has been weak, and in many areas there has been a decline in economic activity due to declines in oil and gas exploration, mine closures, delays in final investment decision in Liquefied Natural Gas (LNG) facilities and the cancellation of the Northern Gateway pipeline project. More recently the expiry of the softwood lumber agreement with the U.S. in 2015, and the imposition of countervailing duties in April 2017 and anti-dumping duties in June 2017, has lowered growth expectations for the forest sector.

### Gross domestic product ("GDP")

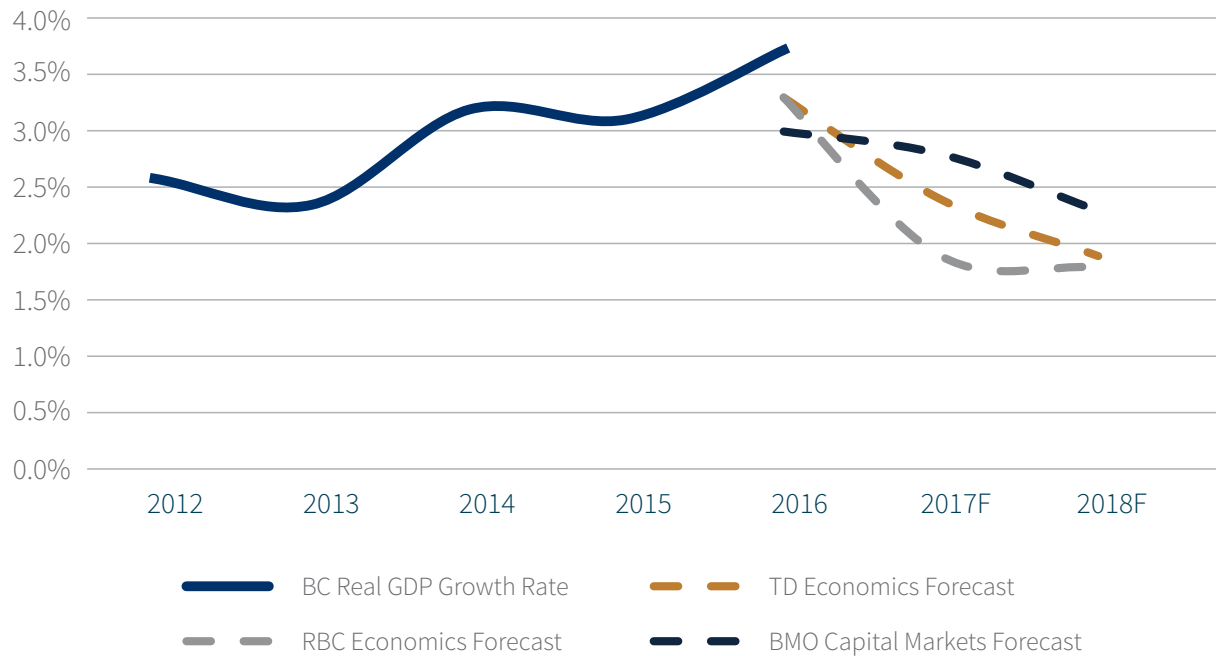
*measures the value of final goods and services produced in the economy. Changes in GDP are the standard measure of economic growth.*

### 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.*

<sup>1</sup> Statistics Canada, CANSIM Table 379-0030

## B.C. Real GDP Growth Rate



(Source: Statistics Canada, TD Economics, RBC Economics, BMO Capital Markets)

## Short Term Outlook

Global economic growth improved in the first quarter of 2017, leading the Bank of Canada to increase its forecast for economic growth in Canada in 2017 from 2.1 percent to 2.6 percent.<sup>2</sup> The higher forecast was due to increases in investment in the oil and gas sector, expected increases in demand for exports, expected increases in business investment and economic stimulus arising from spending by the federal government. However, there is considerable uncertainty with respect to U.S. trade and fiscal policies and the potential for growth in protectionism globally. As a result, Canada's economic growth is forecast to slow to 1.9 percent in 2018 and 1.8 percent in 2019.<sup>3</sup>

B.C.'s economic growth is expected to remain above two percent in 2017 due to

continued growth in manufacturing, tech related industries, residential construction and tourism.<sup>4</sup>

For northern B.C., the short-term outlook is uncertain. The softwood lumber dispute with the U.S. and the imposition of countervailing and anti-dumping duties have lowered expectations for the forest sector, and there is uncertainty around the future of the construction of the Site C dam following the B.C. provincial election in May 2017. Expected investments in LNG have not materialized, and in July 2017 Pacific Northwest LNG announced that its Port Edward LNG project would not be proceeding.<sup>5</sup> On a more positive note, improvements in global commodity prices suggest that there may be increases in mining, and oil and gas exploration activity in the region in the future.

**GDP GROWTH**

**TREND**



**FORECAST**



<sup>2</sup> Bank of Canada. Monetary Policy Report. April 2017.

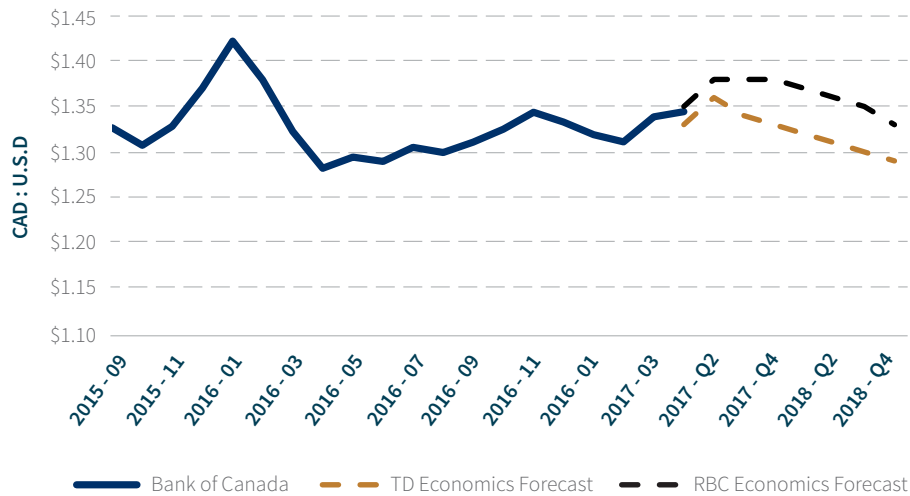
<sup>3</sup> Bank of Canada. Monetary Policy Report. April 2017.

<sup>4</sup> TD Economics. Provincial Economic Forecast. March 27, 2017.

<sup>5</sup> Pacific Northwest LNG "http://www.pacificnorthwestlng.com/media/NewsRelease-Backgrounder-PNWLNG-July25-2017.pdf"



## Exchange Rate



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

## Exchange Rates

Between 2013 and 2016 the Canadian dollar declined in value relative to the U.S. dollar. This decline in value made Canadian exports more competitive and contributed to strong performance in tourism and continued growth in the forestry and manufacturing sectors. Since the second quarter of 2016, the Canadian dollar has been trading in the range of \$1.27 (\$0.78 USD) to \$1.34 (\$0.74 USD) Canadian per U.S. dollar. Relative to the Chinese Yuan and the Great British Pound the Canadian dollar has appreciated, while relative to the Euro the Canadian dollar has been stable.<sup>6</sup> For northern B.C., the depreciation of the Canadian dollar had a positive impact on the export of forest products and on tourism, but did not benefit the mining or oil and gas sectors. For those sectors, the decline in the value of the Canadian dollar was in part linked to declines in commodity

prices, reflecting declines in global demand and oversupply. Analysts do not expect significant changes through 2018 in the range that the Canadian dollar is trading.<sup>7</sup> However, there is uncertainty in currency markets due to questions about the future of U.S. trade relationships, and the potential risk of large economies leaving the European Union.

The favourable exchange rate, combined with increases in the price of metallurgical coal, has led to the re-opening of two coal mines in northern B.C. since September 2016.<sup>8</sup> The favourable exchange rate is also expected to continue to have a positive impact on tourism and exports of forest products; however, in the near term the softwood lumber dispute is likely to have a bigger impact on forest product exports than the exchange rate.

### 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



<sup>6</sup> Bank of Canada.

<sup>7</sup> TD Economics. RBC Economics.

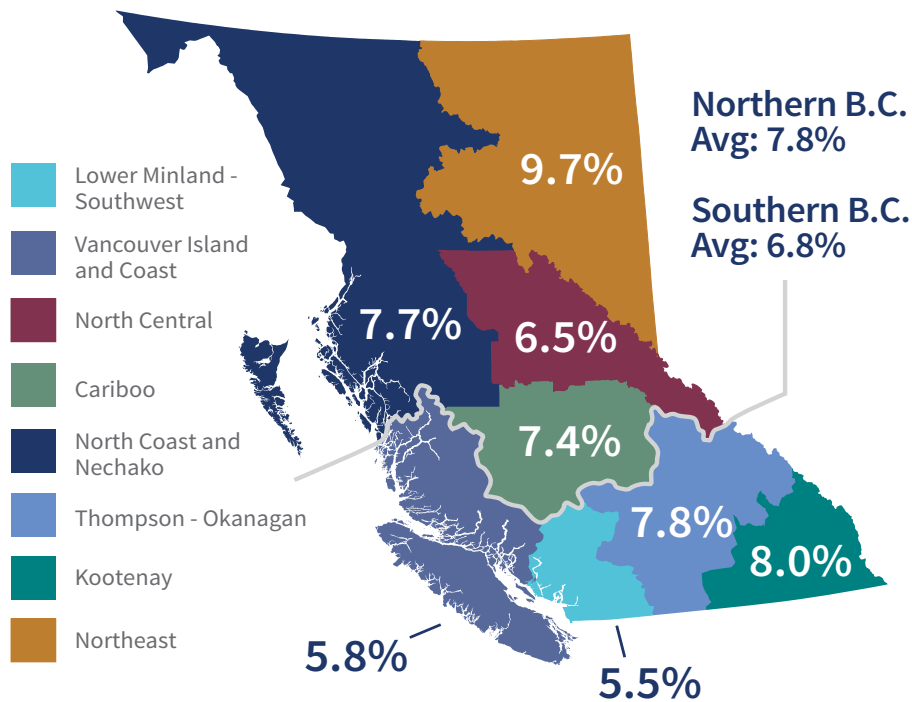
<sup>8</sup> B.C. Ministry of Energy and Mines, "Restart of second mine adds 220 jobs in Peace Region" (<https://news.gov.bc.ca/releases/2016MEM0029-002892>) and CBC News, "Tumbler Ridge coal mines sold to U.S. company brings hope to struggling town" (<http://www.cbc.ca/news/canada/britishcolumbia/tumbler-ridge-coal-mines-sold-to-u-s-company-brings-hope-to-struggling-town-1.3756112>)

## Unemployment Rate

Unemployment rates within most regions in northern B.C. have been rising since 2014, while overall employment has been relatively stable. These trends are consistent with loss of employment due to mine closures and reductions in oil and gas activity, being offset by increases in forestry production and construction related to infrastructure projects.

The re-opening of mines in the Northeast and modest increases in oil and gas investment suggest that the unemployment rate in the Northeast will decline. For other areas, uncertainty over how the softwood lumber dispute with the U.S. will progress and lack of final investment decisions for LNG projects suggest that unemployment rates are unlikely to decline and employment levels are not expected to increase in the near term.

### Unemployment Rate by Region 2016



Source: Statistics Canada, Labour Force Survey CANSIM Table 281-0123 and Table 282-0134

### 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 and more in line with unemployment rates in other urban areas in B.C. 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

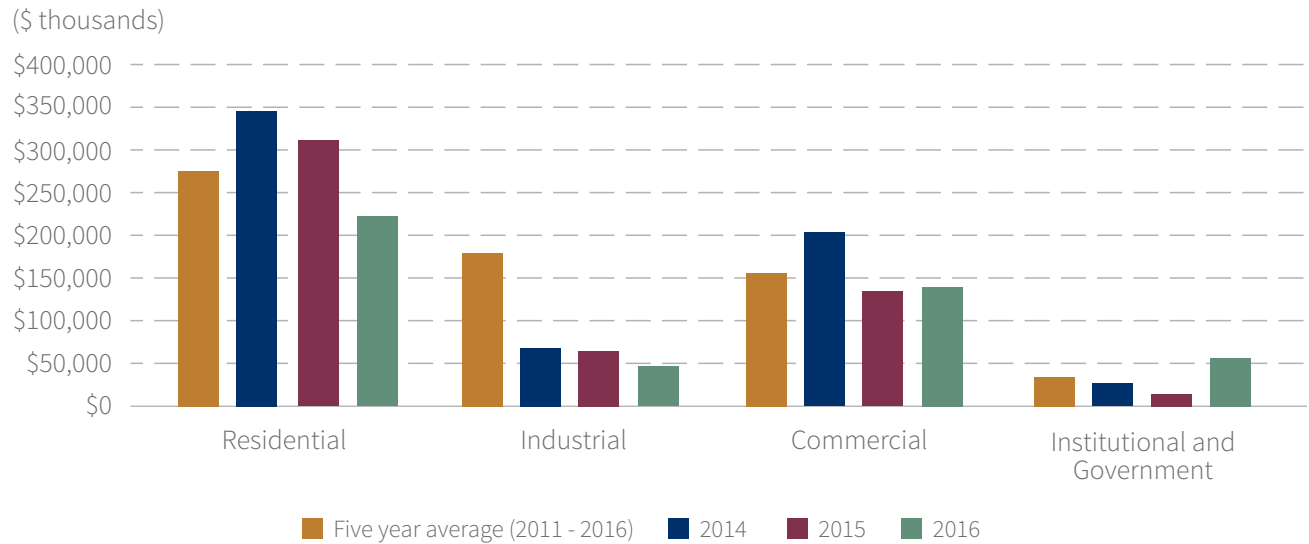


### Unemployment Rate

*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.*

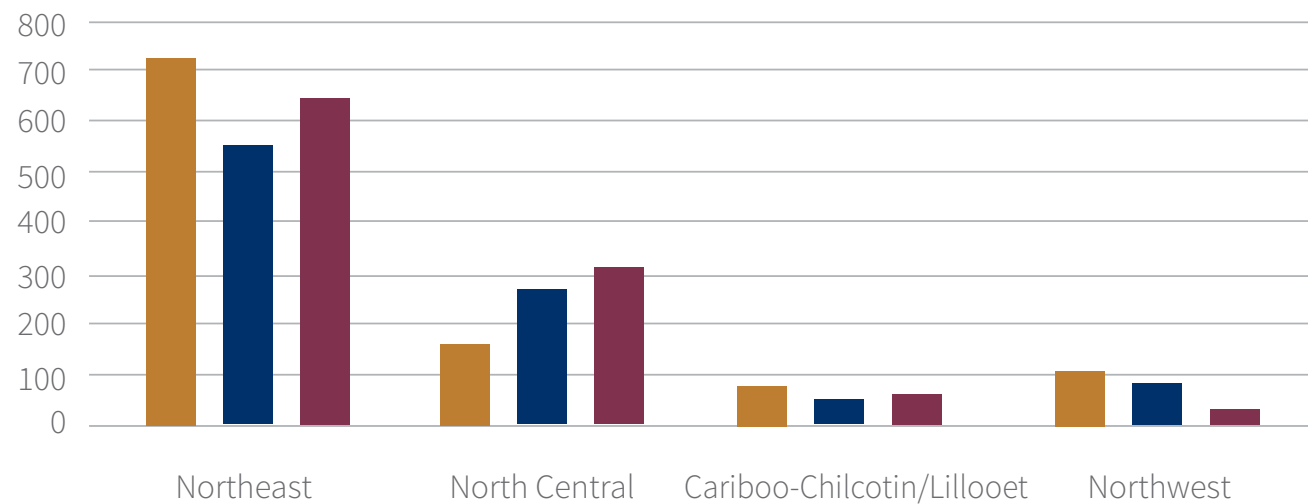
## Building Permits

### Northern B.C. Building Permit Values - by Type



(Source: Statistics Canada, Produced by BC Stats ([www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)))

### Housing Starts By Region



(Source: Canada Mortgage and Housing Corporation)



The value of building permits in northern B.C. has been declining since 2014 across all categories, a trend that has continued through the first quarter of 2017. The largest decline in residential building permits has been in the Northeast, while building permits in the Northwest and Cariboo-Chilcotin regions are consistent with five-year averages. Residential building permits in Prince George increased in 2016 but dropped below their five-year average in the first quarter of 2017.

Non-residential building permits are also below their five-year averages in most regions. In the Northeast, non-residential building permit values increased in 2016 and were also up in the first quarter of 2017. This is consistent with infrastructure investments being made in the region.

As with residential building permits, housing starts have been declining in most areas since 2014. These trends suggest that economic activity is not expected to increase significantly in the near term.

