



STATE OF THE ISLAND ECONOMIC

REPORT 2022

VANCOUVER ISLAND
ECONOMIC ALLIANCE



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2022 EDITION

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While the economy is expected to continue growing in the second half of the year and into 2023, it will be at slower rates. For the Island, continuing migration and a recovering tourism sector will be key elements supporting economic growth through 2023.

This 8th edition of our State of the Island Economic Report (SOTIER) is written within sight of an ending to the COVID-19 pandemic. High rates of vaccination and better public health awareness have allowed the world to find a way to live with the virus and reopen activities, both economic and social, closer to a pre-pandemic level. In this year's report we continue to provide the latest data our deadlines allow, to give as current and complete a picture of the economy of the Island as we can.

Around the globe, economies bounced back in 2021 with governments continuing to find ways to allow more activity to take place despite the ongoing pandemic. BC fared well and the underpinning of continued migration from other parts of Canada increased demand in a number of key sectors. Ongoing travel restrictions continued to limit the recovery in the tourism and hospitality sectors. On the Island, continuing positive net migration numbers further increased demand for housing with a corresponding increase in prices and reduction in affordability. The benefit of increasing numbers of domestic visitors for tourism operators could not offset the loss of international visitors and missing cruise ships.

Moving into 2022, the sizeable government stimulus to help people during the pandemic was a contributing factor to a rise in inflation. Responding to the rising inflation rate, that proved to be more than transitory, the Bank of Canada aggressively raised interest rates. Rising rates have taken the heat out of the real estate market and dampened the labour market. While the economy is expected to continue growing in the second half of the year and into 2023, it will be at slower quarterly rates. For the Island, continuing immigration and a recovering tourism sector will be key elements supporting

Digital copies of this report will be available to all attendees of the 2022 Summit. Hard copies will be available for purchase by request as well as on Amazon through the year.

economic growth through 2023. There is uncertainty around the outlook as the world shifts back to more of a pre-pandemic look switching to greater consumption of services and weaker demand for goods.

Bare grocery shelves during the pandemic highlighted the risk of relying on food supply from other regions. With that in mind, this report includes an article on issues with the Agricultural Land Reserve and a plea for some innovative thinking to improve it. In response to questions about sustainability and indigenous business activity, we have articles introducing new data on these areas and we expect to include this new information in reports going forward.

Despite an ever-changing world, VIEA continues to move forward on its mandate. This year we are pleased the Summit will be back in person and we look forward to seeing many of you there. Next year will see a changing of the guard as George Hanson has announced his retirement as President and Julie Sperber has been appointed as his successor. In the coming year, we will look at expanding the data and information available to VIEA members, that underly this report. In addition, VIEA will also continue to seek ways to better understand the contribution of the indigenous economy on the Island.

Organizations like VIEA rely on the support of sponsors and volunteers and the SOTIER could not be produced without the help of both. I would like to recognize our sponsors Coastal Community Credit Union, and Nanaimo Airport Authority and the support of PacifiCan. We greatly appreciate the support of all of them. The ongoing participation of MNP both as a sponsor and in the preparation of the report has been fundamental to the success of the SOTIER and we are grateful for their continuing support. Our committee is made up of a group of dedicated volunteers and I want to thank Susan Mowbray, Po Wan, Shannon Baikie, Peter van Dongen, Joe Cristiano, Judy Kitts and Candice Wiekenkamp for their work on this year's edition. A special thanks goes to George Hanson. In my time chairing the committee I have appreciated his input, insight, and guidance. We began as colleagues, we part as friends.

Thank you for your ongoing interest in VIEA and the State of the Island Economic Report.

Pip White
Chair, 2022 SOTIER Committee

LIMITATIONS

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

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

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

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

A YEAR IN REVIEW

After a sluggish start, the Canadian economy experienced a strong recovery in 2021. GDP grew by 4.8% year-over year¹ as the easing of pandemic-related restrictions and a high vaccination rate led to increased demand for services and growth in exports. As demand increased, supply constraints and increases in energy and food prices led to rising inflation rates.

In BC, economic recovery was among the strongest in Canada. Public health restrictions were targeted and less pronounced than in other provinces, which allowed retail businesses and restaurants to remain open. While international visitation remained low due to quarantine and testing requirements, domestic visitation was high providing needed support to tourism operators. Construction picked up both at major projects as well as in the residential sector as housing demand continued to rise.

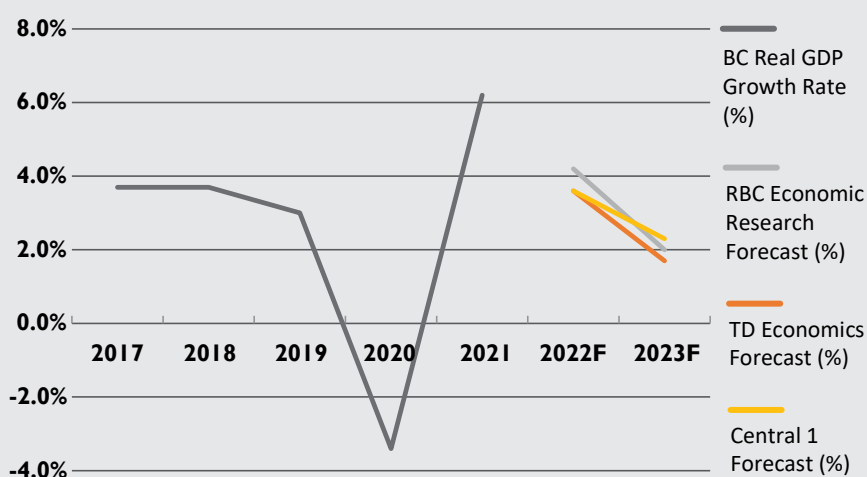
On Vancouver Island, population growth continued across the region, contributing to increased housing prices and a further erosion of affordability. Tourism operators benefited from heightened levels of domestic visitation; however, it was not sufficient to offset the absence of cruise ships and few international visitors. Forestry operations continued, while aquaculture faced continued uncertainty and supply chain challenges.

