

Communities in Transition: Responding to Changes in BC's Resource Sector



Business Council of
British Columbia
Est. 1966

Communities in Transition

UBCM

September 16, 2024

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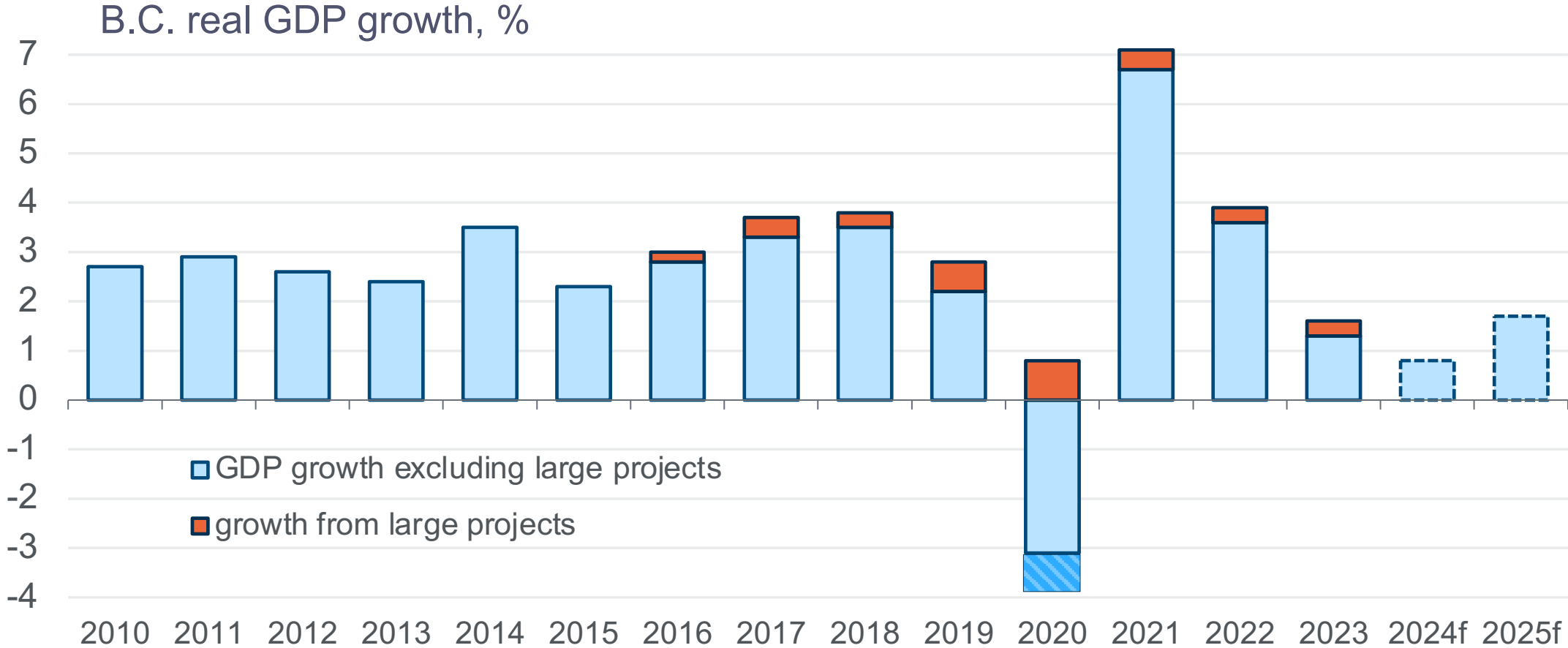
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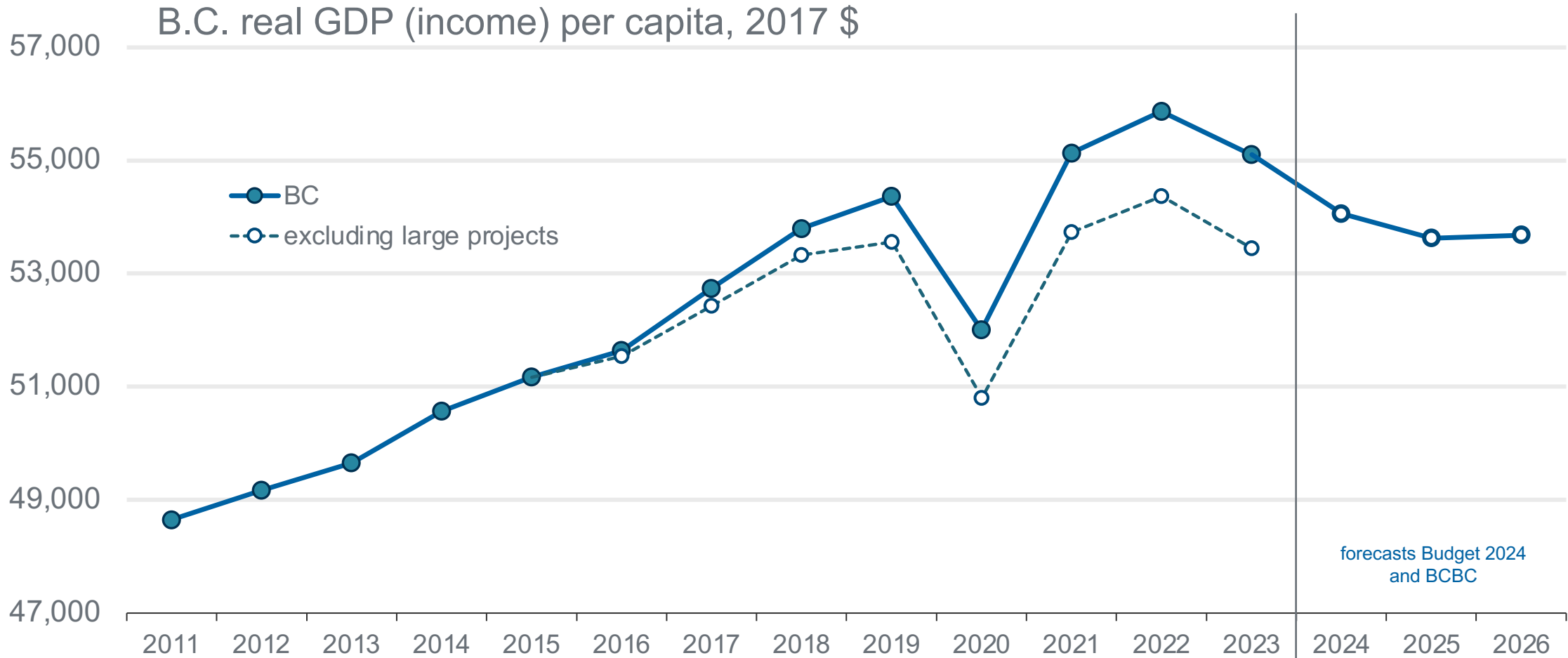
OVERVIEW

- External backdrop
 - global growth slowing, U.S. economy downshifts in 2005
 - more interest rate cuts ahead
- B.C. economy slow in 2024, stronger growth expected in 2025 (in line with Canada)
 - construction of mega projects over
 - top line GDP positive but per capita GDP declining
 - labour market unusually weak
- Growth drivers
 - government - spending and capital investment
 - mining, energy (LNG shipments), tourism, professional services, technology, agriculture
- Challenges and concerns
 - falling per capita income, households under financial strain
 - weak / declining private sector capital investment
 - destabilization of the land-based economy

LARGE CAPITAL PROJECTS LIFTED B.C.'S GROWTH... WHAT WILL TAKE THEIR PLACE?

