



State OF THE North REPORT

MNP



**NORTHERN
DEVELOPMENT**

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1. A Northern Perspective

Welcome to the fifth edition of Northern Development's annual State of the North Economic Report – herein lies good news, bad news and a lot of uncertainty.

First, a little housekeeping – why is this report coming out almost three months later than usual?

The answer is the Canadian 2021 census. Given the changing economic environment in Canada, we felt it would be more valuable to our readers to delay the report a few months to include some of the initial data released by Statistics Canada. We appreciate your patience. We also want to thank our research leads at MNP for their hard work to pull all this data together for you.

Now to the good news: the economy in Northern B.C. remains stable and relatively strong.

Despite two-years of a global pandemic and ongoing consolidation in the forestry sector, major projects such as Site C, Coastal GasLink, LNG Canada and the Trans Mountain Expansion project have brought thousands of workers into our communities and injected billions of dollars of private sector investment, which has benefitted first-line suppliers throughout the region.

Last year, we pointed out these projects likely saved our bacon during the depths of the pandemic. We still believe this to be true, but it's also worth noting the magnitude of these private sector investments highlighted the litany of challenges in our communities that then incentivized government response in the form of support programs and infrastructure investments, which have also helped to buoy our economic fortunes.

Looking forward, the other bit of good news is that continued major project construction coupled with stronger commodity prices will likely continue to support

performance in our metals, minerals, oil and gas, transportation and even some parts of the forestry sectors to the mid-2020s.

The situation creates a window of opportunity for Northern B.C. to capitalize on these investments to grow small and medium enterprise, while at the same time utilizing the proceeds of public sector investments to improve infrastructure, amenities, and services in our communities to make them more sustainable and attractive places to call home.

Together, these efforts will support long-term economic diversity and stability for the north.

Now to the tough part of the conversation.

The pandemic decimated our service and hospitality sector and although employment levels have recovered relatively well since this time two years ago, we're left with a massive labour shortage.

The data shows job vacancies in the region have climbed to 10,185 as of the third quarter of 2021, compared with 5,825 at the same time in 2019, representing a 75 per cent increase. And the job vacancy rate has grown to 6.8 per cent as of Q3 2021 compared with 3.7 per cent at the same time in 2019.

And 2021 census data doesn't confirm the anecdotes we keep hearing about Lower Mainlanders moving to the region to escape punishing housing costs. In fact, among B.C.'s regions the north had the slowest population growth between 2016 and 2021 totaling only 0.6 per cent, compared with 5 per cent plus growth rates in virtually every other part of B.C.

What does this mean?

For starters, it means Northern B.C. will likely have the toughest time filling job vacancies out of any region in B.C. for the foreseeable future. This means employers will either need to temper their expectations on scaling to growth or get creative to attract people.

The data would also suggest there's a gap between the skills that job seekers have and the skills that Northern B.C. employers need.

Immigration would be a natural solution to this challenge, but the data shows migration to the region is largely intraprovincial not international (though we would champion both) and as we've shown, there's not a lot of it to begin with owing to the region's relatively limited opportunities and distance from major centres and reputation.

The competitive advantage the region has enjoyed for the first part of the twenty-first century – lower housing costs than elsewhere in B.C. – is also slipping away, which creates a further hurdle to in-bound migration.

The average house price in a major centre such as Prince George now exceeds \$400,000, which makes it difficult for youth and low-income earners to enter the housing market, leading to a widening disparity of wealth between top and bottom tier income earners.

We expect that while these issues will become the topic of news stories and discussion around dinner tables in the near-term, they likely won't be acute enough to drive significant public policy shifts until the mid-2020's when the construction period for the region's major projects comes to an end and overall regional employment and spending declines.

This could be offset with new major projects or significant growth in small and medium enterprise in the region, but there are limited opportunities on the books for the former and the latter will be challenged due to issues we've just outlined.

Layer onto that the possibility of a prolonged inflationary period and there will simply be fewer dollars available in the marketplace to support reinvestment, innovation and growth.

This is to say nothing of the other hazards that remain on the table: wildfires, floods, a new COVID-19 variant and war in Eastern Europe that's forcing nearly every nation on Earth to recalibrate trade relationships.

In other words, we're not forecasting any dull moments any time soon.

We would be wise to capitalize on the relatively strong, stable economic environment we'll enjoy for the next few years, prolong it if we can, get creative to solve our labour challenges and invest in diversifying our income sources if we hope to surmount these challenges.



Joel McKay
Chief Executive Officer
Northern Development
Initiative Trust

Recovery through the SME lens

While we know true recovery from the COVID-19 pandemic will take many years, we cannot lose focus of the steps needed along the way to ensure a successful recovery for all sectors. Specifically, I am talking about Canada's largest employer - small and medium sized enterprises (SME's).

Throughout the pandemic in British Columbia, we saw evolving and revolving health orders, à la carte aide packages and some much larger, long-term programs that assisted in bridging the worst of times. Could these supports have been better aligned to business needs? Yes. Could they have been easier to access without as much red tape? Absolutely.

Without dwelling on the would've, could've, should have of this, we prefer to look towards the future, and a business landscape that has shifted faster and more profoundly than maybe any other time in our recent history.

SME's make up B.C.'s largest business sector, accounting for more than 90 per cent of the business licenses. As a result, a failing SME segment would result in a significant downgrade to B.C.'s economy. However, as we chart our path towards recovery, we have seen all of the programs that support SME's closing down, shutting off intakes and challenging employers to maintain staffing levels. All this, while a significant 'War on Talent' is occurring.

At the risk of sounding glib, the process must immediately be turned around and SME's must be put at the forefront of government's planning.

However, government cannot be held solely responsible for our economic outlooks. Business owners and consumers both have a disproportionate role to play in

this. And here is how we tackle this issue:

- 1) SME's, particularly locally focused ones, must shift their thinking from strictly bricks and mortar to brick and click. Having a store front positions you as a local business - having an online presence sets you up for growth. With so much commerce happening online, SME's must be developing some type of e-commerce platform to remain competitive;
- 2) Consumers have to think local before online. This paradigm shift is going to be the most challenging and arduous process. This requires strategic marketing, calibrated advertising and a purpose. Yes, a purpose. Every consumer has one and, as business owner/operators, it is our job to find their purpose and work within it.

As our economy continues to ebb and flow, there are some constants. Local Chambers of Commerce throughout Northern B.C. have been resolute in their commitment to finding opportunities for businesses to succeed. From assisting with grant and loan opportunities, to developing e-commerce learning sessions and amplifying messages and initiatives from local businesses - Chambers have been in the trenches with you the entire time.

Like anything, outcomes are only as good as the information at the onset. I would encourage everyone to share their stories, challenges and successes with their local Chambers. Whether you are a member or not, your issues likely have some commonality. If we all commit to working together, advocating for better outcomes and supporting our local economy first and foremost, Northern B.C. is poised to be the benchmark for a successful COVID-19 recovery.



Todd Corrigan
Chief Executive Officer
Prince George Chamber of
Commerce

2. Limitations

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

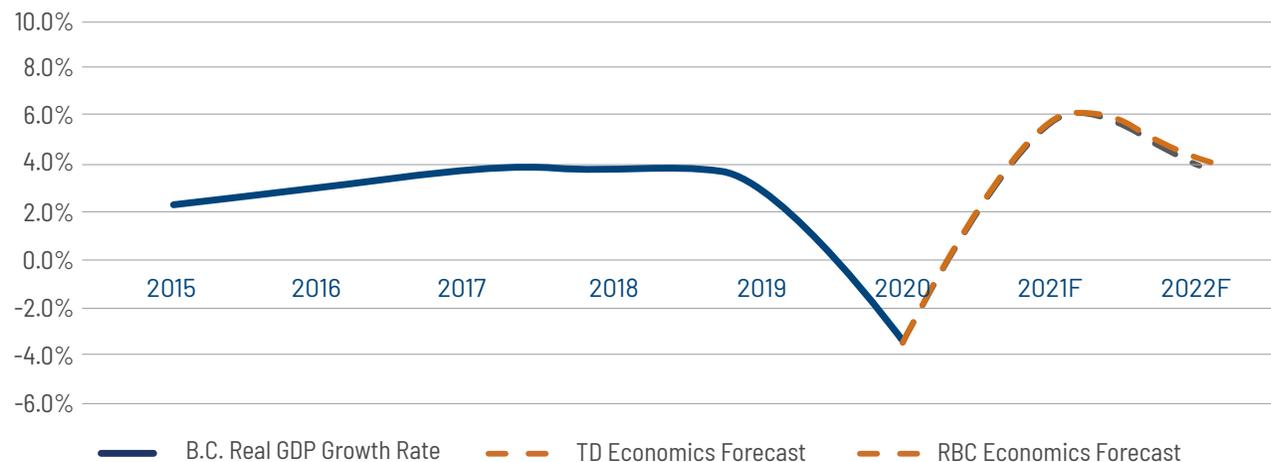
We have relied upon the completeness, accuracy and fair presentation of all information and data obtained from Northern Development Initiative Trust and public sources, believed to be reliable. The accuracy and reliability of the findings and opinions expressed in the

report 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 for business or investment decisions and disclaim any liability to any party who relies upon them as such. Before taking any particular course of action, readers should contact their own professional advisor to discuss matters in the context of their particular situation.

3. Macroeconomic Indicators

GDP

B.C. real GDP growth rate



Source: Statistics Canada. Table 36-10-0402-01 GDP at basic prices, by industry, provinces and territories; TD Economics Provincial Economic Forecast September 2021; RBC Economics Provincial Outlook September 2021

The COVID-19 pandemic led to steep declines in global economic activity in the second quarter of 2020. As initial containment measures were lifted over the summer there was a sharp increase in activity; however, not all sectors were able to restart. Border closures and physical distancing requirements continued to have significant impacts on service sectors that rely on people being able to gather in groups and travel such as accommodation, food services, air travel and recreation.

In Canada, GDP declined by 5.3 per cent year-over-year, the largest year-over-year decrease on record.¹ In B.C., declines were less pronounced than in Canada as a whole, with GDP declining by 3.4 per cent.² Construction at major projects continued after a period of stoppages to implement safety measures, while lockdowns were less restrictive than in other provinces. B.C.'s economy was also supported by record-high lumber prices throughout the second half of 2020, due to demand from significant renovation and building activity throughout North America.

At the start of 2021, overall employment levels had recovered to slightly below pre-pandemic levels. However, travel restrictions and limits on gatherings meant that employment in tourism-related sectors and recreation remained significantly below pre-pandemic levels. As vaccines were rolled out and restrictions were lifted, businesses reported difficulty re-hiring workers

and there was evidence of labour shortages.

B.C. was also impacted by two severe weather events that disrupted transportation networks and affected agriculture operations. Over the summer a heat wave damaged crops and contributed to the third worst wildfire season on record. The town of Lytton was destroyed by fire in June and heavy rains throughout November led to flooding that washed out highways and rail lines connecting the Lower Mainland with the interior of the province.

As of December 2021, B.C.'s economy was projected to grow by between 5.2 per cent and 6.4 per cent in 2021, which would result in the GDP being slightly above 2019 levels. In 2022, growth is expected to moderate to 4.0 per cent.³

Northern B.C.'s economy was less impacted by COVID-19 than other regions of province and its recovery in 2021 has been mixed. Construction has continued on major projects, while key sectors such as forestry were impacted by disruptions to transportation networks and supply chains that reduced the availability of inputs and slowed production. As of November 2021, overall employment in the Cariboo and Northwest are up year-over-year but remain below 2019 levels, while in the Northeast employment has declined year-over-year.⁴

Short-Term Outlook

The forestry sector was supported by record high prices in the first half of 2021 before prices plummeted in the second half of the year. Employment in the sector has been in decline and will be linked to market prices as well as the availability of fibre supply moving forward. Construction at the region's major projects is expected to continue to support economic recovery in the Northeast and Northwest regions, along with mining activity, which picked up amid improved commodity prices.

The re-opening of borders to non-essential travel is expected to lead to a significant increase in tourism in 2022. However, tourism operators are facing staffing difficulties amid a reshaping of the labour market, that could limit capacity in the sector in the near-term.

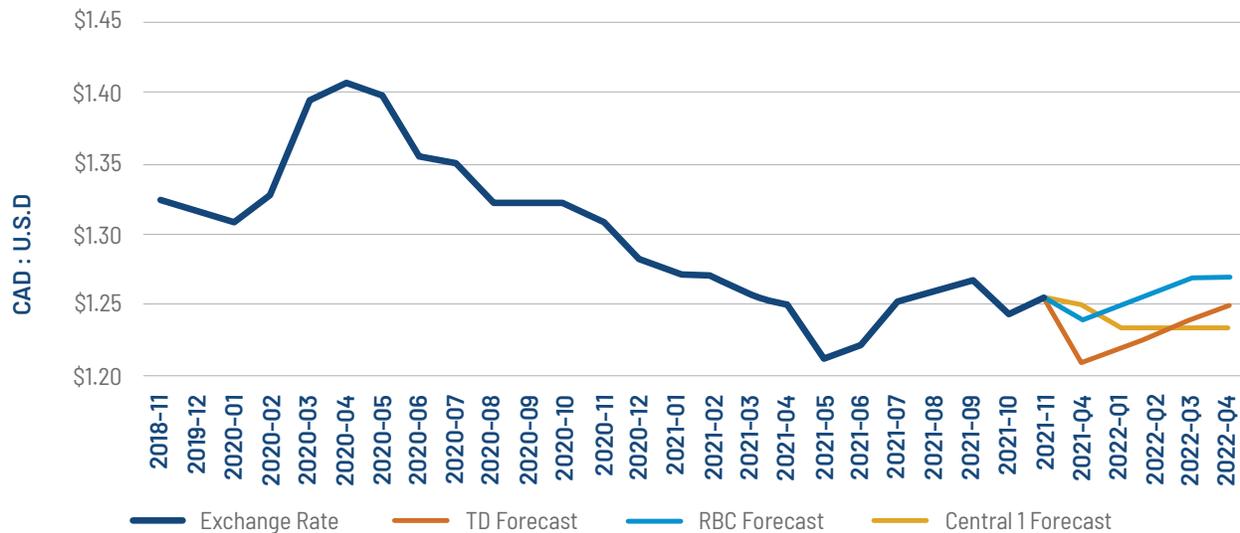
¹ Statistics Canada. Table: 36-10-0129-01

² B.C. Stats. B.C. GDP by Industry

³ TD Economics, RBC Economics

⁴ Statistics Canada. Table: 14-10-0388-01

Exchange Rates



Source: Bank of Canada, TD Economics, RBC Economics

After declining in value at the onset of the COVID-19 pandemic, the Canadian dollar gained significant value through the end of the year and into the first half of 2021. The strength of the Canadian dollar is linked to significant increases in global commodity prices like lumber, copper, oil and gas. As of November 2021, the Canadian dollar was trading at \$1.26 Canadian per U.S. dollar (\$0.79 U.S. per Canadian dollar).

There remains uncertainty around the direction of the Canadian dollar as analysts are expecting it to trade in a similar range in 2022. Strong commodity prices and interest rate hikes would be expected to support the Canadian dollar, while a severe resurgence of COVID-19 could result in another flight-to-safety and a lower Canadian dollar. In Northern B.C., a favourable exchange rate supports export sectors like mining, oil and gas and forestry.

Unemployment Rate

Unemployment rates across Northern B.C. and the rest of the province increased sharply in 2020 due to COVID-19-related business closures and layoffs. Unemployment rates across the province peaked in Q2 2020, before steadily declining the rest of the year as the economy re-opened. The Northeast region recovered particularly quickly, as the Q4 2020 unemployment rate was in-line with pre-pandemic historical Q4 rates.

declining faster leading to an increased unemployment rate. However, by the end of the year, the overall unemployment rate in Northern B.C. was consistent with 2019 levels.

Unemployment rates in Northern B.C. declined in Q2 2021 as employment levels grew. In Q3 2021 both employment levels and the labour force declined, with employment

In the Northeast, the unemployment rate declined due to strong employment growth. In the Northwest region, the unemployment rate increased in 2021, compared to the second half of 2020, due to increases in the size of the labour force, while employment levels experienced moderate growth.

Unemployment rate by region

Region	2019	2020	2020 (Jul-Dec)	2021
Northeast	6.3%	6.5%	5.8%	4.6%
Kootenay	5.3%	9.6%	7.9%	6.2%
Thompson-Okanagan	4.9%	8.6%	8.4%	6.0%
Northwest	4.3%	9.8%	7.3%	7.5%
Cariboo-Chilcotin-Lillooet*	7.4%	10.4%	9.0%	6.6%
North Central	5.6%	9.4%	10.8%	5.5%
Vancouver Island and Coast	4.1%	8.6%	8.4%	5.7%
Lower Mainland-Southwest	4.6%	8.9%	9.0%	6.9%
B.C. Total	4.7%	8.8%	8.8%	6.6%
Northern B.C.	5.8%	8.7%	8.3%	6.0%

Statistics Canada, Table: 14-10-0387-01 and Table: 14-10-0090-01

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

Unemployment rates have varied significantly by industry sector since the onset of the COVID-19 pandemic. Unemployment rates in the goods sector (forestry, construction, mining, manufacturing) were below pre-pandemic levels by the fall of 2021, while unemployment rates in some service sector occupations remain higher.

Accommodation and food services, as well as information, culture and recreation were the hardest hit

industry sectors through the pandemic. Unemployment rates in accommodation and food services sat slightly below 2018 and 2019 levels in November 2021, while employment in the sector was 11 per cent lower indicating that the decline in the unemployment rate was due to the reductions in the size of the labour force in the sector. There are indications that hospitality workers left the industry for other opportunities during the pandemic, while travel restrictions have reduced the number and availability of foreign workers.

UNEMPLOYMENT RATE

Rural areas tend to have higher unemployment rates than urban areas due to 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 tends to be lower than in the region overall. In other areas of Northern B.C. unemployment rates and employment trends are similar to those in other regions of B.C. that have mainly rural populations.