¹ Statistics Canada. Table 36-10-0402-01 Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000).

GDP

BC'S GDP GREW BY 6.2% IN 2021, ENDING THE YEAR 3% HIGHER THAN IN 2019. Key factors were continued migration from other regions of Canada which increased demand for housing, retail and personal services; continuation of construction on major projects; and higher commodity prices that provided a boost to resource sectors. Acceleration in the adoption of digital technologies through the pandemic supported growth in the tech sector, while ongoing travel restrictions in key markets and testing requirements slowed the recovery of tourism. Healthcare and public administration also expanded.

BC Real GDP Growth Rate



Statistics Canada, Table 36-10-0402-01 GDP at basic prices, by industry, provinces and territories; TD Economics, Provincial Economic Forecast (June 2022); RBC Economic Research, Provincial Outlook (June 2022); Central 1 (July 2022).

Mid-year projections for BC's GDP growth are in the 3.6% to 4.2% range for 2022 and then between 1.7% and 2.3% in 2023. Despite the relatively positive projections, there is significant uncertainty in the forecast and how demand for goods and services will evolve as the pandemic's effects wane and activity normalizes. Pandemic restrictions on travel and gathering in groups led to significant increases in demand for goods and declines for services. As restrictions have been lifted, consumption patterns have pivoted toward services and demand for goods has declined year-over-year. As a result, major retailers have reported growing inventories and have had to discount products. Similarly, there is expected to be a shift from remote to hybrid work as business activity normalizes, which could affect migration patterns and regional impacts.

On Vancouver Island continued migration and recovery of tourism are expected to be key factors in supporting economic growth through 2023.

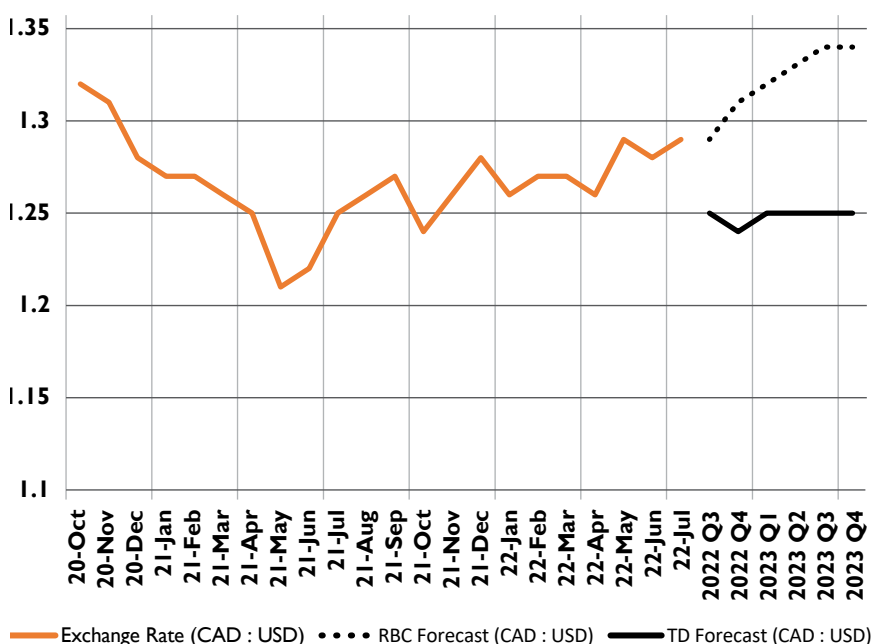
Inflation²

Through the second half of 2021 and into the first half of 2022, inflation rates have accelerated in Canada as well as much of the rest of the world. Rising inflation has been the result of a mix of global and domestic factors. Increases in global energy prices and drought conditions in many areas have led to higher costs for fuel and food. The invasion of Ukraine by Russia further increased commodity prices in the second quarter. Domestically, demand has increased and labour shortages and continuing supply chain constraints mean businesses have struggled to increase production. As a result, both prices and wages are rising.

Against this backdrop there is some indication that expectations of higher inflation may be setting in among businesses and consumers. Higher inflation expectations can lead to higher long-term inflation as businesses factor these into wage and price adjustments. In response, the Bank of Canada has taken steps to reduce demand and slow inflation by increasing interest rates. Between March 2022 and September 2022, the key policy rate increased from 0.25% to 3.25%. Further increases are expected.

As of September 2022, the Bank of Canada expects inflation to gradually decline as demand slows but to remain elevated through 2024.

Exchange Rate (CAD:USD)



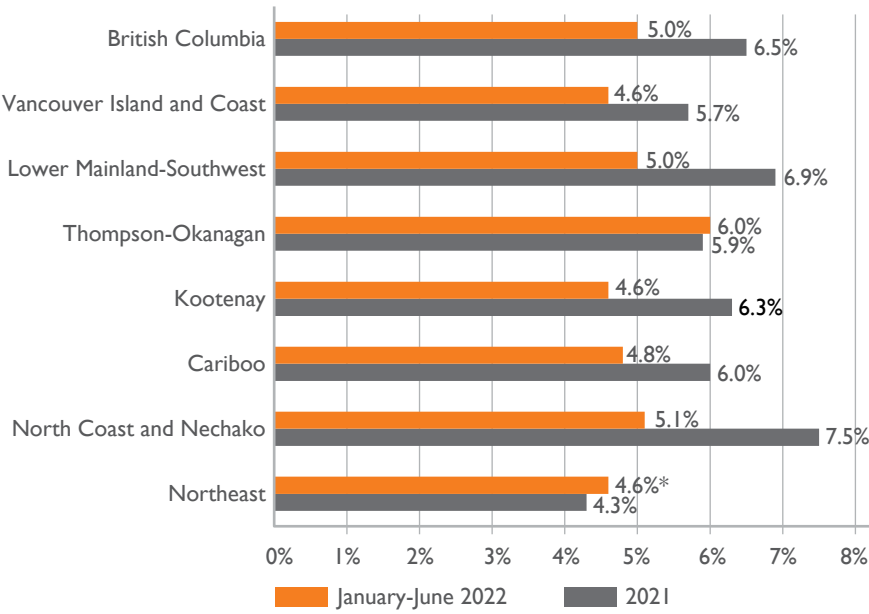
Source: Bank of Canada, TD Economics, RBC Economics.