### 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 indicate construction intentions, while housing starts indicate construction activity.*

### BUILDING PERMITS & HOUSING STARTS

TREND



FORECAST



# Infrastructure Investment and Business Environment

## Major Active Projects

### Northern B.C. Major Active Projects

Project Type	Total Value (\$millions)
Energy	\$10,839
Transportation	\$787
Education	\$74
Recreation	\$21
<b>Total Infrastructure Investment</b>	<b>\$11,721</b>

(Source: BC Stats Major Projects Inventory, Q4 2016)

### Site C Dam

The Site C Dam is being constructed by B.C. 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.<sup>9</sup> Construction began in July 2015 and is expected to be completed by the end of 2024.<sup>10</sup> As of June 2017, over 2,600<sup>11</sup> individuals were employed in the construction of the dam, with a forecasted increase to 3,500 by 2019.<sup>12</sup> In August 2017, the new provincial government referred the Site C project to the B.C. Utilities Commission for review.<sup>13</sup> The review is expected to be completed by November 1, 2017. On December 11, 2017, the British Columbia government announced that the construction of the Site C hydroelectric dam would be completed.<sup>14</sup>

### Gas processing facility construction in the Northeast

As of June 2017, three gas processing facilities were under construction in the Peace River region.<sup>15</sup> The Sunrise, Tower and Townsend Gas Plants will expand the existing capacity to convert raw natural gas into 'pipeline quality' natural gas, that is ready for export.

<sup>9</sup> BC Stats Major Projects Inventory

<sup>10</sup> B.C. Hydro. <https://www.sitecproject.com/sites/default/files/Construction-Schedule-20161007.pdf>

<sup>11</sup> B.C. Hydro, Site C Clean Energy Project, "Employment Statistics (<https://www.sitecproject.com/>)

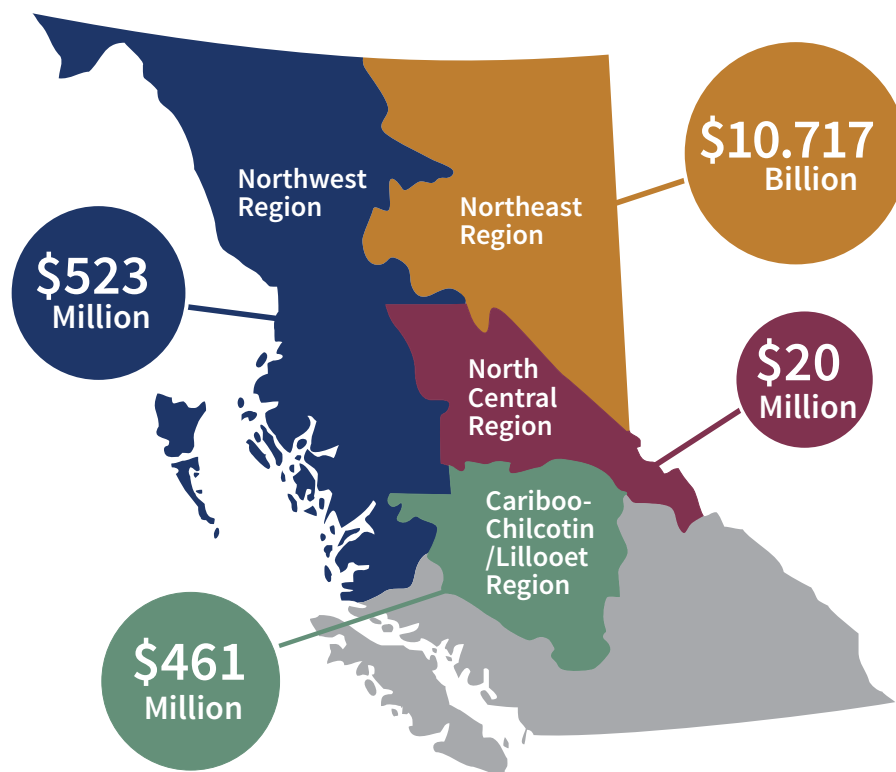
<sup>12</sup> "B.C. Election 2017: Christy Clark campaigns on jobs from Site C dam". Vancouver Sun. Apr 19, 2017.

<sup>13</sup> B.C. Government. "Province sends Site C project to BCUC for review" (<https://news.gov.bc.ca/releases/2017EMPR0018-001380>)

<sup>14</sup> B.C. Government. "Government will complete Site C construction, will not burden taxpayers or BC Hydro customers with previous government's debt" ([https://archive.news.gov.bc.ca/releases/news\\_releases\\_2017-2021/2017PREM0135-002039.htm](https://archive.news.gov.bc.ca/releases/news_releases_2017-2021/2017PREM0135-002039.htm))

<sup>15</sup> BC Stats Major Projects Inventory

## Northern B.C. Major Active Projects



## Transportation infrastructure construction in the Cariboo

Transportation infrastructure investments in northern B.C. include four road and bridge improvement projects and two port expansions. The Cariboo Connector on Highway 97 is a four-phase project that will widen Highway 97 to four lanes as well as replace bridges, add weigh facilities, and improve intersections along the route.<sup>16</sup> 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 2017, and Phase 3 is currently in the planning stage with no end-date set.<sup>17</sup>

## Education infrastructure projects underway in Northern B.C.

Construction of a new K-6 elementary school in Fort St. John began in February 2017, and is projected to be completed by Spring 2018.

Additional trades training capacity is being developed to support training for high demand occupations in northern B.C.'s resource sectors. In partnership with the Government of Canada, Northwest Community College in Terrace is expanding and refurbishing its trades training facilities to add enrolment capacity and improve education.<sup>20</sup> The programs that will

benefit from the project include carpentry, welding, automotive service, electrical and heavy mechanical trades.

In Dawson Creek, Northern Lights College is constructing a new trades training facility. The 3,995 square-metre facility is expected to be ready in early 2018.<sup>21</sup> In Prince George, the University of Northern British Columbia is building a Wood Innovation Research Lab that will accelerate innovation in timber engineering and development of wood products.<sup>22</sup>

The Fraserview Container Terminal Expansion at the Port of Prince Rupert will add a second deep-water berth, three additional cranes and additional land for the container yard.<sup>18</sup> Container traffic at Fraserview has increased in the past seven years and this expansion is intended to allow the terminal to meet growing international demand.<sup>19</sup>

20 "18.4-million investment will create jobs, expand research and foster innovation." Northwest Community College. Sep 23, 2016.

21 "Northern Lights College breaks ground on new trades training facility in Dawson Creek." Energy City. Oct 26, 2016.

22 "Canada and British Columbia Invest in UNBC Wood Innovation Research Lab." University of Northern British Columbia. Feb 1, 2017.

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

17 BC Ministry of Transportation and Infrastructure.

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

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



# 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 other 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 and professional, scientific and technical services.

Please note that while the manufacturing industry is part of northern B.C.'s economic base, the only data available is related to wood product manufacturing. All other manufacturing activities in northern B.C. are too small to be reporting separately or reliably. Consequently, we have not included a section on manufacturing.

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







## 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 percent of the total grain and oilseed in B.C.<sup>23</sup> 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.<sup>24</sup> The Northwest produces cattle, hogs, sheep and poultry and specialty products such as ostrich.<sup>25</sup>

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 percent) 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.<sup>26</sup>

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 ?

*This area produces over 80 percent of the total grain and oilseed in B.C.*

### 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, CANSIM Table 004-0200)

<sup>23</sup> Ministry of Agriculture (<http://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/animals-and-crops/crop-production/grains-oilseeds-pulse-crops>)

<sup>24</sup> Ministry of Agriculture, Agricultural Regions

<sup>25</sup> Ministry of Agriculture

<sup>26</sup> Supply Chain Connector

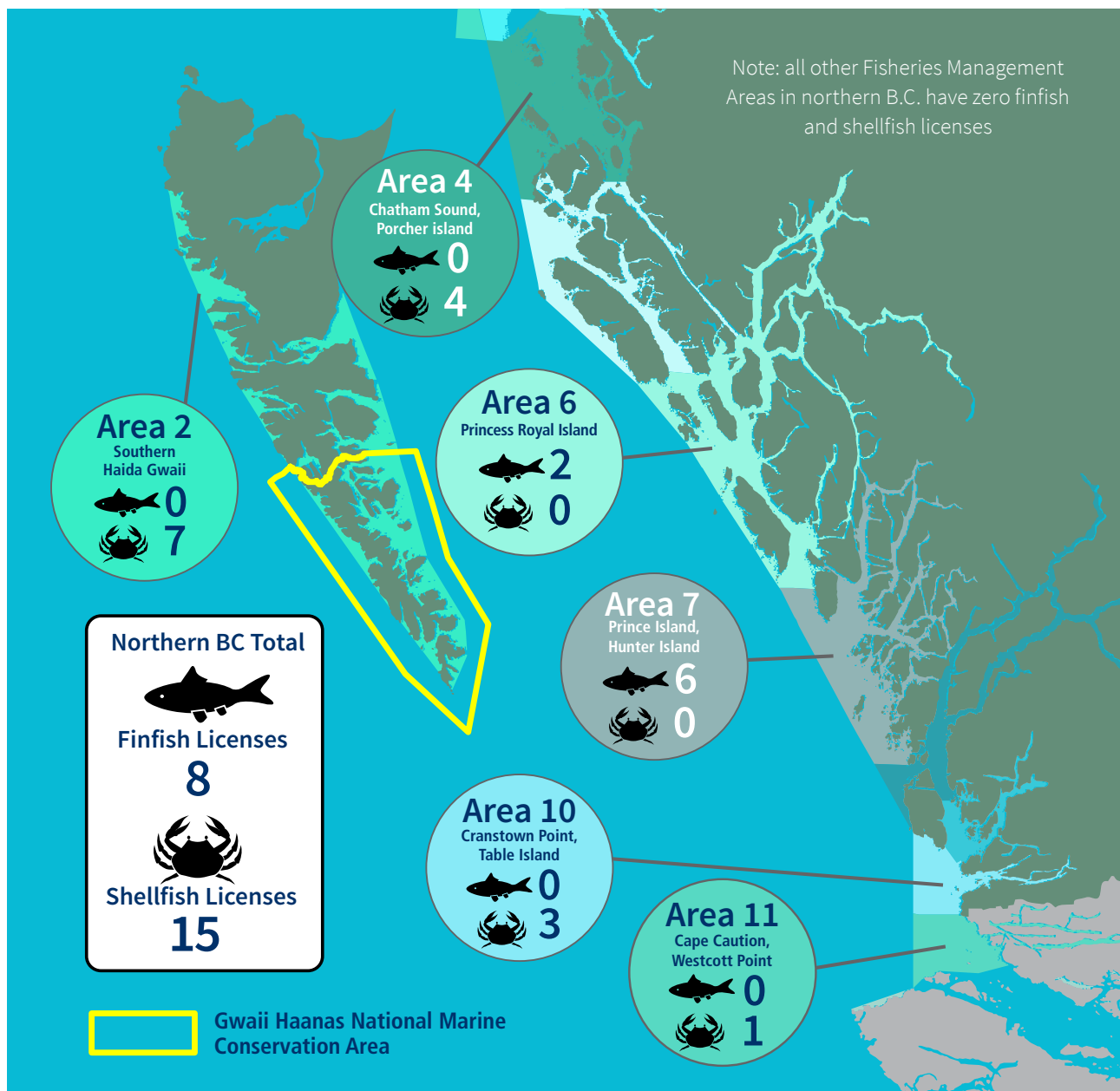




## Aquaculture

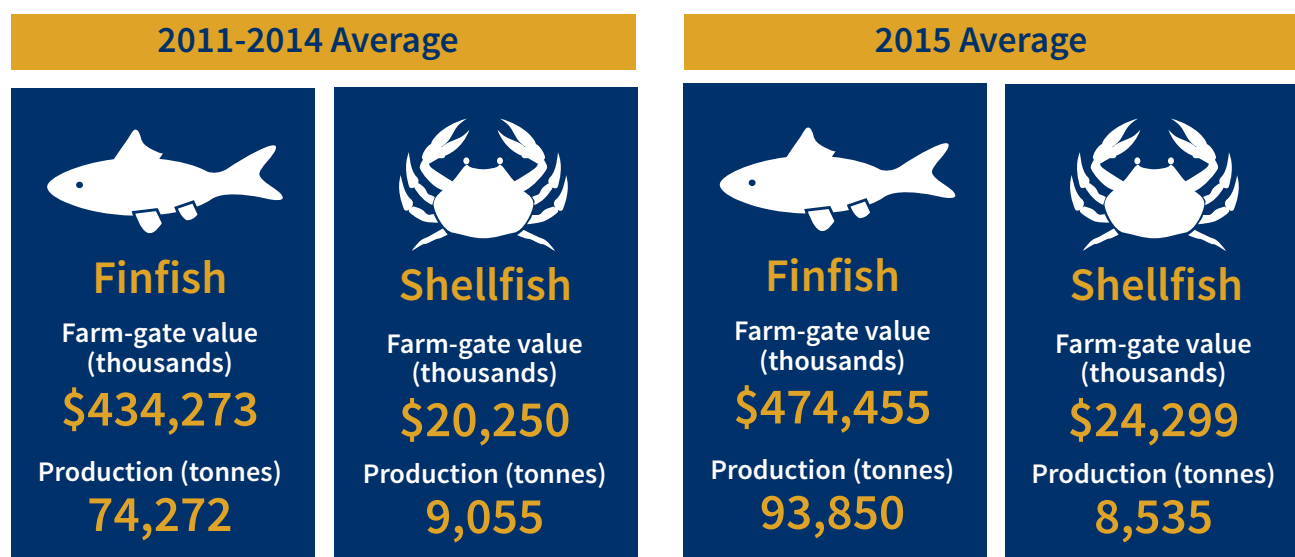
### Shellfish and Finfish Licenses – Northern B.C.

Northern B.C. accounts for a relatively small share of B.C.'s aquaculture production. Approximately three percent of the province's shellfish licenses and seven percent of the province's finfish licenses are for areas in northern B.C.



(Source: Department of Fisheries and Oceans, February 2, 2017)

## B.C. Aquaculture Production



(Source: Department of Fisheries and Oceans)

Most aquaculture in northern B.C. takes place in the North Coast region where there are four aquaculture businesses and approximately half of the region's shellfish licenses.<sup>27</sup> Marine Harvest Canada Inc., the largest Atlantic salmon fish farming company in B.C., operates fish farms in the region that produce Atlantic salmon, sablefish and Chinook salmon. According to a 2014 economic impact study conducted for the B.C. Salmon Farmers Association approximately five percent of the annual economic impacts of salmon farming in B.C. are attributable to the industry in northern B.C.<sup>28</sup>

*Five percent of the annual economic impacts of salmon farming in B.C. are attributable to the industry in northern B.C.*

Shellfish producers in northern B.C. produce clams, mussels, oysters and scallops.<sup>29</sup> In 2015, the latest period for which data were available, B.C.'s aquaculture sector saw significant increases in both the value and quantity of finfish harvested and sold, while shellfish production was relatively stable.<sup>30</sup> Export data suggest that finfish production rose in 2016, while shellfish production was stable. Shellfish production is expected to decline in 2017 due to a norovirus outbreak that led to closures of oyster farms on the south coast of B.C. between January and April 2017. The norovirus outbreak did not affect oyster farms in northern B.C., so production in this area is expected to remain stable.