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

Industry Overviews

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

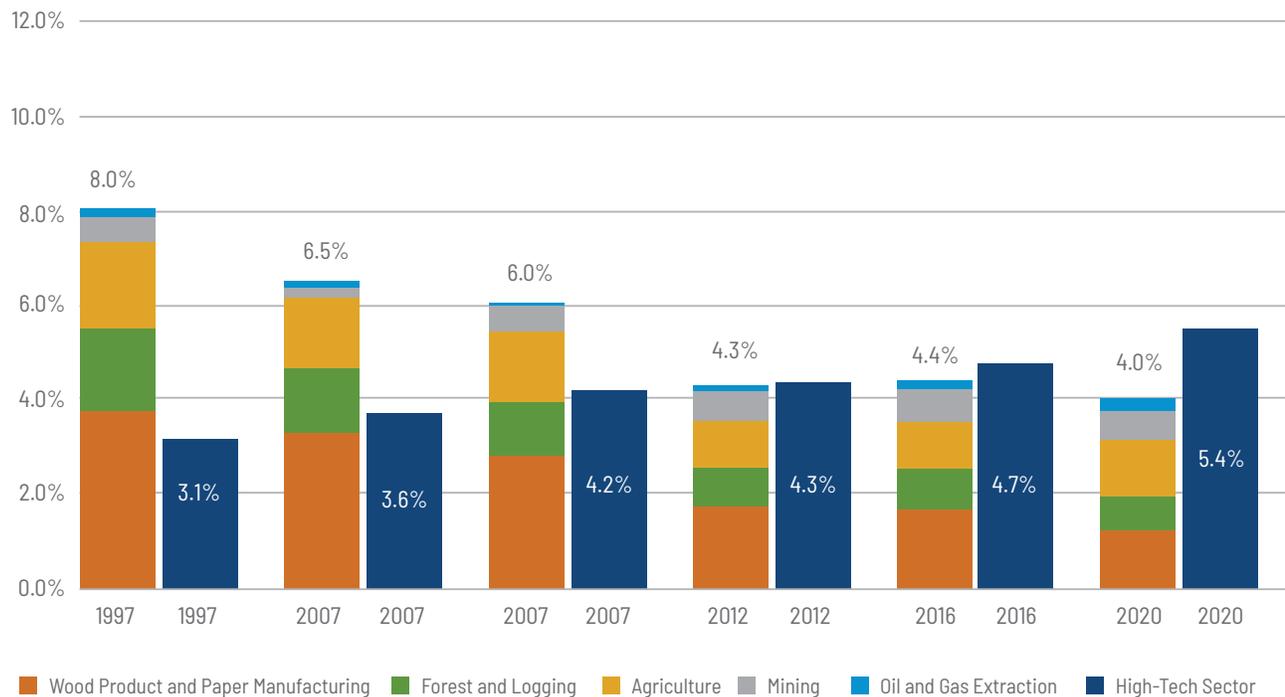
In Northern B.C., the economic base is comprised of goods-producing industries and tourism. There are also several industries that fall into both the economic base and the local area market. These industries both attract workers from outside the region and support the local market. Included in this group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



Natural Resources

Between 1997 and 2012 the percentage of employment in B.C. attributable to natural resource sectors declined by almost half, from 8.4 per cent to 4.3 per cent. The percentage of employment attributable to the natural resource sectors remained relatively stable between 2012 and 2016 before declining to 4.0 per cent in 2020. Declines in natural resource employment were driven by the wood product and paper manufacturing, agriculture and forestry and logging sectors. The percentage of employment attributable to the oil and gas extraction and mining sectors has remained relatively stable. Over the period 1997 to 2020, the percentage of employment in B.C. attributable to the high-tech sector has grown steadily from 3.1 per cent to 5.4 per cent.

Percentage of total provincial employment attributable to the natural resource sectors, 1997-2020

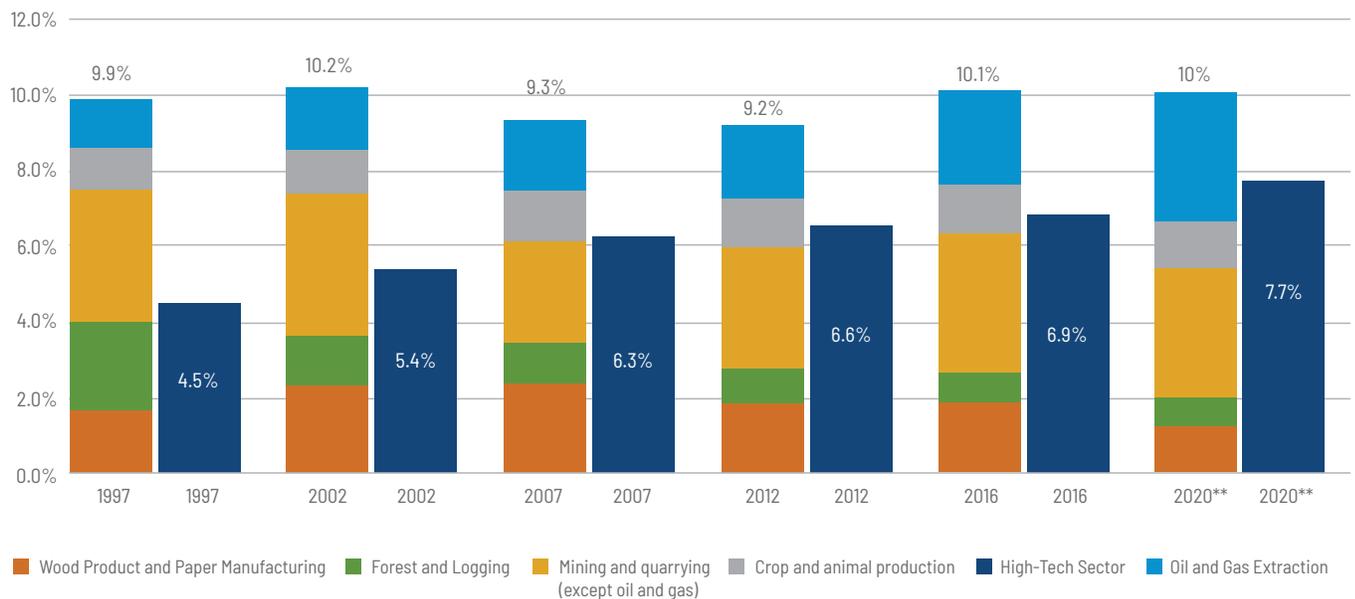


Source: Statistics Canada, Labour Force Survey (unpublished data) Prepared by BC Stats January 2022

Between 1997 and 2012 the percentage of B.C.'s GDP attributable to natural resource sectors declined modestly from around 10% to 9.2%. Between 2012 and 2016 the percentage of B.C.'s GDP attributable to natural resource sectors

rose to 10%. Over the period the contribution of forestry has declined while the contribution of oil and gas has risen and mining and agriculture have been relatively stable. Between 1997 and 2020 the the percentage of B.C.'s GDP attributable to the high-tech sector has grown steadily, rising from 4.5% in 1997 to approximately 7.7% in 2020.

Percentage of total provincial GDP attributable to natural resource sectors, 1997 – 2020*



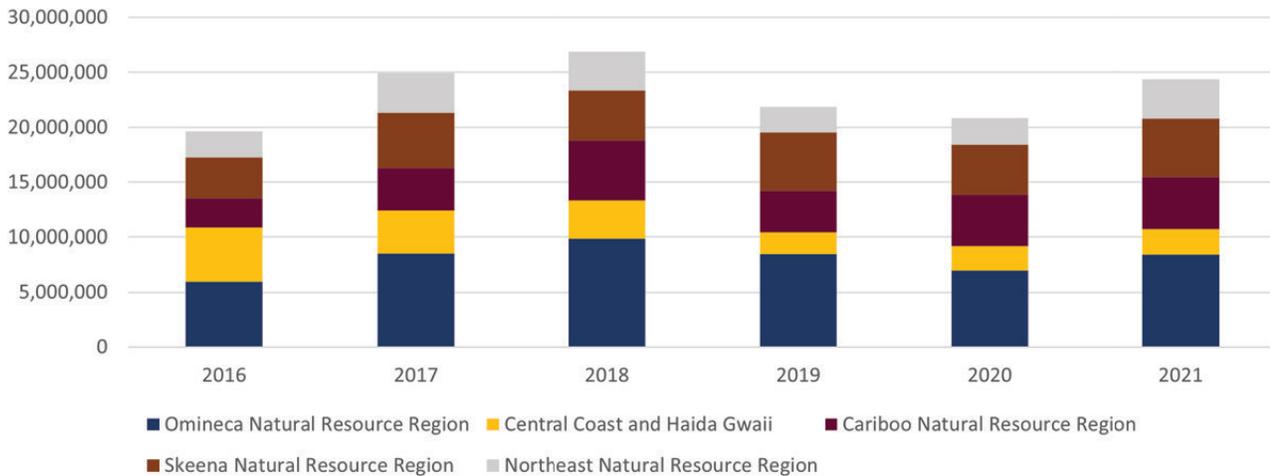
Source: Statistics Canada (Table: 36-10-0402-01) and BC Stats British Columbia High Technology GDP and Employment.

*Please note that the base year for real GDP values was revised by Statistics Canada and the percentages have changed slightly from previous editions of the State of the North Report.

**In 2020 B.C. GDP declined. The sectors most affected were recreation, hospitality and tourism while high-tech and resource sectors were less affected. Consequently some of the growth in percentages is due to declines in the contribution of other sectors arising from COVID restrictions.

Forestry

Harvest volumes by region (cubic metres)



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

Log and wood pellet cargo volumes through Port of Prince Rupert (metric tonnes)

	2016	2017	2018	2019	2020	2021
Containerized (Lumber, Pulp & paper and Logs)	 700,914	Not Available	Not Available	Not Available	Not Available	Not Available
Logs (tonnes)	 454,461	 473,799	 515,381	 368,620	 285,780	 332,175
Wood Pellets (tonnes)	 896,257	 1,089,596	 1,227,210	 1,111,367	 1,474,301	 1,442,851

Source: Prince Rupert Port Authority

Timber processing facilities – Northern B.C.

	Facilities		Capacity			
	2016	2021	2016 (millions)	2021 (millions)	Share of B.C. capacity, 2016	Share of B.C. capacity, 2021
Lumber Mills	50	41	7,313	6,084	55%	48%
Pulp and Paper Mills	8	6	2,532	2,083	39%	33%
Pellet Mills	10	10	1,758	1,871	79%	81%
Veneer, Plywood and Panel Mills	10	7	7,096	2,242	45%	44%
Other	20	20	Not available	1,742	Not available	18%

Source: Ministry of Forests, Lands and Natural Resource Operations, Major Timber Processing Facilities in B.C., 2018**

** Note that the estimates have been updated from the 2019 data file to reflect 2021 based on published information on permanent closures and available information on capacity.

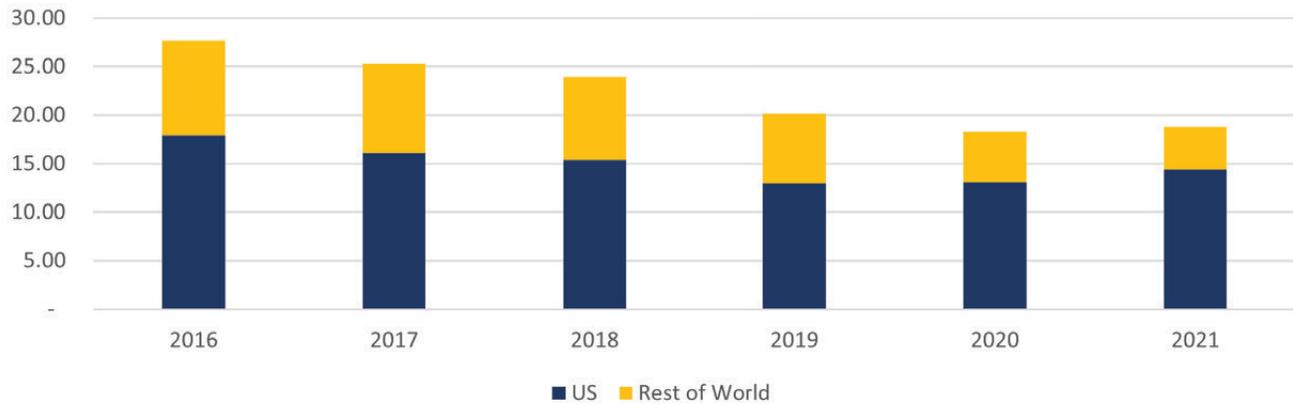
Forest sector employment – Northern B.C. (2020)

	Wood Product Manufacturing		Paper Manufacturing		Forest and Logging	
	2016	2020	2016	2020	2016	2020
Cariboo	5,900	3,800	2,600	3,000	4,400	2,900
Northeast	<1,500	<1,500	<1,500	<1,500	<1,000	<500
North Coast and Nechako	2,300	<1,500	<1,500	<1,500	1,700	<1,500

Source: Statistics Canada Labour Force Survey

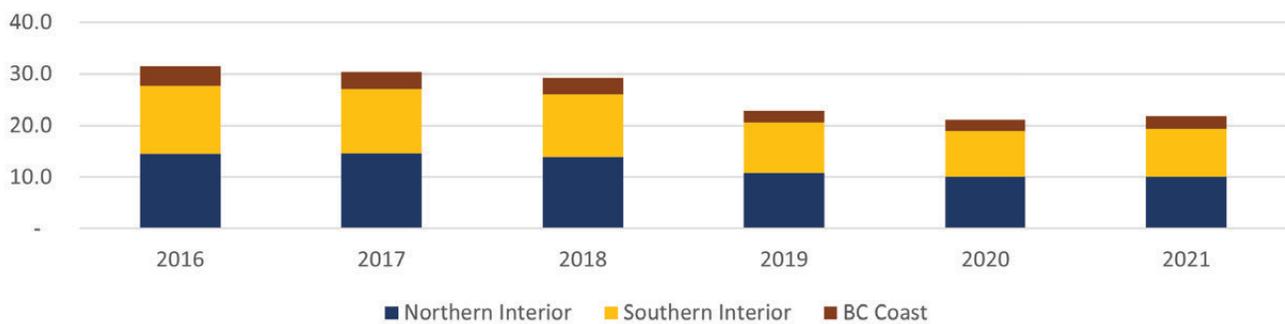
Please note data on employment is only available at the development region level. Prince George is included in the Cariboo Development Region. Lillooet, Lytton, Logan Lake, Spences Bridge, Gold Bridge, Bralorne, Cayoose Creek, Seton Lake, High Bar, Bridge River, Fountain, Pavillion, T'it'q'et, Kanacka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

B.C. softwood lumber exports, 2016-2021 (millions of cubic metres)



Source: B.C. Stats, Softwood Lumber Exports

B.C. softwood lumber production, 2016-2021 (millions of cubic metres)



Source: Statistics Canada Table: 16-10-0045-01

After a slow start to 2020 as a result of the CN Rail strike as well as shift reductions at mills and production curtailments, the second half of 2020 saw a strong rebound in the forestry sector due to record high lumber prices.

A combination of strong demand from the U.S. housing construction market and home renovation sector, coupled with limited supply due to COVID-19-related

mill curtailments, supported prices across North America. Softwood lumber production in the northern interior increased 12 per cent year-over-year from July to December 2020, while the total quantity of softwood lumber exports to the U.S. from B.C. increased 23 per cent year-over-year in the same period.⁵⁶ Despite the strong rebound for the sector in 2020, both softwood lumber production and exports were below 2018 levels reflecting reduced capacity and fibre supply. Employment levels

5 Statistics Canada. Table: 16-10-0045-01. Lumber, production, shipments and stocks, monthly

6 Global Affairs Canada. "Monthly Export Reports (Canada-US)". Available here: https://www.international.gc.ca/controls-controles/softwood-bois_oeuvre/index.aspx?lang=eng

in forestry, wood product manufacturing and paper manufacturing continued to decline in all regions in Northern B.C. in 2020.

Lumber prices continued to rise in the first half of 2021, as demand remained strong from the U.S. homebuilding and renovation sector while supply remained tight. Softwood lumber production in the northern interior was up 26 per cent year-over-year from January to May 2021, while softwood lumber exports to the U.S. from B.C. were up 46 per cent year-over-year in the same period.

In June 2021 lumber prices stabilized and then declined rapidly as supply volumes increased, while supply chain disruptions and record-high prices led to reduced consumer demand, particularly in the renovation and remodelling segment. By the end of August 2021, Western SPF prices were down approximately 75 per

cent from June 2021 highs.⁷ Throughout the fall of 2021, lumber prices moderately increased, as buyers have returned to take advantage of the lower prices. In November 2021, prices sat approximately 50 per cent to 60 per cent higher than pre-pandemic historical levels.⁸

Lumber prices are expected to remain at or above current levels, while a return to the peak prices seen in early 2021 is unlikely. However, there remains considerable uncertainty in the pulp sector as the lack of fibre supply has led to mill closures. Additionally, ongoing supply chain issues were made worse by the significant wildfires in 2021 which disrupted transportation and led to logging curtailments.

MILL CLOSURES, CURTAILMENTS AND OPENINGS

In April 2021, Paper Excellence announced that its Mackenzie pulp mill would close permanently due to lack of local fibre supply.⁹ Production was curtailed in June 2020 and resulted in the loss of 250 jobs.

In April 2021, Kandola Forest Products re-opened the C&C Wood Products mill in Quesnel, after closing in May 2020.¹⁰ Kandola expects to employ 90 people at the mill by the end of 2021, primarily those that were laid off in 2020 and eventually employ up to 185 people. The mill specializes in manufacturing panelling, shiplap and engineered wood primarily for use in repair and remodeling.

In December 2021, Canfor curtailed production at its Taylor pulp mill and Northwood pulp mill in Prince George.¹¹ The curtailments are linked to transportation disruptions from the severe flooding in the Fraser Valley and other parts of interior B.C. The Northwood mill was expected to curtail production for a minimum of two weeks, while the Taylor mill was expected to curtail production for a minimum of four weeks.