AFTER GAINING SIGNIFICANT VALUE THROUGH THE END OF 2020 AND INTO THE FIRST HALF OF 2021, THE CANADIAN DOLLAR GRADUALLY FELL BACK TO NEAR PRE-PANDEMIC LEVELS BY MID-2022. Global market declines, interest rate hikes and recession fears have led to a flight-to-safety to the US dollar and corresponding depreciation of the Canadian dollar. As of mid-September 2022, the Canadian dollar was trading at \$1.33 Canadian per US dollar. Looking forward, the value of the Canadian

² Bank of Canada. Monetary Policy Report (<https://www.bankofcanada.ca/publications/monetary-policy-report/>)
note: Bank of Canada exchange rates available at [bankofcanada.ca/rates/exchange/](https://www.bankofcanada.ca/rates/exchange/).

Unemployment Rate

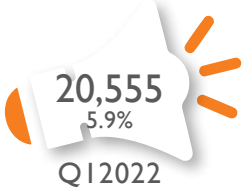
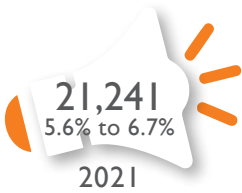
BY REGION 2021 AND 2022 (JANUARY TO JUNE)



Source: Statistics Canada Table: 14-10-0293-01, Table: 14-10-0090-01 and BC Stats Monthly Labour Force Statistics.
 * Due to data availability, 2022 Northeast region data reflects February to June.

Job Vacancies

QUARTERLY AVG & VACANCY RATE



dollar will be heavily influenced by the price of oil and other export commodities. The ongoing conflict in Ukraine and tightening of monetary policy to combat inflation by central banks around the world is expected to slow global growth and reduce demand for commodities. In Q3, prices for oil and industrial inputs declined modestly, while the price of natural gas rose significantly. This suggests demand is moderating and there may be some volatility in the value of the CAD in the near term as financial markets respond to uncertainty in the global outlook.

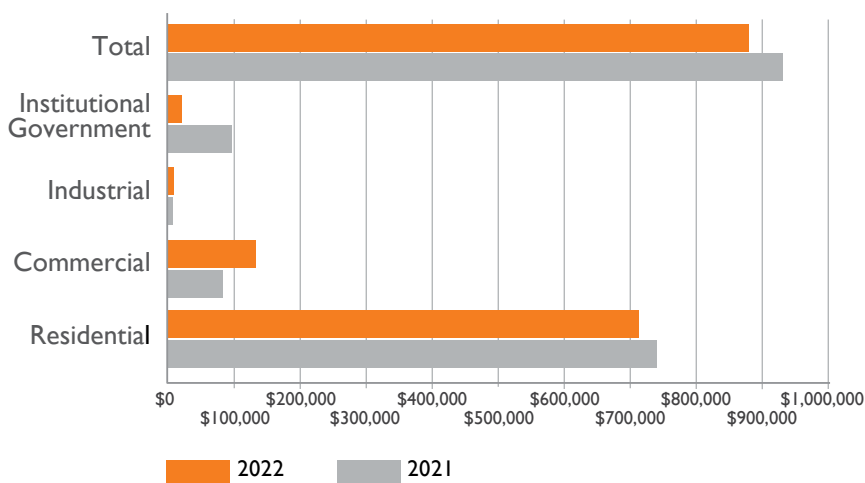
THE UNEMPLOYMENT RATE ON VANCOUVER ISLAND FELL TO 5.7% IN 2021 AND CONTINUED TO DECLINE IN THE FIRST HALF OF 2022, DROPPING TO 4% IN Q2 2022. The number of job vacancies and the job vacancy rate are significantly above pre-pandemic levels and the labour force has grown relative to 2019 levels.³ This indicates that declines in the unemployment rate are due to job growth, rather than people exiting the labour market.

There are indications that sectors such as healthcare, hospitality, and transportation, are

³ Statistics Canada, Table 14-10-0325-01 Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by provinces and territories, quarterly, unadjusted for seasonality.

Building Permit Values (Victoria CMA only)

JANUARY TO JUNE (in \$000s)



Source: Statistics Canada, produced by BC Stats.

Housing Starts

YEAR-OVER-YEAR
JANUARY TO JUNE



Source: CMHC, Starts and Completions Survey.

experiencing acute labour shortages. In other sectors, labour market conditions are tight and employers are reporting difficulty filling positions. This will constrain economic growth in the short term and in the long term, changes in how goods and services are provided may result as employers adjust.

THE VALUE OF BUILDING PERMITS IN THE VICTORIA CMA DECLINED BY 6% YEAR-OVER-YEAR, IN THE FIRST HALF OF 2021.

Residential permit values trended down (4% year-over-year), while non-residential permit values declined more substantially (13% year-over-year). Despite the declines, values remain significantly above 2019 levels.

Building permits indicate construction intentions, while housing starts indicate construction activity. In the first six months of 2022, the number of housing starts in Victoria, Port Alberni, Parksville/Qualicum Beach and Courtenay declined. In Duncan, housing starts increased while in other markets they remained stable.

Declines in building permits and housing starts suggest that construction activity is slowing in response to rising interest rates, which have increased borrowing costs for both developers and buyers. However, it is important to note that while housing starts have declined, they are consistent with levels observed in 2018 and 2019. In the near term, population growth is expected to continue to



Artist rendering—
The Cove Dining Hall,
University of Victoria

support demand and construction activity is expected to return to pre-pandemic levels.