## SHELLFISH

TREND



FORECAST



## FINFISH

TREND



FORECAST



26 BC Stats. Business Locations.

27 B.C. Salmon Farmers Association, "Regional Economic Impacts", available here: [https://BC.salmonfarmers.ca/wp-content/uploads/2015/01/1\\_BC.SFA\\_2014\\_EconImpactStudy.pdf](https://BC.salmonfarmers.ca/wp-content/uploads/2015/01/1_BC.SFA_2014_EconImpactStudy.pdf)

29 Department of Fisheries and Oceans.

30 Statistics Canada Catalogue no. 23-222-X.





## Energy

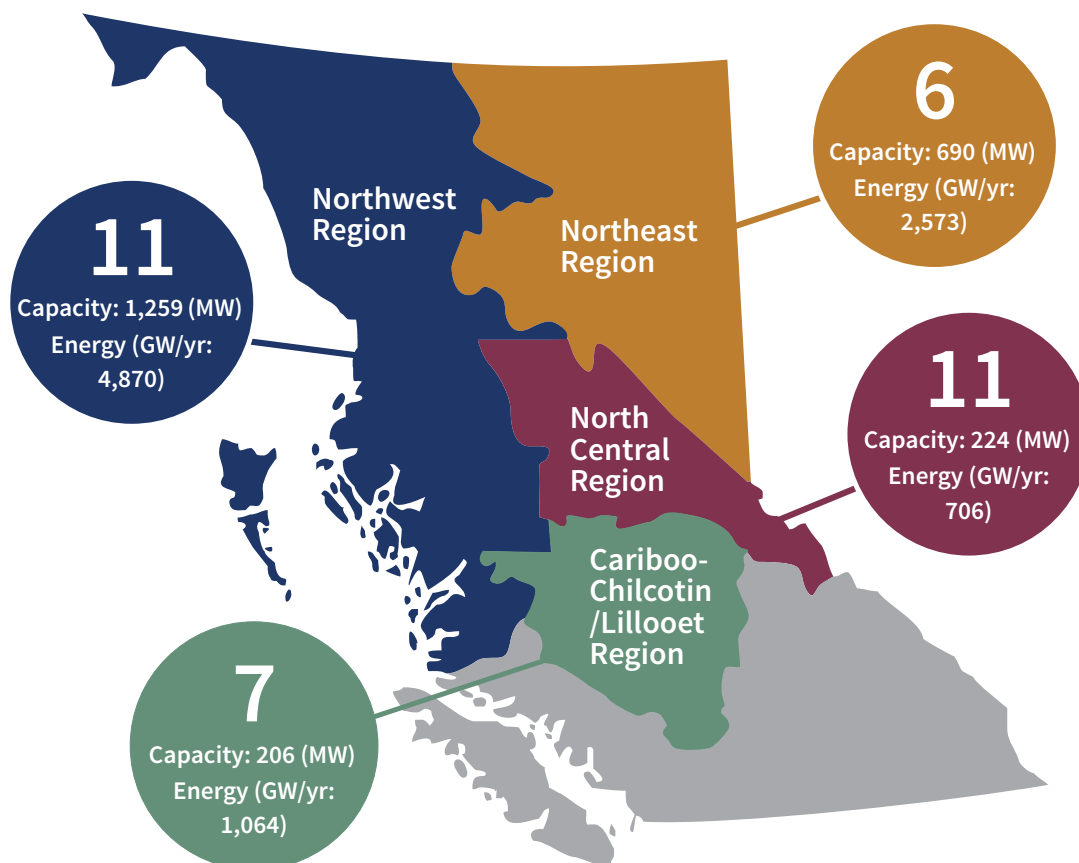
### Employment in the Utilities Sector

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

Please note data on employment were only available at the provincially defined economic development region level. The City of 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)

### Independent Power Producers (IPPs)

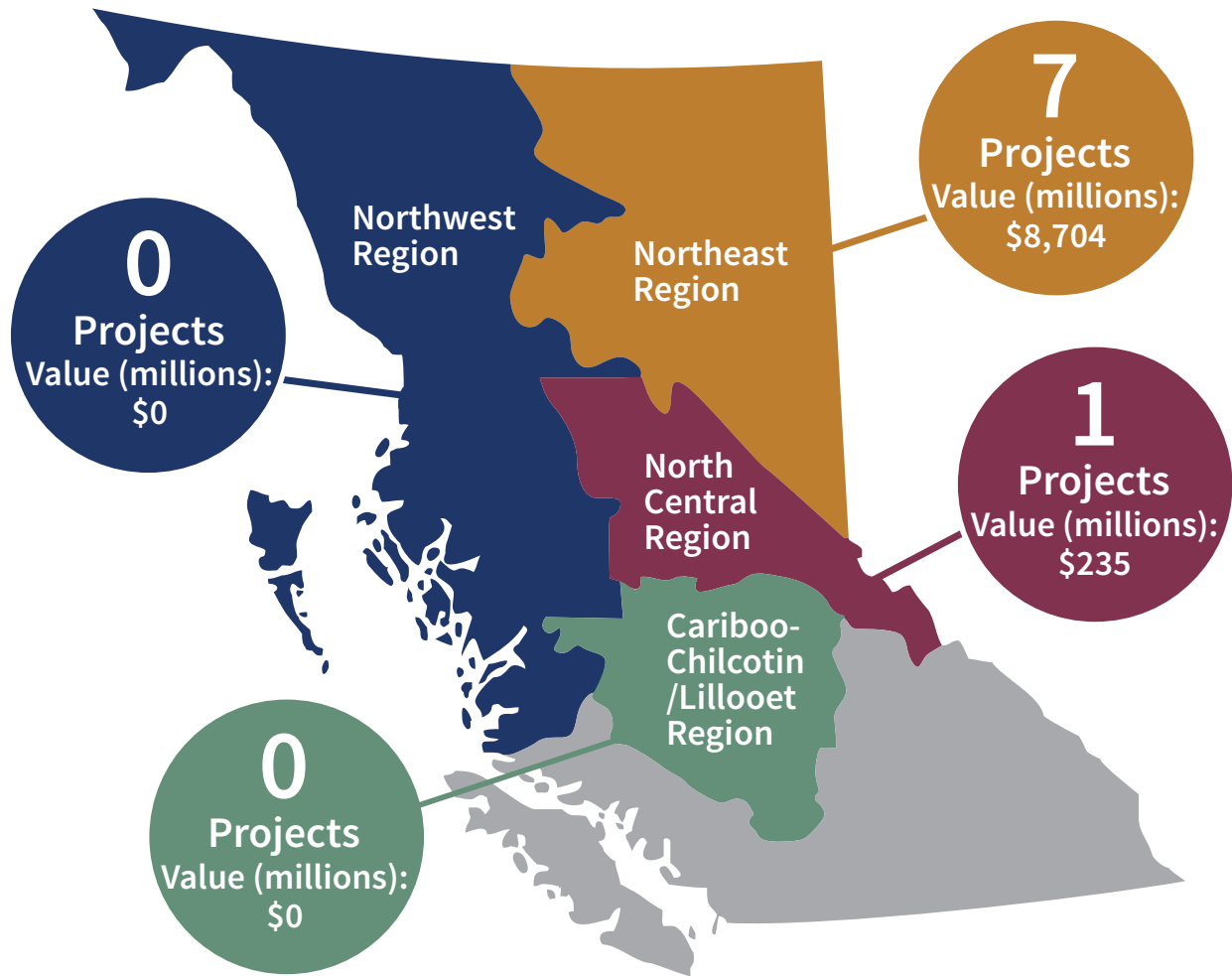


**Northern B.C. Total: 35 (IPPs) Total Capacity: 2,379 (MW)**  
**Total Energy: 9,213 (GWh/yr)**

(Source: B.C. Hydro)



Major Utility Investments in Northern B.C.



Northern B.C. Total: 8 Projects  
Value (millions): \$8,939

(Source: BC Stats Major Projects Inventory)

*B.C. Hydro operates two hydroelectric facilities in the Northeast, which together represent approximately 28 percent of B.C. Hydro's generating capacity.*



The energy sector in northern B.C. includes large hydroelectric dams, biomass facilities and wind farms. B.C. Hydro operates two hydroelectric facilities in the Northeast, which together represent approximately 28 percent of B.C. Hydro's generating capacity.<sup>31</sup> In addition to B.C. Hydro's facilities, there are 35 independent power producers (IPPs) located in northern B.C. This includes eight biomass plants, four wind farms and 23 hydroelectric generating facilities.<sup>32</sup>

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.<sup>33</sup> The Site C Dam, currently under construction in the Northeast, is expected to reduce B.C. Hydro's need to purchase electricity from IPPs when it comes into operation in 2024.

### Energy projects under construction in northern B.C. as of June 2017 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.<sup>34</sup>
- The Moose Lake Wind Project, near Tumbler Ridge, is expected to be completed by the summer of 2017. It is projected to produce 15 MW of power once in operation.<sup>35</sup>
- The Fort St. James Green Energy project is a biomass facility that will convert 307,000 tonnes per year of sawmill and logging waste, and trees killed by the mountain pine beetle into electricity.<sup>36</sup>

In addition, the Meikle Wind Energy project, located near Tumbler Ridge, was completed in February 2017. The project increased the installed wind power capacity in B.C. by 37 percent.<sup>37</sup> According to Meikle Wind, the project generates enough energy to meet the annual needs of 54,000 homes.<sup>38</sup>

### Investments in Biomass Energy

*A number of significant investments have been made in biomass energy generation in northern B.C. These facilities convert wood waste from the forest sector and trees killed by the mountain pine beetle into energy.*

*B.C. currently has over 600 MW of biomass capacity and the potential for over 2,300 MW of capacity. However, the future of biomass energy in the province is uncertain due to competition for wood waste from other higher value applications.*

Source: Clean Energy B.C. Fact Sheet Biomass and B.C. Hydro. "Wood Based Biomass in British Columbia and its Potential for New Electricity Generation."

31 [https://www.BC.hydro.com/energy-in-BC/our\\_system/generation/our\\_facilities/peace.html](https://www.BC.hydro.com/energy-in-BC/our_system/generation/our_facilities/peace.html)

32 B.C. Hydro. Independent Power Producers (IPPs) currently supplying power to B.C. Hydro

33 BC Stats Major Projects Inventory

34 BC Stats Major Projects Inventory.

35 "Moose Lake Wind Project gets go ahead". Tumbler Ridge News. Jul 21, 2016.

36 <http://www.veolianorthamerica.com/en/fort-st-james-british-columbia-0>

37 "Pattern Development Completes Largest Wind Power Project in British Columbia". PR Newswire. Feb 27, 2017.

38 <http://meiklewind.com/>

## ENERGY TREND

TREND



FORECAST



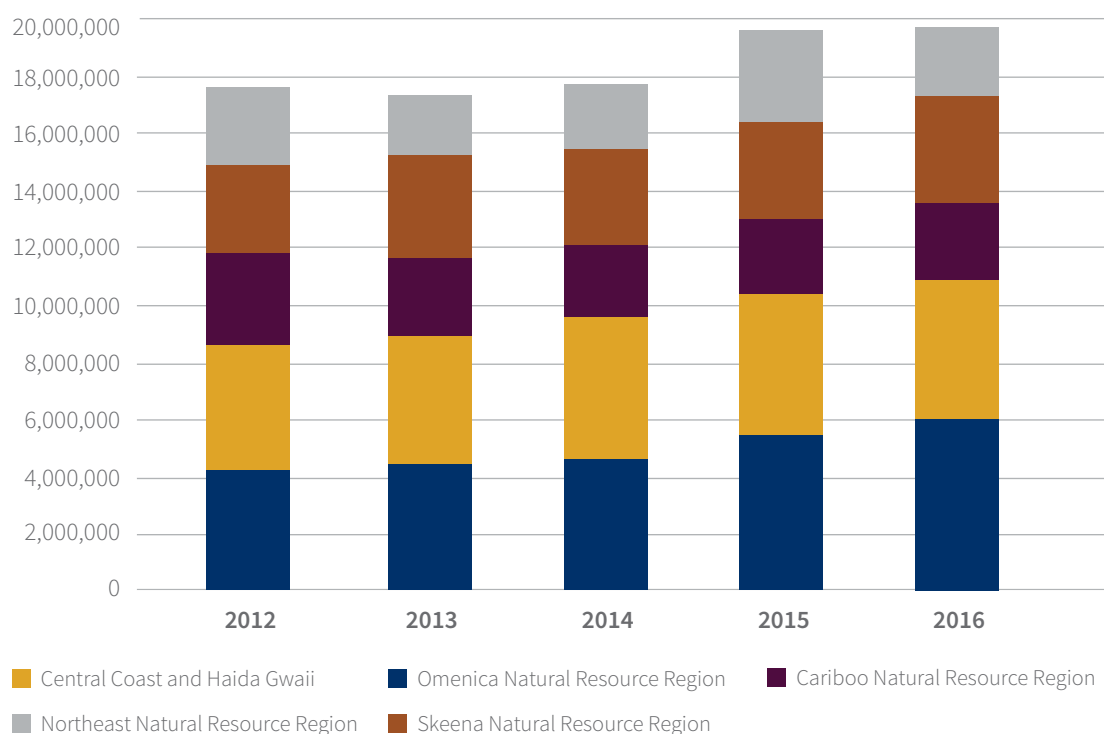
























## Forestry

### Harvest Volumes by Region (cubic metres)



(Source: Ministry of Forests, Lands and Natural Resources Harvest Billing System)

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

	2011	2012	2013	2014	2015	2016
<b>Wood Pellets</b>	 16,618	 0	 1,107	 511,742	 734,598	 896,257
<b>Logs</b>	 510,654	 324,270	 417,012	 351,861	 434,955	 454,461
<b>Containerized Shipments Lumber, Pulp and paper, etc.</b>	 629,900	 629,900	 689,073	 834,750	 773,580	 700,914

(Source: Prince Rupert Port Authority)

## Timber Processing Facilities – Northern B.C.

Facilities			Capacity		
	2011	2015	2011	2015	Share of B.C. Capacity, 2015
<b>Lumber Mills</b>	48	50	7.8 million board feet	7.0 million board feet	54%
<b>Pulp and Paper Mills</b>	10	10	2.7 million tonnes	2.9 million tonnes	39%
<b>Pellet Mills</b>	8	9	1.7 million tonnes	1.6 million tonnes	77%
<b>Veneer, Plywood &amp; Panel Mills</b>	10	8	3.7 million sq ft	2.5 million sq ft	47%
<b>Other</b>	16	16	Not available	Not available	

(Source: Ministry of Forests, Lands and Natural Resources)

Forestry remains an integral part of the economy in northern B.C., accounting for almost half of employment in the goods-producing sector.<sup>39</sup> Since the early 2000s, the industry has faced a number of challenges, including the mountain pine beetle outbreak and the collapse of the U.S. housing industry. These challenges have led to production declines and job losses across the region.

Since 2011, production levels in the forest industry have been rising due to increases in demand from China for pulp, logs and lumber, and more recently increased demand from the U.S. due to significant improvements in the U.S. housing market. Employment has grown modestly since 2012 in both harvesting and wood product manufacturing in northern B.C. The strongest growth has been in the Cariboo-Chilcotin/Lillooet region. In the Northwest, wood product manufacturing employment

has increased, while forestry and logging employment has been relatively stable. This likely reflects the significant loss of timber supply that occurred in the region due to the mountain pine beetle outbreak and reductions in capacity at the mills in the region.<sup>40</sup>

Improvements in the forest industry are also reflected in harvest volumes, which grew modestly between 2012 and 2016<sup>41</sup>. Recently, the Government of B.C. announced reductions in the Annual Allowable Cuts (AAC) in the Prince George<sup>42</sup> and Quesnel (42) areas. These AACs, and likely others, are a result of the end of the 'salvage era' to deal with mountain pine beetle impacted timber and will result in further reductions in timber supply and possibly mill rationalization.

Since 2012, annual exports of wood pellets from B.C. to Asia have grown by nearly 200

# FOREST PRODUCTION

## TREND



## FORECAST ?

<sup>39</sup> Statistics Canada. Labour Force Survey. Custom Tabulation.

<sup>40</sup> According to projections from the Ministry of Forests, Lands and Natural Resource Operations approximately 60 percent of the pine timber harvesting land base in Northern B.C. was killed by mountain pine beetle between 1999 and 2014.

<sup>41</sup> Government of B.C. "New cut level set for Prince George Timber Supply Area" (<https://news.gov.bc.ca/releases/2017FLNR0325-001717>)

<sup>42</sup> Cariboo Politics. "AAC set for Quesnel TSA" (<https://cariboopolitics.blogspot.ca/2017/06/aac-set-for-quesnel-tsa.html>)

percent from 108,540 tonnes to 321,959 tonnes annually.<sup>43</sup> The growth has been supported by the 2013 construction of the Westview terminal at the Port of Prince Rupert by Pinnacle Renewable Energy.<sup>44</sup>

Capital expenditures in the forest sector in B.C. have been growing since 2011. In 2016, investments in forestry and logging and wood product manufacturing were roughly twice the average annual level of investment that occurred between 2007 and 2011.<sup>45</sup> In northern B.C. the most significant investments have been in the wood product manufacturing sector, where a number of biomass energy plants have been constructed to convert wood waste and pine beetle damaged wood into energy.<sup>46</sup>

There is a great deal of uncertainty about the outlook for forestry in northern B.C. Clouding the near-term outlook is the expiry of the softwood lumber agreement

with the U.S. The 12-month grace period following the expiry of the agreement ended in October 2016 and in April 2017 the U.S. Department of Commerce announced that it would be imposing countervailing duties on softwood lumber imports from Canada. This was followed by anti-dumping duties being announced in June 2017. In the first six months of 2017 softwood lumber exports from B.C. to the U.S. declined by approximately 15 percent to levels similar to those between 2013 and 2015.<sup>47</sup> The year over year declines likely reflected expectations that duties would be imposed.

Production levels experienced a similar pattern. After increasing at an average annual rate of 2.3 percent between 2012 and 2016, softwood lumber production fell by approximately 3 percent in the first quarter of 2017.<sup>48</sup> Further production declines are expected through 2017.

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

## Forest Sector Employment – Northern B.C. (2016)

	Wood Product Manufacturing	Pulp and Paper Manufacturing	Forest and Logging
<b>Cariboo</b>	5,600	2,500	4,100
<b>Northeast</b>	<1,500	<1,500	<1,500
<b>North-Coast Nechako</b>	2,200	<1,500	1,500

(Source: Statistics Canada Labour Force Survey)

Please note data on employment were only available at the development region level. The City of Prince George is included in the Cariboo Development Region. Data for the North Coast and Nechako regions are only available as combined data. 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. Please note data on employment were only available at the development region level. The City of 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.