⁷ Wood Business. Available here: <https://www.woodbusiness.ca/after-multi-week-rises-most-softwood-lumber-prices-flatten-2/>

⁸ Wood Business. Available here: <https://www.woodbusiness.ca/benchmark-lumber-prices-crest-just-over-levels-of-1-year-ago/>

⁹ Wood Business. Available here: <https://www.cB.C.ca/news/canada/british-columbia/paper-excellence-permanently-closes-pulp-mill-in-mackenzie-b-c-at-a-cost-of-250-jobs-1.5989480>

¹⁰ Wood Business. Available here: <https://www.cB.C.ca/news/canada/british-columbia/quesnel-mill-kandola-c-c-1.5995182>

¹¹ Wood Business. Available here: <https://www.woodbusiness.ca/canfor-pulp-curtails-northwood-and-taylor-operations-in-B.C./>

SOFTWOOD LUMBER DISPUTE UPDATE

Each year, the U.S. Department of Commerce undertakes an annual review of softwood lumber imports from Canada. In November 2021, the U.S. Department of Commerce released its final determination for the anti-dumping duty and countervailing duty. The review indicated that Canadian lumber is subsidized and dumped into the U.S. market. As a result, the combined anti-dumping and countervailing duty was increased to 17.89 per cent from 8.99 per cent, effective December 2, 2021.¹²

OLD GROWTH STRATEGIC REVIEW

In November 2021, the B.C. government announced it would work with First Nations to defer 2.6 million hectares of old growth forest based on recommendations from the B.C. Government's Old Growth Strategic Review Panel. This is in addition to the 2.6 million that is already protected.

The extent to which the deferrals will affect Northern B.C. is uncertain at this time (December 2021) and will depend on the negotiations between the B.C. government and individual First Nations.

The B.C. government received responses from 161 of the 204 First Nations in the province with the overwhelming majority in support of engaging with the province on forest management. As of December 2021, the terms are being finalized with the First Nations in favour of immediate deferrals.

The B.C. government is allocating approximately \$19 million in funding to support forestry workers, contractors and communities affected by the deferrals including short-term employment opportunities and retirement transition funds.

Source: B.C. government. Progress update on old growth, worker supports. Updated Dec. 16, 2021

¹² Government of B.C. Available here: <https://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/softwood-lumber-trade-with-the-u-s>

Energy

Employment in the utilities sector

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

Source: Statistics Canada Labour Force Survey

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

Energy facilities

Region	Independent Power Producers (IPPs)		
	Number	Capacity (MW)	Energy (GWh/yr)
Cariboo-Chilcotin/Lillooet	8	225	984
Northwest	11	1,259	4,869
Northeast	10	750	2,679
North Central	12	295	1,053
Total	41	2,529	9,585

Source: BC Hydro

The energy sector in Northern B.C. includes large hydroelectric dams, biomass facilities and wind farms. BC Hydro operates two hydroelectric facilities in the Northeast, which together represent approximately 29 per cent of BC Hydro's generating capacity and 38 per cent of BC Hydro's total power generated.¹³ In addition, there are 41 independent power producers in Northern B.C. that produce 9,585 GWh/year. This includes eight biomass facilities, four wind farms, 20 hydroelectric dams and three other facilities (gas-fired thermal, biogas and energy recovery generation).

SITE C PROJECT UPDATE

The Site C Dam near Fort St. John is currently under construction and as of February 2021 is expected to be operational by 2025.¹⁴ The completion date has been pushed back one year due to workforce reductions caused by the COVID-19-pandemic. As of October 2021, there are 4,633 total workers on the Site C project.¹⁵

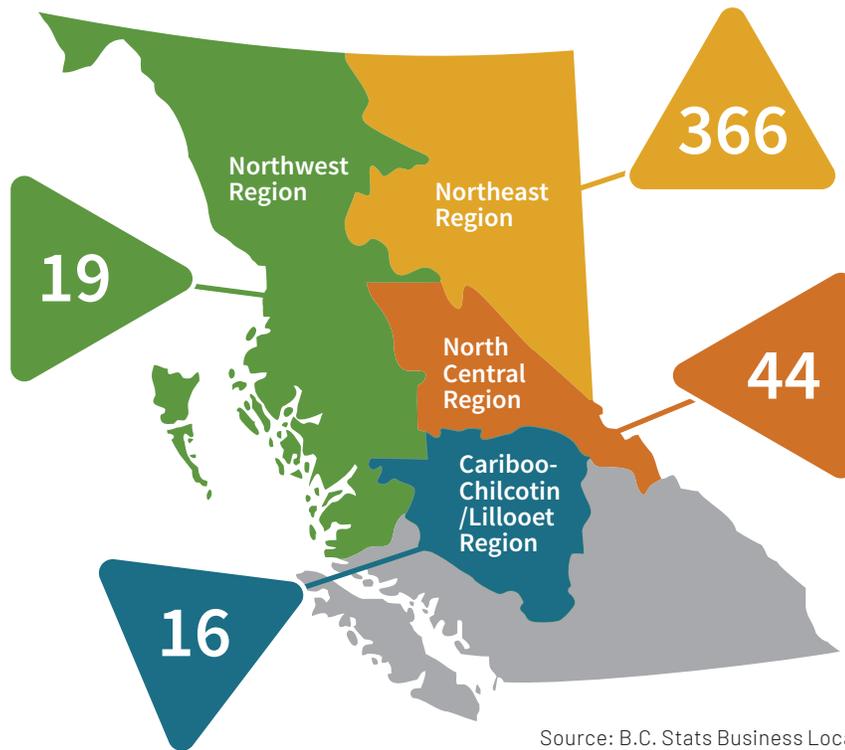
¹³ BC Hydro. Available here: <https://www.B.C.hydro.com/energy-in-B.C./operations/our-facilities/peace.html>

¹⁴ BC Hydro. Quarterly Progress Report to the B.C.U.C. March 18, 2021

¹⁵ BC Hydro. Site C Employment by Month. October 2021

Mining / Oil and Gas

Businesses in mining, oil and gas - 2020



Employment in the mining, oil and gas sector – Northern B.C.

Development Region	2016	2017	2018	2019	2020
Cariboo	2,500	2,100	1,700	2,200	1,700
Northeast	4,800	2,900	3,000	4,000	3,600
North Coast-Nechako	<1,500	<1,500	<1,500	<1,500	<1,500

Source: Statistics Canada Labour Force Survey

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

MINING

Mines in operation

Region	Coal	Metal (includes Gold, Copper, Silver, Zinc, Lead and Molybdenum)	Quarry (stone, sand, gravel and basalt)	Minerals (jade, gems and semi-precious stones)	Total
Northeast	3			1	4
Northwest		2	6	4	12
North Central		1			1
Cariboo-Chilcotin/Lillooet		3		1	4
Total	3	6	6	6	21

Source: Government of B.C., Major Mines in British Columbia. Government of B.C. Exploration and Mining in British Columbia, 2020

Northern B.C. has significant metal and coal deposits, with metallurgical coal deposits concentrated in the Northeast region and precious metal deposits in the Northwest and Cariboo-Chilcotin/Lillooet regions. There are currently nine coal and metal mines in operation in Northern B.C. as well as three in the permitting phase.

Operations at both the Silvertip mine in the Northwest region and Mount Polley mine in the Cariboo-Chilcotin/Lillooet region remain suspended due to market conditions. The Silvertip mine is exploring an expansion of operations and the potential to re-start mining, though no timeline is in place.¹⁶

The Blackwater Gold project in the North Central region is set to begin construction in Q2 2022. The mine is projected to employ up to 155 individuals once it is fully operational as well as 825 individuals per year during the construction phase.^{17,18} The Cariboo Gold Project, in the Cariboo-Chilcotin/Lillooet region, remains in the permitting phase.

Commodity prices fluctuated significantly in 2020 as the onset of COVID-19 initiated increased demand for precious metals like gold and silver, while industrial metals, like copper and zinc, experienced price declines. Both copper and gold prices stabilized in the second half of 2020 and by the end of the year were above pre-pandemic levels.¹⁹ Metallurgical coal prices were similarly negatively affected by the onset of COVID-19 as mines and manufacturing facilities in China closed. However, coal prices did not recover to the same extent as gold and copper, ending the year well below pre-pandemic levels.

Favourable commodity prices in the second half of 2020 led to increased exploration activity, particularly in the Northwest region which attracted approximately \$223 million of exploration spending.²⁰ Exploration was concentrated in the precious metals sector in 2020, though as economies continue to re-open worldwide, demand for base metals and associated exploration activity is expected to increase.

¹⁶ Coeur Mining. Available here: <https://www.coeur.com/operations/mines/silvertip-british-columbia/>

¹⁷ Government of B.C. Available here: <https://news.gov.bc.ca/releases/2021EML10045-001258>

¹⁸ Artemis Gold. Blackwater Gold Project NI 43-101 Technical Report on Updated Feasibility Study

¹⁹ Government of B.C. Exploration and Mining in British Columbia, 2020

In 2021 copper prices increased, reaching all-time highs in May, led by strong infrastructure and construction investment in China.²¹ In Q3 2021, copper prices edged down due to weakening demand from the automobile manufacturing sector, though they remained well above pre-pandemic levels as of October 2021.²² Gold prices edged down in 2021 as bond yields increased, making gold less appealing to investors.²³ Metallurgical coal prices increased in 2021 as steel production in China recovered to pre-pandemic levels.²⁴ Looking forward, B.C.'s mining sector is expected to continue to be supported by favourable commodity prices leading to increased exploration and improved economic activity.



20 EY. Available here: https://www.ey.com/en_ca/news/2021/03/B.C.-mineral-and-coal-exploration-spend-up-28-percent-in-2020-despite-turbulent-year

21 World Bank. Commodity Markets Outlook. April 2021

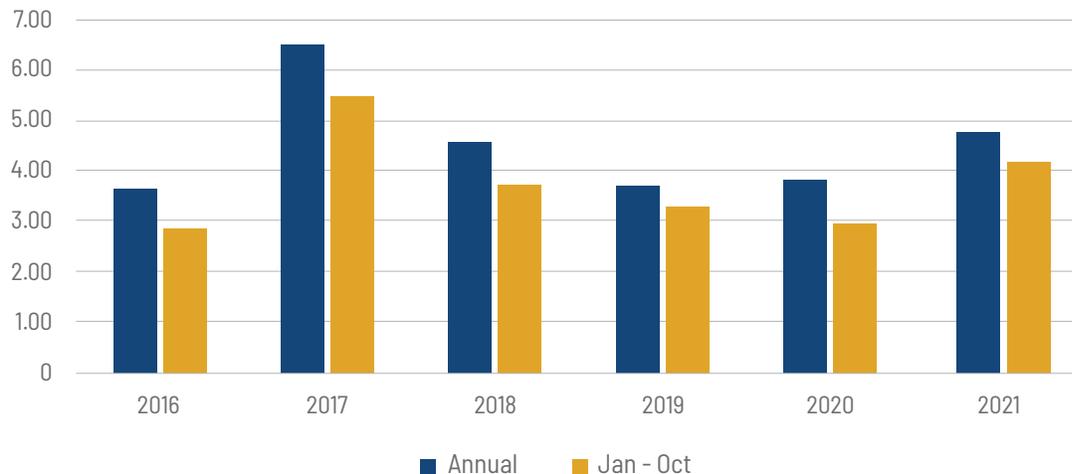
22 World Bank. Commodity Markets Outlook. October 2021

23 World Bank. Commodity Markets Outlook. April 2021

24 Teck Q2 2021 Financial Report. Available here: <https://www.teck.com/investors/financial-reports/quarterly-reports/2021/q2-2021-financial-report>

OIL and GAS

Wells drilled



Source: B.C. Oil and Gas Commission, Number of Wells Drilled

Northern B.C.'s oil and gas reserves are found in the Northeast region near Dawson Creek and Fort St. John, in the Montney Shale gas basin. Natural gas production encompasses the majority of drilling activity in the region.

After declines in natural gas prices in 2019, the COVID-19 pandemic – and associated reductions in electricity generation and residential/commercial heating – caused prices to fall further, reaching record lows in Q2 2020 before moderately recovering in the second half of 2020.²⁵ The first half of 2021 saw a strong recovery in natural gas prices, as they were up nearly 40 per cent in the U.S. in Q1 2021 compared to Q4 2020 and have continued to rise through the second half of the year.²⁶ Price increases have been driven by demand from China, where both environmental policies and reduced worldwide production of coal have decreased coal imports and increased demand for natural gas as a substitute.

The price increases have corresponded to an increase in the number of wells drilled in Northern B.C. between January and October 2021.

Looking forward, the outlook for B.C.'s natural gas production is positive as market prices are expected to remain strong and wells drilled for LNG export are expected to continue to increase as the LNG Canada facility moves closer to completion. Extreme weather events and the inconsistent nature of renewable energy is expected to support demand for reliable backup energy sources, like natural gas, in the short to medium term.²⁷

LNG CANADA PROJECT UPDATE

LNG Canada is now in its fourth year of construction and is expected to be completed by 2025. In October 2021, the project reached its 50 per cent completion mark. There are approximately 4,000 employees on-site in Kitimat, in addition to approximately 4,500 involved in the Coast GasLink pipeline construction.²⁸

²⁵ World Bank. Commodity Markets Outlook. October 2020

²⁶ World Bank. Commodity Markets Outlook. April 2021

²⁷ World Bank. Commodity Markets Outlook. October 2021

²⁸ Natural Gas World. Available here: <https://www.naturalgasworld.com/lng-canada-project-passes-mid-way-point-92722>

Tourism

Change in passenger volumes at regional airports – year-over-year change

	2020	Jan-Mar 2020	Apr-Dec 2020	Jan-Mar 2021	Apr-Jul 2021
Prince George	-64.4%	-2.9%	-80.4%	-78.3%	191.4%
Smithers	-68.1%	-4.7%	-86.3%	-72.7%	245.0%
	2020	Jan-Mar 2020	Apr-Dec 2020	Jan-Mar 2021	Apr-May 2021
Fort St. John	-57.0%	-12.8%	-61.6%	-67.4%	330.6%

Source: Destination B.C. Tourism Indicators

Ferry traffic – year-over-year change

	Port Hardy - Prince Rupert		Skidegate - Prince Rupert		Skidegate - Aliford Bay	
	Vehicles	Passengers	Vehicles	Passengers	Vehicles	Passengers
2020	-40.6%	-59.0%	-45.0%	-59.0%	-37.0%	-49.8%
Jan - Sept 2020	-45.7%	-60.6%	-51.4%	-63.3%	-40.2%	-53.1%
Jan - Sept 2021	39.8%	29.9%	58.1%	70.4%	36.7%	43.8%

Source: B.C. Ferries Traffic Statistics

Hotel occupancy rates – Prince George

2020 (Jan-Dec)	2021 (Jan-Sept)
51.0%	52.8%

Source: Destination B.C. Tourism Indicators

Tourism in Northern B.C. is centred around outdoor recreation and visits to friends and family. The region draws visitors from other parts of B.C., Canada, the U.S. and Europe for fishing, hiking, skiing, wildlife viewing and visits to historical and Indigenous cultural sites.

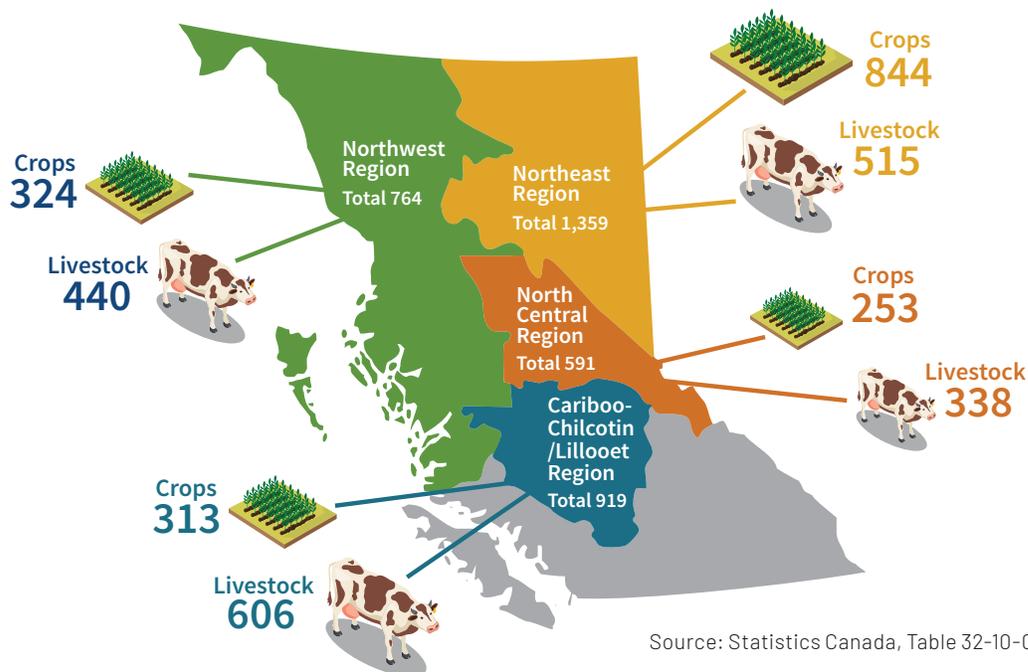
Travel restrictions and border closures associated with the COVID-19 pandemic led to steep declines in visitors making 2020 a difficult year for tourism across the province. In Northern B.C. passenger volumes at regional airports were down between 55 per cent and 70 per cent year-over-year in 2020, while all ferry routes also saw significant declines.

In 2021, tourism in Northern B.C. improved as it is less reliant on international visitors than other parts of B.C. Ferry traffic and passenger volumes at airports

increased significantly in 2021, though remained below 2019 levels. Despite the improvements, 2021 was also characterized by a particularly bad wildfire season, which limited travel in parts of Northern B.C. over the summer. Travel restrictions during the winter months also restricted recreation-based travel to the Northeast region for skiing and snowmobiling. Looking forward, rising oil prices will increase the cost of all modes of travel. This may delay the return of out-of-province visitors and encourage more B.C. residents to vacation within the province in 2022. For Northern B.C., this may lead to higher levels of visitation at key attractions.