Major Infrastructure Projects

UNIVERSITY OF VICTORIA – STUDENT HOUSING AND DINING⁴

The University of Victoria is constructing a dining facility and 621 bed residence for students. The residence will provide both traditional dorm rooms and “community-style” rooms with shared amenities. They will be located south of the Student Union Building replacing the Cadboro Commons Building. Work at the main project site began in early 2020, and will continue through 2023. In fall 2022 the first group of residences will be available for occupancy.

SPENCER ROAD AFFORDABLE HOUSING⁵

Spencer Road will be a 58-unit affordable housing building, located in Langford, BC, operated by the Capital Regional Housing Corporation. The units will be rented to low-to moderate-income seniors, individuals, and families, as well as those with disabilities.

⁴ University of Victoria. Available here: <https://www.uvic.ca/campusplanning/current-projects/new-student-housing/>.

⁵ Capital Regional District. Available here: <https://www.crd.bc.ca/project/capital-projects/2782-spencer>.

Infrastructure and Development

MAJOR INFRASTRUCTURE PROJECTS UNDER CONSTRUCTION

VALUE OF INVESTMENT IN \$MILLIONS

UTILITIES



TRANSPORTATION



HEALTHCARE



EDUCATIONAL INSTITUTIONS



AFFORDABLE HOUSING



Construction is expected to be complete in the fall of 2022.

VICTORIA HIGH SCHOOL UPGRADES⁶

Victoria High School is undergoing a seismic upgrade and 200-seat expansion as well as the addition of a new neighbourhood learning centre for childcare programming. All original exterior masonry and interior glass and marble will be preserved through the renovation project. Construction is underway on the project, as students are currently relocated to SJ Willis. The project is expected to be complete and ready for the 2023/24 school year.

UCLUELET ELEMENTARY AND SECONDARY SCHOOL UPGRADES

The Ucluelet Elementary School is undergoing seismic upgrades while the Ucluelet Secondary School is undergoing a partial replacement. The project will also include a new Neighborhood Learning Centre for the community. The upgrades will provide over 450 seismically safe student seats in the community, while the Neighborhood Learning Centre will provide space for child-care, a much needed amenity in the community. The project is currently underway and expected to be complete in time for 2022/23 school year.

Construction Project Updates

HIGHWAY 14 CORRIDOR UPGRADES

Construction is near completion and is expected to be operational by the fall of 2022.

PEXSISEN ELEMENTARY AND CENTRE MOUNTAIN LELLUM MIDDLE SCHOOL

Construction is continuing; however, occupancy has been delayed due to delays in obtaining materials and labour shortages.

HIGHWAY 4 SAFETY IMPROVEMENTS

Construction was estimated to be 85% complete in July 2022, and expected to be 100% complete by the end of 2022.

Source: British Columbia Major Projects Inventory, Q4 2021.

⁶ Greater Victoria School District. Available here: <https://www.sd61.bc.ca/news-events/community/vic-high-planning-for-the-future/>



Measuring Sustainability

As we emerge from the COVID-19 pandemic, priorities related to addressing climate change and social equity are at the forefront. This has prompted the creation of a number of datasets (for this report) that can begin to provide some insight into how Vancouver Island is doing in terms of sustainability.

IN 1987 THE UNITED NATIONS BRUNDTLAND COMMISSION DEFINED SUSTAINABILITY TO MEAN “MEETING THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR NEEDS.”¹

At the community or regional level sustainability encompasses environmental, equity and economic considerations:

ENVIRONMENTAL is about ensuring resources are available for today, but also for future generations. This can apply to both the natural and built environment. It is important to note that environmental sustainability includes mitigation of damage to natural systems arising from human activities – climate change matters.

EQUITY is about ensuring that the needs of different populations are considered and that overall there is a positive impact on the community – everyone rises together.

ECONOMIC is about providing economic opportunities that generate jobs, income, and wealth for residents – opportunities are inclusive.

While each of the components of sustainability is relatively well-defined, measuring environmental sustainability and equity is challenging and data are often not available. Consequently, the State of the Island Economic Report has focused on providing a comprehensive overview of economic conditions, supplemented with some commentary on environmental and social conditions on an ad-hoc basis.

¹ <https://www.un.org/en/academic-impact/sustainability#:~:text=In%201987%2C%20the%20United%20Nations,development%20needs%2C%20but%20with%20the>

Solid Waste
per Capita
(kg/person)

REGIONAL DISTRICT	2012	2019
Cowichan Valley	297	390
Nanaimo	354	389
Capital	394	382
Mount Waddington	573	665
Comox-Strathcona*	666	536
Alberni-Clayoquot	759	590
BC Average	570	501

Source: Environmental Reporting BC. 2021. Municipal Solid Waste Disposal in BC (1990-2019). State of Environment Reporting. Ministry of Environment and Climate Change Strategy, British Columbia, Canada

*Waste streams for the Comox Valley and Strathcona are handled together so reporting is combined.

As we emerge from the COVID-19 pandemic, priorities related to addressing climate change and social equity are at the forefront. This has prompted the creation of a number of datasets that can be used to begin to provide some insight into how Vancouver Island is doing in terms of sustainability.

ENVIRONMENTAL

Measures of environmental sustainability for organizations and communities typically focus on outcomes and include greenhouse gas emissions, energy consumption, waste generation, and water usage. Measures of sustainability for natural resources include ecological and productivity measures which vary by resource. Data to measure outcomes was limited to waste generation by region. There were no consistently reported data for Vancouver Island on other outcome measures. An alternative indicator that can provide some indication of trends is to measure activities intended to support sustainability. It is important to note that activities measure an intermediate step in achieving outcomes and should not be interpreted as being equivalent to a measure of outcomes. In terms of activities, the measure available was the adoption of electric vehicles.