43 Canada International Merchandise Trade Database. June, 2017.

44 Biomass Magazine. 2015

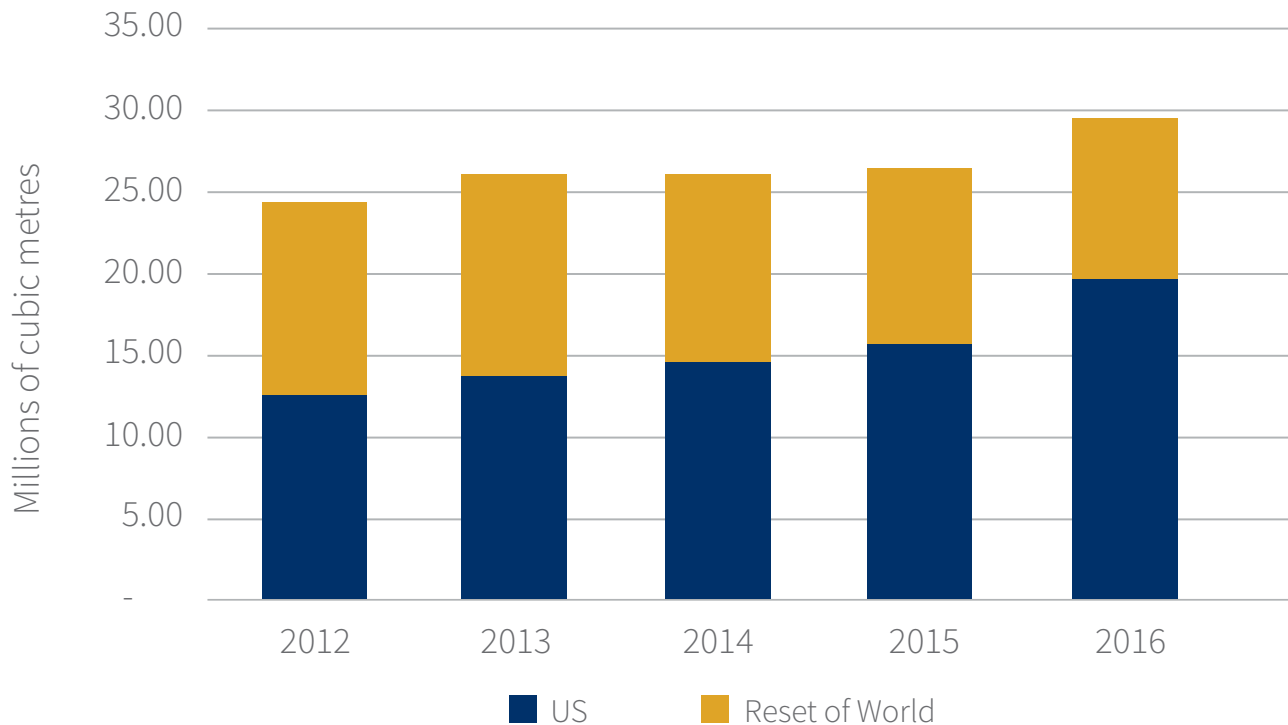
45 Statistics Canada, CANSIM Table 029-0045 Capital and repair expenditures, non-residential tangible assets, by North American Industry Classification System (NAICS), Canada, provinces and territories, annual

46 BC Stats. B.C. Major Projects Inventory.

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

48 Statistics Canada CANSIM Table 303-0064

## BC Softwood Lumber Exports by Market



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

Adding to longer- term uncertainty for forestry in northern B.C. is the falling timber supply. Between 2015 and June 2017 allowable annual cuts (AACs) were declining in a number of areas. These reductions reflected a return to historical harvest levels after past increases aimed at salvaging value from pine stands killed by the mountain pine beetle. In most areas the harvesting levels, before the reductions, were between 50 percent and 70 percent of the AAC.<sup>49</sup> While those cuts were not expected to have significant impacts on fibre supply, reductions in the AAC for the Prince George Timber Supply Area (TSA) are expected in the fall of 2017 and these have the potential to affect fibre

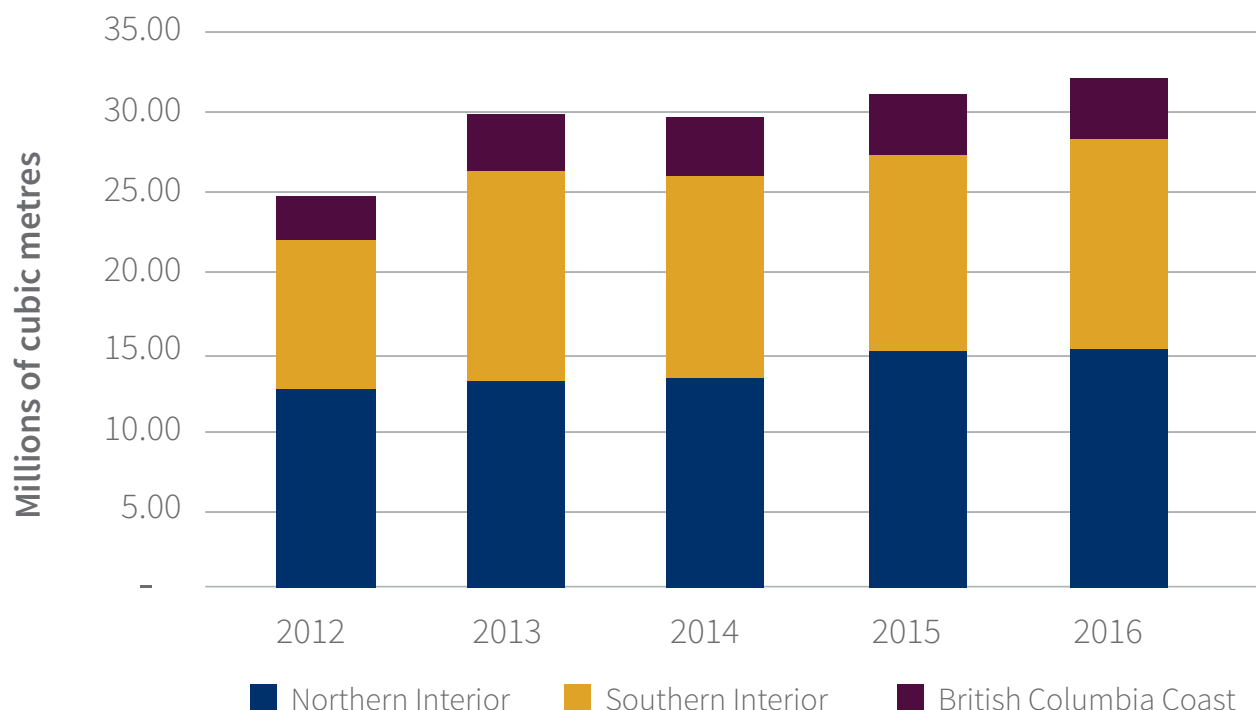
supply. In addition, wildfires in the summer of 2017 may lead to further adjustments in AACs.

Changes to the AACs that lead to reductions in fibre supply would be expected to negatively affect primary manufacturing and harvesting activity in the region.

Please note data on employment were only available at the development region level. The City of 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.

<sup>49</sup> Ministry of Forests, Lands and Natural Resources. Forest Analysis.

## B.C. Softwood Lumber Production by Region



Source: Statistics Canada CANSIM Table 303-0064

### Softwood Lumber Agreement

*The outcome of negotiations on a softwood lumber trade agreement with the U.S. has important implications for the forestry sector in northern B.C. On April 24, 2017, the U.S. Department of Commerce announced preliminary countervailing duties on Canadian softwood lumber ranging from 3 percent to 24 percent. This was followed on June 26, 2017, with preliminary anti-dumping duties of between 4 percent and 8 percent being imposed on Canadian softwood lumber. As of June 2017 the combined preliminary duty rates range from 9 percent to 31 percent. Final combined rates are expected to be set in November 2017.*

*Canada will have the chance to challenge these tariffs in 2018, but until then Canadian lumber producers will be obligated to pay the tariff on softwood lumber shipped to the U.S.*

Source: Global Affairs Canada available here: ([http://www.international.gc.ca/controls-controles/softwood-bois\\_oeuvre/index.aspx?lang=eng](http://www.international.gc.ca/controls-controles/softwood-bois_oeuvre/index.aspx?lang=eng))

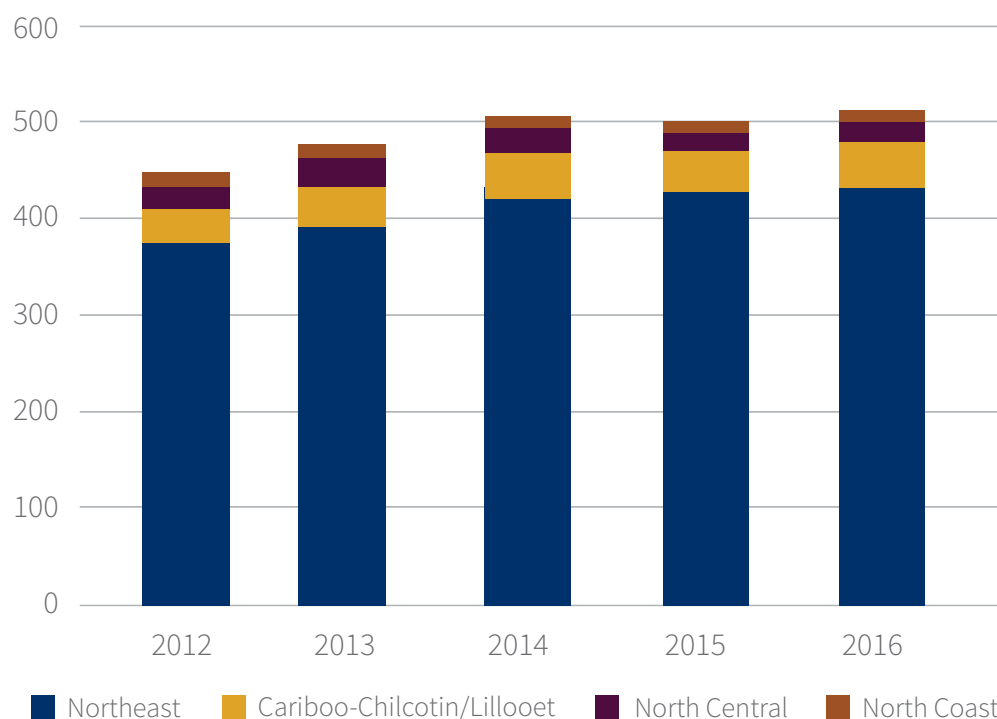




## Mining, Oil and Gas

### Businesses in the Mining, Oil and Gas Sector

Northern B.C. - by Region



(Source: BC Stats Business Locations)

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

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

(Source: Statistics Canada Labour Force Survey)

Mining, and oil and gas are important components of northern B.C.'s economy. Declines in commodity prices and downturns in the oil sector between 2013 and 2015 had a significant impact on mining and oil and gas activity in northern B.C. Operations were suspended at the Endako Mine and Huckleberry Mine in the Northwest and at two coal mines in the Northeast. Since then there has been some improvement in commodity prices and there have been modest increases in investment in the oil and gas sector.

### Mining

Metallurgical coal is the most important mining commodity produced in northern B.C. Increases in metallurgical coal prices in 2016 led to the re-opening of two coal mines in the Northeast near Tumbler Ridge. The Willow Creek mine near Chetwynd was expected to re-open in 2017; however, due to market volatility its reopening has been delayed.<sup>50</sup>

Two new mines have started production in 2017. The Brucejack Gold Mine near Iskut began commercial production in July 2017.<sup>51</sup> It has an estimated lifespan of 18-years and is expected to employ roughly 500 workers.<sup>52</sup> The Silvertip Silver Mine near Watson Lake also began the initial stage of production.<sup>53</sup> It is expected to employ between 150 and 200 workers at full production.<sup>54</sup>

**MINING**

**TREND**



**FORECAST**



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

REGION	Oil & Gas	
	Number of Projects	Value (\$millions)
Northeast	5	\$1,900
Northwest	0	\$0
North Central	0	\$0
Cariboo-Chilcotin/Lillooet	0	\$0
<b>TOTAL</b>	<b>5</b>	<b>\$1,900</b>

Source: BC Stats, Major Projects Inventory, Q4 2016

50 The Mirror, "Conuma told to stop shilling coal from Wolverine six days from finishing the job", July 20, 2017 (<http://www.dawsoncreekmirror.ca/regional-news/prrd/conuma-told-to-stop-shipping-coal-from-wolverine-six-days-from-finishing-job-1.21266548>)

51 Northern Miner, "Pretium achieves commercial production at Brucejack." July 10, 2017

52 Business in Vancouver, "Brucejack mine sprints into operation." May 2, 2017

53 BC Stats, Major Projects Inventory and "Maverix Metals Acquires Silvertip Mine Royalty from Silvercorp Metals" (<https://www.juniorminingnetwork.com/junior-miner-news/press-releases/1975-tsx-venture/mmx/31034-maverix-metals-acquires-silvertip-mine-royalty-from-silvercorp-metals.html>)

54 BC Government, "New Silvertip Mine in Northern B.C. Set to Start Construction" (<https://news.gov.bc.ca/stories/new-silvertip-mine-in-northern-bc-set-to-start-construction>)



## Oil and Gas

Oil and gas exploration and development activity is predominantly focused in the Northeast region and there are currently five oil and gas projects under development in the area. Three of the projects are new gas processing plants that will process gas from the Montney basin near Fort St. John and Dawson Creek. The other projects are upgrades to existing facilities.

In January 2017, AltaGas announced that it would proceed with the construction of a propane export terminal on Ridley Island near Prince Rupert.<sup>55</sup> Construction is expected to begin in 2017 with completion expected by 2019. Once operational, the facility will employ between 40 and 50 people. Propane will be brought to the terminal by rail from processing facilities in the Northeast and Alberta.

There are also multiple proposed LNG facilities in Kitimat. If any proceed they would have a significant impact on northern B.C.'s economy. Final investment decisions on the facilities have been delayed indefinitely due to poor market conditions.<sup>56</sup>

**OIL & GAS**

**TREND**



**FORECAST ?**

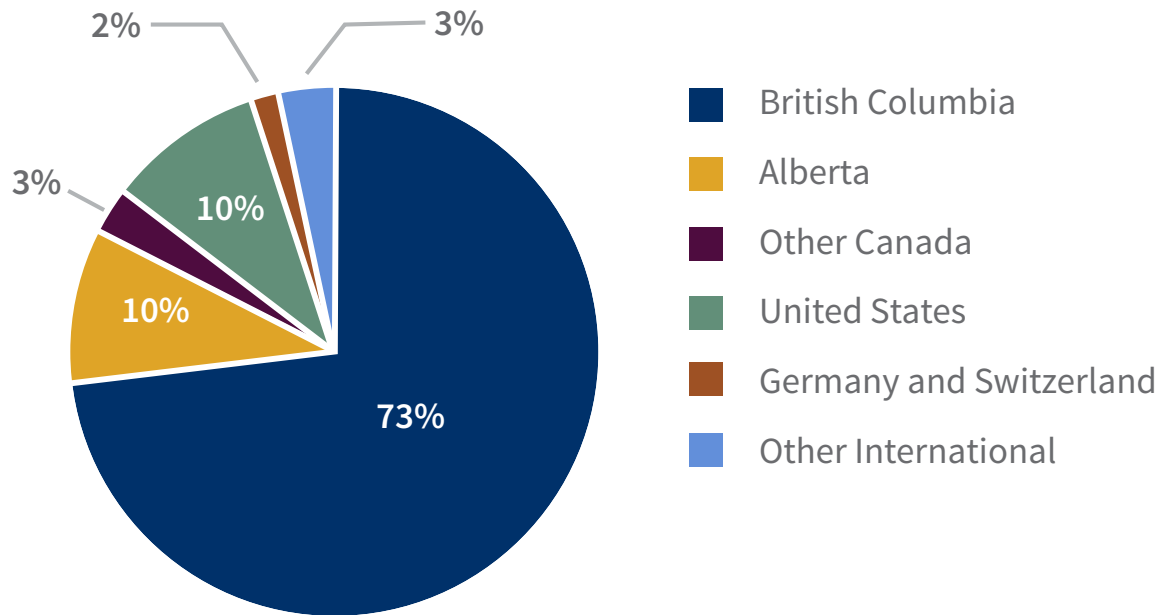
<sup>58</sup> AltaGas. <https://www.altagas.ca/our-infrastructure/projects/ridley-island-propane-export-terminal>

<sup>56</sup> CBC News, "Global Industry Challenges Delay LNG Canada's Kitimat Project", July 12, 2016 (available here: <http://www.CBC.ca/news/canada/british-columbia/lng-canada-kitimat-delays-1.3674798>)

# 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 are available measure passenger traffic at airports, ferry passenger volumes, cruise ship passengers and travel parties to visitor centres. These indicators suggest that tourism in northern B.C. has experienced modest growth between 2014 and 2016. This is consistent with overall trends in tourism in B.C. and declines in the value of the Canadian dollar over that period.

The outlook for tourism continues to be positive due to the weakness in the Canadian dollar 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.