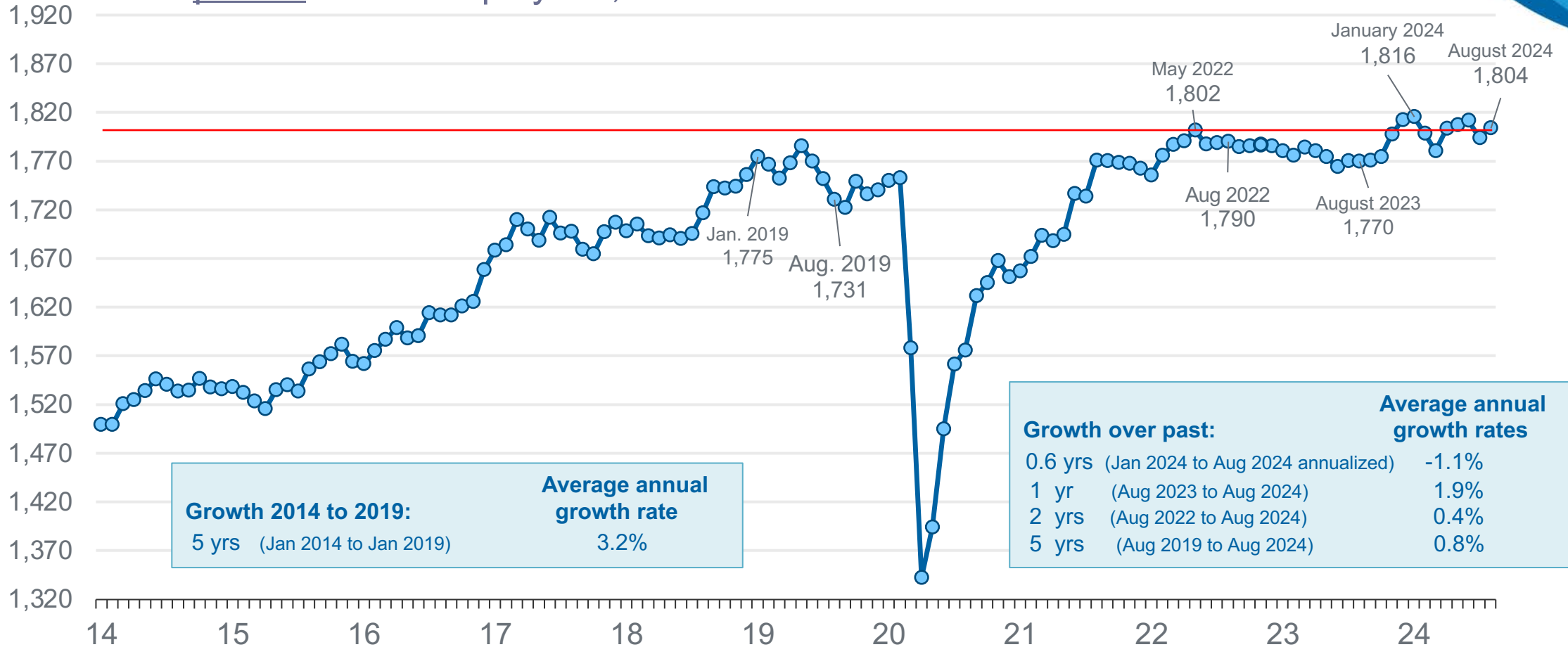


MEGA PROJECTS BOOSTED B.C.'S PER CAPITA INCOME



VERY LITTLE GROWTH IN NUMBER OF PRIVATE SECTOR EMPLOYEES

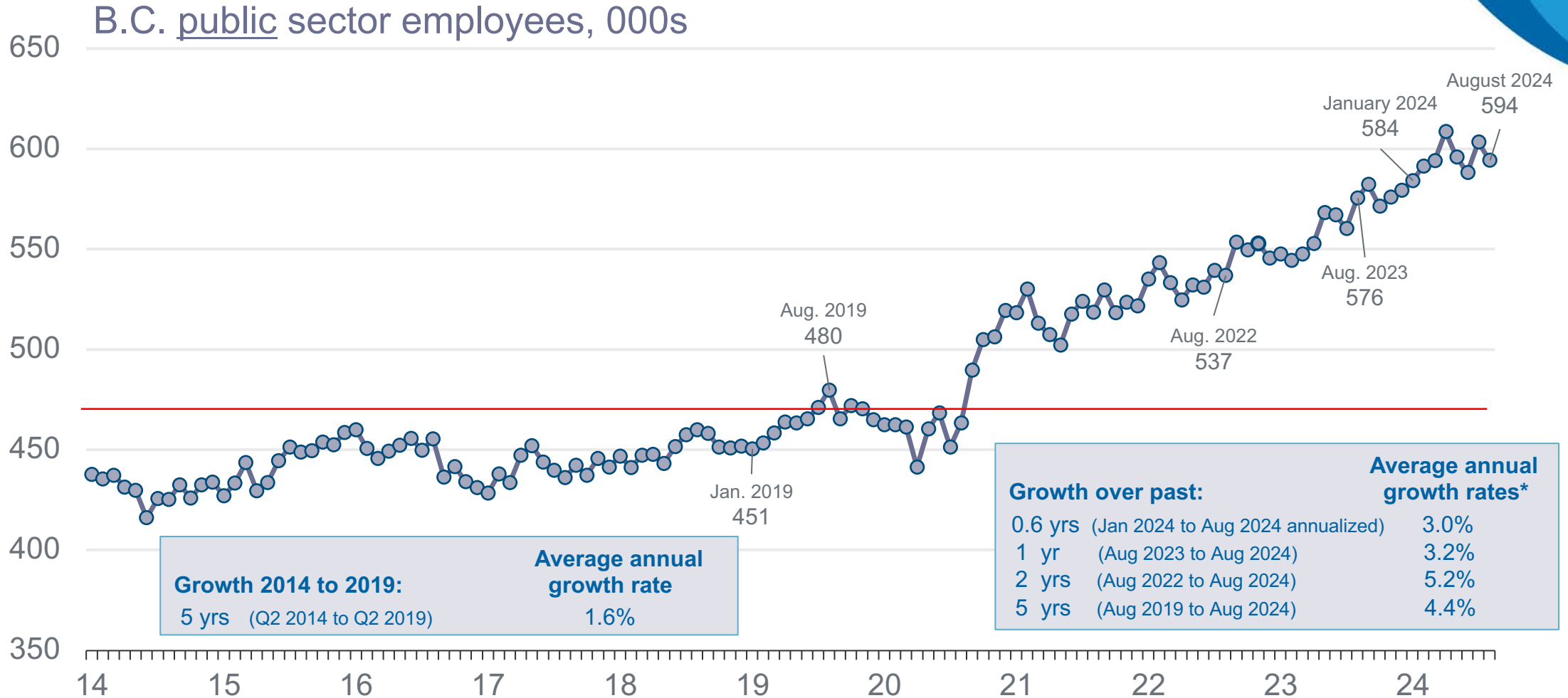
B.C. private sector employees, 000s



Growth 2014 to 2019:
5 yrs (Jan 2014 to Jan 2019)
Average annual growth rate
3.2%

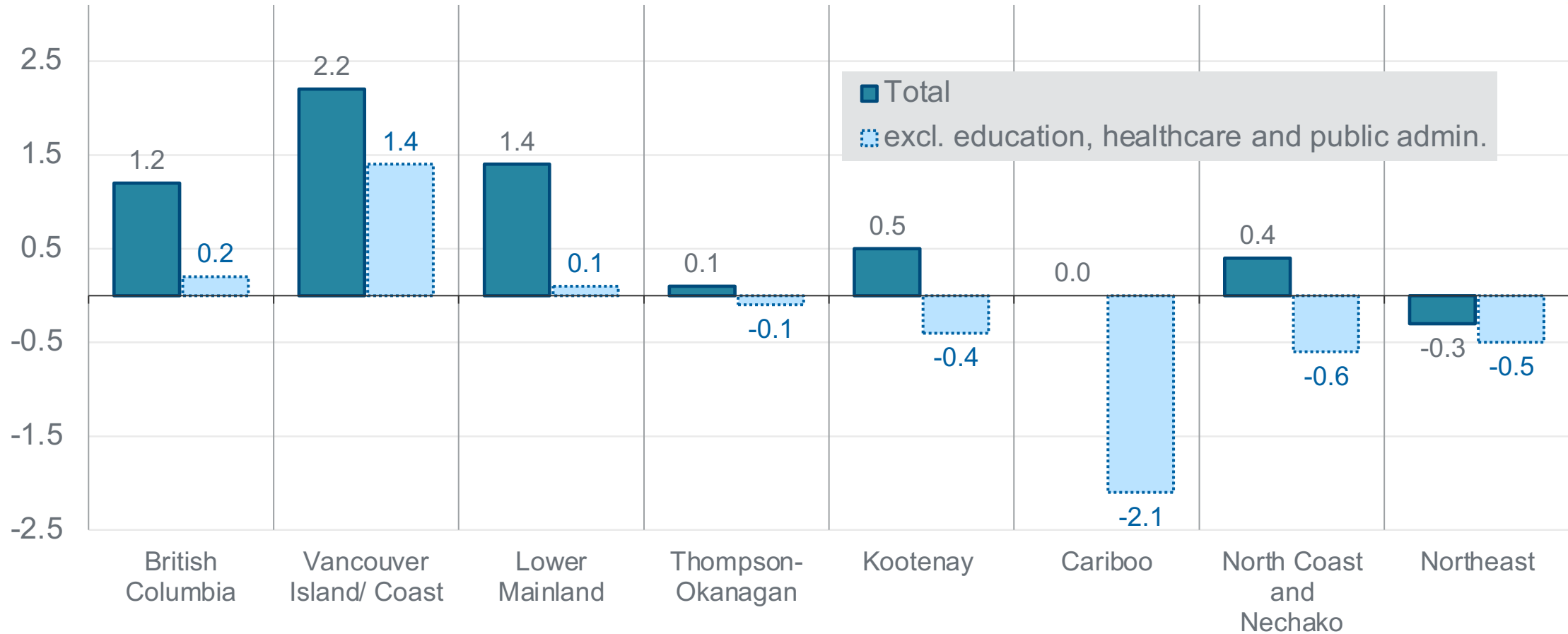
Growth over past:		Average annual growth rates
0.6 yrs	(Jan 2024 to Aug 2024 annualized)	-1.1%
1 yr	(Aug 2023 to Aug 2024)	1.9%
2 yrs	(Aug 2022 to Aug 2024)	0.4%
5 yrs	(Aug 2019 to Aug 2024)	0.8%