Waste Generation

Variation in disposal rates is influenced by population density, recycling infrastructure, economic activity and tourist and transient populations. As a result, disposal rates tend to be lowest in urban areas and increase in more rural areas. On Vancouver Island, the Capital region has the lowest disposal rate, followed by Nanaimo and the Cowichan Valley. Disposal rates in Mount Waddington, the Comox Valley and Strathcona, and the Alberni-Clayoquot region are substantially higher. Between 2012 and 2019, solid waste per capita declined in Comox-Strathcona and the Alberni-Clayoquot regions and was relatively stable in the Capital region. In Nanaimo, the Cowichan-Valley and Mount Waddington, solid waste per capita increased. Data for 2020-21 were only available for the Cowichan Valley and the Capital region and these data suggest that disposal rates increased over the pandemic. The increase may reflect changes in household consumption arising from the pandemic, more people working remotely from home. At present, it is not clear if these patterns will persist as economic activity normalizes.

Adoption of Electric Vehicles

	2017	2018	2019	2020	2021
Number of Electric Vehicles Registered on VI	1,800	3,100	5,800	7,800	10,000
Percentage of Fleet on VI	0.3%	0.5%	0.9%	1.2%	1.5%
Electric Vehicles as a Percentage of Passenger Vehicles in BC	0.3%	0.5%	0.9%	1.2%	1.7%

Source: ICBC, Policies in Force

Transportation accounts for the highest share of greenhouse gas (GHG) emissions in BC.² Within transportation, passenger vehicles account for almost 40% of emissions, and electrification of the vehicle fleet will be an important factor in reducing GHG emissions. On Vancouver Island, the number of electric vehicles has increased from 1,800 (0.3% of the vehicle fleet) in 2017 to 10,000 in 2021 (1.5% of the vehicle fleet). In addition, there were approximately 16,000 hybrid vehicles on Vancouver Island in 2021. Adoption rates for electric vehicles on Vancouver Island are consistent with overall adoption rates in BC.

ECONOMIC EQUITY

Economic equity is typically measured based on income and representation within industries and occupations. Income data is reported periodically, while data on representation is not generally available at the community or regional level. Measures of social and political equity are not well established.

Available data on income has been reported in *Cost of Living and Affordability* of this report (p. 51). However, there remains significant gaps in our understanding of equity on Vancouver Island as it relates to access to economic opportunities and representation.

WHAT NEXT

The data available to measure environmental sustainability and economic equity are extremely limited. What we have reported here provides a starting point for providing more fulsome reporting on the state of Vancouver Island's economy and future editions of this report will track these measures. As additional measures become available, they will be incorporated as well.

² Environmental Reporting BC. 2021. Trends in Greenhouse Gas Emissions in BC (1990-2018). State of Environment Reporting, Ministry of Environment and Climate Change Strategy, British Columbia, Canada.

The number of businesses on Vancouver Island remained relatively stable in 2021. Declines in the sectors most affected by COVID-19-related restrictions such as Accommodation and Food Services, Arts, Entertainment and Recreation, and Retail Trade were offset by growth in Professional, Technical and Scientific Services and Management of Companies and Administration and Support, Waste Management and Remediation.

In 2021, bankruptcies continued their decline and sit below the three-year average while the number of business formations edged upwards and sits above both its three-year average and pre-pandemic level.

In Q1 2022, personal bankruptcies declined further while business bankruptcies edged upwards. In the near term there is not expected to be a significant increase in personal bankruptcies due to high rates of employment and tight labour market conditions putting upward pressure on wages. While there is an increased risk of default on mortgages as interest rates rise, stress tests introduced in 2018 are likely to mitigate the risk.

There is expected to be some increase in business bankruptcies and closures as economic conditions normalize.

Business Environment

Number of Businesses with Employees

BY SECTOR AND CATEGORY, SHOWING TREND

GOODS-PRODUCING SECTOR



Fishing



Agriculture



Forestry



Hunting



992



Manufacturing



981



Mining



Oil + Gas
Extraction



58



Construction



4,065



Utilities



27

SERVICE-PRODUCING SECTOR



Accommodation
+ Food Services



2,008



Admin + Support
Waste Mgt + Remediation



1,361



Arts,
Entertainment
+ Recreation



504



Educational
Services



412



Finance +
Insurance



1,013



Healthcare
+ Social
Assistance



3,669



Information
+ Cultural
Industries



361



Management
of Companies
+ Enterprises



114



Other Services (Excluding
Public Administration)

2,346



Professional, Scientific
+ Technical Services



3,610



Public
Admin



361



Real Estate
+ Rental
+ Leasing



1,477



Retail Trade



3,550



Transportation + Warehousing



840



Wholesale Trade



821

Source: Statistics Canada, Business Register,
Establishment Counts December 2021.