**TOURISM**

**TREND**



**FORECAST**

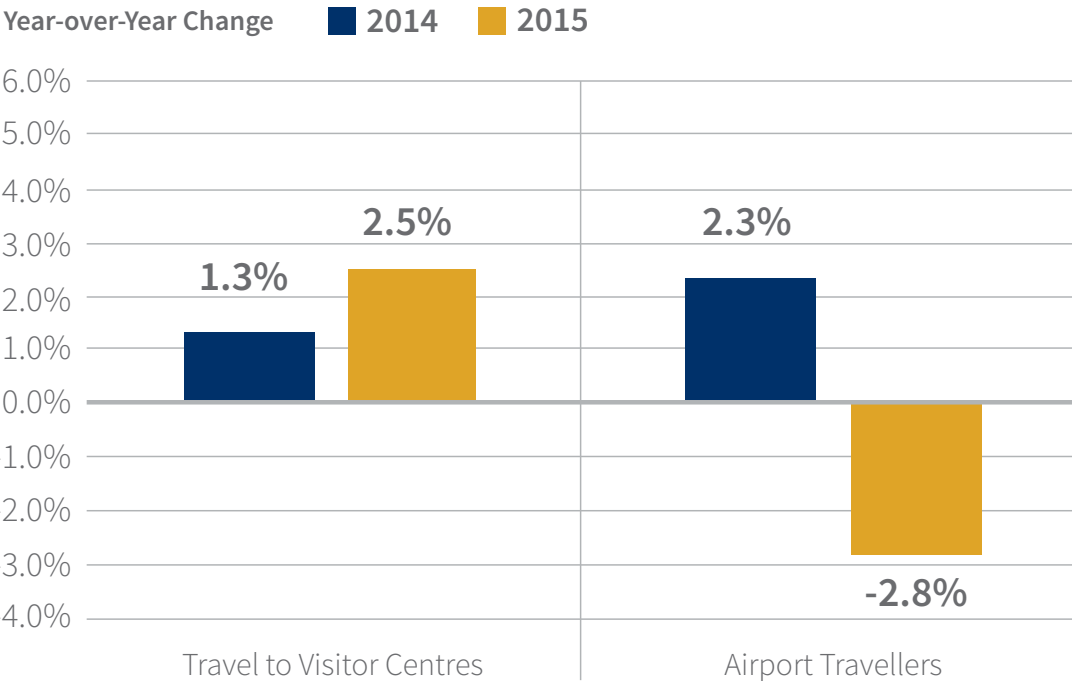








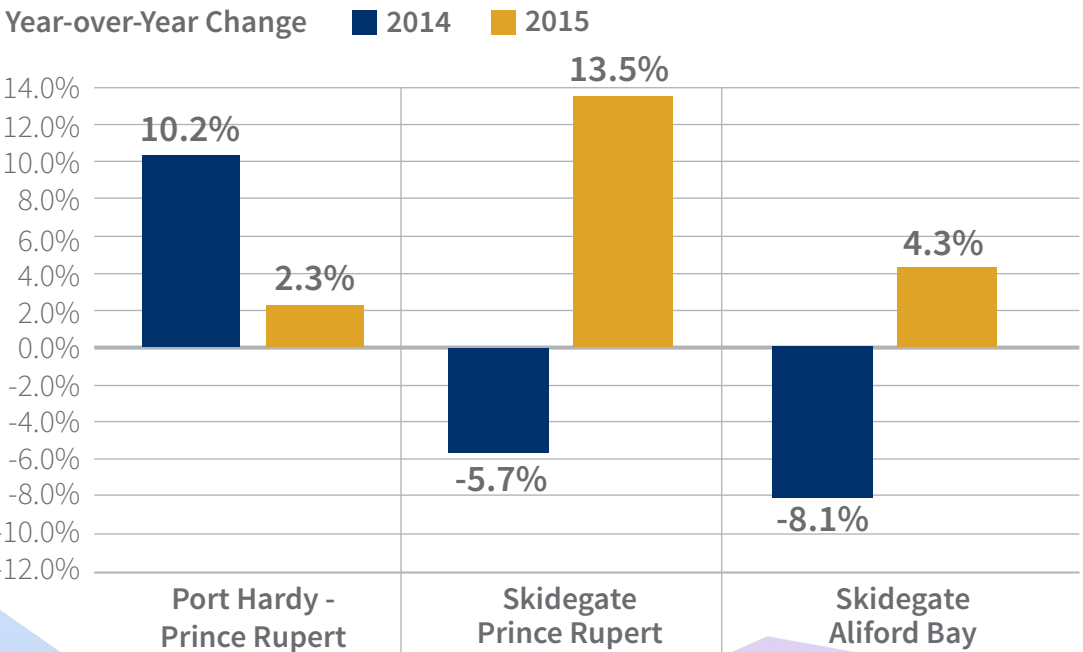
Visitor Indicators - Visitor Centres and Airports - Northern B.C.



(Source: Destination B.C. Tourism Indicators)

*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.*

Visitor Indicators - Ferry Traffic - Northern B.C.



(Source: B.C. Ferries)

# Regional Analysis: NORTHERN B.C.



# Regional Analysis

## Population and Labour Force

Population growth in northern B.C. is linked closely to resource development. Between 2011 and 2014 the population grew by approximately one percent. This growth was concentrated in the Northwest and Northeast regions where major construction projects were being undertaken, and where oil and gas exploration was underway in anticipation of investments being made in LNG export facilities. Since 2014 population levels in most regions have fallen to levels slightly below those in 2011.

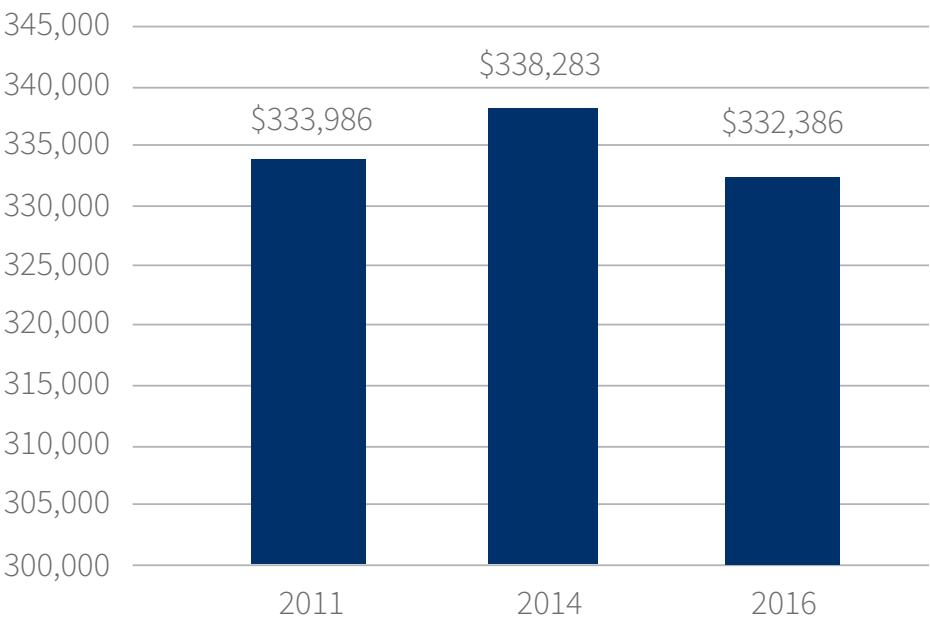
International immigration is not a significant factor in population growth in northern B.C. and most migration, both to and from the region, is people moving within the province.

The population of northern B.C. is relatively younger than the population of B.C. overall. The difference is largely due to a higher proportion of the population in northern B.C. being under 15 years of age, with a lower proportion being 65 years of age or older. However, the population in northern B.C. is aging. Between 2011 and 2016 the proportion of the population aged 15 to 64 declined by approximately two percentage points, while the proportion of the population 65 and older increased by approximately three percentage points.

### 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 (2011-2016)



### NORTHERN BC POPULATION

TREND



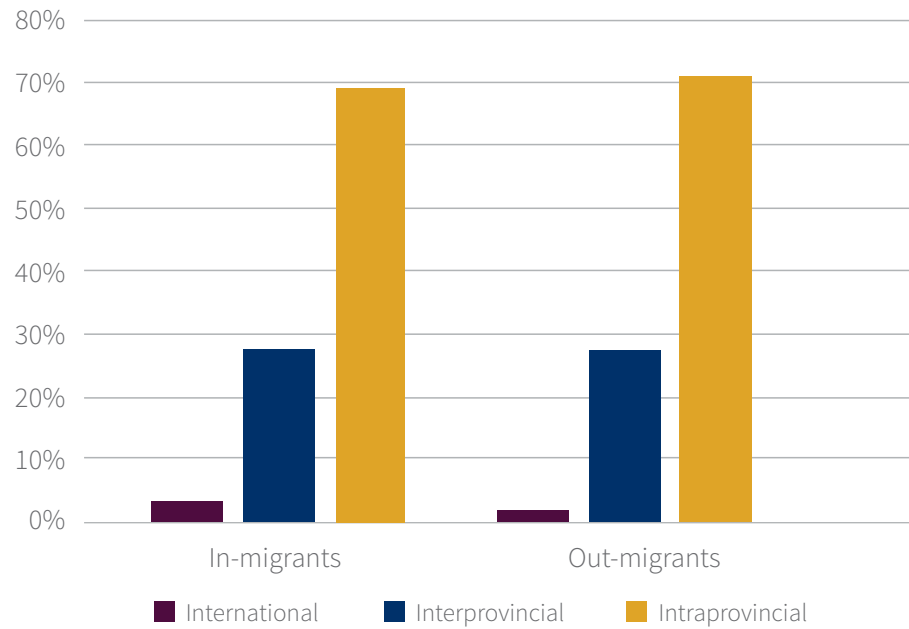
FORECAST



Source: BC Stats, Sub-Provincial Population Estimates

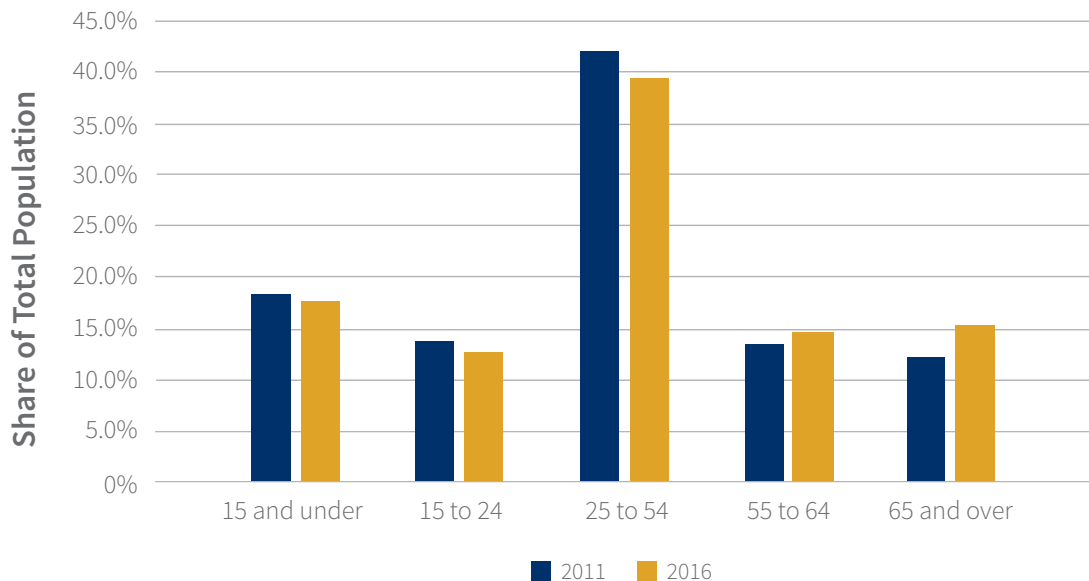


### Average Share of Annual Migration by Source/Destination (2010/11 to 2015/2016)



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

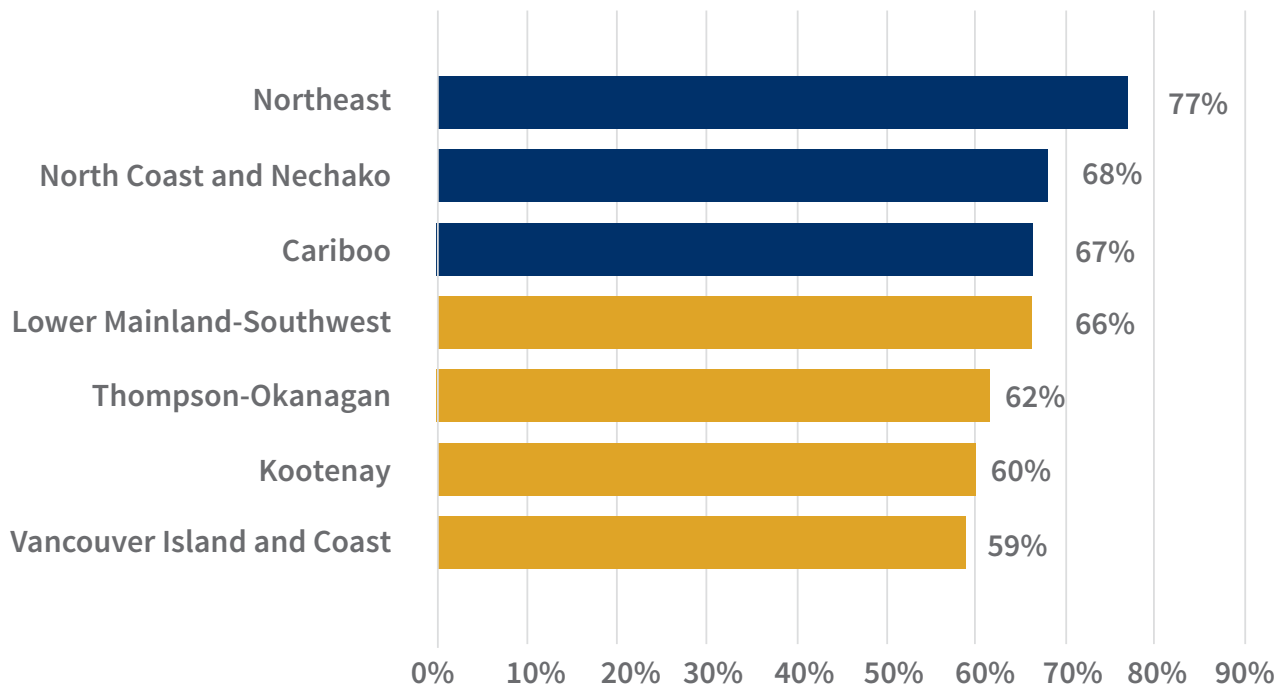
### Population Distribution - Northern B.C.



(Source: BC Stats, Sub-Provincial Population Estimates)

*The population of northern B.C. is relatively younger than the population of B.C. overall.*

Labour Force Participation Rate by Region 2016



(Source: Statistics Canada Labour Force Survey)

Please note data on labour force participation rates were only available at the development region level. The City of 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.

The changing age structure of the population and the migration out of the region due to slowdowns in resource sectors is affecting the labour force. In most areas the size of the labour force has been decreasing and labour force participation rates have declined.

**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**

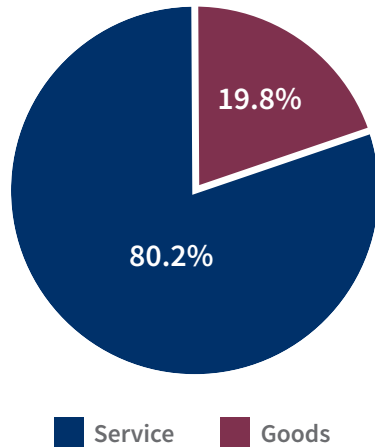


**FORECAST**

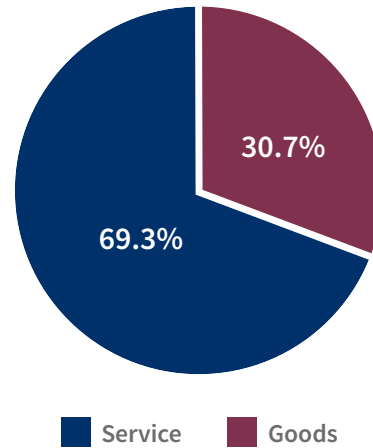


## Employment

B.C. - Share of Employment by Sector



Northern B.C. - Share of Employment by Sector



(Source: Statistics Canada, Labour Force Survey)

Please note data on employment were only available at the development region level. The City of 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.

Northern B.C.'s economy is heavily dependent on resource based industries and this is reflected in the composition of employment. Forestry, mining, and oil and gas account for significantly higher shares of employment in the region, than in B.C. as a whole. As a result, commodity prices and global demand for lumber are important determinants of economic conditions and employment in the region.

The collapse of the U.S. housing market in 2007 and the negative impact on the timber supply from the mountain pine beetle outbreak resulted in declines in employment levels in the wood product manufacturing sector though 2011. Since then there has been modest gains in employment as the U.S. economy and housing market have improved. However, timber supply is expected to constrain growth in employment in both harvesting and manufacturing in the forest sector going forward.

Strong demand from Asia for commodities such as coal, copper, zinc, and aluminum through 2013 bolstered mining employment. However, since 2013 slowing demand from China and declines in commodity prices have led to a number of mine closures and significant job losses in some communities.

Oil and gas production is largely concentrated in the Northeast and the potential development of LNG facilities and supporting infrastructure in the Northwest has been an important source of employment in both regions. However, declines in the price of oil and oversupply of LNG on the world market have delayed final investment decisions for a number of projects.<sup>57</sup> This has resulted in declines in exploration and development activity as well as reductions in employment in the oil and gas industry.