NUMBER OF PUBLIC SECTOR EMPLOYEES HAS SURGED 30% HIGHER SINCE 2019



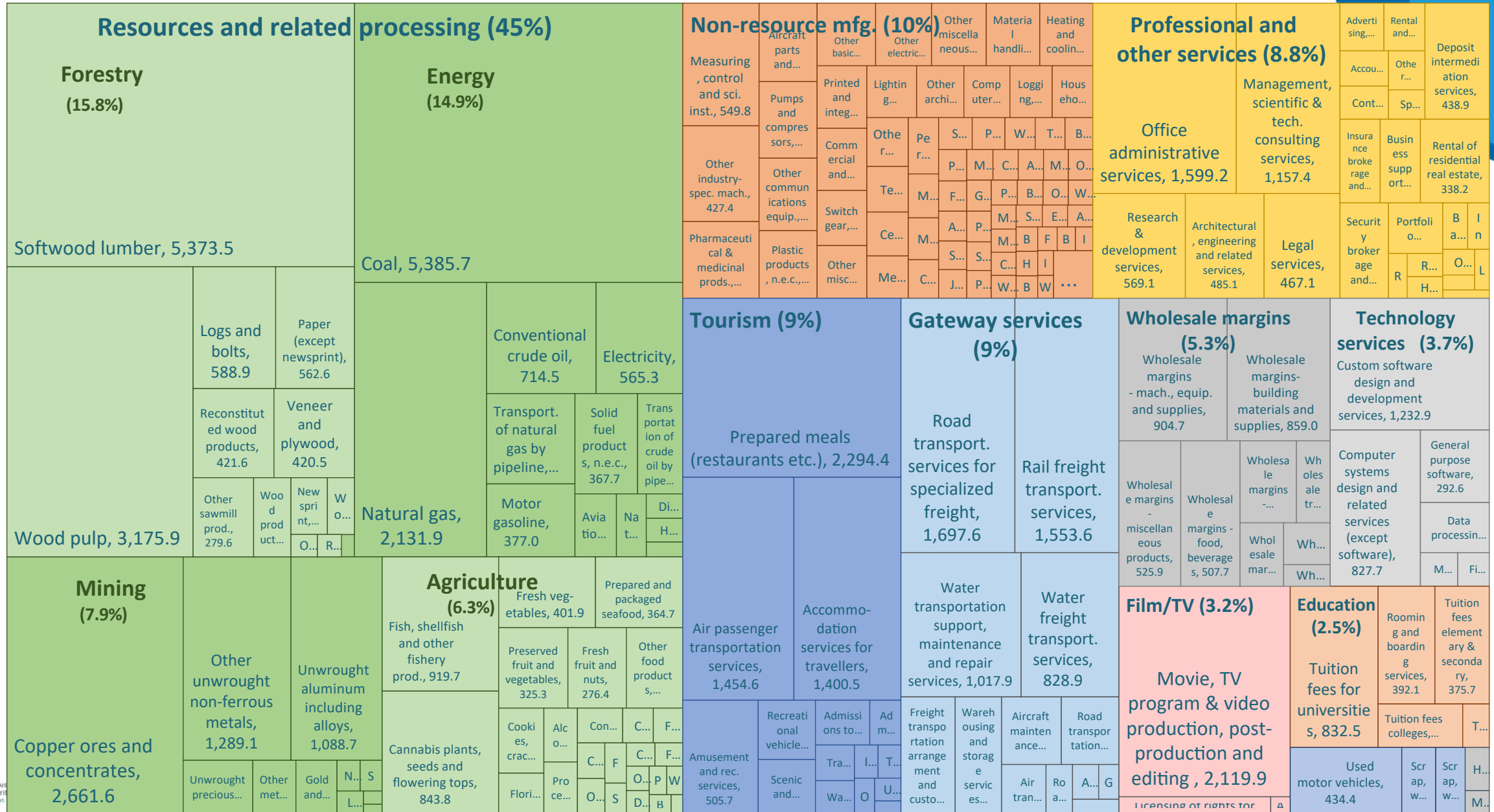
EMPLOYMENT GROWTH WEAK OUTSIDE OF LOWER MAINLAND AND VANCOUVER ISLAND

Average annual employment growth 2019-2024*, %



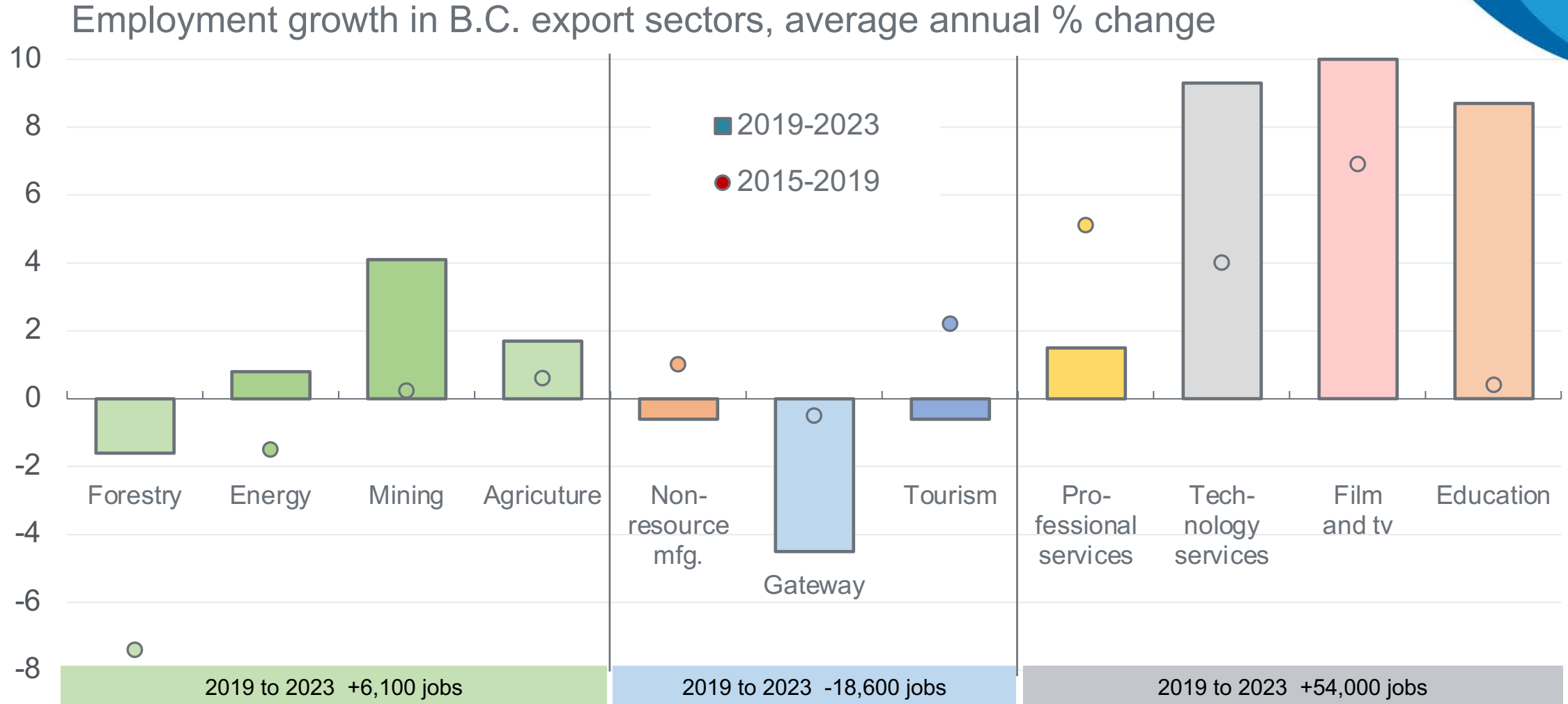
*growth based on year-to-date averages January to August. Source: Statistics Canada, Tables: 14-10-0387-01 and 14-10-0388-01.

B.C. international goods & services exports, 2019 \$ millions (share of total exports)



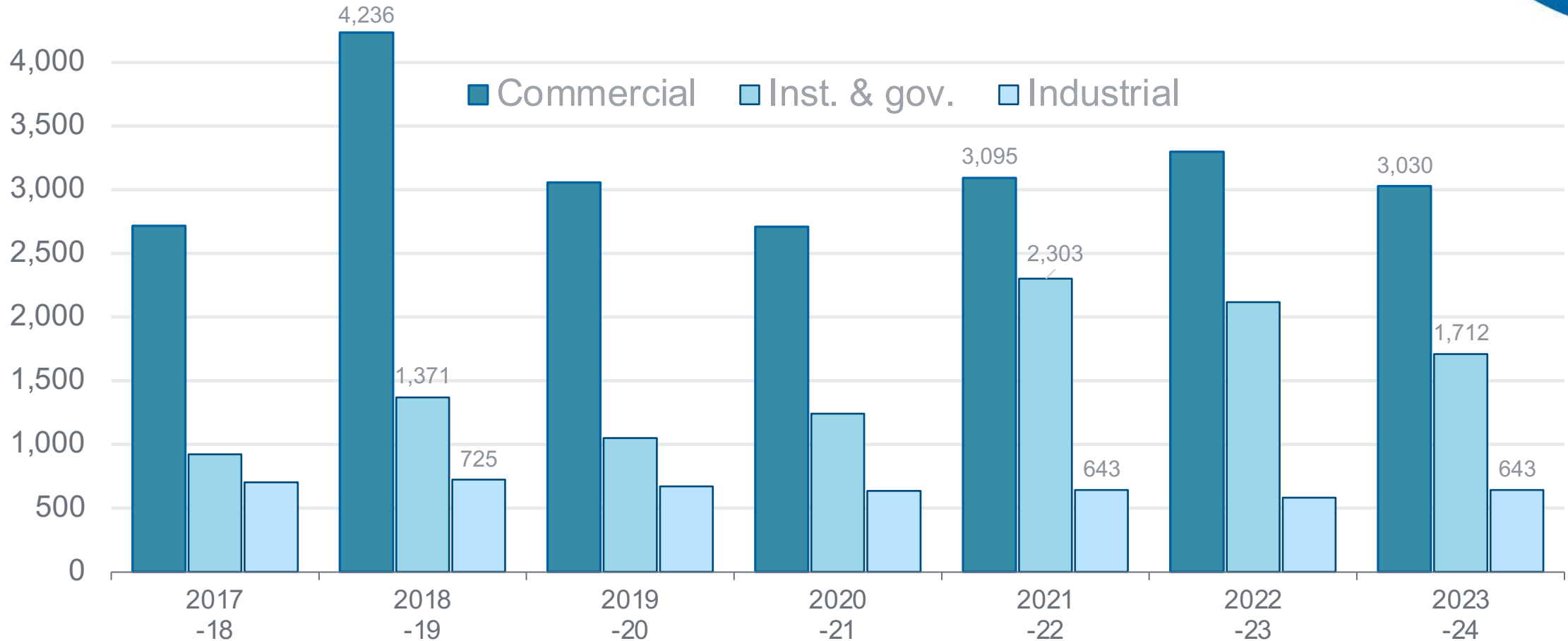
average of exports 2017-2019. Source: Statistics Canada Table 12-10-0101-01, BCBC for export sector classifications.