Agriculture

Number of farms by region (2016)



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 over 1,700 farms engaged in crop production in the region.

The Northeast region is a significant producer of grain and oilseed. Approximately 80 per cent of B.C.’s total acreage and export production for these crops comes from the Northeast region.²⁹ The Cariboo-Chilcotin/Lillooet and Northwest regions are home to Northern B.C.’s barley and oat production, which are largely grown 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.³⁰

The agriculture industry accounts for a small percentage of overall employment in Northern B.C. and the majority of businesses do not have employees, which suggests most agricultural operations in Northern B.C. are small-scale family run farms or employ temporary or contract workers.

GRAIN PRODUCTION

For grain farmers in the Northeast, 2020 was a challenging year. Producer deliveries of wheat declined by 21 per cent compared to 2019 due to poor weather conditions.³¹ Data from 2021 indicates another difficult year as wheat deliveries were down 31 per cent between January and October, compared with the same period in 2020.³² The poor yields were driven by extreme drought conditions for much of the summer, which hindered crop development.³³

²⁹ Ministry of Agriculture (<http://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/animals-and-crops/crop-production/grains-oilseeds-pulse-crops>)

³⁰ Ministry of Agriculture, Agricultural Regions

³¹ Statistics Canada. Table: 32-10-0351-01

³² Ibid

³³ Statistics Canada. Available here: <https://www150.statcan.gc.ca/n1/daily-quotidien/211203/dq211203b-eng.htm>

4. Regional Analysis:

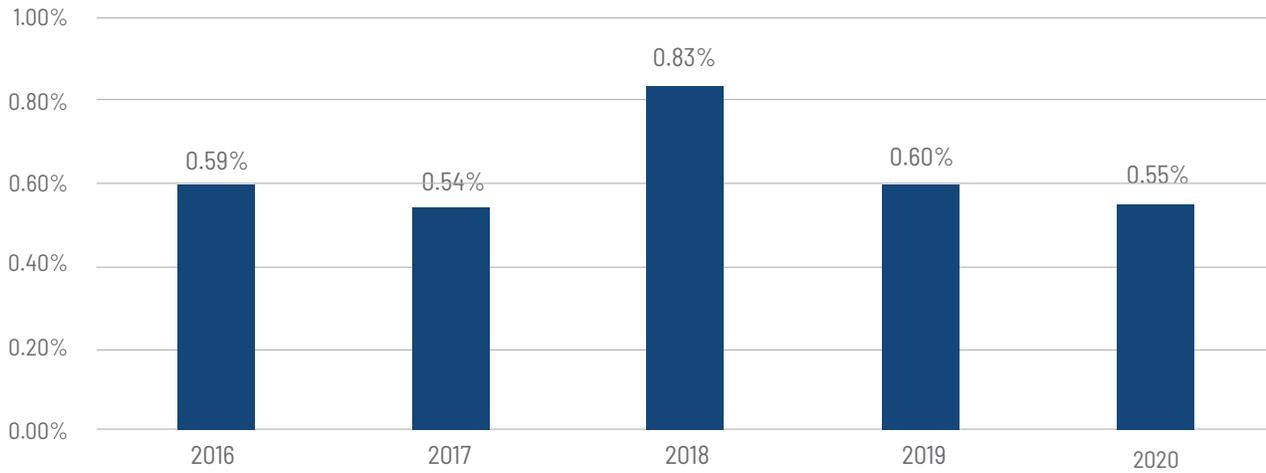
Northern B.C.



Building a
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Population

Northern B.C. population growth (2016–2020)



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

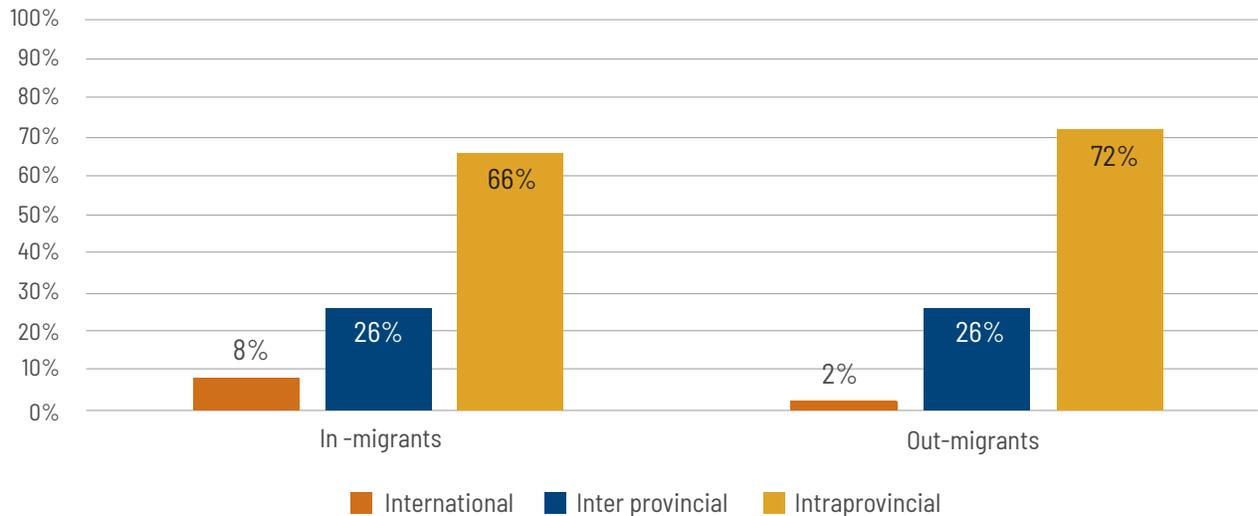
Note: B.C. Stats annually adjusts their population estimates, as a result the growth rates above do not match previous years' reports.

Between March 2020 and March 2021 population growth in B.C. slowed. There was a significant decline in the number of immigrants as a result of border closures and delays in interviews for applicants under the provincial nominee program. While international migration flows declined, interprovincial migration increased from central Canada and the prairie provinces. Preliminary estimates indicate that in Q2 2021, population growth began to increase and by Q3 2021, quarterly growth rates were consistent with 2019 levels.

In Northern B.C. population growth is primarily due to migration from other parts of B.C. and to a lesser extent, from other provinces. International immigration

typically accounts for less than 10 per cent of migrants to the region. Consequently, Northern B.C. was less affected by the decline in international migration than other parts of the province and its population continued to grow at a pace similar to 2019. Population growth was concentrated in the North Central and Northwest regions. There was also modest growth in the Cariboo, while in the Northeast the population was relatively stable.

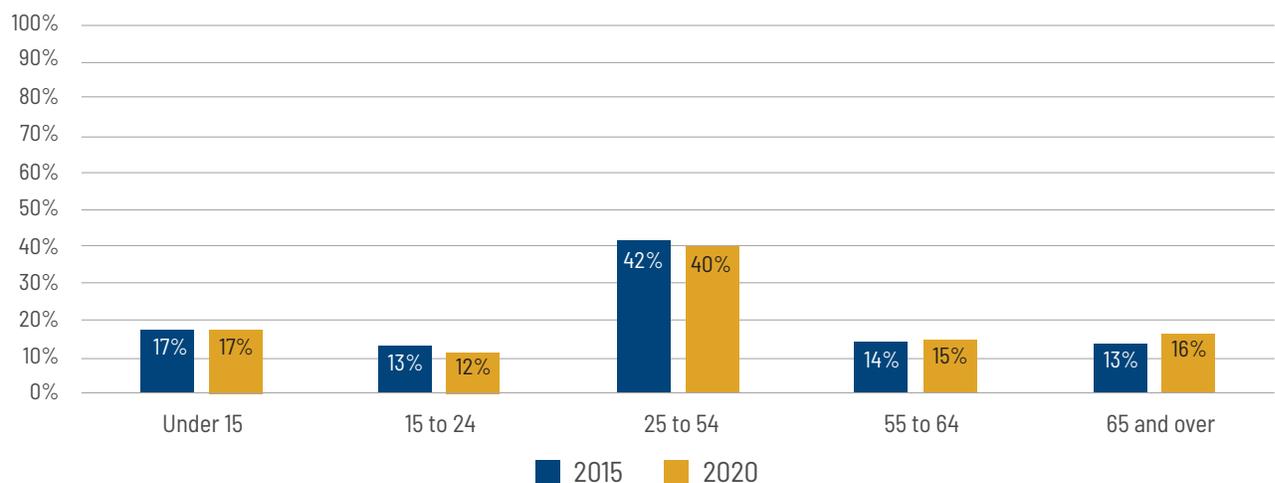
Average share of annual migration by source/destination – Northern B.C. (2012/13 to 2019/2020)



Source: B.C. Stats, British Columbia Regional District Migration Components

Note: B.C. Stats has not released 2020/21 migration estimates

Population age distribution – Northern B.C.

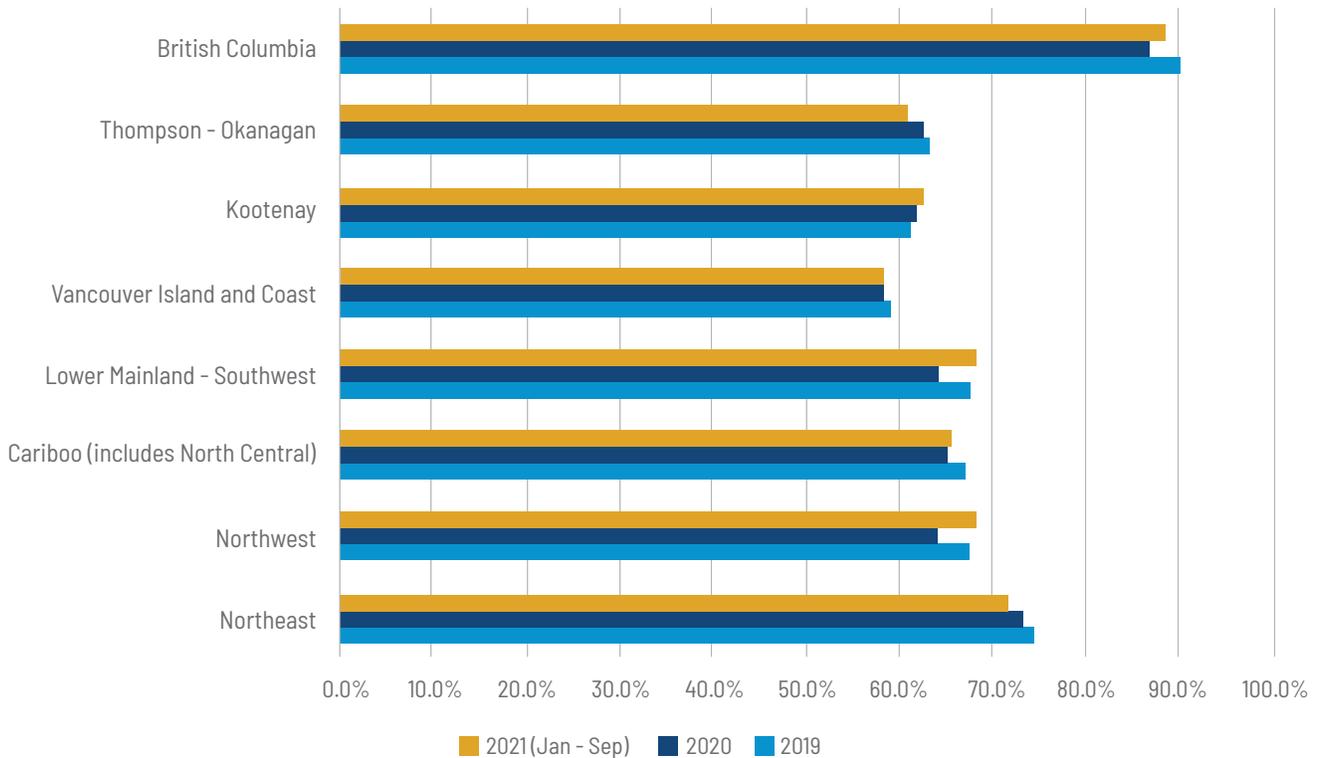


Source: B.C. Stats, Sub-Provincial Population Estimates

The population of Northern B.C. remains younger than the overall population of the province as the percentage of the population over age 65 is relatively lower than in other parts of B.C. However, there are indications that Northern B.C.'s population is ageing faster and will continue to age. Between 2015 and 2020, the percentage of the population in Northern B.C. over 65 increased by 2.8 percentage points, while in other parts of B.C. the percentage of the population over 65 and increased by 2.1 percentage points.

Labour Force and Employment

Labour force participation by region (2019, 2020, 2021 Jan-Sep)



Source: Statistics Canada, Labour Force Survey

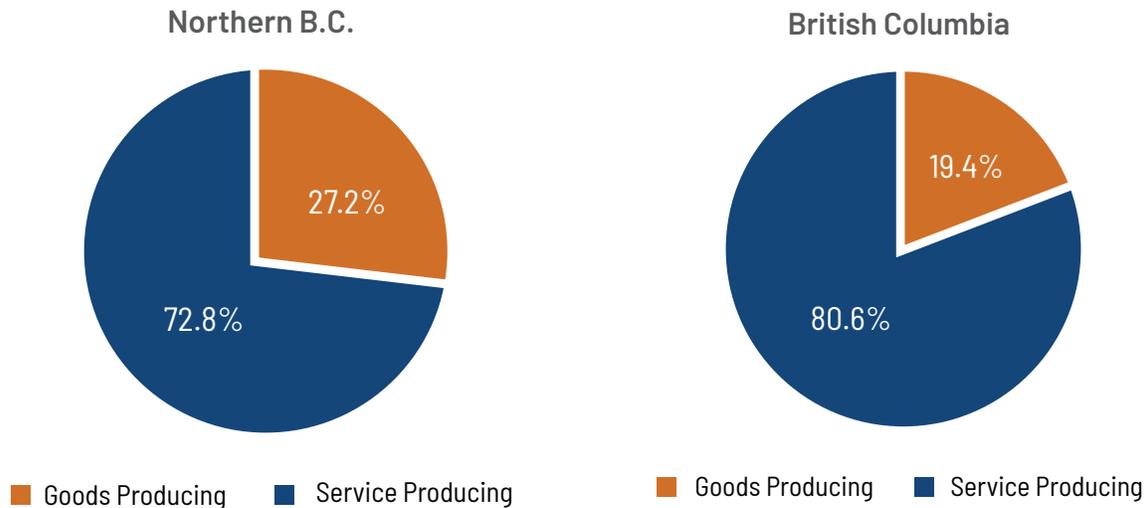
After declining during the initial waves of the pandemic, B.C.'s labour force participation rate returned to 2019 levels in 2021, driven by increases in the Lower Mainland. In Northern B.C., labour force participation rates returned to 2019 levels by Q4 2020 and remained stable for the first half of 2021, before declining in Q3 2021.

In the Cariboo and North Central, the working age population increased marginally between 2019 and 2021, while the labour force declined. In the Northeast, the working age population was relatively stable while the

labour force declined. This suggests that some people in these regions have chosen not to seek employment, which may reflect concerns about workplace safety, exposure to the COVID-19 virus or not being able to meet vaccine requirements for potential employers.

In the Northwest, the working age population remained stable between 2019 and 2021, while the labour force increased. This is consistent with strong labour market conditions in the region related to development in the Kitimat and Terrace areas.

Share of employment by sector (2020 Northern B.C. and B.C. total)



Source: Statistics Canada, Labour Force Survey

Northern B.C. accounts for approximately 6.5 per cent of employment in the province. Northern B.C.'s employment share has been declining due to the region's reliance on the goods sector and natural resource-based industries. However, Northern B.C.'s employment share increased in 2020 due to more significant employment declines in the rest of the province. It is unlikely that this trend will continue though, as employment levels recovered at a more rapid rate in the rest of the province.

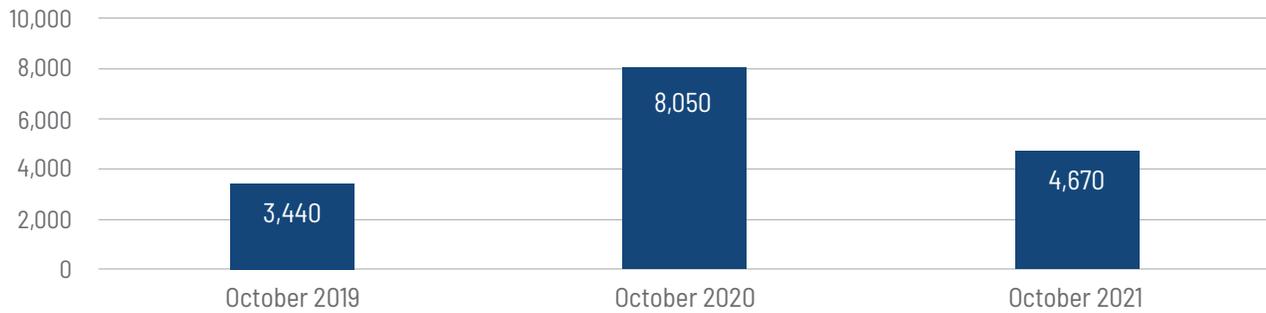
Employment in many of Northern B.C.'s key industries like forestry and mining, construction, transportation and manufacturing sat below Q3 2019 levels in Q3 2021. Fibre supply constraints and volatile market prices have led to struggles in the forestry and wood product/paper manufacturing sectors, while supply chain issues

may be linked to declines in the transportation and construction sectors. Despite some recovery in the tourism sector, employment in both the accommodation and food services, and information, culture and recreation industries were also lower in Q3 2021 compared to Q3 2019.

Looking forward, employment levels in the Northwest and Northeast regions are expected to be supported by major projects, while employment gains in the North Central region are expected to be driven by population increases. In the Cariboo overall employment growth is expected to be modest as fibre supply constraints continue to impact the forestry sector. Rebuilding of Lytton and other properties damaged by wildfires, as well as repairs of infrastructure damaged by flooding, may provide a temporary boost in the region.