### EMPLOYMENT

TREND



FORECAST



57 Jang, Brent. "B.C. Looks Forward to Decision on Pacific Northwest LNG Terminal", The Globe and Mail (December 27, 2016) Available here (<http://www.theglobeandmail.com/report-on-business/industry-news/energy-and-resources/BC-expects-pacific-northwest-lngs-decision-in-summer-of-2017/article33438637/>)

## Number of Businesses with Employees – Northern B.C.

	Industry	2016 Total	Growth Trend	Share of businesses with less than 20 employees
Economic Base	Agriculture, Forestry, Fishing & Hunting	1,048	↓	91%
	Mining, Oil & Gas Extraction	503	↑	84%
	Manufacturing	423	↔	73%
	Construction	1,984	↑	91%
Local Area Market	Health Care & Social Assistance	1,058	↑	88%
	Professional, Scientific & Technical Services	1,041	↔	93%
	Educational Services	145	↔	72%
	Utilities	36	↔	92%
	Retail Trade	1,582	↔	86%
	Transportation & Warehousing	1,127	↔	90%
	Accommodation & Food Services	986	↔	69%
	Real Estate, Rental & Leasing	579	↔	95%
	Administration, Support, Waste Management & Remediation	571	↔	92%
	Wholesale Trade	476	↓	84%
	Finance & Insurance	333	↔	86%
	Arts, Entertainment & Recreation	224	↔	80%
	Information & Cultural Industries	130	↔	89%
	Public Administration	122	↔	25%
	Management of Companies & Enterprises	28	↓	50%
	Other Services (excl. Public Administration)	1,336	↓	95%
	<b>Total</b>	<b>13,732</b>		<b>87%</b>
Trend Legend: Up = ↑ Down = ↓ Stable = ↔				

(Source: BC Stats Business Locations)

Service sectors in northern B.C. are primarily aimed at serving the local market and are therefore closely linked to the local goods-producing sectors. While, overall employment in service sectors has been relatively stable, there have been changes in the composition. Employment in education services, accommodation and food services, public administration and repair and maintenance services has grown, while employment in health care and social assistance, and building, business and other support services has declined. These changes are consistent with changes in the goods sector and population.



## Business Formations

Trends in business formations in northern B.C. are consistent with overall economic conditions. In 2016 business formations were below their three-year average across the region. There has been declines in the number of businesses in primary industries such as agriculture, forestry, fishing and hunting and supporting sectors. The number of businesses in construction and in mining, and oil and gas has increased. The increase in mining, and oil and gas has all been in the Northeast, while in other regions, the number of businesses in mining and oil and gas has declined.

The scale of businesses in northern B.C. is relatively small, with approximately 75 percent of businesses having fewer than 10 employees and approximately 87 percent having fewer than 20 employees.

### BUSINESS FORMATIONS

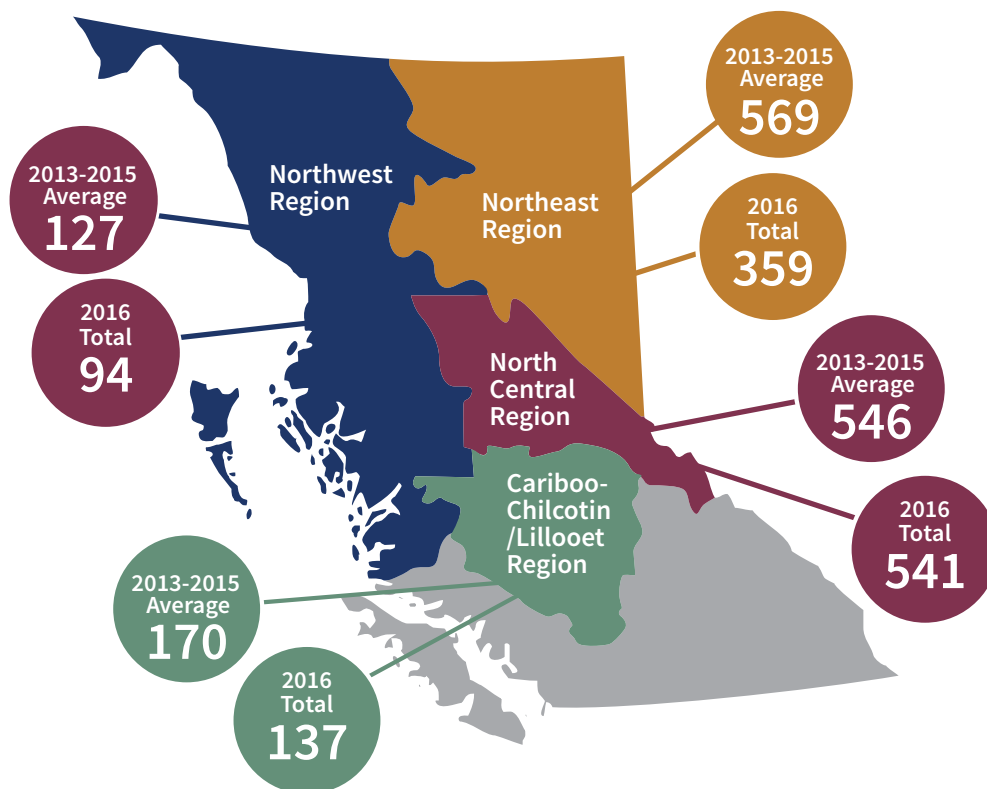
TREND



FORECAST



### Business Incorporations – Northern B.C.

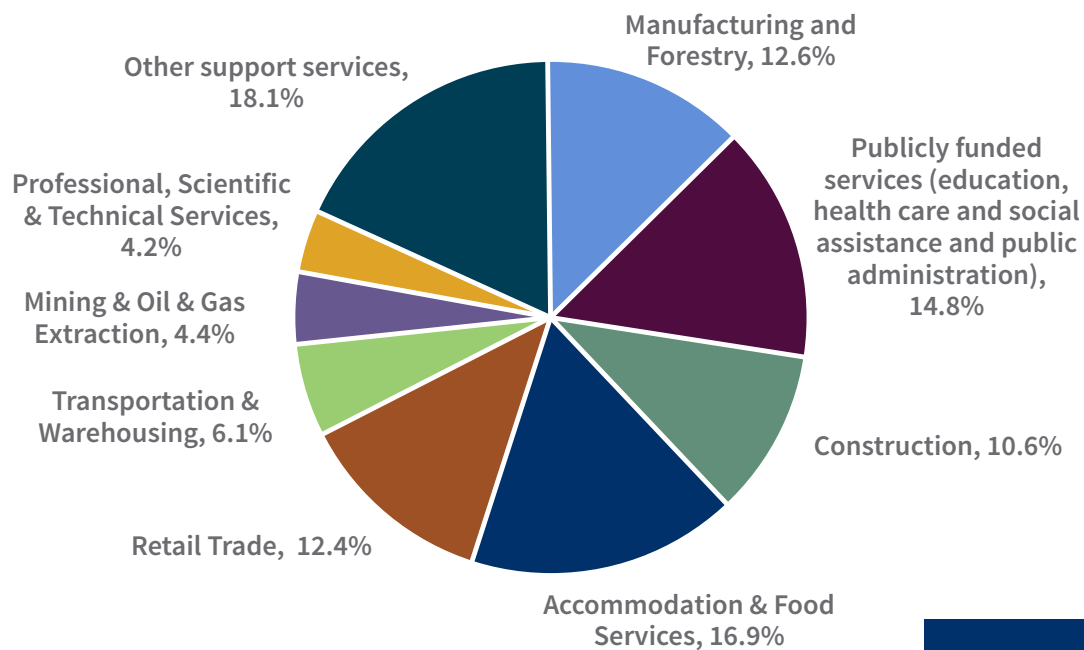


**Northern B.C. Total: 2013-2015 Average = 1,412**  
**2016 Total = 1,131**

(Source: BC Stats Business Formations & Failures)

*The number of business incorporations in northern B.C. has declined significantly since 2014 and is now well below the region's 3-year average. The Peace River and Northern Rockies regions have experienced the greatest declines in incorporations.*

## Industry Distribution of Businesses with more than 20 employees



(Source: BC Stats, Business Locations)

Approximately 75 percent of businesses in northern B.C. have fewer than 10 employees.

## Bankruptcies - Northern B.C.

	Northern B.C.		B.C. Total	
	2011-2015 Average	2016 Total	2011-2015 Average	2016 Total
Personal Bankruptcies	474	446	6,952	4,719
Business Bankruptcies	7	7	185	149

(Source: Office of the Superintendent of Bankruptcy Canada)

Personal bankruptcies in northern B.C. have declined substantially since 2011, and in 2016 were below their five-year average. The number of business bankruptcies has remained stable. This suggests that economic conditions have stabilized.

### BANKRUPTCIES

### TREND

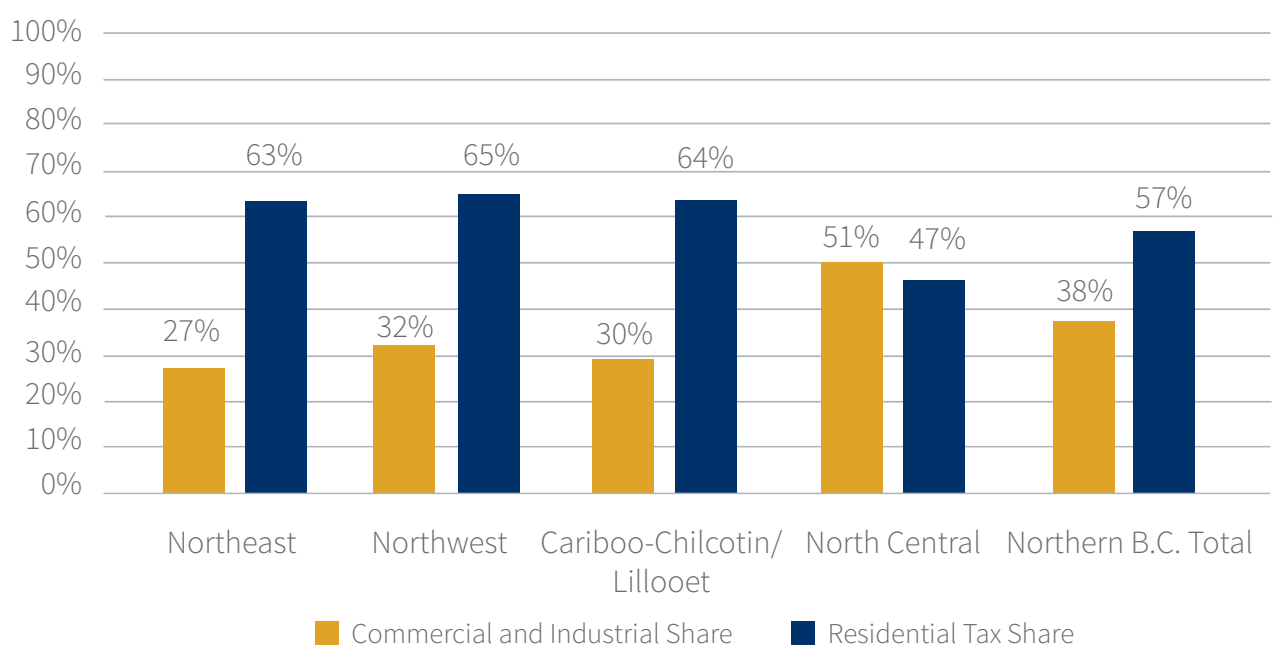


### FORECAST



# Tax Burden

## Municipal Property Tax Revenue Shares By Region



(Source: Ministry of Community, Sport and Cultural Development, 2016)

Communities in northern B.C. derive the majority of their municipal tax revenues from commercial and industrial properties. Approximately 57 percent of the municipal property tax base in the region is commercial and industrial, while 38 percent is residential, and 5 percent is other categories of property. The share attributable to commercial and industrial properties varies by region. In the City of

Prince George, commercial and industrial properties account for approximately 47 percent of the tax base while in less urban areas, commercial and industrial properties account for between 63 percent and 65 percent of the tax base.

*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.*

*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.*

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

Community	Commercial and Industrial Share	Residential Tax Share	Other*
Kitimat	84%	16%	0%
Quesnel	79%	19%	2%
Northern Rockies (Fort Nelson)	79%	8%	13%
Logan Lake	73%	22%	5%
Tumbler Ridge	71%	10%	19%

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

(Source: Ministry of Community, Sport and Cultural Development, 2016)

## Cost of Living and Affordability

The cost of living and affordability is measured by the living wage and housing prices. The living wage in northern B.C. ranges from approximately \$17.45 per hour in the Cariboo-Chilcotin/Lillooet region to \$18.29 in the Northeast. Median wages in most occupations exceed the living wage in most areas; however, median wages in occupations in retail trade, accommodation and food services and home support are below the living wage.

Compared with other areas in B.C., living wages in northern B.C. are similar to those in areas outside of Metro Vancouver and the Capital Region.<sup>58</sup>

Housing prices in northern B.C. have declined in some areas and increased in others. These changes are closely linked to resource developments and construction activity.

According to a report on housing affordability in northern B.C. conducted for the B.C. Northern Real Estate Board in 2016, home ownership in the region is considered very affordable.<sup>59</sup>

### 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

<sup>58</sup> This is based on a comparison of Living Wages in 2017 from <http://www.livingwagecanada.ca/index.php/living-wage-communities/british-columbia/>. The living wages in Metro Vancouver was \$20.62, in Victoria it was \$20.01 and outside those area it ranged from \$15.90 (Fraser Valley) to \$20.11 in Clayoquot Sound.

<sup>59</sup> "Housing Affordability Indicators Northern British Columbia, 2016" <http://BCnreb.BC.ca/files/HousingAffordabilityIndicators2016.pdf>



# 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	2014	2015	2016	Growth Rate (2015-2016)	Compound Annual Growth Rate(2011-2016)
<b>Northwest</b>	80,231	79,571	77,832	76,592	-1.6%	-0.8%
<b>Percentage of Northern B.C. Total</b>	24%	24%	23%	23%	—	—

(Source: BC Stats Sub-Provincial Population Estimates)

The Northwest region's population has been declining since 2011. A primary factor in the population decline has been intra-provincial migration. This likely reflects declines in employment opportunities in the region due to mine closures, reductions in processing capacity at mills and delays in final investment decisions for LNG facilities.

*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. Since 2011 there have been modest declines in overall employment.

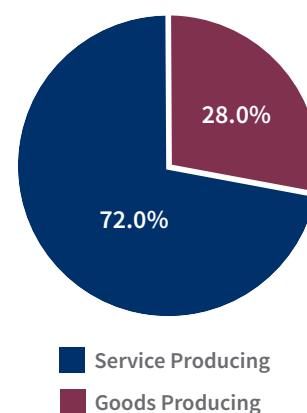
Declines in commodity prices have led to a number of mine closures, primarily in the Bulkley-Nechako region. While the demand for B.C. forest products has increased, it has not resulted in significant employment gains in the Northwest due to reductions in processing capacity and loss of timber supply as a result of the mountain pine beetle outbreak.

Employment in construction has grown as a result of the expansion of the aluminum

smelter in Kitimat, and site preparation and other construction related to the potential development of LNG facilities. The delay in a final investment decision for LNG projects in Kitimat and the cancellation in July 2017 of the Pacific Northwest LNG facility planned for Port Edward suggests that declines in construction employment in the region and slowing of employment growth in support sectors may be expected going forward.

The construction of a propane export terminal on Ridley Island near Prince Rupert is expected to begin in 2017 and will likely somewhat mitigate these declines in the short-term.

### Share of Employment by Sector



(Source: Statistics Canada Labour Force Survey)

## Number of Businesses

The composition of businesses in the Northwest region reflects the economic activity in the area. There are relatively more businesses with more than 20 employees than in northern B.C. overall. More than 85 percent of businesses with employees have fewer than 20 employees, and almost 50 percent have fewer than 5 employees. Most businesses with more than 20 employees are in the mining, forestry, wood product manufacturing and construction industries.

Between 2011 and 2016 the number of businesses was relatively stable. However, the nature of those businesses changed. There was an increase in the number of businesses in construction, mining and professional, scientific and technical services while the number of businesses in agriculture, forestry, fishing and hunting, retail trade and other services decreased. These changes are consistent with the construction in the region and declines in forestry and mining that occurred over the period.