EMPLOYMENT HIGHER IN SERVICE-BASED EXPORT SECTORS AND MINING, AGRICULTURE AND ENERGY

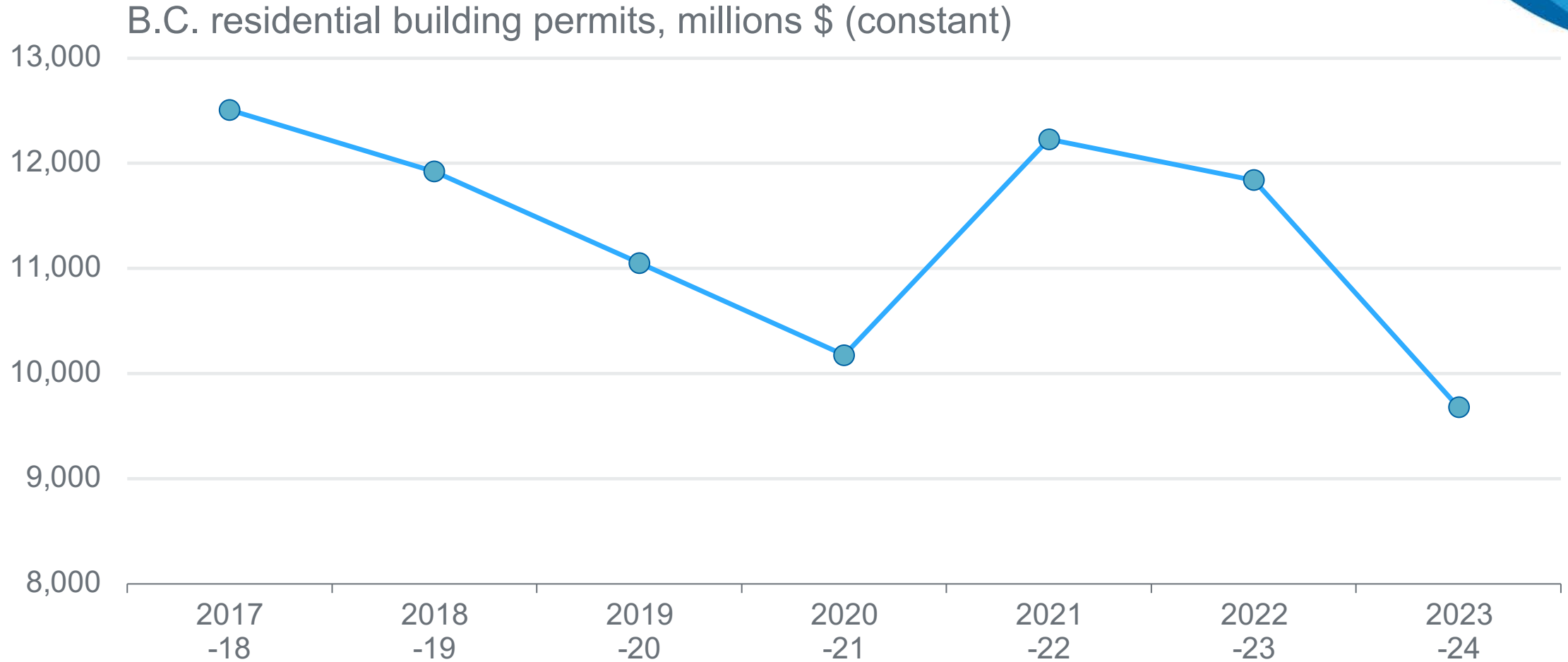


NON-RESIDENTIAL BUILDING PERMITS REFLECT DECLINING INVESTMENT AND POINT TO LESS CONSTRUCTION ACTIVITY

B.C. non-residential building permits, millions \$ constant



RESIDENTIAL BUILDING PERMITS AT LOWEST LEVEL SINCE AT LEAST 2017/18

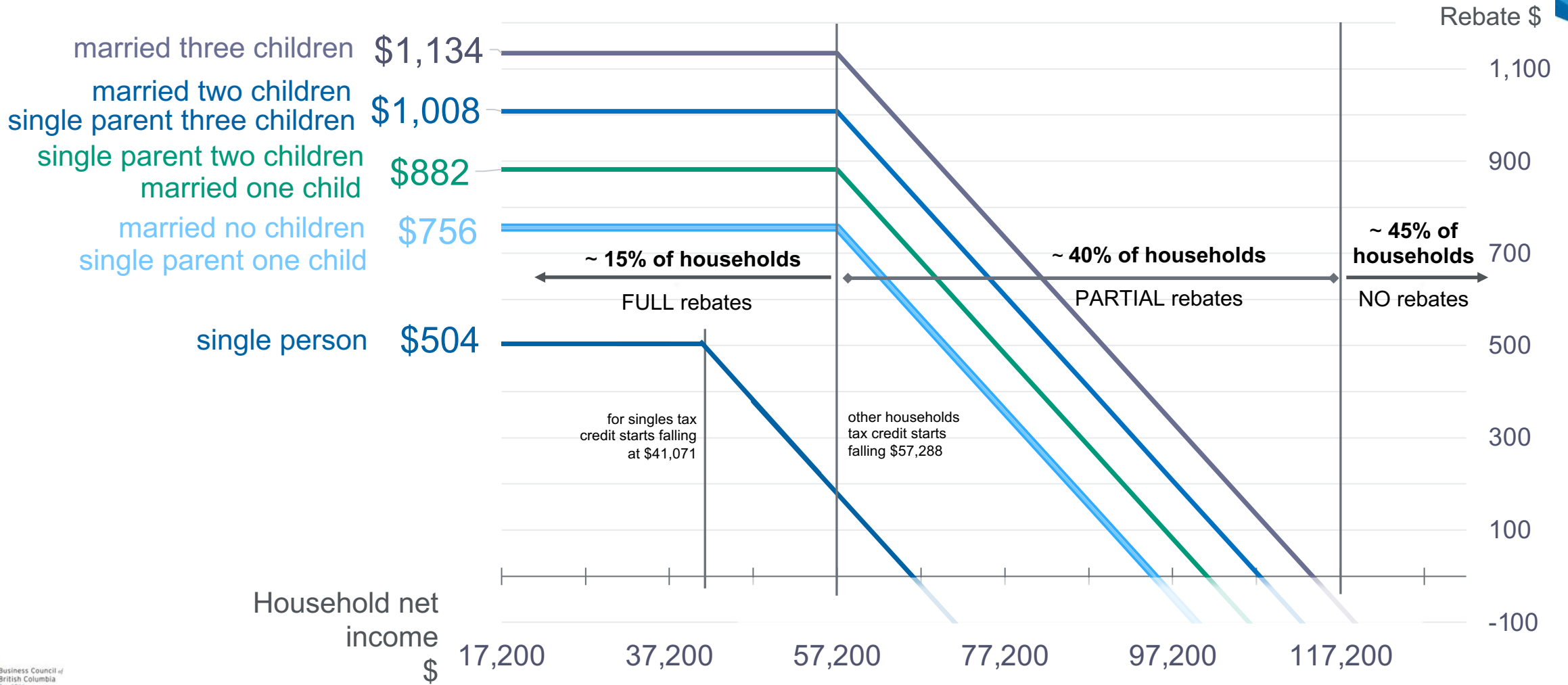


GROWING UNCERTAINTY ON B.C.'S LAND BASE

- Destabilization of the land-based economy
 - 90%+ land in B.C. is Crown-owned
 - Land Act - most important statute governing use of public lands (gov't paused this work several weeks ago, following public and stakeholder backlash)
 - Mineral Tenure Act - policy announcements pausing claim staking and mining within the traditional territories of the Gitxaala and Ehattesaht First Nations
 - Haida Title Agreement recognizing Aboriginal Title on Haida Gwaii
- CleanBC Roadmap to 2030
 - plan includes the carbon tax and 24 additional measures to reduce B.C.'s CO₂ emissions by 2030
 - government's modelling shows the suite of policies significantly slows economic growth, with all sectors negatively affected apart from electricity