Labour Market

Employment insurance claimants – Northern B.C.

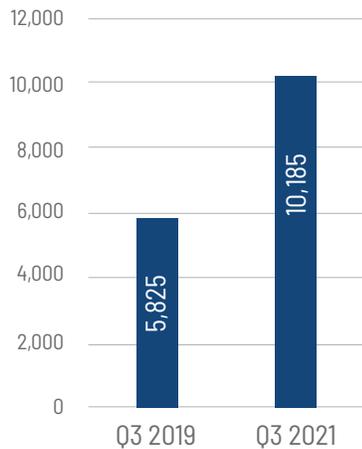


Source: Statistics Canada. Table: 14-10-0322-01

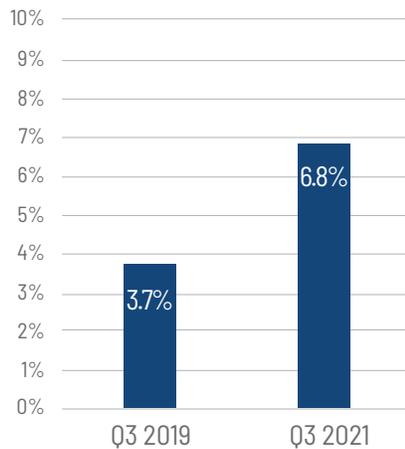
Estimates for Prince Rupert, Terrace, Dawson Creek, Fort St. John, Prince George, Williams Lake and Quesnel

Job vacancies and wages offered – Northern B.C.

Job Vacancies



Job Vacancies Rate



Average Offered Hourly Wage



Statistics Canada. Table: 14-10-0325-01

Note: Data was not available for Q2 or Q3 2020. Average Offered Hourly Wage represents a weighted average for the Development Regions of the Northeast, North Coast & Nechako, and Cariboo.

Labour vs. Skills Shortages

Labour shortages occur when there are too few job seekers to fill available openings, while skills shortages occur when the applicants to jobs do not have the required qualifications.

There are indications that Northern B.C. is experiencing a labour shortage as the number of job vacancies has increased by a much more significant amount than the number of job seekers, as well as a skills shortage.

Across B.C., the COVID-19 pandemic produced a significant re-shaping of the labour market, particularly in lower paid industries like the hospitality sector. In Northern B.C., the number of job vacancies were up 75 per cent in Q3 2021, compared with the same period in 2019, while the job vacancy rate has increased by three percentage points. The Northwest experienced the most significant change, with an 82 per cent increase in job vacancies in Q3 2021 compared with Q3 2019.

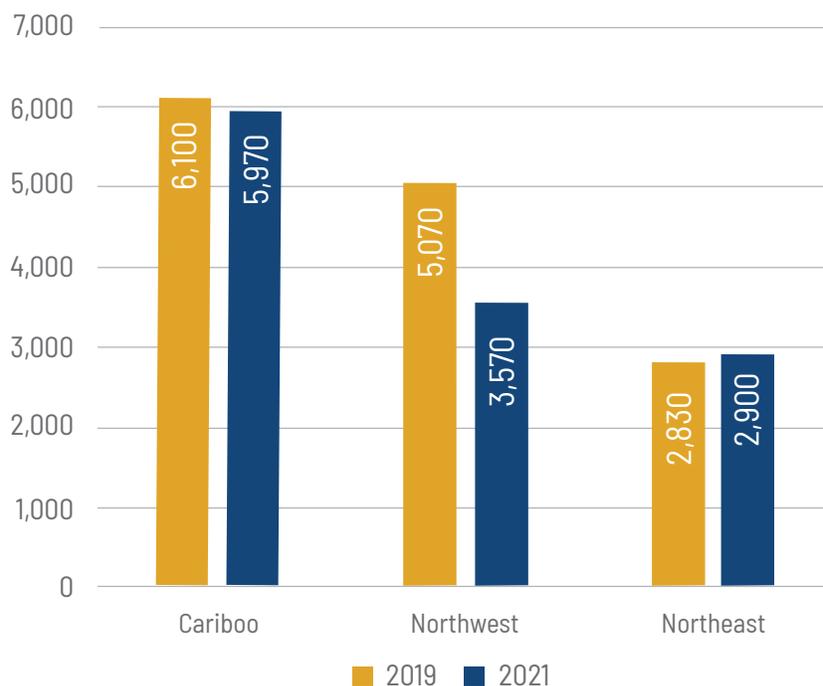
The average hourly wage offered in Q3 2021 was comparable or slightly below the average hourly wage in Q3 2019. This difference likely reflects the composition of job vacancies, with there being more vacancies in lower-wage occupations in 2021 than in 2019.

At the onset of the COVID-19 restrictions in 2020, many workers who lost their jobs received the Canada Emergency Response Benefit (CERB) and were subsequently transitioned to Employment Insurance (EI) in October 2020, which led to significant increases in EI claimants. As these benefits last approximately

one-year, October 2021 EI claimants have subsequently decreased to be slightly above 2019 levels. For individuals that are ineligible for EI benefits, the Canada Recovery Benefit (CRB) was available from September 2020 to October 2021.

The decline in EI claimants in Northern B.C. corresponds to modest increases in employment between September and November 2021 across regions, suggesting that those transitioning off EI are able to find employment. In the hospitality sector, restaurants and hotels have been reporting difficulties filling vacancies since the initial Phase 1 restrictions were lifted in May 2020. In the first nine months of 2021, employment in the accommodation and food service sector in Northern B.C. was 11 per cent below employment compared to the same period in 2019. The largest declines were in the Northwest where employment in 2021 was 30 per cent lower than in 2019. In the Northeast, employment in 2021 was similar to 2019 while in the Cariboo, employment in 2021 was down approximately two per cent compared with 2019.

Employment in accommodation and food service, by region, January to September



Source: Statistics Canada Table: 14-10-0388-01

Interviews with food service employers in the region indicated they are receiving significantly fewer applications for vacancies and the applications they do receive are from those that have lower levels of experience or do not have the necessary qualifications. Interviewees reported mixed success in re-hiring staff that were employed prior to COVID. In some cases, turnover was consistent with levels prior to the pandemic and most staff returned. In other cases, employers reported significant difficulty in re-hiring and that they were chronically understaffed.

There are indications that a number of factors have contributed to the labour shortage. Some workers have moved on to other sectors, there are fewer foreign workers due to travel restrictions and COVID may have accelerated the retirement of older members of the labour force. Employers also reported that some workers have left food service due to stress created by COVID protocols and checking vaccine passports.

In order to improve recruitment and retention of workers, employers have indicated they are offering their employees more flexibility around work schedules and time-off, as well as adjusting operating hours to accommodate fewer staff and their availability. Some restaurants also indicated that they are offering higher wages.

There is uncertainty about how long the labour shortage in the hospitality sector will persist. Reduced travel restrictions that lead to increased immigration levels could help provide a larger labour pool and changes in recruitment, retention and compensation may encourage workers to enter the industry. Longer term, there may be changes in how technology is used or services are delivered that change the nature of employment in the sector.

Northwest Region

Regional Analysis

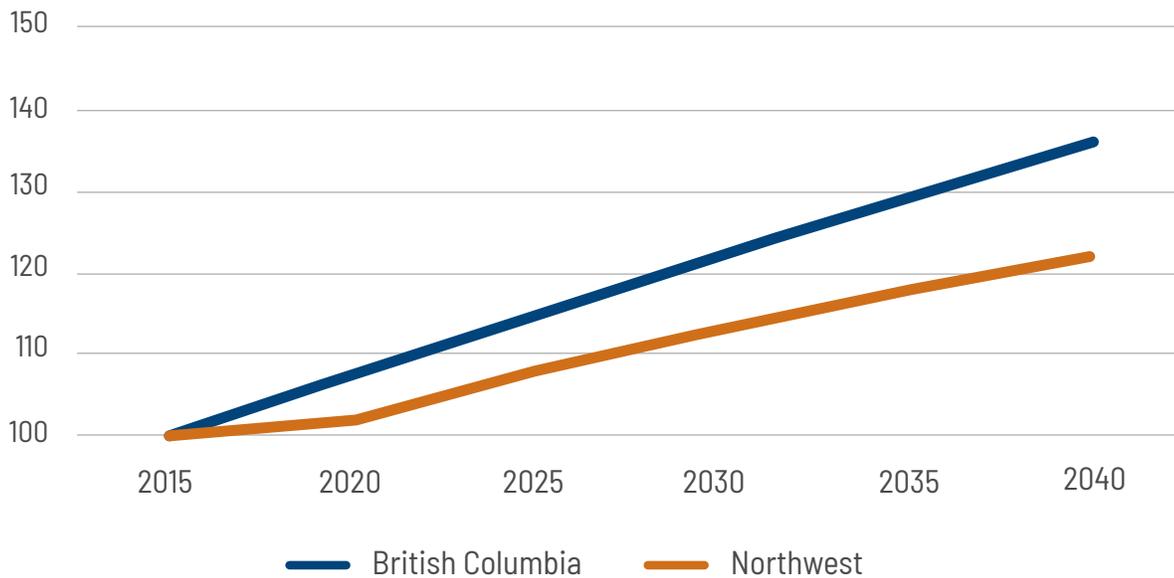
The Northwest region is the largest geographic area in Northern B.C. It is comprised of the Stikine, Kitimat- Stikine, North Coast and Central Coast Regional Districts as well as the majority of the Bulkley- Nechako Regional District (includes the communities of Houston, Burns Lake, Granisle, Smithers 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.



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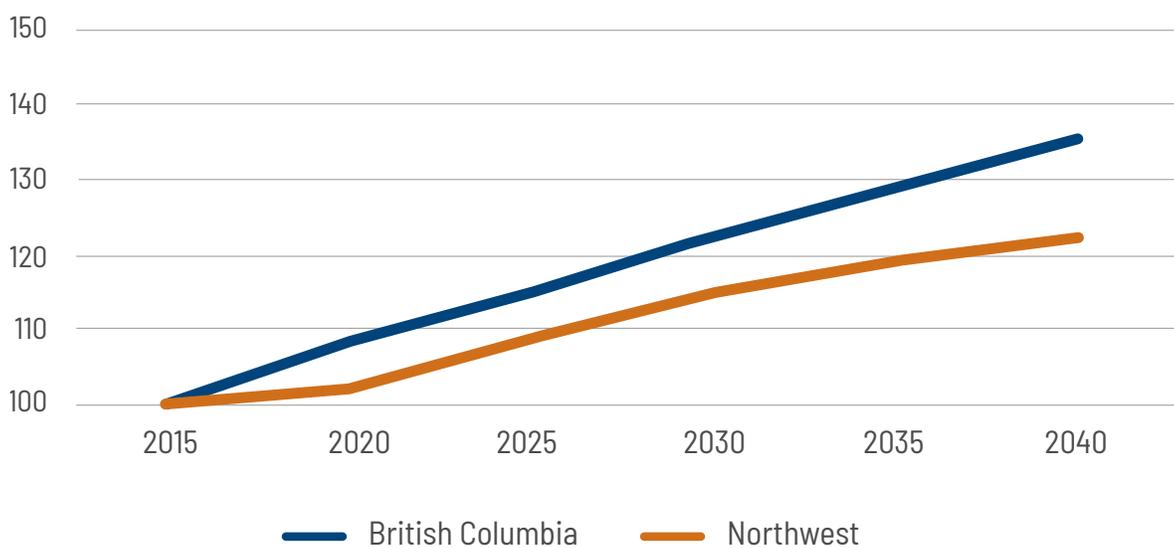
Population

Projected population index (2020-2040)



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

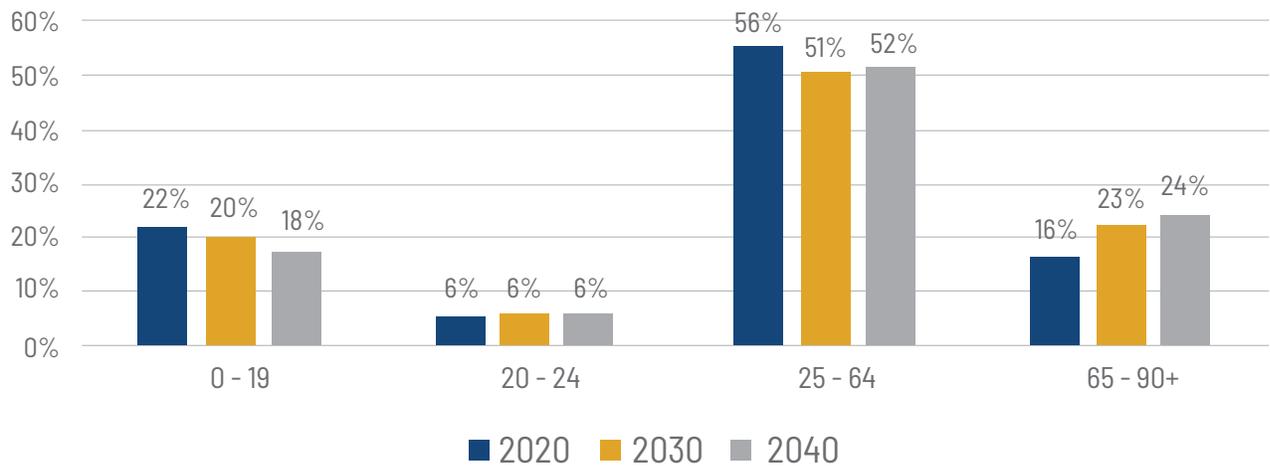
Projected number of households index (2020-2040)



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

Between 2020 and 2040 the population in the Northwest region is projected to grow at an annual rate of 0.9 per cent, while the number of households are projected to grow at an annual rate of one per cent. The provincial population and number of households are projected to grow by 1.2 per cent annually.

Projected age distribution (2020-2040)



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

The population in the Northwest is projected to age, with the percentage of the population aged 65 and over rising from 16 per cent in 2020, to 24 per cent by 2040.

*An **Index** is a series of data that represent changes over time relative to the first value in the series. The first time period is referred to as the “base year” and is usually set to 100 to allow for simplified comparisons.*

In the projected population and households indices, the gap between the regional index and provincial index shows the change in growth rates over time.

Employment

Employment in the Northwest region is largely dependent on forestry, mining, transportation and construction related to major infrastructure projects like LNG Canada. At the onset of the pandemic, employment declined significantly as construction sites were shutdown and industrial facilities temporarily closed. As restrictions were lifted employment levels in construction and manufacturing returned to pre-pandemic levels, while employment in accommodation and food services remained significantly below pre-pandemic levels.

These trends continued through the first half of 2021. In the second half of the year employment levels began to decline in construction, transportation and warehousing. These declines coincide with disruptions to transportation networks from wildfires and supply chain shortages for construction materials that delayed

maintenance at heavy industrial sites throughout the province. By November 2021, employment in transportation was showing signs of recovery, while employment in construction remained below pre-pandemic levels.

Employment levels are expected to grow as work on major projects proceed and mining activity increases. The emergence of the Omicron variant in November and associated restrictions are expected to dampen recovery of the hospitality sector in the short-term. As restrictions are lifted, there is expected to be an increase in tourism activity which will require additional labour in the sector. Persistent labour shortages could limit the ability of businesses to increase capacity in response to increased visitation to the region.



Cost of Living and Affordability

Median wages for select occupations

	Median Wage
Goods-producing Industries	
Welders and related machine operators	\$35.76
Heavy equipment operators (except crane)	\$32.00
Electricians (except industrial and power system)	\$28.00
Carpenters	\$29.00
Machine operators, mineral and metal processing	\$38.06
Logging machinery operators	\$32.00
Construction trades helpers and labourers	\$20.00
Silviculture and forestry workers	\$25.00
Service Industries	
Registered nurses and registered psychiatric nurses	\$38.10
Elementary school and kindergarten teachers	\$37.18
Administrative assistants	\$24.00
Accounting technicians and bookkeepers	\$22.50
Social and community service workers	\$21.75
Home support workers, housekeepers and related occupations	\$18.39
Retail salespersons	\$21.00
Cashiers	\$15.20
Food and beverage servers	\$15.20
Living Wage - (Kitimat)	\$20.61
Living Wage - (Terrace)	\$18.17

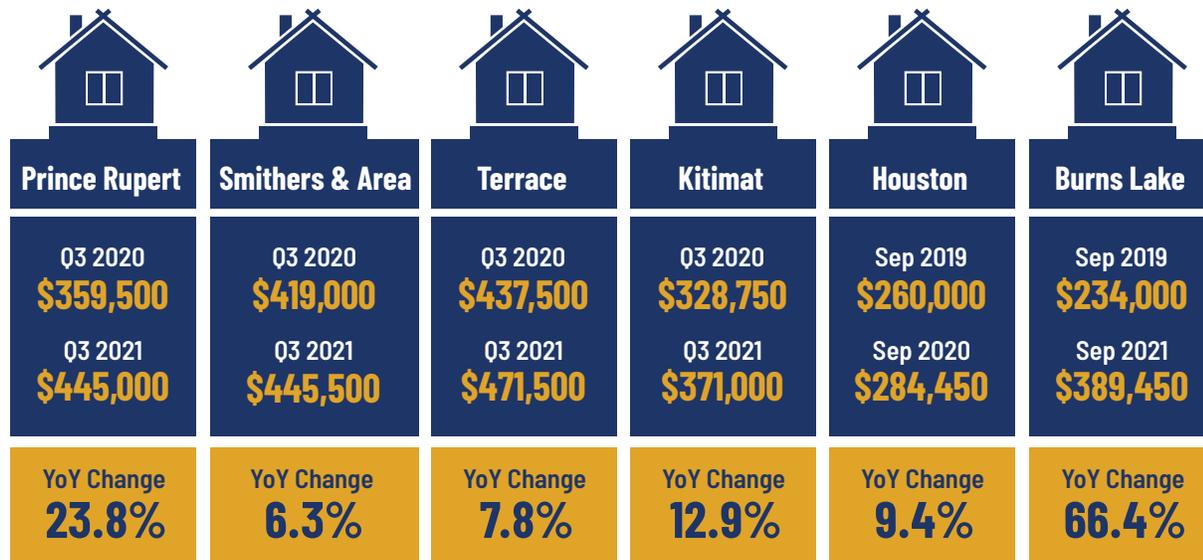
Source: Government of Canada Job Bank and Living Wage Canada

Please note that living wage calculations have not been updated since 2019 due to potential irregularities from COVID-19.