Growing



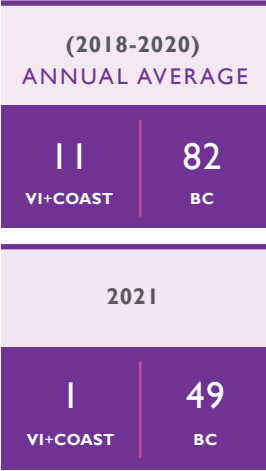
Declining



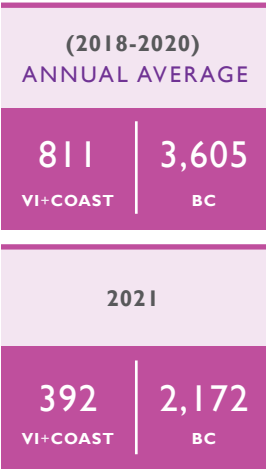
Stable

Insolvency

BUSINESS
BANKRUPTCIES



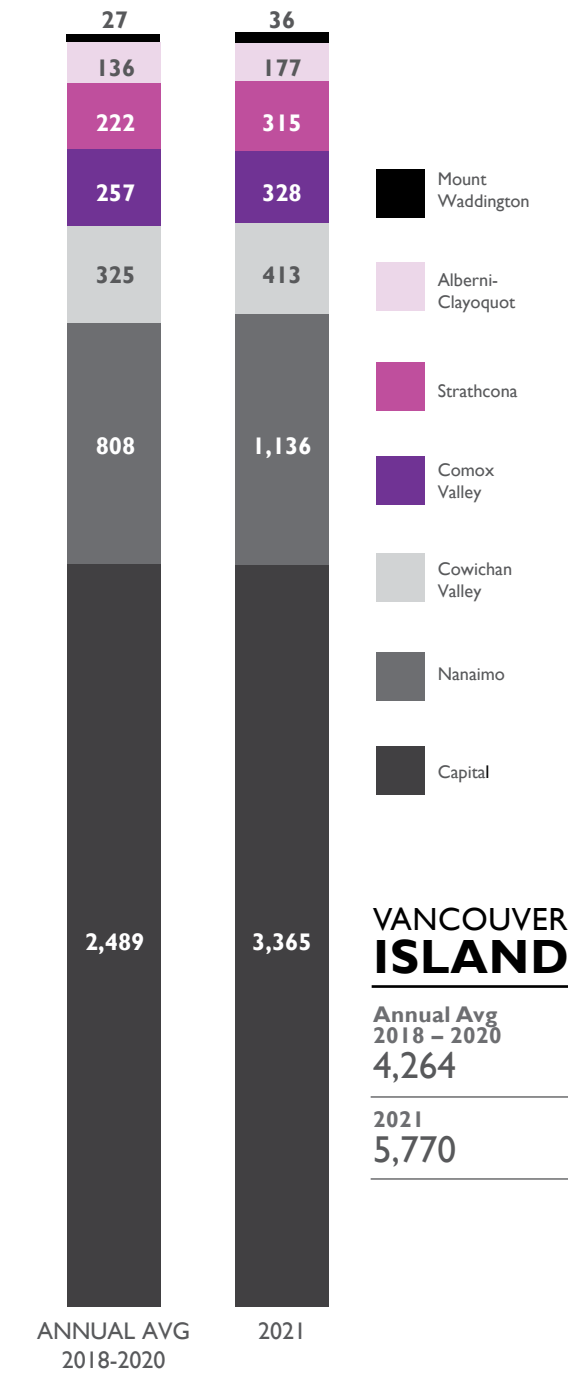
CONSUMER
BANKRUPTCIES



Source: Office of the Superintendent of Bankruptcy Canada.

Business Formations

INCORPORATIONS BY REGIONAL DISTRICT

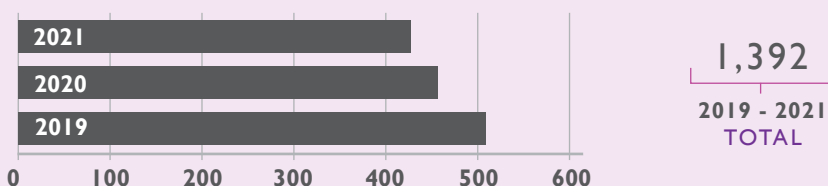


Source: BC Stats, Business Formations and Failures.

NOMINEES UNDER THE SKILLS IMMIGRATION STREAM ARE SELECTED BASED ON THE SKILLS, EDUCATION AND/OR EXPERIENCE REQUIRED FOR HIGH-DEMAND OCCUPATIONS IN THE PROVINCE. Occupations that showed notable changes in volume included Sales and Service and Natural and Applied Sciences. BC PNP nominees in Sales and Service occupations were down 58% from 2019 to 2021, while nominees in Natural and Applied Science fell back to pre-pandemic levels after

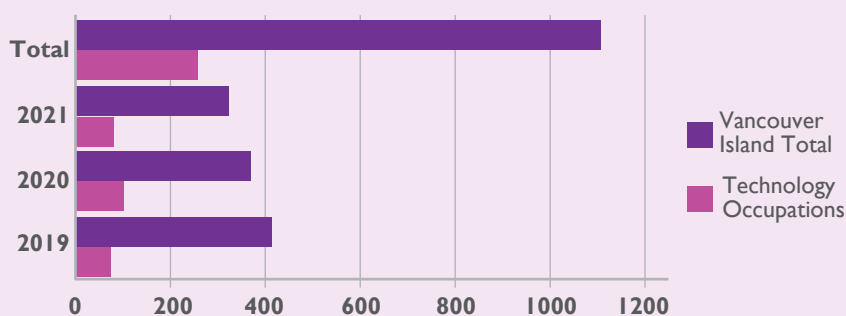
Skilled and Entrepreneurial Immigration

Applications TO THE SKILLS IMMIGRATION NOMINEE PROGRAM



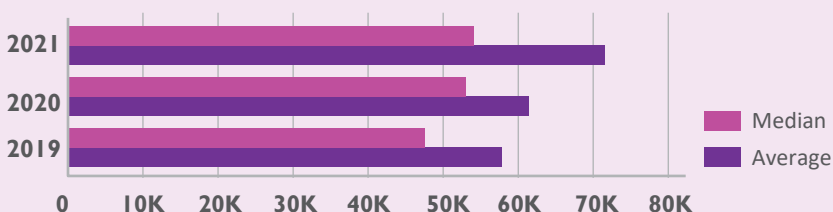
Source: BC Ministry of Municipal Affairs.

Nominations TO THE SKILLS IMMIGRATION NOMINEE PROGRAM



Source: BC Ministry of Municipal Affairs.

Salaries OF SKILLS IMMIGRATION NOMINEES



Source: BC Ministry of Municipal Affairs.

increasing in 2020. However, these decreases in BC PNP nominees in some occupations do not necessarily reflect overall decreases in immigration levels in those occupations, as 2021 saw a temporary increase in opportunities for some candidates to apply directly to the federal government for permanent residence.

BC PNP Tech was introduced in 2017 as a pilot under the Skills Immigration stream. The program experienced strong growth in nominees on Vancouver Island through 2020, and though the overall number of Tech nominees declined in 2021, the share of Tech nominees remained stable at approximately 25%.