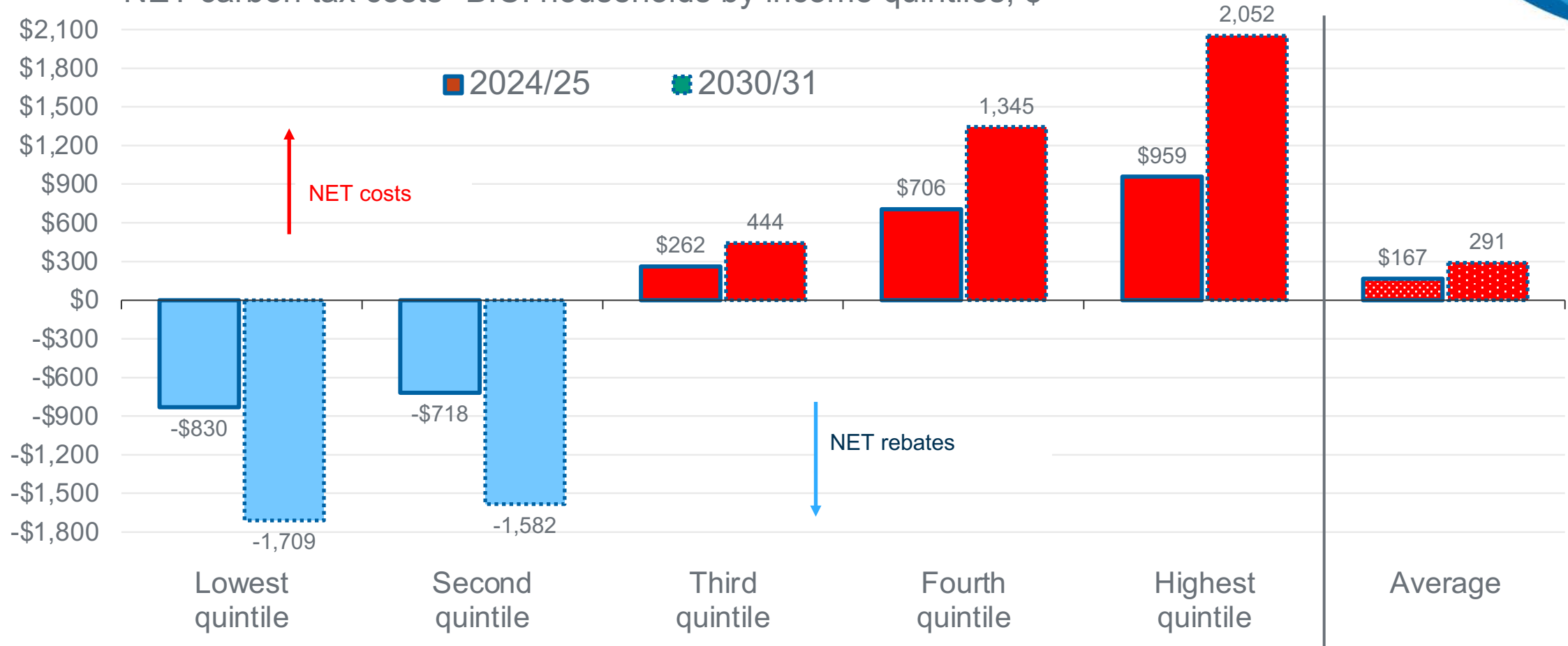
B.C.'S CARBON TAX REBATE FALLS AS HOUSEHOLD INCOME RISES

B.C. 2024/25 Climate Action Tax Credit



ELIMINATING CARBON TAX ON CONSUMERS IS A TAX CUT FOR SOME HOUSEHOLDS AND INCREASE FOR OTHERS

NET carbon tax costs* B.C. households by income quintiles, \$



* Fiscal costs include carbon tax paid by households directly, plus GST and costs due to higher consumer prices because of the carbon tax

CLEANBC POLICIES STILL RESULT IN LOWER INCOME IN ALL SECTORS (COMPARED TO SCENARIO WITH NO CLEANBC)

Difference: CleanBC less Reference scenario \$2015

Unit: billion 2015 \$	2030
TOTAL^{1,2}	-28.1
FOSSIL FUEL INDUSTRY	-2.9
Coal Production	-0.3
Upstream Oil and Gas	-1.4
Natural Gas Production and Processing	-1.5
Conventional Oil Production	0.0
Oil, Natural Gas, and CO ₂ Transmission	0.1
Downstream Oil and Gas	-1.1
Petroleum Refining	-0.3
Natural Gas Distribution	-0.3
Liquefied Natural Gas	-0.5
Oil and Gas Services	-0.1
ELECTRICITY	0.8
Electricity Generation	0.7
Electricity Distribution	0.1
TRANSPORT	-3.5
Transit	-0.2
Air	-0.3
Truck	-1.0
Rail	-1.0
Other Transport	-1.0

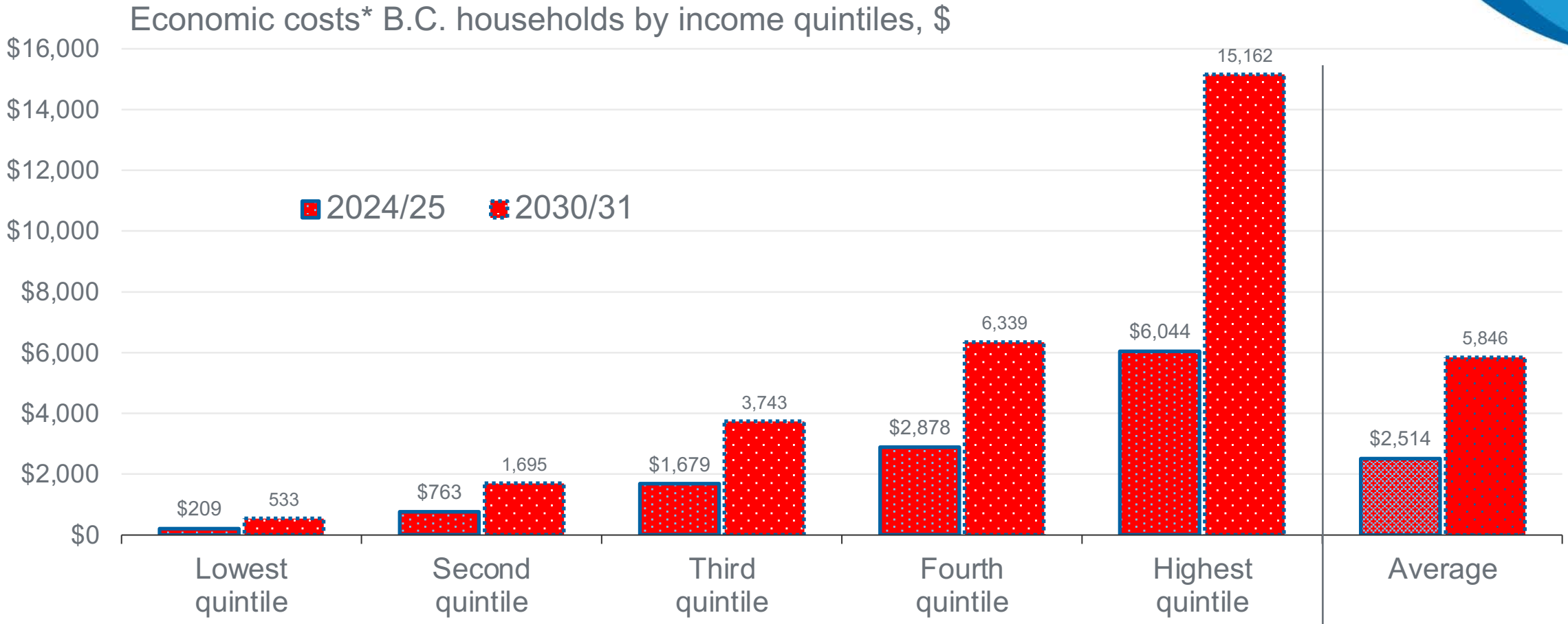
Difference: CleanBC less Reference scenario \$2015

Unit: billion 2015 \$	2030
HEAVY INDUSTRY	-1.7
Mining	-0.3
Metals	-0.1
Pulp and Paper	-1.0
Non-Metallic Minerals	-0.1
Chemicals and Fertilizers	-0.2
BUILDINGS	-15.1
Service Industry	-15.1
Residential	-
AGRICULTURE	-0.2
Agriculture	-0.2
WASTE	-
Waste	-
LIGHT INDUSTRY	-5.6
Light Manufacturing	-3.2
Construction	-1.9
Forest Resources	-0.5

<https://www2.gov.bc.ca/gov/content/environment/climate-change/data/provincial-forecast>

1. Values are outputs of Navius' gTech model and may differ from historic values published elsewhere.
2. The GDP projection under CleanBC is significantly affected by policies still being designed and may be different in future modelling