## Number of Businesses with Employees – Northwest (2016)

	Industry	Total	Share of businesses with less than 20 employees
Economic Base	Agriculture, Forestry, Fishing & Hunting	143	95%
	Manufacturing	55	78%
	Mining, Oil & Gas Extraction	14	86%
	Construction	247	88%
Local Area Market	Health Care & Social Assistance	171	81%
	Professional, Scientific & Technical Services	147	90%
	Educational Services	34	59%
	Utilities	8	75%
	Retail Trade	286	87%
	Accommodation & Food Services	187	78%
	Transportation & Warehousing	145	86%
	Administration, Support, Waste Management & Remediation	86	94%
	Real Estate, Rental & Leasing	77	100%
	Wholesale Trade	67	93%
	Finance & Insurance	52	85%
	Public Administration	51	25%
	Arts, Entertainment & Recreation	42	81%
	Information & Cultural Industries	20	85%
	Management of Companies & Enterprises	1	100%
	Other Services (excl. Public Administration)	171	94%
	<b>Total</b>	<b>2,004</b>	<b>86%</b>

(Source: BC Stats Business Locations)

## Cost of Living and Affordability

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 for registered nurses and home support workers are higher, while wage rates for truck drivers, retail workers and bookkeepers are lower. Housing prices in Kitimat and Prince Rupert dropped

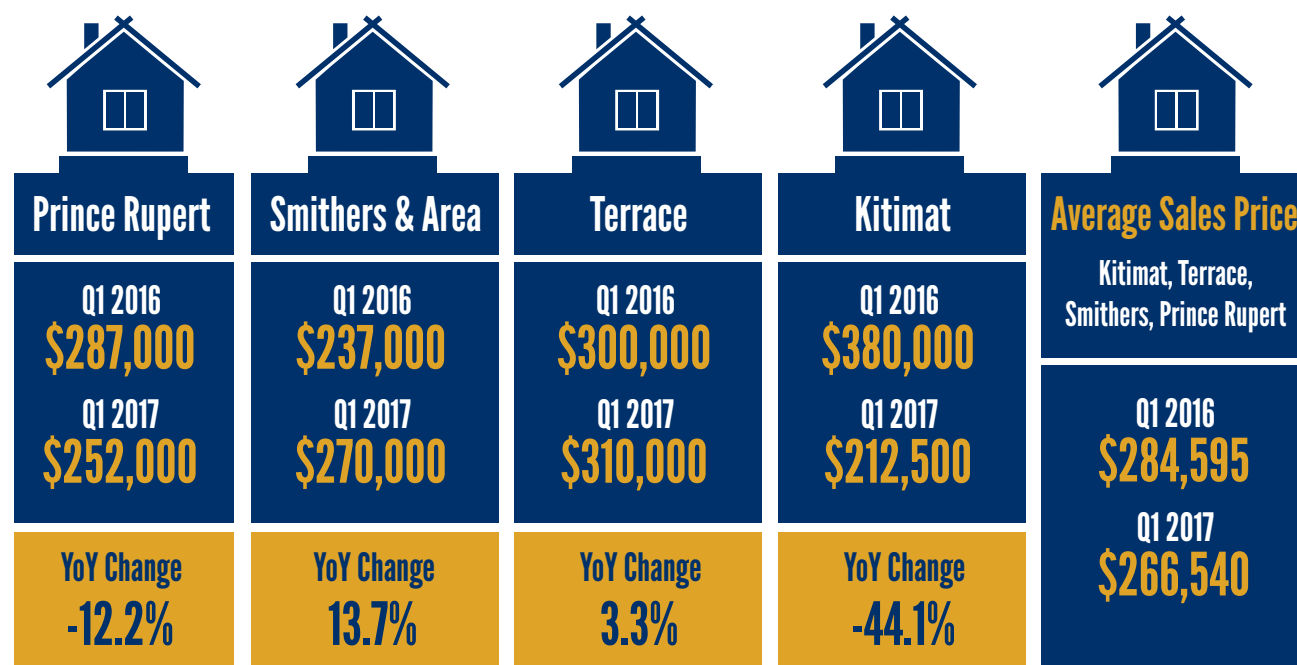
### Median Wages for Select Occupations – Northwest Region

Occupation	Median Wage
<b>Goods-producing industries</b>	
Machine operators, mineral and metal processing	\$37.20
Welders and related machine operators	\$31.89
Heavy-duty equipment mechanics	\$31.00
Logging machinery operators	\$30.00
Heavy equipment operators (except crane)	\$27.86
Electricians (except industrial and power system)	\$27.50
Carpenters	\$25.50
Transport truck drivers	\$24.95
Construction trades helpers and labourers	\$23.00
Silviculture and forestry workers	\$21.49
<b>Service Industries</b>	
Registered nurses and registered psychiatric nurses	\$43.98
Elementary school and kindergarten teachers	\$31.25
Administrative assistants	\$22.00
Social and community service workers	\$19.11
Accounting technicians and bookkeepers	\$18.51
Home support workers, housekeepers and related occupations	\$18.50
Retail salespersons	\$12.00
Cashiers	\$11.25
Food and beverage servers	\$11.00
<b>Living Wage (Terrace, 2013)</b>	<b>\$18.17</b>

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



## Median Housing Prices – Northwest Region



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

significantly between 2016 and 2017, while prices in Terrace and Smithers increased. Compared with other regions in northern B.C., housing prices in the Northwest are below those in the Northeast and North Central regions but remain higher than in the Cariboo-Chilcotin/Lillooet region.

Affordability in the region is considered good and varies by community. In Smithers and Kitimat between 24 percent and

25 percent of household income is required to support home ownership. In Prince Rupert 28 percent of household income is required to support home ownership, and in Terrace 34 percent of household income is required.<sup>60</sup>

60 B.C. Northern Real Estate Board. "Housing Affordability Indicators Northern British Columbia 2016". Available here: <http://BCnreb.BC.ca/files/>

## Tax Burden

Communities in the Northwest are the most heavily dependent on commercial and industrial properties for tax revenue in northern B.C. Approximately 65 percent of municipal tax revenue in the region is from commercial and industrial properties. While there are some communities that derive most of their tax revenues from residential properties, most of the largest communities are heavily dependent

on commercial and industrial properties. The share of tax revenue from commercial and industrial properties in Prince Rupert, Terrace, Kitimat, Houston, and Smithers is over 50 percent. Kitimat is the community in B.C. with the highest share of its tax base from commercial and industrial sources (84 percent).

### Tax Burden – Northwest Region

Community	Commercial and Industrial	Residential	Other
Burns Lake	47%	49%	4%
Granisle	13%	86%	1%
Hazelton	69%	30%	1%
Houston	66%	31%	3%
Kitimat	84%	16%	0%
Masset	41%	58%	1%
New Hazelton	60%	22%	17%
Port Clements	41%	57%	2%
Port Edward	49%	17%	35%
Prince Rupert	54%	45%	1%
Queen Charlotte	36%	57%	7%
Smithers	55%	41%	4%
Stewart	16%	45%	39%
Telkwa	7%	92%	1%
Terrace	52%	46%	
<b>Regional Total</b>	<b>65%</b>	<b>32%</b>	<b>3%</b>

(Source: Ministry of Community, Sport and Cultural Development, 2016)

*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.*

*Approximately 65 percent of municipal tax revenue in the region is from commercial and industrial properties.*

# Northeast

## REGION

The Northeast region is the second largest geographic area in northern B.C. It is bordered by the Yukon 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 Regional Municipalities and the Peace River Regional District. 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	2014	2015	2016	Growth Rate (2015-2016)	Compound Annual Growth Rate(2011-2016)
<b>Northeast</b>	67,822	71,952	72,254	72,496	0.3%	1.1%
<b>Percentage of Northern B.C. Total</b>	20%	21%	22%	22%	—	—

(Source: BC Stats Sub-Provincial Population Estimates)

The Northeast region is the only area in northern B.C. that has experienced consistent population growth. Between 2011 and 2016, the population grew by approximately 7 percent, and the region's share of the population of northern B.C.

increased from 20 percent to 22 percent. Most of the population growth was in the Fort St. John area, and is likely related to construction of the Site C dam and other energy projects, and oil and gas exploration in the region.

*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

The Northeast is the region with the highest share of employment linked to goods-producing sectors in B.C. The region has a diverse resource base that includes coal, oil, gas and timber. The diversity of the resource base has provided a buffer against the impacts of individual commodity price fluctuations and changes in the global demand for lumber.

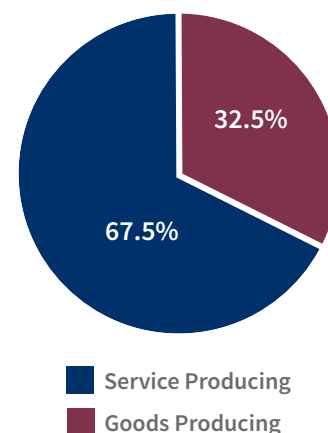
Since 2011 overall employment has remained relatively stable but there have been some changes in its composition. Forestry has grown modestly, and there have been gains in employment in construction, while employment in mining, and oil and gas has fallen.

Within the Northeast region, the Northern Rockies Regional Municipality is heavily dependent on natural gas production.

The downturn in the oil and gas sector and slow progress on LNG development in B.C. has resulted in declines in employment in the region. The Peace River regional district has also experienced declines in employment in mining, and oil and gas. However, the development of the Site C dam and investments in wet gas production have provided alternatives in construction and overall employment levels have remained relatively stable.

Improvements in the price of metallurgic coal led to the reopening of mines near Tumbler Ridge in the latter half of 2016<sup>61</sup> and this, along with the development of the Site C dam, is expected to lead to employment gains in the Northeast region in 2017.

### Share of Employment by Sector



(Source: Statistics Canada Labour Force Survey)

61 "Second Coal Mine to Reopen in Northeastern B.C.", The Vancouver Sun (December 29, 2016), Available here: (<http://vancouversun.com/news/local-news/second-coal-mine-to-reopen-in-northeastern-b-c>)



## Number of businesses

The composition of businesses in the Northeast is consistent with the resource base in the area. The majority of businesses are in the construction, mining and oil and gas, and transportation and warehousing sectors. Nearly 90 percent of businesses with employees have fewer than 20 employees and 60 percent have fewer than 5 employees. Most businesses with more than 20 employees are in the mining, oil and gas, wood product manufacturing, and wholesale trade industries.

The number of businesses with employees has been increasing since 2011. The most significant increases were in the real estate and rental and leasing, construction, mining, and oil and gas sectors.

## Number of Businesses with Employees – Northeast Region (2016)

	Industry	Total	Share of businesses with less than 20 employees
Economic Base	Mining & Oil & Gas Extraction	434	85%
	Agriculture, Forestry, Fishing & Hunting	220	94%
	Manufacturing	73	77%
	Construction	673	89%
Local Area Market	Professional, Scientific & Technical Services	326	93%
	Health Care & Social Assistance	199	86%
	Educational Services	38	76%
	Utilities	13	100%
	Transportation & Warehousing	478	92%
	Retail Trade	336	85%
	Accommodation & Food Services	205	67%
	Administration, Support, Waste Management & Remediation	189	93%
	Real Estate, Rental & Leasing	181	92%
	Wholesale Trade	148	83%
	Finance & Insurance	74	85%
	Arts, Entertainment & Recreation	42	83%
	Information & Cultural Industries	32	88%
	Public Administration	17	12%
	Management of Companies & Enterprises	6	50%
	Other Services (excl. Public Administration)	469	96%
	<b>Total</b>	<b>4,153</b>	<b>88%</b>

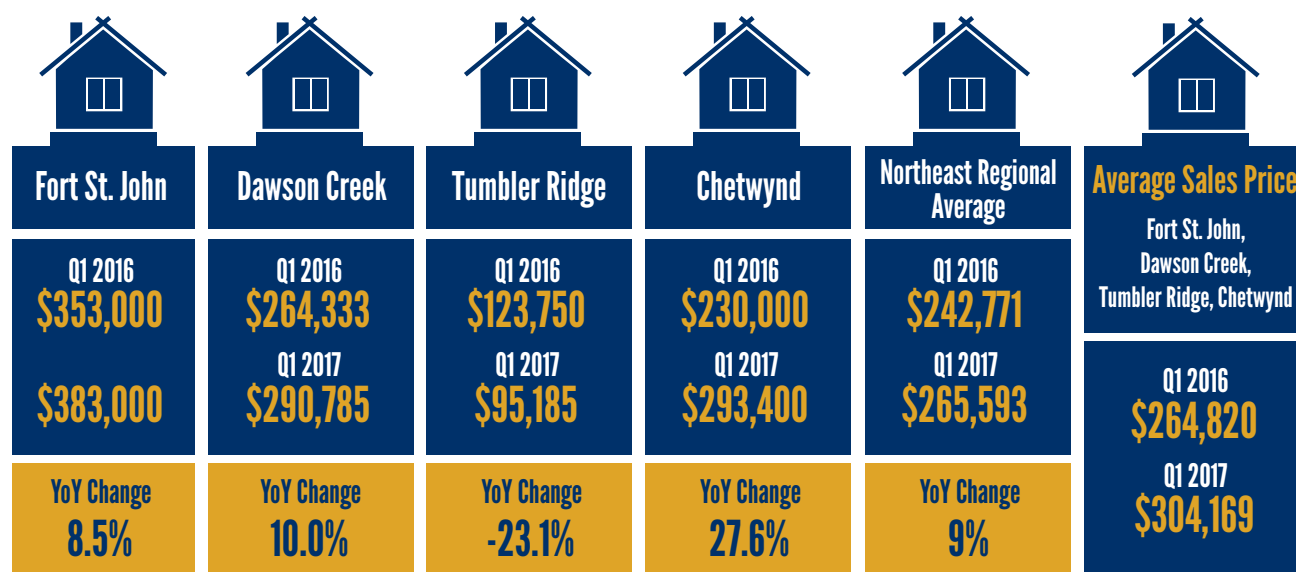
(Source: BC Stats Business Locations)

## Median Wages for Select Occupations – Northeast Region

Occupation	Median Wage
<b>Goods-producing industries</b>	
Heavy equipment operators (except crane)	\$32.00
Heavy-duty equipment mechanics	\$31.00
Welders and related machine operators	\$30.00
Transport truck drivers	\$30.00
Electricians (except industrial and power system)	\$27.00
Carpenters	\$25.00
Oil and gas drilling, servicing and related labourers	\$24.00
Labourers in wood, pulp and paper processing	\$23.84
Construction trades helpers and labourers	\$23.00
<b>Service Industries</b>	
Registered nurses and registered psychiatric nurses	\$39.00
Elementary school and kindergarten teachers	\$31.25
Administrative assistants	\$22.00
Accounting technicians and bookkeepers	\$22.00
Social and community service workers	\$20.12
Home support workers, housekeepers and related occupations	\$17.00
Retail salespersons	\$12.00
Food and beverage servers	\$11.25
Cashiers	\$11.00
<b>Living Wage (Dawson Creek, Chetwynd and Tumbler Ridge - 2017)</b>	<b>\$18.29</b>

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

## 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.)

## Cost of Living and Affordability

Median wages in the Northeast tend to be higher than in other areas in northern B.C. This reflects the significant presence of mining and oil and gas in the area. The region also has the highest living wage in northern B.C.

Average house prices in the Northeast have been declining since 2014. This coincides with the slowdown in oil and gas exploration. In the first quarter of 2017 housing prices in most communities in the Peace River regional district increased by between 8 percent and 10 percent and the number of units sold also increased. Given past price declines, improvements in the mining and oil and gas sectors and the ongoing construction of the Site C dam, increases in housing prices

are not expected to have a significant impact on affordability in the Peace River region in the near term.

There were no data available on house prices in the Northern Rockies Regional Municipality; however, the declines in natural gas exploration in this region suggests that housing prices are likely to have declined since 2014.

Housing prices in Tumbler Ridge have declined year over year. This likely reflects downturns in the market for coal that led to layoffs at local mines. Further declines are not expected as there have increases in coal production and employment in Tumbler Ridge since late 2016.

## Tax Burden – Northeast Region

Community	Commercial and Industrial	Residential	Other
Chetwynd	56%	31%	14%
Dawson Creek	52%	48%	0%
Fort St. John	55%	45%	1%
Hudson's Hope	18%	17%	65%
Northern Rockies	79%	8%	13%
Pouce Coupe	33%	64%	2%
Taylor	65%	16%	19%
Tumbler Ridge	71%	10%	19%
<b>Regional Total</b>	<b>63%</b>	<b>27%</b>	<b>10%</b>

(Source: Ministry of Municipal Affairs and Housing)

\*Includes Utilities, supportive Housing, Recreation, Managed Forest and Farm

## Tax Burden

In the Northeast the share of municipal tax revenue attributable to commercial and industrial properties is approximately 63 percent. The share varies by community. In the Northern Rockies the share of tax revenue from commercial and industrial properties is 79 percent and in Tumbler Ridge it is 71 percent.

In Fort St John, Dawson Creek and Chetwynd the share of tax revenue derived from commercial and industrial properties is in the range of 52 percent to 55 percent

and in Pouce Coupe it is 33 percent. The share of tax revenues attributable to commercial and industrial properties in Hudson's Hope is 18 percent; however, this does not include utilities which account for 64 percent of Hudson's Hope's tax revenues.