Nominees under the Entrepreneur Immigration stream are required to meet a minimum financial investment amount and demonstrate the ability to create job opportunities. It is a multi-step process that takes two to three years to obtain a nomination. In 2021, the Regional Pilot continued to be affected by COVID-19 travel restrictions and the resulting disruption to the immigration system. The Base category was paused to new applications for an internal review for the second half of the year.



POPULATION AND LABOUR FORCE

Vancouver Island continues to have one of the highest population growth rates in BC. In 2021, the population growth rate (1.3%) was above that of the province as a whole (1.1%), as well as that of the Lower Mainland (1.0%). The Strathcona, Comox and Capital regions experienced the strongest year-over-year growth rates on Vancouver Island, with increases above 1.4%.

Population growth on Vancouver Island continues to largely be driven by migration from within BC, and increasingly in 2021, migrants from other provinces. Net interprovincial migration increased by approximately 50% in 2020/21, compared with 2019/20.⁷ While Vancouver Island's population continues to age, approximately 70% of migrants to Vancouver Island are under age 55.⁸

Preliminary population estimates suggest that interprovincial and intraprovincial population growth has slowed in 2022, while international immigration has increased significantly as backlogs due to COVID delays are cleared.⁹ Both international immigration and interprovincial migration are expected to settle back into their long-term trends as economic conditions normalize.

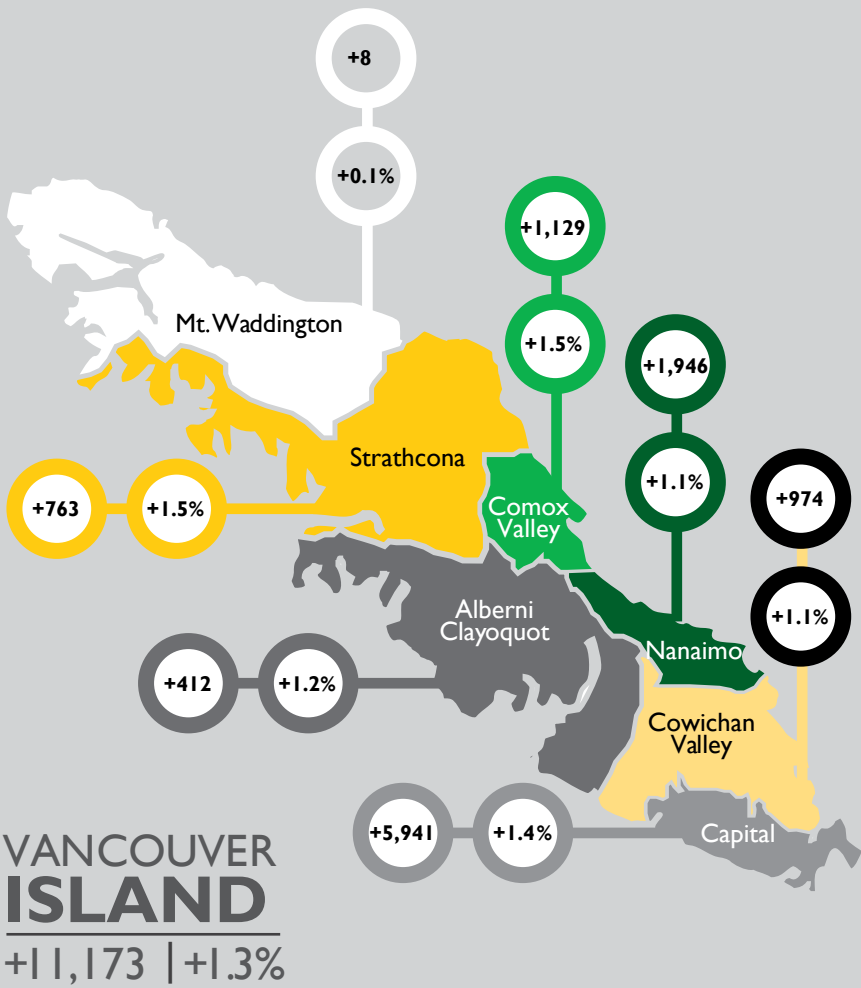
⁷ Statistics Canada. Table: 17-10-0138-01. Components of population change by economic region.

⁸ Ibid.

⁹ Statistics Canada. Table: 17-10-0040-01. Estimates of the components of international migration.

Population

Population Growth by Region – 2020 TO 2021



Source: BC Stats, Population Estimates by Regional Districts and Development Regions.

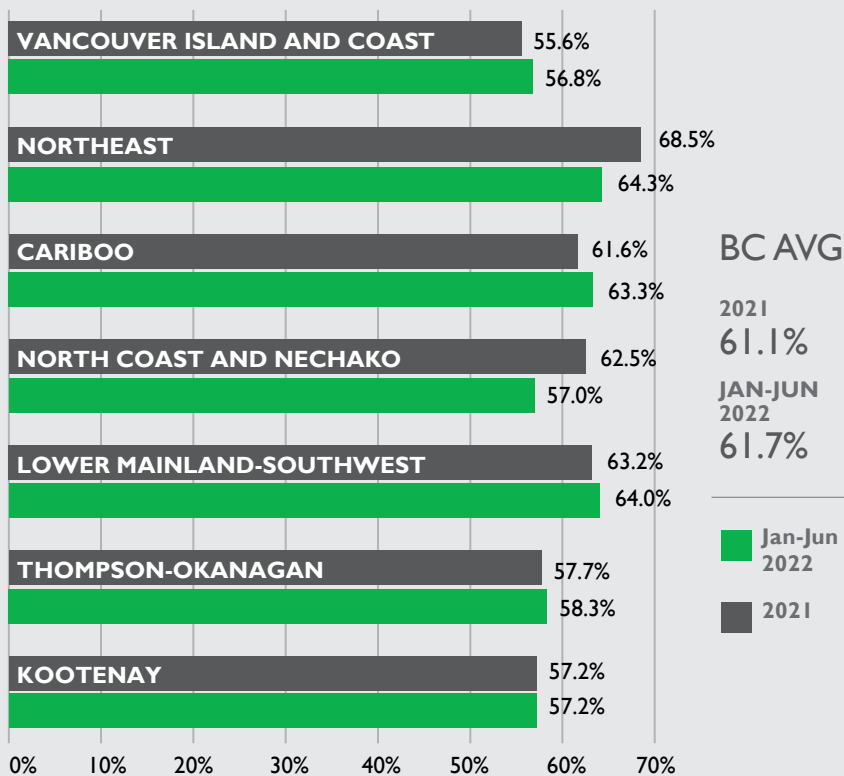
Population Distribution
VANCOUVER ISLAND AND COAST BY AGE GROUP