CLEANBC POLICIES TRANSLATE INTO ECONOMIC COSTS (LOWER INCOME) FOR ALL B.C. HOUSEHOLDS



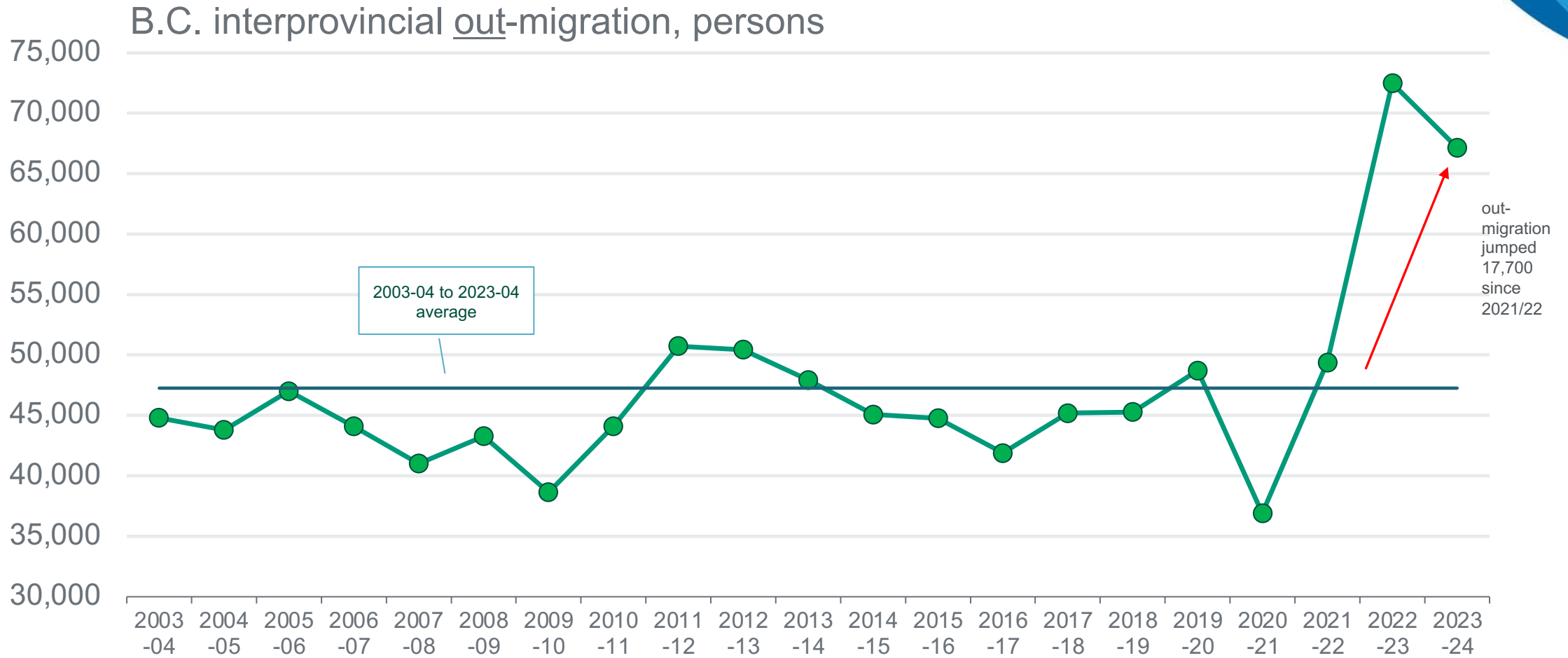
* Economic costs reflect the loss in real employment and investment income due to CleanBC Roadmap to 2030 policies.

RECAP

- B.C.'s economy stronger than Canada's 2016-2022 because of large capital projects & stronger population growth
- Growth slowdown in 2024, picking up in 2025, but B.C. per capita income falls for several years
- Public sector playing an expanded role in the economy – jobs, construction, elevated spending (record deficits)
- Uncertainty, rising costs, climate policies, difficulty advancing projects on the land base are weighing on capital investment and curtailing growth in parts of B.C.'s export base

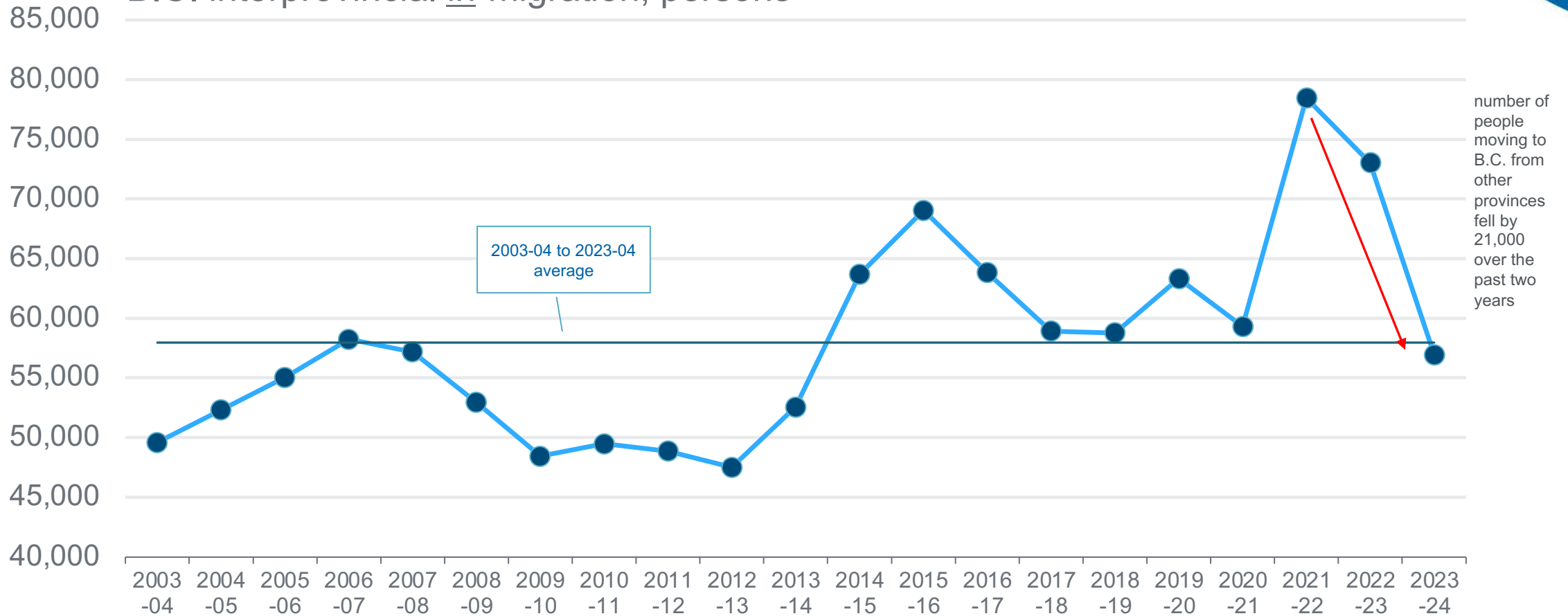
APPENDIX

NUMBER OF PEOPLE MOVING OUT OF B.C. SURGED TO A RECORD HIGH IN 2022



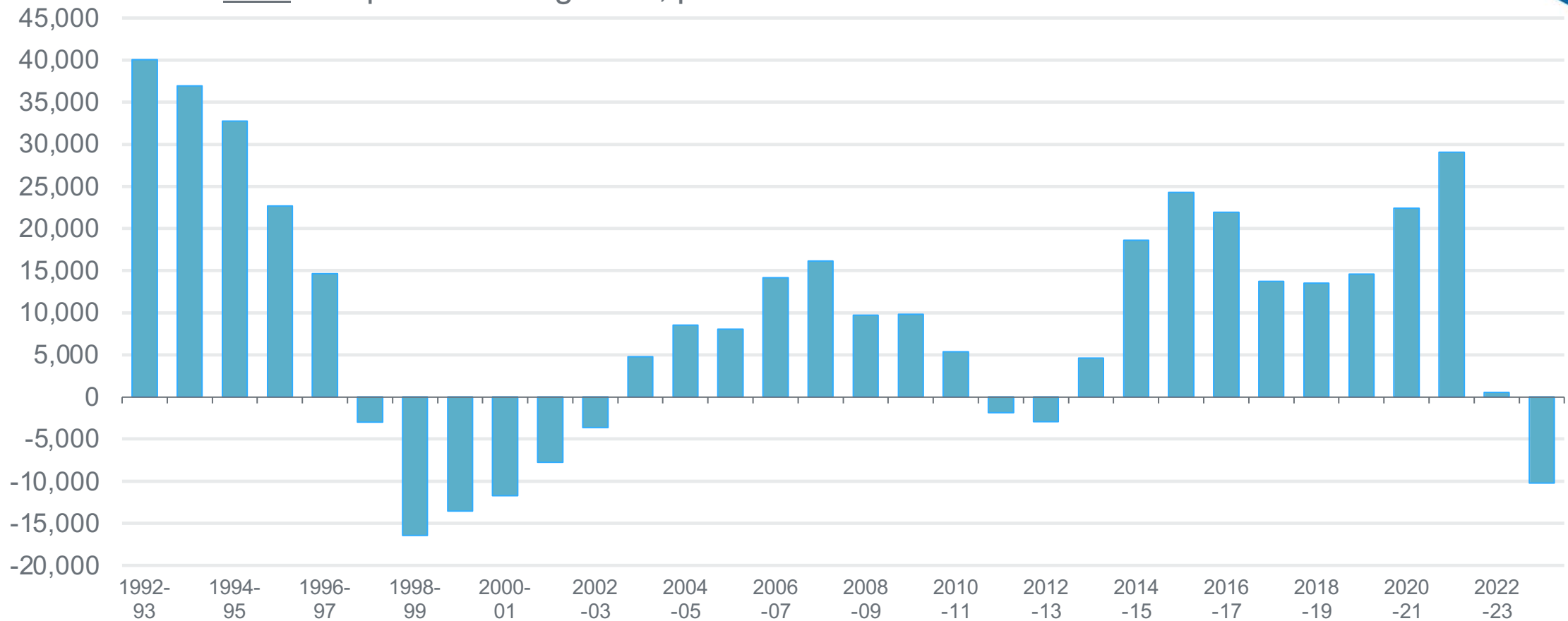
NUMBER OF PEOPLE MOVING TO B.C. DOWN 21,000 SINCE 2021/22