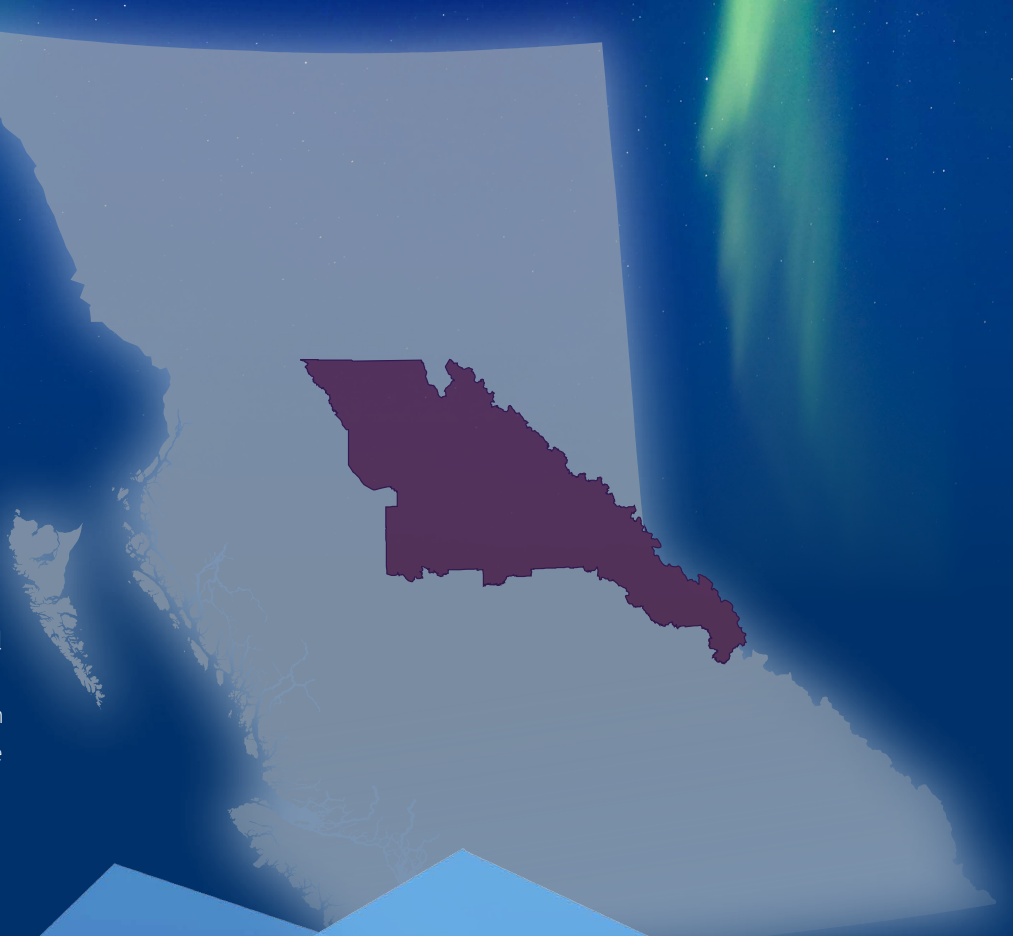
*Tax revenue shares measure the reliance of municipalities on tax revenues from different categories of properties. Urban areas and those regions with more diversified economies generally have a more diversified tax base and are less reliant on commercial and industrial properties or single industries 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 sixth largest urban area in the province outside of Metro Vancouver, the Fraser Valley, Kelowna, Kamloops and the Capital Region.



## Population and Labour Force

### Population Levels and Growth Rates

	2011	2014	2015	2016	Growth Rate (2015-2016)	Compound Annual Growth Rate(2011-2016)
<b>North Central</b>	114,677	115,564	113,261	112,287	-0.9%	-0.4%
<b>Percentage of Northern B.C. Total</b>	34%	34%	34%	34%	—	—

(Source: BC Stats Sub-Provincial Population Estimates)

The North Central region has the most diverse economy in northern B.C. Between 2011 and 2014 the population of the North Central region grew modestly (less than one percent). Since then the population has declined and is now below its 2011 level. Migration data suggests that since 2014 there has been more people moving to the area from other parts of Canada than leaving, and the gap between those leaving for other parts of B.C. and those moving to the region from other parts of B.C. is narrowing. This suggests that the rate of decline is likely to slow and the overall population is likely to remain stable in the near term.

*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

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.

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

## Number of Businesses

The diversity of the North Central economy is apparent in the composition of businesses. There are relatively more businesses in service industries and the size of businesses is relatively larger. Overall 87 percent of businesses have fewer than 20 employees and approximately 50 percent have fewer than five employees. Businesses in the agriculture, forestry, fishing and hunting sector are relatively larger than in other areas, as are businesses in manufacturing, health care and social assistance and the management of companies and enterprises. The overall number of businesses with employees in the North Central region has been relatively stable since 2011. There is some indication that there has been modest growth in the number of businesses in the agriculture, forestry, fishing and hunting, and manufacturing and other services sectors. There is also evidence that the size of businesses has grown with more businesses having more than 20 employees in construction, agriculture, forestry, fishing and hunting, accommodation and food services, and other services.

## Number of Businesses with Employees – North Central Region (2016)

	Industry	Total	Share of businesses with less than 20 employees
Economic Base	Agriculture, Forestry, Fishing & Hunting	545	88%
	Manufacturing	193	70%
	Mining & Oil & Gas Extraction	43	74%
	Construction	705	90%
Local Area Market	Health Care & Social Assistance	519	90%
	Professional, Scientific & Technical Services	414	93%
	Educational Services	53	75%
	Utilities	10	90%
	Retail Trade	645	85%
	Transportation & Warehousing	407	90%
	Accommodation & Food Services	361	68%
	Wholesale Trade	214	80%
	Real Estate & Rental & Leasing	213	95%
	Administration, Support, Waste Management & Remediation	208	88%
	Finance & Insurance	154	86%
	Arts, Entertainment & Recreation	82	78%
	Information & Cultural Industries	51	88%
	Public Administration	45	29%
	Management of Companies & Enterprises	19	42%
	Other Services (excl. Public Administration)	506	94%
	<b>Total</b>	<b>5,387</b>	<b>86%</b>

(Source: BC Stats Business Locations)

## Median Wages for Select Occupations – North Central Region

Occupation	Median Wage
<b>Goods-producing industries</b>	
Welders and related machine operators	\$34.91
Heavy-duty equipment mechanics	\$31.00
Transport truck drivers	\$29.00
Heavy equipment operators (except crane)	\$27.86
Electricians (except industrial and power system)	\$27.00
Carpenters	\$25.00
Labourers in wood, pulp and paper processing	\$23.84
Silviculture and forestry workers	\$20.00
Construction trades helpers and labourers	\$19.00
<b>Service Industries</b>	
Registered nurses and registered psychiatric nurses	\$39.00
Elementary school and kindergarten teachers	\$31.25
Administrative assistants	\$22.00
Accounting technicians and bookkeepers	\$20.00
Social and community service workers	\$19.11
Home support workers, housekeepers and related occupations	\$16.00
Retail salespersons	\$12.41
Cashiers	\$11.00
Food and beverage servers	\$10.85
<b>Living Wage (Prince George and Quesnel - 2017)</b>	<b>\$16.39</b>

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



## Median Housing Prices - North Central Region



(Source: Canadian Real Estate Association)

Data was not available for other communities within this region.

## Cost of Living and Affordability

Median wages in the North Central region are similar to those in other parts of northern B.C. Welders and machine operators are two occupations in which the median wages in the North Central region are higher than in other areas 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.

Housing prices in the North Central region have been relatively stable and housing in the region is considered to be affordable. In 2016 the percentage of household income required for home ownership was estimated to be 27.2 percent.<sup>62</sup>

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

<sup>62</sup> B.C. Northern Real Estate Board. "Housing Affordability Indicators Northern British Columbia 2016". Available here: <http://BCnreb.BC.ca/files/HousingAffordabilityIndicators2016.pdf>

# Tax Burden

## Tax Burden – North Central

Community	Commercial and Industrial	Residential	Other
Fort St. James	62%	25%	13%
Fraser Lake	56%	20%	25%
Mackenzie	59%	25%	16%
McBride	41%	49%	10%
Prince George	44%	54%	2%
Valemount	43%	56%	1%
Vanderhoof	57%	41%	2%
<b>Regional Total</b>	<b>47%</b>	<b>51%</b>	<b>2%</b>

(Source: Ministry of Community, Sport and Cultural Development)

The North Central region has the lowest industrial and business tax share in northern B.C., which is indicative of the region’s diverse economy and relatively large population. The share of the municipal taxes from residential property in the region is 51 percent and in the City of Prince George, residential properties account for 54 percent of municipal taxes.

*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 North Central region has the lowest industrial and business tax share in northern B.C.*

# 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

Region	2011	2014	2015	2016	Growth Rate (2015-2016)	Compound Annual Growth Rate(2011-2016)
Cariboo-Chilcotin / Lillooet	71,256	71,196	71,226	71,011	-0.3%	-0.1%
Percentage of Northern B.C. Total	21%	21%	21%	21%	—	—

(Source: BC Stats Sub-Provincial Population Estimates)

The population of the Cariboo-Chilcotin / Lillooet region has been relatively stable since 2011. Compared with other parts of northern B.C., the population is relatively older. Over 20 percent of the population in the area is over 65 years of age and there are relatively fewer working age people. These population trends are consistent with activity in the region's key industries, agriculture, forestry and mining.

Agricultural production in the region has not grown significantly and the number of farms has declined. Growth in forestry has been constrained by the loss of timber supply due to the mountain pine beetle outbreak. While the mines in the region have continued to operate, there have been no new 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.*

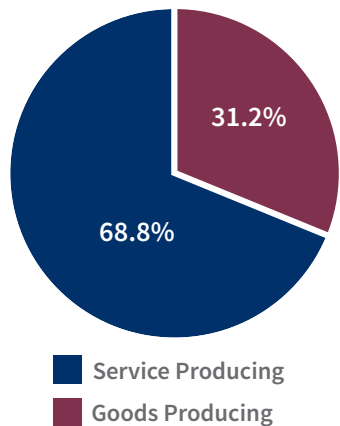
*Sustained population growth creates demand for services and housing which leads to expansion of these sectors.*

*Compared with other parts of northern B.C., the population is relatively older. More than 20 percent of the population in the area is over 65 years of age.*

## Employment

Employment in the Cariboo region is largely dependent on agriculture, forestry and mining. Since 2014, there has been modest declines in employment. These declines were primarily in service industries including accommodation and food services, public administration and transportation and warehousing.

### Share of Employment by Sector\*



\*Note employment data were only available at the development region level, so employment share includes the City of Prince George and area.

(Source: Statistics Canada Labour Force Survey)



## Number of Businesses

Businesses in the Cariboo-Chilcotin/Lillooet region are relatively small. Approximately 90 percent of businesses with employees have fewer than 20 employees and over 55 percent have fewer than 5 employees. Most businesses with more than 20 employees are in agriculture, forestry, wood product manufacturing and accommodation and food service industries.

Between 2011 and 2016 the number of businesses with employees increased modestly. Most of the growth was in the construction and accommodation and food services industries.

## Number of Businesses with Employees – Cariboo-Chilcotin/Lillooet Region (2016)

	Industry	Total	Share of businesses with less than 20 employees
Economic Base	Agriculture, Forestry, Fishing & Hunting	140	94%
	Manufacturing	102	74%
	Mining & Oil & Gas Extraction	12	92%
	Construction	359	97%
Local Area Market	Health Care & Social Assistance	169	88%
	Professional, Scientific & Technical Services	154	96%
	Educational Services	20	80%
	Utilities	5	100%
	Retail Trade	315	89%
	Transportation & Warehousing	407	90%
	Accommodation & Food Services	233	67%
	Real Estate & Rental & Leasing	108	95%
	Transportation & Warehousing	97	91%
	Administration, Support, Waste Management & Remediation	88	99%
	Finance & Insurance	53	91%
	Wholesale Trade	47	98%
	Information & Cultural Industries	27	96%
	Public Administration	9	22%
	Management of Companies & Enterprises	2	100%
	Other Services (excl. Public Administration)	190	97%
	<b>Total</b>	<b>2,188</b>	<b>89%</b>

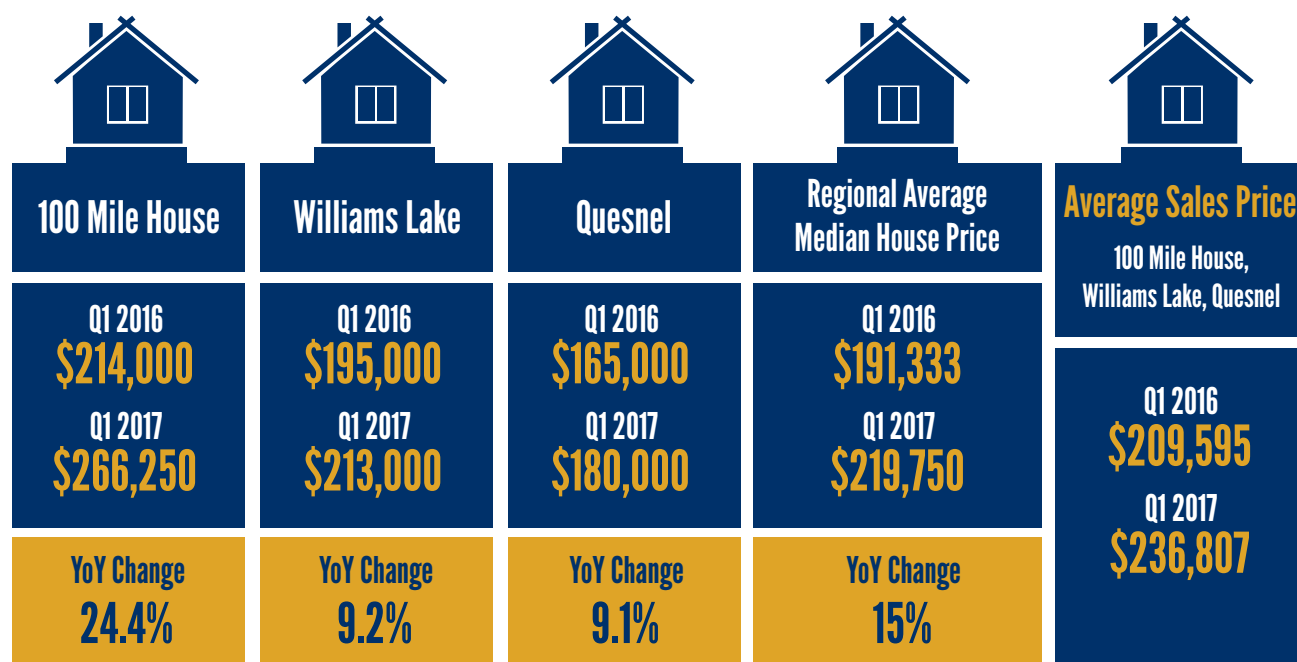
(Source: BC Stats Business Locations)

Median Wages Select Occupations – Cariboo-Chilcotin/Lillooet Region (2016)

Occupation	Median Wage
<b>Goods-producing industries</b>	
Welders and related machine operators	\$34.20
Heavy-duty equipment mechanics	\$31.00
Heavy equipment operators (except crane)	\$27.86
Electricians (except industrial and power system)	\$27.00
Carpenters	\$25.50
Transport truck drivers	\$25.42
Construction trades helpers and labourers	\$19.00
Silviculture and forestry workers	\$20.00
General farm workers	\$15.00
<b>Service Industries</b>	
Registered nurses and registered psychiatric nurses	\$39.00
Elementary school and kindergarten teachers	\$31.25
Administrative assistants	\$20.00
Accounting technicians and bookkeepers	\$20.00
Social and community service workers	\$19.11
Home support workers, housekeepers and related occupations	\$17.00
Retail salespersons	\$13.00
Cashiers	\$10.85
Food and beverage servers	\$10.85
<b>Living Wage (100 Mile House and Quesnel - 2017)</b>	<b>\$17.45</b>

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

## Median Housing Prices – Cariboo-Chilcotin/Lillooet Region



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

## Cost of Living and Affordability

Median wages in the Cariboo-Chilcotin/Lillooet region tend to be below wages in other parts of 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.

and affordability is considered good. In Williams Lake and Quesnel approximately 27 percent of household income is required to support home ownership, while in 100 Mile house approximately 32 percent of household income is required.<sup>63</sup>

*Median wages in the Cariboo-Chilcotin/Lillooet region tend to be below wages in other parts of northern B.C.*

House prices in the region are lower than in other parts of northern B.C.

63 B.C. Northern Real Estate Board. "Housing Affordability Indicators Northern British Columbia 2016". Available here: <http://BCnreb.BC.ca/files/HousingAffordabilityIndicators2016.pdf>

## Tax Burden – Cariboo-Chilcotin/Lillooet Region

Community	Commercial and Industrial	Residential	Other
100 Mile House	60%	23%	17%
Ashcroft	36%	52%	12%
Cache Creek	51%	42%	7%
Clinton	54%	45%	1%
Lillooet	31%	51%	19%
Logan Lake	73%	22%	5%
Lytton	35%	25%	40%
Quesnel	79%	19%	2%
Wells	39%	56%	5%
Williams Lake	55%	38%	7%
<b>Regional Total</b>	<b>64%</b>	<b>30%</b>	<b>6%</b>

(Source: Ministry of Community, Sport and Cultural Development)

## Tax Burden

Commercial and Industrial properties account for approximately 64 percent of municipal tax revenues in the Cariboo-Chilcotin/Lillooet region. Logan Lake and Quesnel derive a significantly larger share of their tax revenues from commercial and industrial properties than other communities in the region, while Ashcroft, Lillooet and Wells derive significantly less from commercial and industrial 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.*







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