Median wages in the Northwest region are comparable to other parts of Northern B.C. In the goods sector, most industries' median wages exceed the living wage of \$20.61, though occupations in retail, food services and

home care are below the living wage. Wages for welders/machine operators and silviculture/forestry workers are higher in the Northwest region than in other regions in Northern B.C. in 2021.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

Note: Quarterly figures were not available for Houston and Burns Lake and as a result, monthly figures for September are provided. Monthly figures tend to be more volatile as they include fewer sales figures. Additionally, Q3 2020 figures have been revised from previous years.

Housing prices increased for the fourth straight year in the Northwest region as Prince Rupert experienced particularly strong gains with 23.8 per cent year-over-year growth in Q3 2021. Housing prices in Smithers and Terrace grew modestly in 2021 after experiencing record gains in 2020.

Much like the rest of the province, the real estate market has experienced particularly strong growth through the COVID-19 pandemic. Increased savings levels, coupled

with record-low interest rates and a transition to remote work have supported demand for larger units in rural regions. There is some uncertainty moving forward as interest rates are expected to rise through 2023, which would be expected to stabilize housing prices. However, population growth related to construction of the LNG Canada facility and Coastal GasLink pipeline would be expected to create sustained demand for housing.

Northeast Region

Regional Analysis

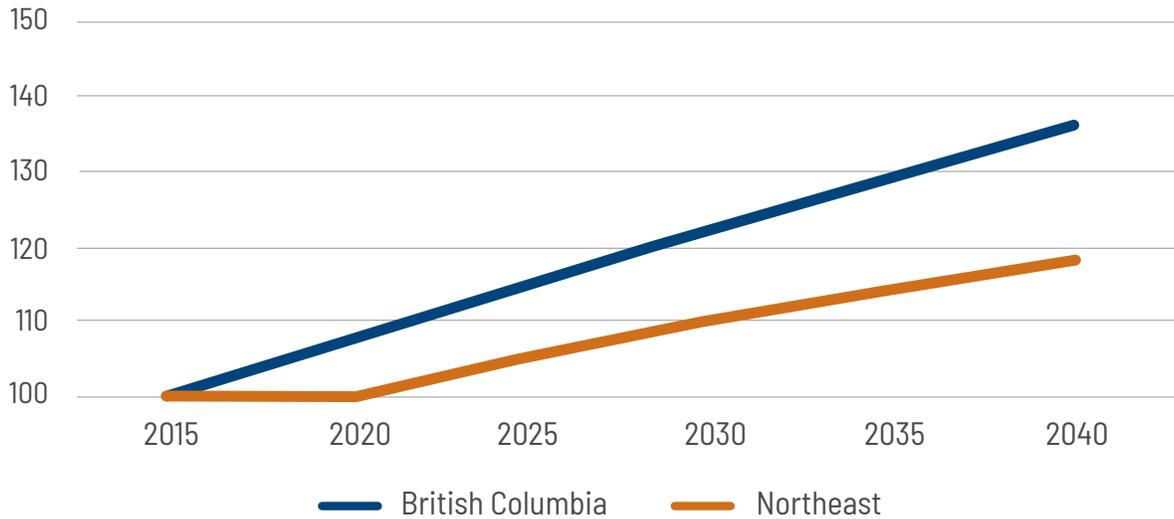
The Northeast region is the second largest geographic area in Northern B.C. It is bordered by the Yukon Territory and Northwest Territories to the north, Alberta to the east, the Northwest region to the west and the North Central region to the south. It is comprised of the Northern Rockies and Peace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



Building a
Stronger North

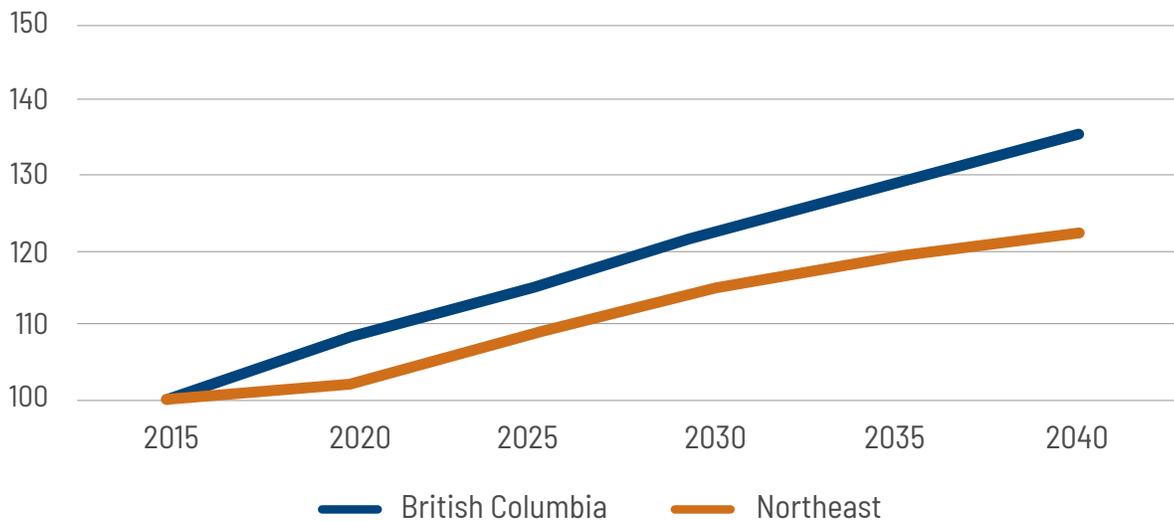
Population

Projected population index (2020-2040)



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

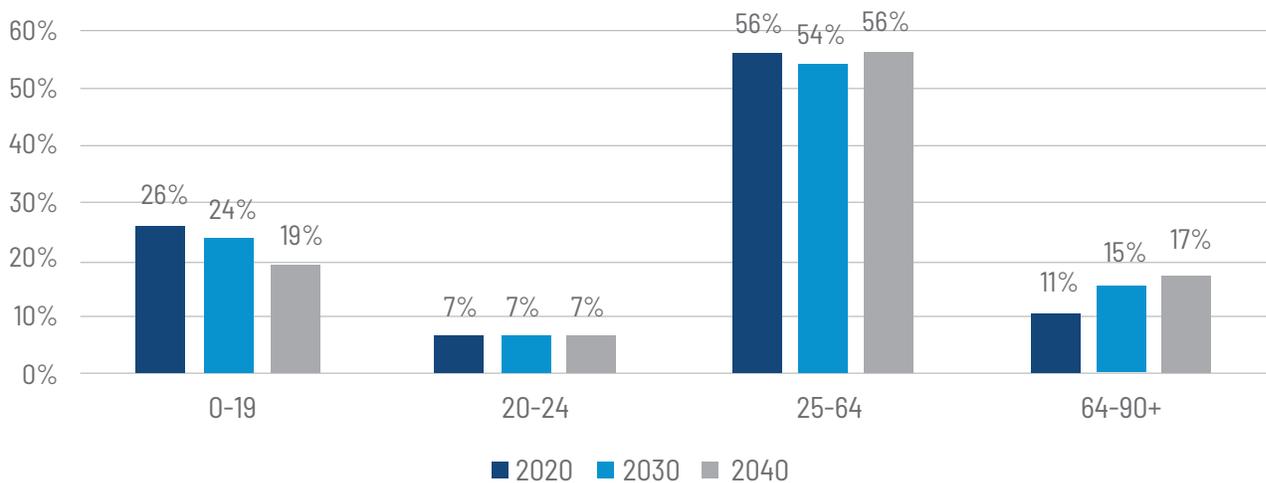
Projected number of households index (2020-2040)



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

Between 2020 and 2040, the population in the Northeast region is projected to grow at an annual rate of 0.8 per cent, while the number of households are projected to grow at an annual rate of 1.1 per cent. The provincial population and number of households are projected to grow by 1.2 per cent annually.

Projected age distribution (2020-2040)



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

The population in the Northeast is projected to age, with the percentage of the population aged 65 and over rising from 11 per cent in 2020 to 17 per cent by 2040, while the population under age 19 is projected to decline by a similar amount.

*An **Index** is a series of data that represent changes over time relative to the first value in the series. The first time period is referred to as the “base year” and is usually set to 100 to allow for simplified comparisons.*

In the projected population and households indices, the gap between the regional index and provincial index shows the change in growth rates over time.

Employment

Employment in the Northeast region is linked to the mining, forestry and oil and gas sectors, which is reflected through the Northeast having the highest percentage of goods-sector employment in Northern B.C. At the onset of the pandemic, employment in the Northeast declined somewhat, but returned to pre-pandemic levels once restrictions lifted.

The construction, forestry and mining sectors experienced strong gains in 2021, which was likely linked to re-hiring at the Site C dam as well as an increase in

drilling activity due to improvements in the price of natural gas. Employment in the accommodation and food services sector also recovered well, returning to 2019 levels in the summer of 2021. Looking forward, employment in the region is expected to be supported by the continued construction activity at the Site C dam and Coastal GasLink projects, as well as natural gas exploration and production.



Cost of Living and Affordability

Median wages for select occupations

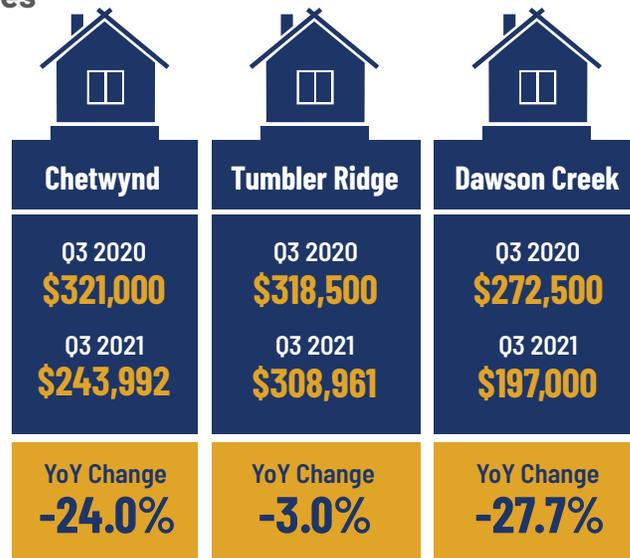
	Median Wage
Goods-producing Industries	
Welders and related machine operators	\$31.74
Heavy equipment operators (except crane)	\$32.00
Heavy-duty equipment mechanics	\$37.50
Transport truck drivers	\$32.00
Carpenters	\$30.00
Oil and gas drilling, servicing and related labourers	\$25.00
Labourers in wood, pulp and paper processing	\$28.18
Construction trades helpers and labourers	\$23.00
Service Industries	
Registered nurses and registered psychiatric nurses	\$44.00
Elementary school and kindergarten teachers	\$34.95
Administrative assistants	\$25.00
Accounting technicians and bookkeepers	\$25.00
Social and community service workers	\$21.75
Home support workers, housekeepers and related occupations	\$21.00
Retail salespersons	\$15.85
Food and beverage servers	\$15.20
Cashiers	\$15.20
Living Wage - (Dawson Creek, Chetwynd, Tumbler Ridge)	\$18.29

Source: Government of Canada Job Bank and Living Wage Canada

Please note that living wage calculations have not been updated since 2019 due to potential irregularities from COVID-19.

Median wages in the Northeast region are comparable to other parts of Northern B.C. In the goods sector, most industries' median wages exceed the living wage of \$18.29, though occupations in retail and food services are below the living wage. Compared with other regions in Northern B.C., wages for transport truck drivers, registered nurses and home support workers are higher.

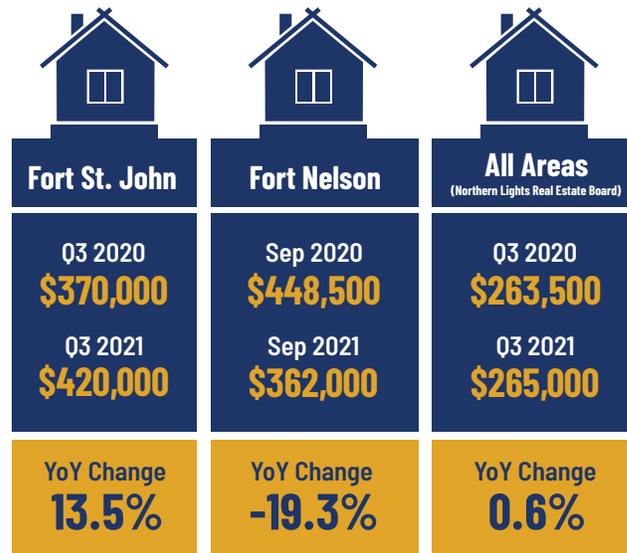
Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

Note: Quarterly figures were not available for Fort Nelson, as a result monthly figures for September are provided. Monthly figures tend to be more volatile as they include fewer sales figures. Additionally, Q3 2020 figures have been revised from previous years.

Average Housing Prices



Housing prices broadly decreased in the Northeast region in 2021, aside from Fort St. John. The region’s economic centre, Fort St. John, experienced double-digit year-over-year gains for the second straight year. In the region’s other communities, housing prices dropped from record levels in 2020 to be closer to 2019 levels. It is important to note that average and median housing prices tend to be volatile and are heavily influenced by the properties sold in a period. While declines in Chetwynd, Fort Nelson and Dawson Creek are consistent with overall trends in population, the magnitude of the decline in housing prices may also reflect differences in the type of properties sold in each period.

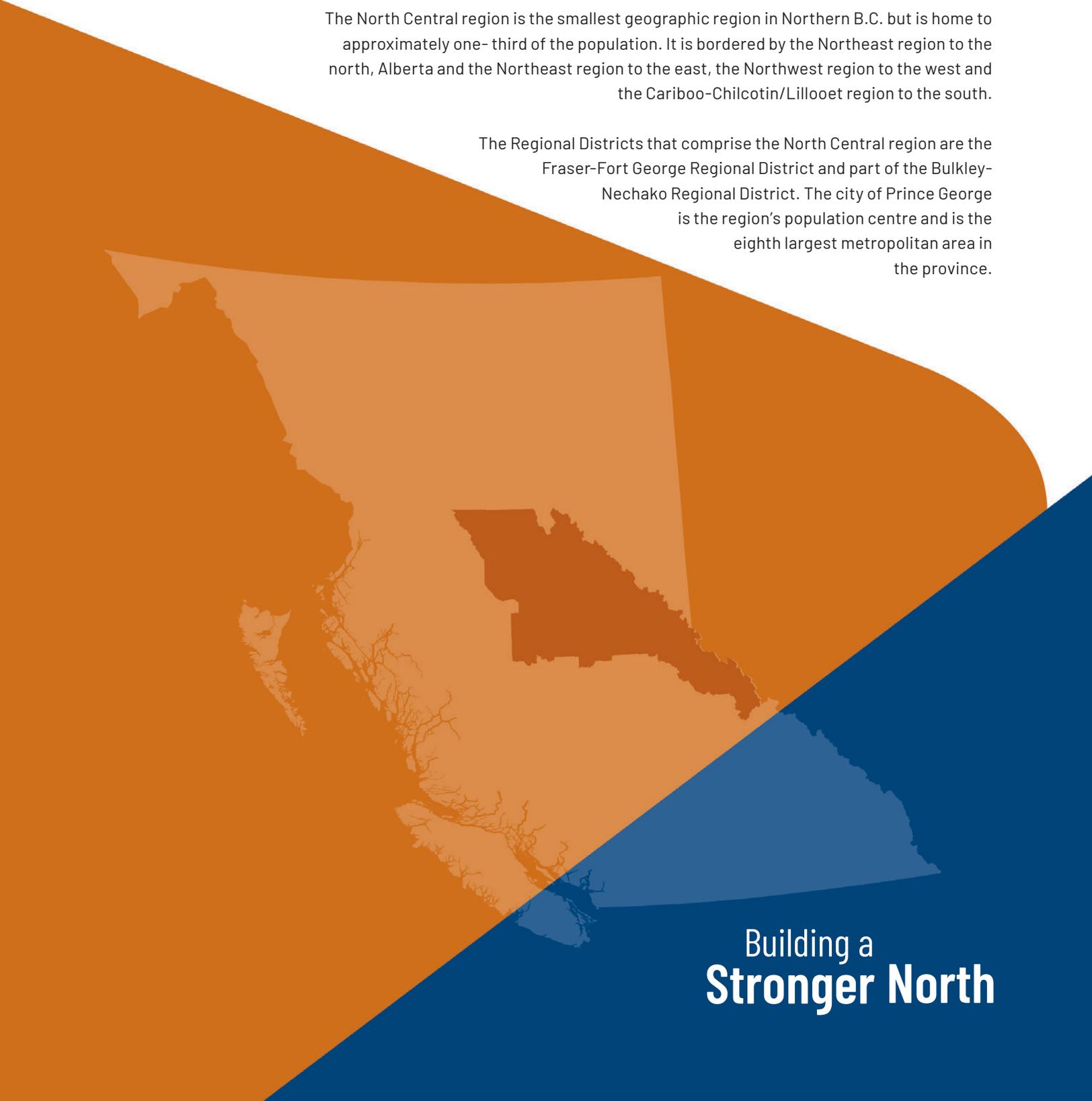
Looking forward, prices are expected to stabilize as higher interest rates reduce demand. However, due to sustained demand arising from construction and exploration activity in the region, a significant decline is unlikely.

North Central Region

Regional Analysis

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.