B.C. interprovincial in-migration, persons



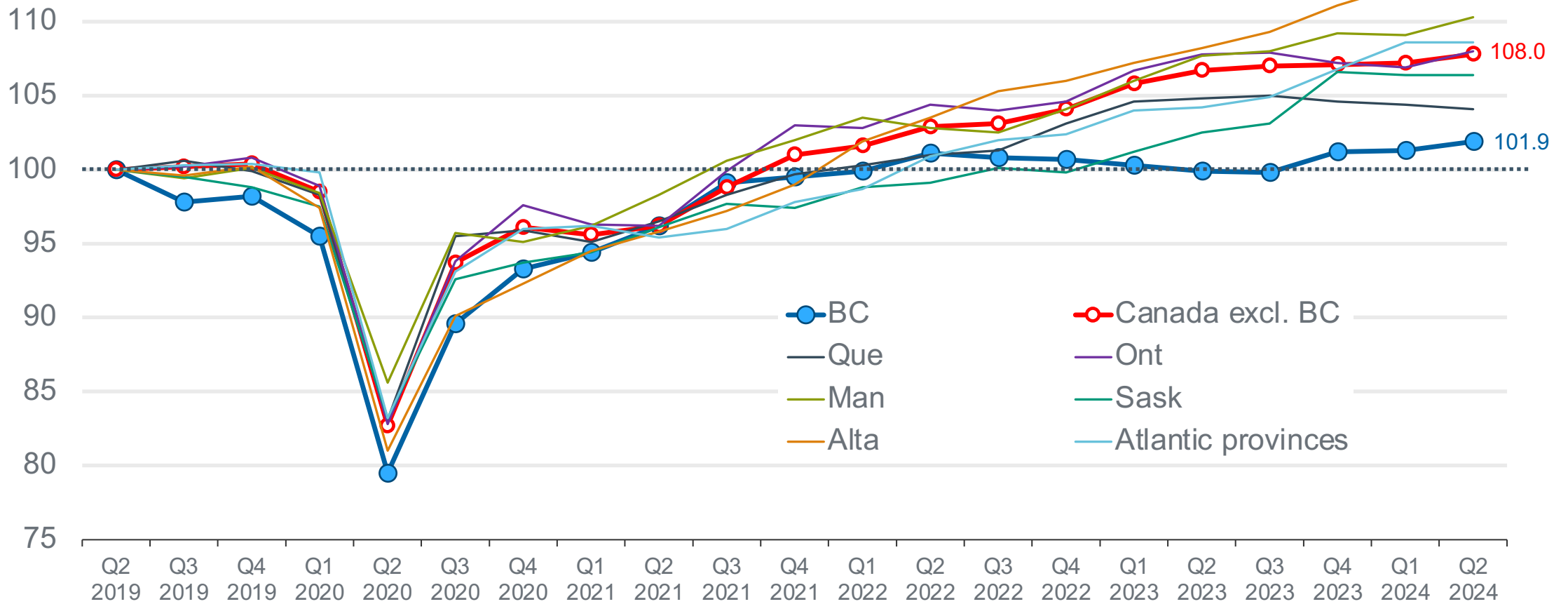
SUDDENLY NET INTERPROVINCIAL MIGRATION FLIPS TO NEAR-RECORD OUTFLOW

B.C. NET interprovincial migration, persons



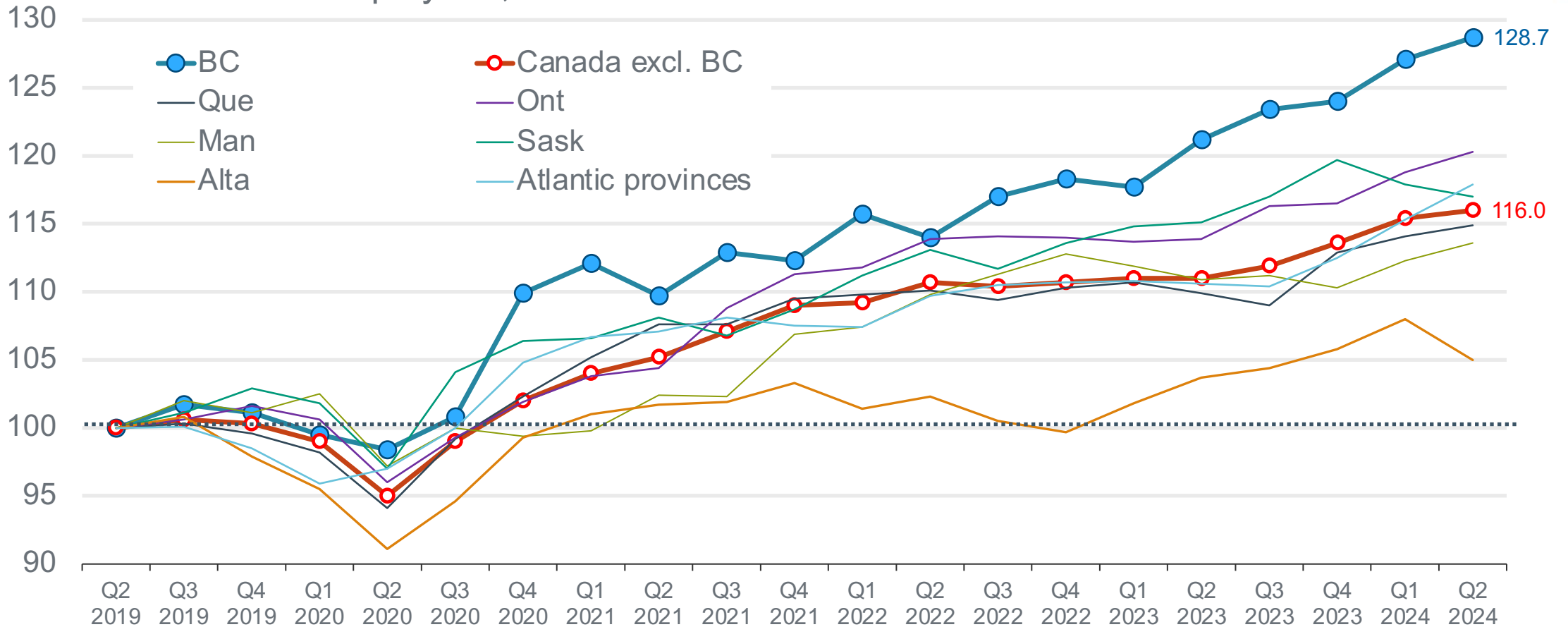
B.C.'S EXPANSION IN PRIVATE SECTOR EMPLOYEES LAGS ALL PROVINCES

Private sector employees, indexed Q2 2019=100



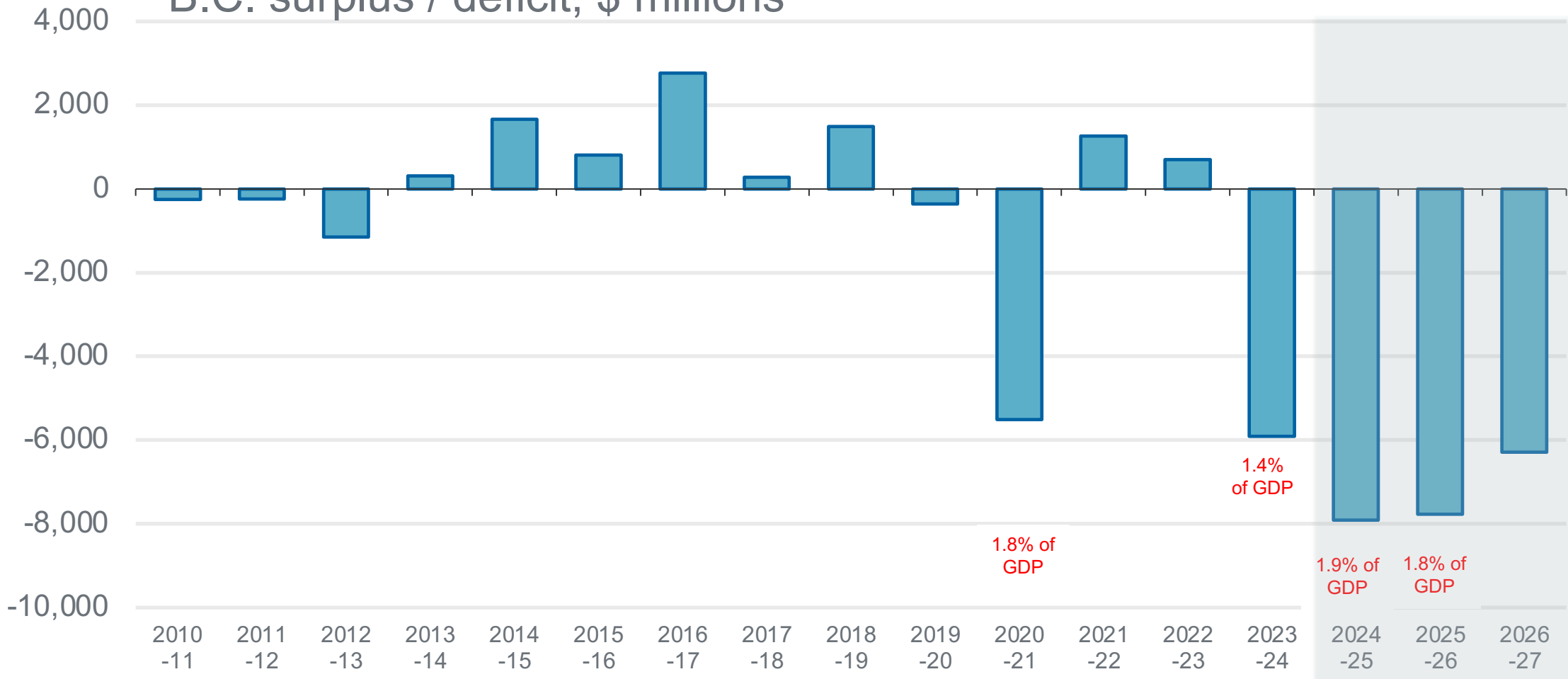
B.C.'S GROWTH PUBLIC SECTOR EMPLOYEES LEADS ALL PROVINCES

Public sector employees, indexed Q2 2019=100



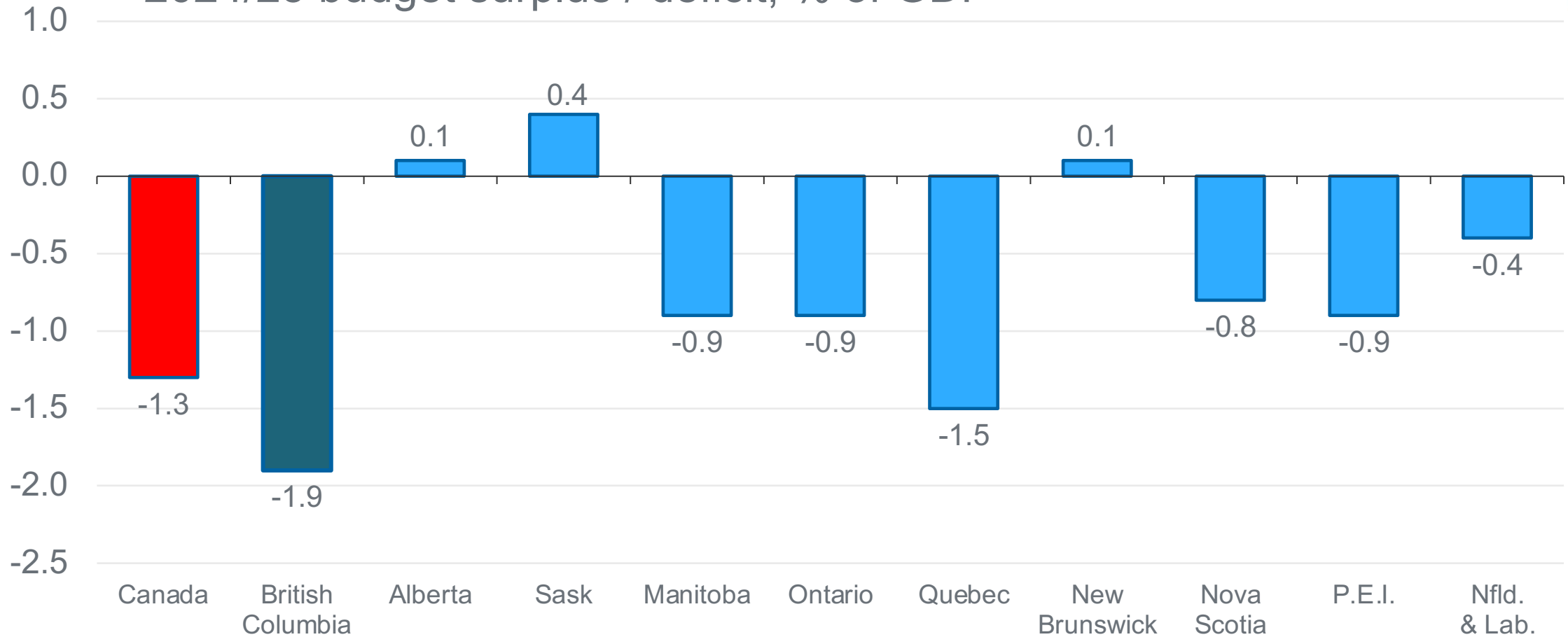
GOVERNMENT PLANNING FOR RECORD DEFICITS

B.C. surplus / deficit, \$ millions



B.C. BUDGETING FOR THE LARGEST DEFICIT IN THE COUNTRY

2024/25 budget surplus / deficit, % of GDP





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THE
WAVE**
UBCM 2024

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BC's Regional Economic Trusts

The trusts are community-led institutions that partner with First Nations, local governments, non-profits, businesses, and the government to spur investment in local and regional economic priorities



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Neskonlith First Nation/Tmicw Forest Impact Recovery



- Forest Impact Recovery Program supporting the hire of a professional forester
- ETSI-BC (Prov of BC funding) invested \$75,000 and leveraged \$13,000 for the one-year program
- FIR Advisor is operationalizing collaborative forest plans between Neskonlith, Adams Lake, and Little Shuswap Bands; provides training to create capacity and jobs for band members

Okanagan Food & Innovation Hub



- Development of the business and operating plan for a food processing, testing, packaging and distribution hub in Summerland
- ETSI-BC invested \$88,700 (2 projects) and leveraged \$3.8 million for project construction and operations
- Collaborative partnership including municipality, Community Futures Okanagan Similkameen and the private 

Okanagan Tech Sector Impact Study



- Study led by Accelerate Okanagan to assess the economic impact of the Technology Sector in the Okanagan including number of companies, business type, revenues, dollar amount (direct, indirect, induced), number of workers etc.
- ETSI-BC invested \$24,000 and leveraged \$66,500 to support comparative data from 2017
- ETSI-BC plans to support similar studies by Kamloops Innovation & KAST

Economic Development Practitioner Networks



- **Economic Development Practitioner Networks (one in Columbia Kootenays; one in Thompson Okanagan)**
- **ETSI-BC invests \$30,000 annually to support these important groups**
- **The networks provide an arena to share information and expertise, exchange ideas, solve similar challenges, and share best practices.**

Fanny Bay Harbour

Fanny Bay Harbour Authority

\$515,000 invested
by the Trust in 2011

Strategic expansion at Fanny Bay — the centre of B.C.'s shellfish aquaculture industry — increased offloading capacity by over 300% since the investment resulting in sustainable jobs, food security, and exports.