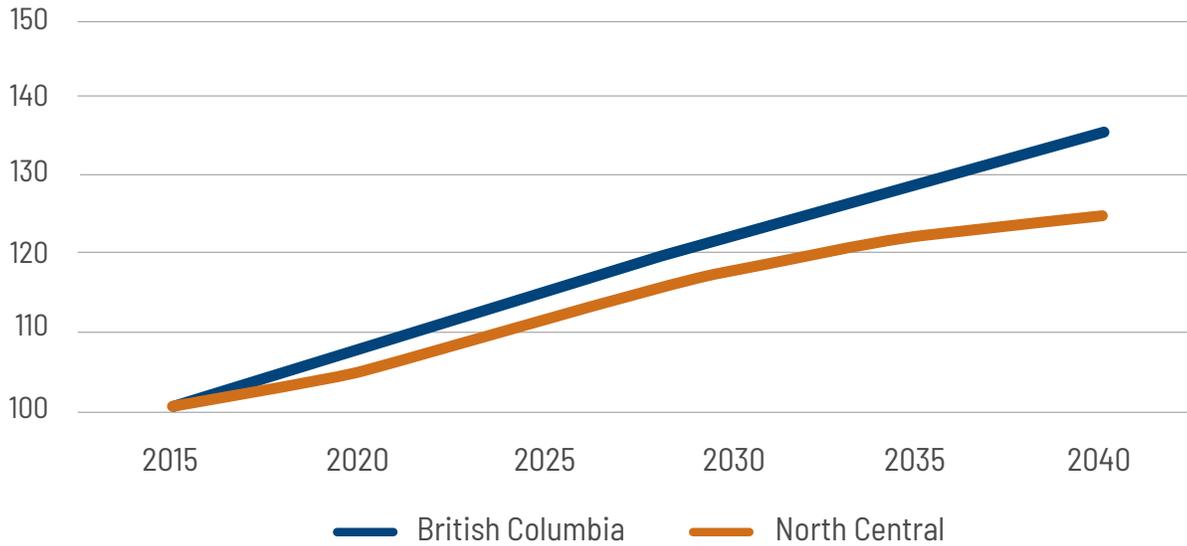
The Regional Districts that comprise the North Central region are the Fraser-Fort George Regional District and part of the Bulkley-Nechako Regional District. The city of Prince George is the region's population centre and is the eighth largest metropolitan area in the province.



Building a
Stronger North

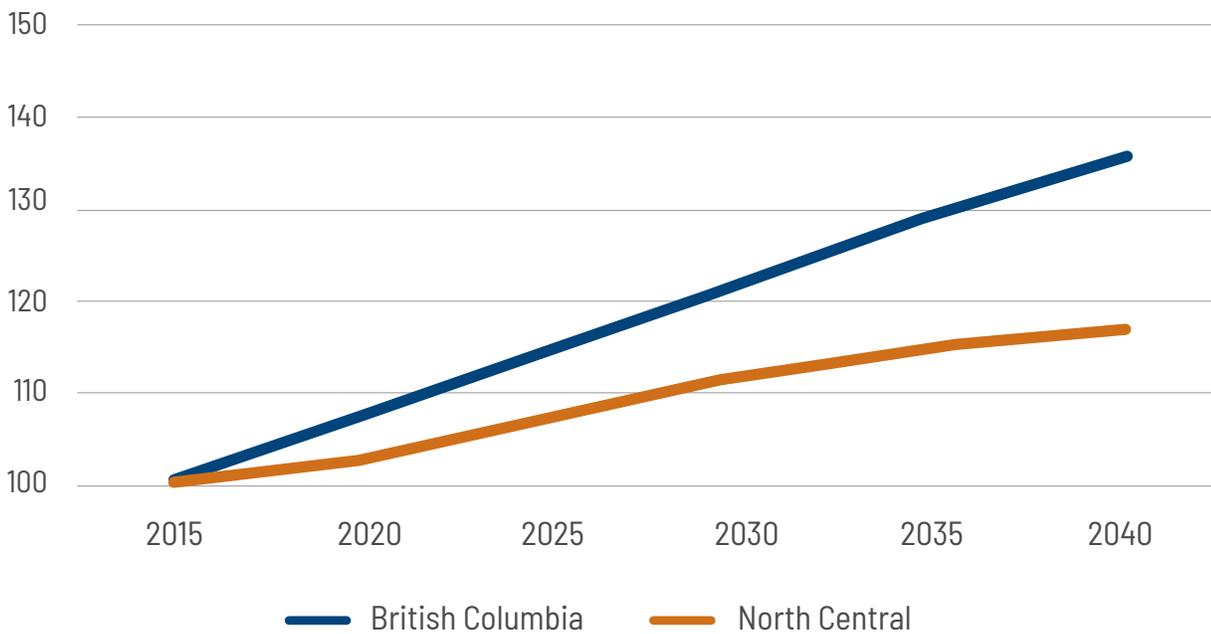
Population

Projected population index 2020-2040



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

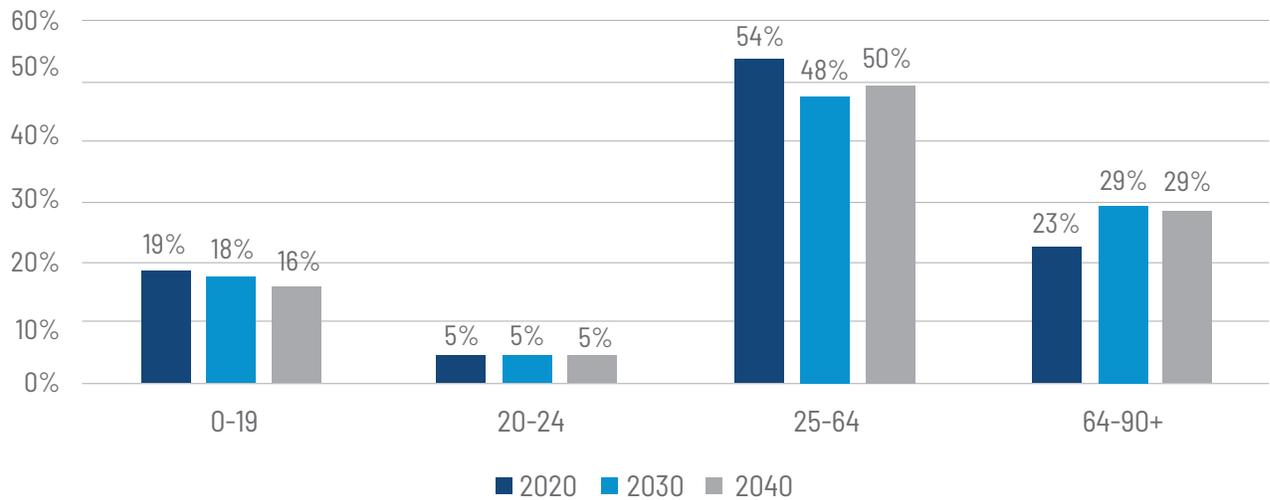
Projected number of households index (2020-2040)



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

Between 2020 and 2040 the population in the North Central region is projected to grow at an annual rate of 0.9 per cent, while the number of households are projected to grow at an annual rate of 0.6 per cent. The provincial population and number of households are projected to grow by 1.2 per cent annually.

Projected age distribution (2020-2040)



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

The population in the North Central is projected to age, with the percentage of the population aged 65 and over rising from 23 per cent in 2020, to 29 per cent by 2040.

Employment

The North Central region has the most diverse economy in Northern B.C. due to the presence of the region's major city, Prince George, which is home to the University of Northern British Columbia, the University Hospital of Northern British Columbia and professional services firms.

While data is not available by industry for the North Central region, employment levels in Prince George declined more significantly than in Northern B.C. as a whole in 2020.³⁴ This may be linked to the higher number

of individuals employed at restaurants, bars, hotels and other hospitality sector businesses, which were affected most by the pandemic-related shutdowns.

Looking forward, employment levels in Prince George are expected to recover as pandemic-related restrictions ease, while employment in the surrounding communities will continue to be reliant on the health of the forestry sector.

34 Statistics Canada. Table: 14-10-0102-01



Cost of Living and Affordability

Median wages for select occupations

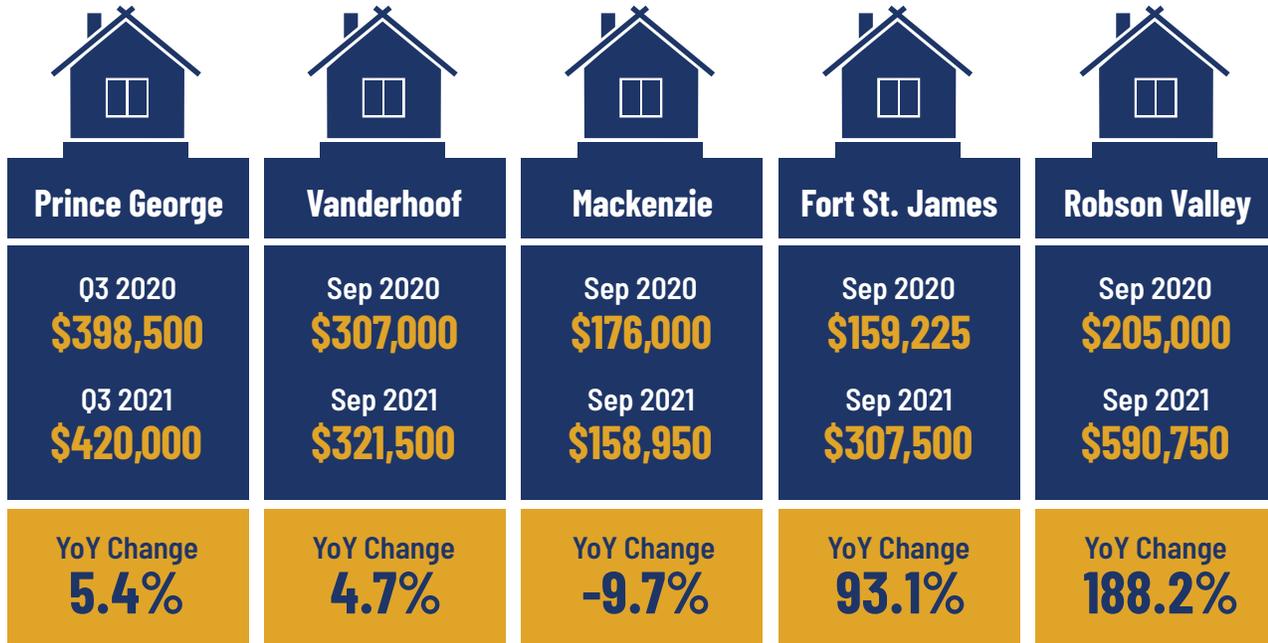
	Median Wage
Goods-producing Industries	
Welders and related machine operators	\$34.17
Heavy equipment operators (except crane)	\$33.00
Transport truck drivers	\$28.00
Carpenters	\$31.00
Labourers in wood, pulp and paper processing	\$30.10
Construction trades helpers and labourers	\$20.00
Sliviculture and forestry workers	\$21.99
Service Industries	
Registered nurses and registered psychiatric nurses	\$41.00
Elementary school and kindergarten teachers	\$36.20
Administrative assistants	\$24.00
Accounting technicians and bookkeepers	\$24.50
Social and community service workers	\$22.00
Home support workers, housekeepers and related occupations	\$20.00
Retail salespersons	\$15.20
Cashiers	\$15.20
Food and beverage servers	\$15.20
Living Wage - (Prince George)	\$16.51

Source: Government of Canada Job Bank and Living Wage Canada

Please note that living wage calculations have not been updated since 2019 due to potential irregularities from COVID-19.

Median wages in the North Central region are in line with wages in the rest of Northern B.C. Median wages for the food service and retail sectors are below the living wage rate. Compared to other regions in Northern B.C., wages for heavy-duty equipment mechanics and heavy equipment operators are slightly higher.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

Note: Quarterly figures were not available for Vanderhoof, Mackenzie, Fort St. James and Robson Valley, as a result monthly figures for September are provided. Monthly figures tend to be more volatile as they include fewer sales figures. Additionally, Q3 2020 figures have been revised from previous years. The above figures are based on very limited sales volumes, as a result, the prices tend to be very volatile on a monthly and quarterly basis. These changes may not be indicative of overall regional trends.

Housing prices increased across most communities in the North Central region as tight supply and increased demand has led to steep increases in some communities. The region’s economic centre, Prince George, experienced modest gains in housing prices as population levels continued to rise.

at 31 per cent in 2020. Increased population levels are expected to support housing prices in Prince George, while the outlook for surrounding communities is more uncertain due to continued declines in the forestry sector and expected increases to mortgage rates.

Affordability in Prince George remains favorable compared to much of the rest of the province, as the percentage of income required for housing remained

Cariboo-Chilcotin /Lillooet

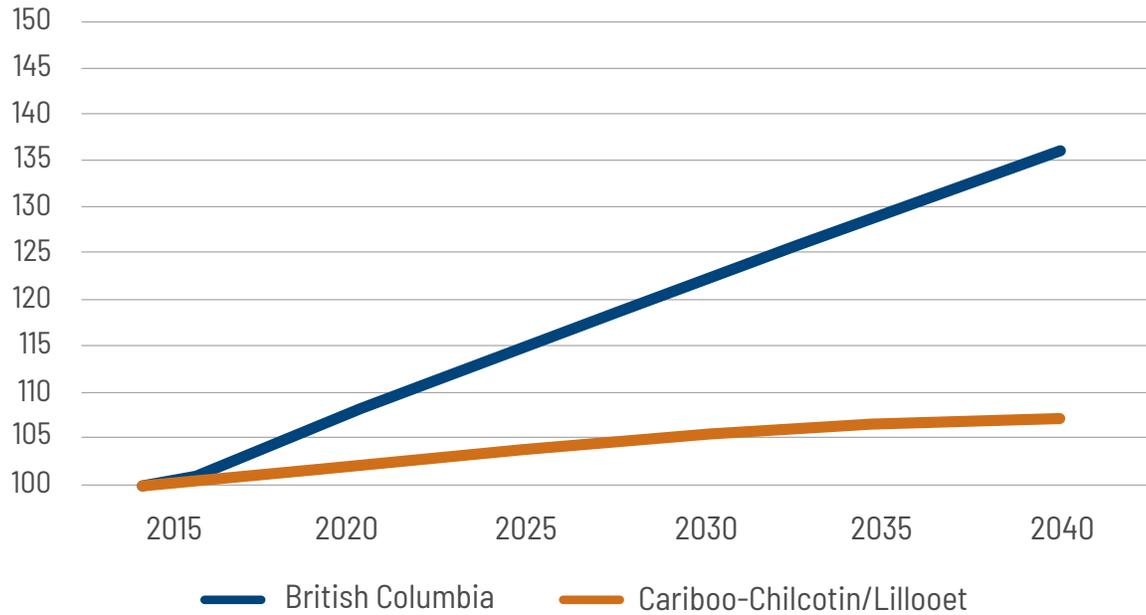
Regional Analysis

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, the Squamish-Lillooet Regional District to the southwest 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.



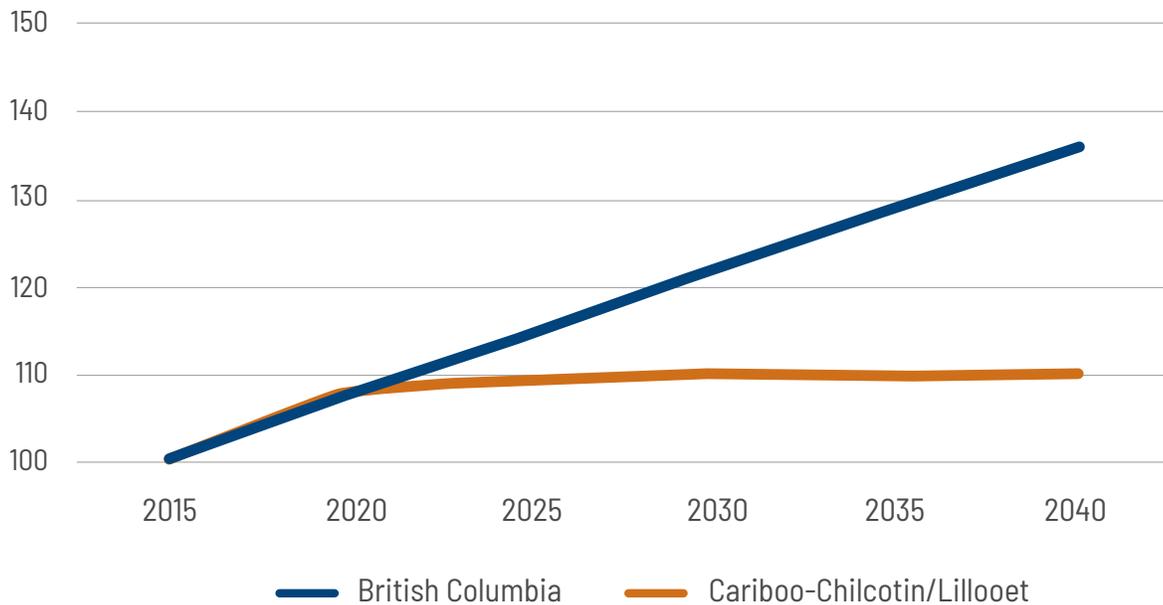
Population

Projected population index (2020-2040)



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

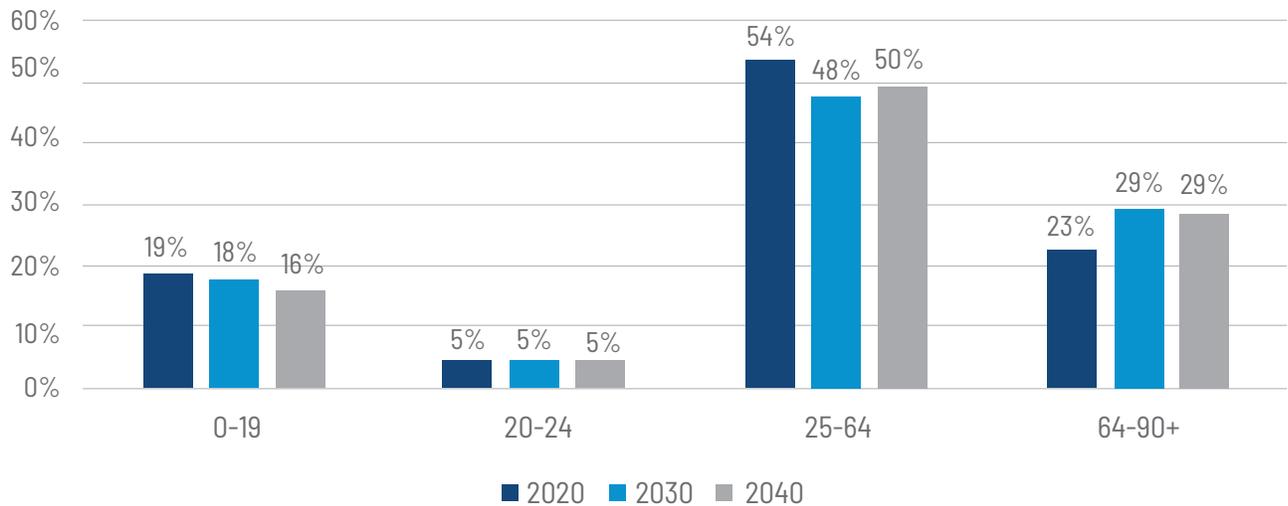
Projected number of households index (2020-2040)



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

Between 2020 and 2040, the population in the Cariboo-Chilcotin/Lillooet region is projected to grow at an annual rate of 0.2 per cent, while the number of households are projected to grow at an annual rate of 0.1 per cent. The provincial population and number of households are projected to grow by 1.2 per cent annually.