Tiičma Enterprises

Ka:'yu:'k't'h' / Che:kles7et'h' First Nations

\$650,000 invested by
the Trust in 2022, 2023

A strategic acquisition of a luxury floating resort to locate at Kyuquot, capitalizing Tiičma and launching Walters Cove Resort. Also invested in Fair Harbour Dock, aquaculture logistics center.

North Island Driving School

'Namgis Business Dev. Corp.

New start-up in 2022

'Namgis established a new community owned and operated driving school in partnership with the Trust. There were no means for people in northern Vancouver Island to get a license before the start-up.





qathet Performing Arts + Cultural Hub

Pacific Region International
Summer Music Association

\$200,000 invested

Redevelopment of the old
Townsite in Powell River
through a new 5,000ft²
events space will create
\$2 million in annual economic
impact with Tla'amin First
Nation, qathet Symphony
Orchestra, and more.

Cultural Infrastructure – Saik’uz First Nation Cultural Exchange Centre

- Cultural Infrastructure grant - \$300,000
- Re-purposed log building from Bednesti Lake Resort
- Used funds to relocate and renovate
- Centre will showcase Saik’uz culture, heritage, artifacts
- Local artists to sell wares, and it will enable cultural programming and training
- Expanded food service and meeting spaces
- Expected completion end of 2024



Recreation Infrastructure – Quesnel RV Park

- Recreation Infrastructure grant - \$300,000
- RV park and campground part of Quesnel's Economic Development Transition Strategy (EDTS)
- Transition away from being forestry dependent – a destination for people to visit and explore on their journey elsewhere
- RV park hosts 27 sites, tenting area, washrooms, signage and landscaping
- Construction completed summer 2022



Economic Infrastructure – Osprey Nest, Williams Lake First Nation



- Economic Infrastructure grant - \$300,000
- Aligns with WLFN comprehensive community plan
- Two story building, features café and lake front patio
- Second floor features four, self-contained lofts
- Lofts fill need for short to mid-term accommodations for locum physicians, teachers, etc.
- Creates employment for residents
- Establishes sustainable form of long-term revenue
- Expected completion end of 2024

BC's Regional Economic Trusts

Local
Flexible
Grassroots
Responsive
Sustainable
Experienced

Trusted.

Thank you



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The Spirit of the North Healthcare Foundation

In appreciation of our speakers today and with thanks for your contribution, UBCM has made a donation to The Spirit of the North Healthcare Foundation. The Foundation works collaboratively with its Donors, Healthcare Partners and has been instrumental in contributing over \$40 million towards essential equipment, enhancing facilities, and supporting the ongoing education of healthcare professionals and medical staff.