Projected age distribution (2020-2040)



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

The population in the Cariboo-Chilcotin/Lillooet is projected to age, with the percentage of the population aged 65 and over rising from 23 per cent in 2020 to 29 per cent by 2040.

Employment

Employment in the Cariboo-Chilcotin/Lillooet region is dependent on the agriculture, forestry and mining sectors. The region was significantly impacted by wildfires in 2017 and 2018 and by forest sector mill closures and curtailments in 2019.

In 2020, the Cariboo-Chilcotin/Lillooet region was among the least affected by COVID-19. In 2021, the region recovered well as employment in both natural resource-related sectors and the hospitality sector were up year-over-year in the first half of the year.

Over the summer, forest fires disrupted transportation in the region and production at a number of mills was curtailed, leading to temporary reductions in employment. The forest fires also destroyed the town of Lytton and its residents have dispersed throughout the province.

Rebuilding efforts are expected to provide a boost to construction employment, while employment in forestry is expected to continue to decline due to reductions in access to fibre.



Cost of Living and Affordability

Median wages for select occupations

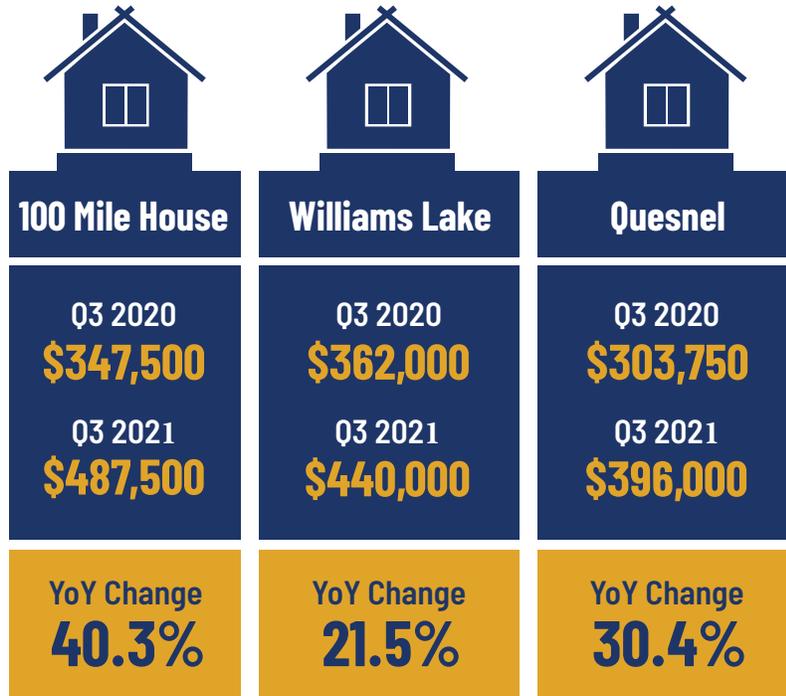
	Median Wage
Goods-producing Industries	
Welders and related machine operators	\$34.17
Heavy equipment operators (except crane)	\$33.00
Heavy-duty equipment mechanics	\$38.00
Transport truck drivers	\$28.00
Carpenters	\$31.00
Labourers in wood, pulp and paper processing	\$30.10
Construction trades helpers and labourers	\$20.00
Sliviculture and forestry workers	\$21.99
Service Industries	
Registered nurses and registered psychiatric nurses	\$41.00
Elementary school and kindergarten teachers	\$36.20
Administrative assistants	\$24.00
Accounting technicians and bookkeepers	\$24.50
Social and community service workers	\$22.00
Home support workers, housekeepers and related occupations	\$20.00
Retail salespersons	\$15.20
Cashiers	\$15.20
Food and beverage servers	\$15.20
Living Wage - (Quesnel)	\$14.03
Living Wage - (Williams Lake)	\$15.77

Source: Government of Canada Job Bank and Living Wage Canada

Please note that living wage calculations have not been updated since 2019 due to potential irregularities from COVID-19.

Median wages in the Cariboo–Chilcotin/Lillooet region are typically lower than in other regions in Northern B.C. The living wage is \$14.03 in Quesnel and \$15.77 in Williams Lake, the lowest rates in Northern B.C. Median wages for all occupations are above the living wage in Quesnel. Registered nurses, teachers and social workers all receive a lower wage than in other regions in Northern B.C.

Median Housing Prices



Source: Canadian Real Estate Association and B.C. Real Estate Association

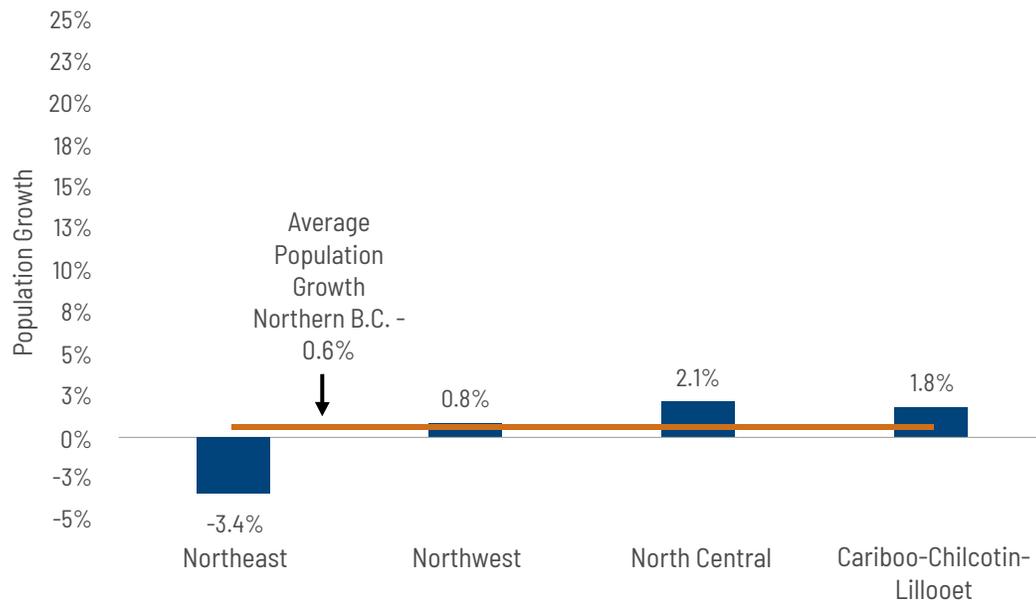
Note: Q3 2020 figures have been revised from previous years

Housing prices continued their strong rise in the Cariboo-Chilcotin/Lillooet region, as all communities experienced over 20 per cent year-over-year gains in Q3 2021. 100 Mile House led the region with a 40 per cent year-over-year gain. The strong gains likely reflect increased migration to the region, due to its relative

proximity to the larger population centres in southern B.C. Moving forward, housing prices will likely depend on continued migration to the region as well as on the health of the forestry sector.

State of the North 2021 – Census Update

Population growth in Northern B.C. by region, 2016 to 2021



Source: Statistics Canada Census Profile 2021

Between 2016 to 2021, population levels grew modestly in Northern B.C., increasing by approximately 1,900 (0.6 per cent). Population growth was highest in the North Central region (2.1 per cent) due to growth in Prince George. Outside Prince George population levels in Vanderhoof were relatively stable, while the population declined in communities affected by mill closures in 2018 and 2019 such as Mackenzie (11.7 per cent) and Fort St. James (13 per cent).

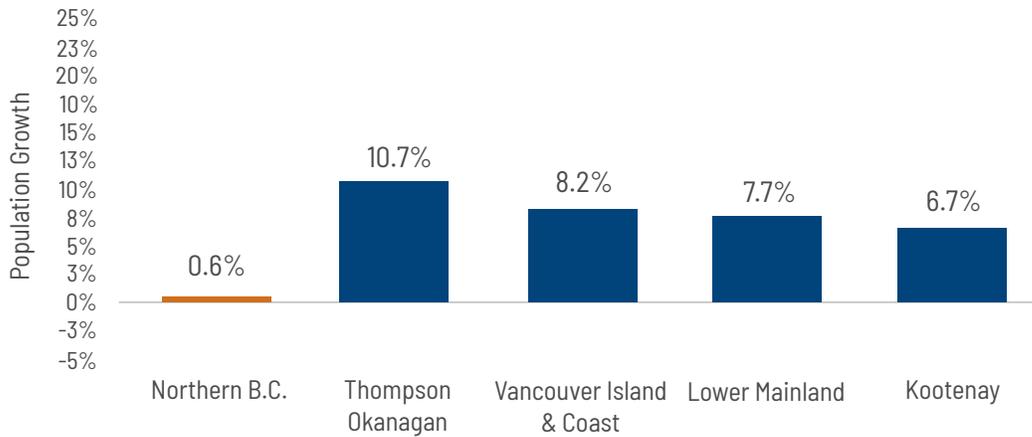
The Northeast region experienced an overall decline in population of 3.4 per cent between 2016 and 2021. Hudson's Hope (17.1 per cent) and the Regional Municipality of Northern Rockies (18.8 per cent) experienced significant declines in population. Chetwynd (8 per cent) and Dawson Creek (5.4 per cent) experienced moderate population declines, while the populations of Fort St. John and Tumbler Ridge increased modestly. The overall population trends are consistent with declines in the energy sector, increases in mining activity and ongoing construction of the Site C dam near Fort St. John.

In the Cariboo-Chilcotin/Lillooet region, population growth was primarily concentrated in Logan Lake (13.1 per cent) Ashcroft (9.0 per cent), and Williams Lake (2.1 per cent), while population in most other communities was relatively stable. Please note that these estimates are based on data collected prior to the fire destroyed the town of Lytton.

In the Northwest region, Kitimat (1.3 per cent) and Terrace (2.3 per cent) experienced modest gains, while smaller centers such as Burns Lake (9 per cent) and Granisle had larger gains (11 per cent). Population levels in Prince Rupert, Smithers, and Houston were relatively stable. Population increases in the Northwest are consistent with ongoing construction of the LNG Canada project and the Coastal GasLink pipeline.

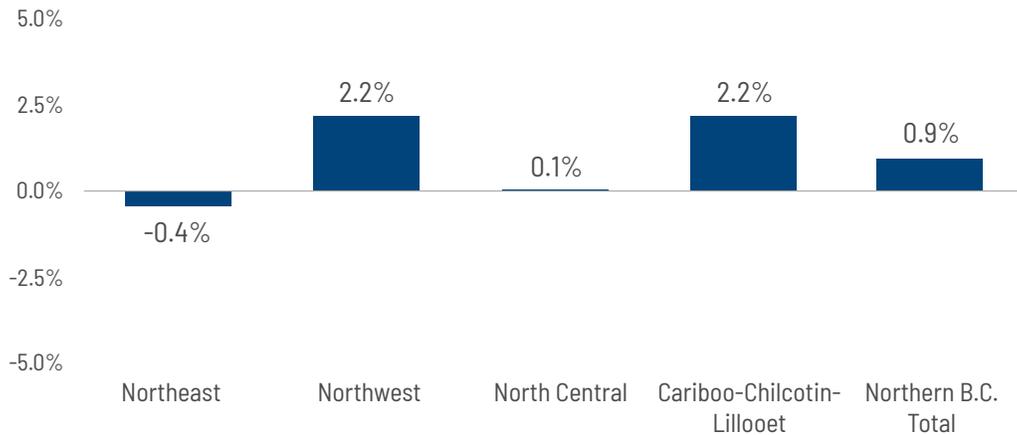
Population growth in Northern B.C. was significantly lower than in other regions of B.C. The Thompson Okanagan (10.7 per cent) was the fastest growing region followed by Vancouver Island and Coast (8.2 per cent), the Lower Mainland (7.7 per cent) and the Kootenays (6.7 per cent).

Population growth in B.C. by region, 2016 to 2021



Source: Statistics Canada Census Profile 2021

Dwelling count change - 2016 to 2021



Source: Statistics Canada. Census Profile 2021

Between 2016 and 2021 the number of total private dwellings in Northern B.C. grew by 0.9 per cent, slightly outpacing the growth in population levels. Dwelling counts in the Northwest and Cariboo-Chilcotin/Lillooet regions both grew by 2.2 per cent, while dwelling counts in the Northeast region declined by 0.4 per cent.

In comparing the changes in dwellings to population levels, the growth in private dwellings in the North Central region (0.1 per cent) has not kept pace with population growth. However, most of the growth

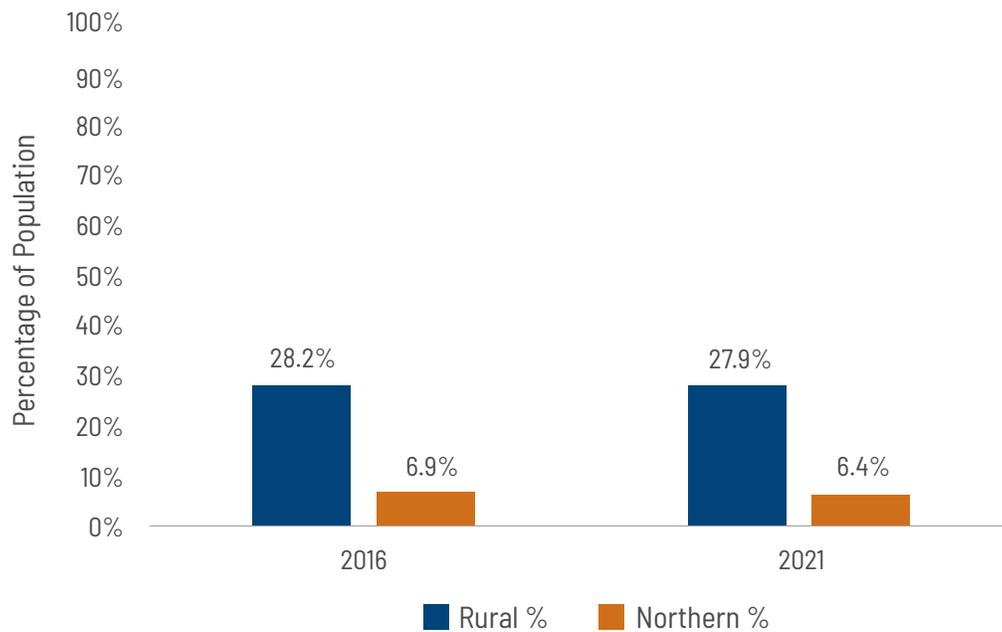
in dwellings was in the Prince George area and was consistent with population growth rates. Outside Prince George, population growth was modest or declining and changes in dwelling counts were consistent with these trends.

In the Northeast, the number of dwellings in the Dawson Creek area increased by over 40 per cent while population declined resulting in a sharp drop in housing prices. In other communities, changes in the number of dwellings were consistent with population trends.

In the Northwest region, increases in dwelling counts were consistent with changes in population, with the largest increases being in Terrace and Kitimat where significant investment in LNG infrastructure is being made.

In the Cariboo-Chilcotin/Lillooet region, the number of dwellings increased in Williams Lake and were relatively stable in most other communities.

Percentage of B.C.'s population in rural areas*



Source: Statistics Canada. Census Profile 2021

*Rural is defined as living outside of the Greater Vancouver Regional District, the Fraser Valley Regional District, the Capital Regional District and the Kelowna Census Metropolitan Area.

Between 2016 and 2021 the percentage of B.C.'s population in rural regions decreased slightly from 28.2 per cent to 27.9 per cent. This rate of decline slowed compared with observed declines between 2001 and 2016. The percentage of the population in Northern B.C. declined relatively more than in other rural areas, reflecting its lower population growth rate.

5. APPENDIX A: ABOUT MNP

MNP is the fastest growing major chartered accountancy and business advisory firm in Canada. Founded in 1958, MNP has grown to more than 80 offices and 5,000 team members across Canada. In British Columbia, MNP has more than 800 staff located in 22 offices throughout the province. The map below shows our office locations.

MNP provides a wide range of accounting, finance and business advisory services to clients. These include:

- Assurance
- Taxation
- Corporate Finance
- Mergers and Acquisitions
- Enterprise Risk Services
- Forensic Accounting
- Consulting
- Insolvency and Corporate Recovery
- Succession
- Valuations and Litigation Support



About MNP's Economics and Research Practice

Economic and industry studies are carried out by MNP's Economics and Research practice. Based in Vancouver, the Economics and Research practice consists of a team of professionals that has a successful track record of assisting clients with a wide variety of financial and economic impact studies. Our work has encompassed a wide range of programs, industries, company operations and policy initiatives, and has helped clients with decision-making, communication of economic and financial contributions, documentation of the value of initiatives and activities, and development of public policy.



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