2011	<15 yrs (14%)	Working Age Population 15-64 yrs (67%)	65+ (19%)
2016	<15 yrs (13%)	Working Age Population 15-64 yrs (65%)	65+ (22%)
2021	<15 yrs (13%)	Working Age Population 15-64 yrs (62%)	65+ (25%)

Source: BC Stats, Population by Age and Sex.

Employment Rate

IN PERCENTAGES BY REGION 2021 | JAN TO – JUN, 2022



Source: Statistics Canada, Labour Force Survey Estimates (Statistics Canada, Table 282-0122 and Table 282-0123).

VANCOUVER ISLAND'S LABOUR FORCE EXPERIENCED SUSTAINED GROWTH BETWEEN 2014 AND 2018, due in part to migration of working age people, which elevated participation rates and employment rates over the period. After falling in 2020 and 2021, participation rates and employment rates were consistent with 2019 levels in the first half of 2022.

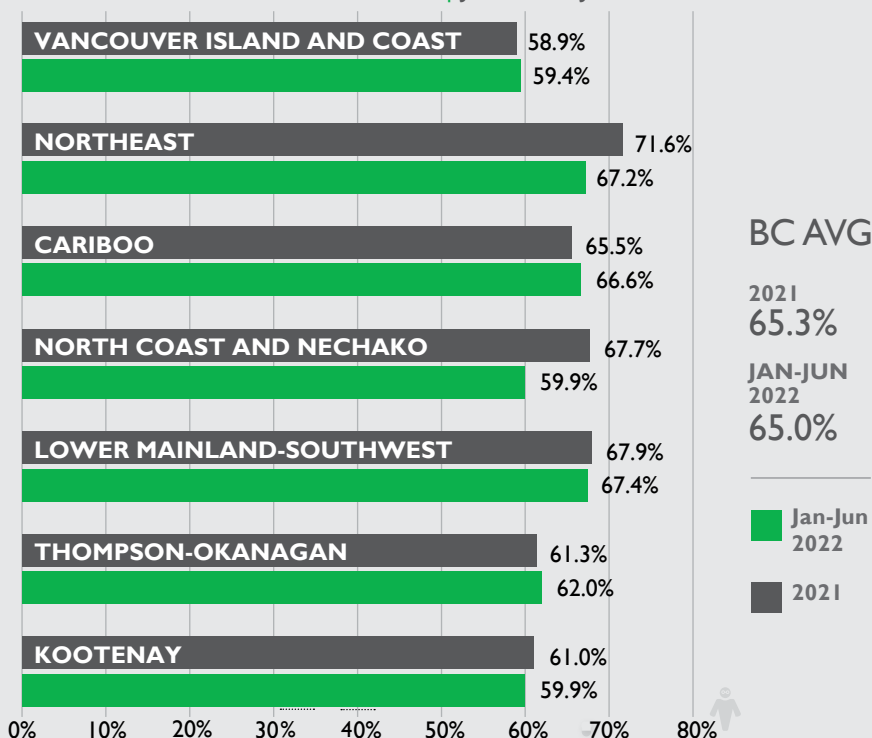
Overall employment recovered well in 2021, surpassing 2019 levels by the end of the year and into the first half of 2022.¹⁰ Construction employment experienced strong growth and has returned to pre-pandemic levels, while employment in Accommodation and Food Services remains below its pre-pandemic level despite significant year-over-year growth. Healthcare and Information, Culture and Recreation also experienced strong year-over-year growth and employment is above pre-pandemic levels. Employment in Professional, Scientific and Technical Services, which includes jobs in many tech sectors, was relatively stable year-over-year and is above pre-pandemic levels.

As of Q2 2022 the number of job vacancies on Vancouver Island exceeds the available labour supply. Consequently, employers are experiencing difficulty finding qualified applicants, which is expected to constrain employment growth in the near term. There may also be adjustments in the composition of employment as consumption patterns normalize and demand shifts from goods to services.

¹⁰ Statistics Canada, Table: 14-10-0387-01.

Participation Rate

IN PERCENTAGES BY REGION 2021 | JAN TO – JUN, 2022



Statistics Canada, Labour Force Survey Estimates (Statistics Canada, Table 282-0122 and Table 282-0123).

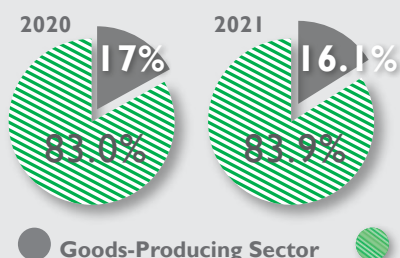
Labour Force Participation Rate

OVERALL TRENDS BY AGE (BC) 2019 TO 2021

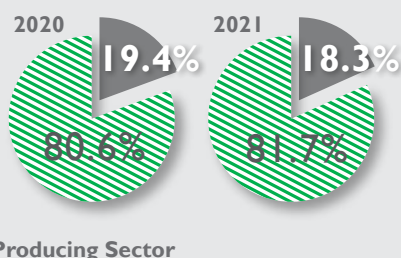


Source: Statistics Canada, Table: 14-10-0287-03.

Share of Employment BY SECTOR ON VI



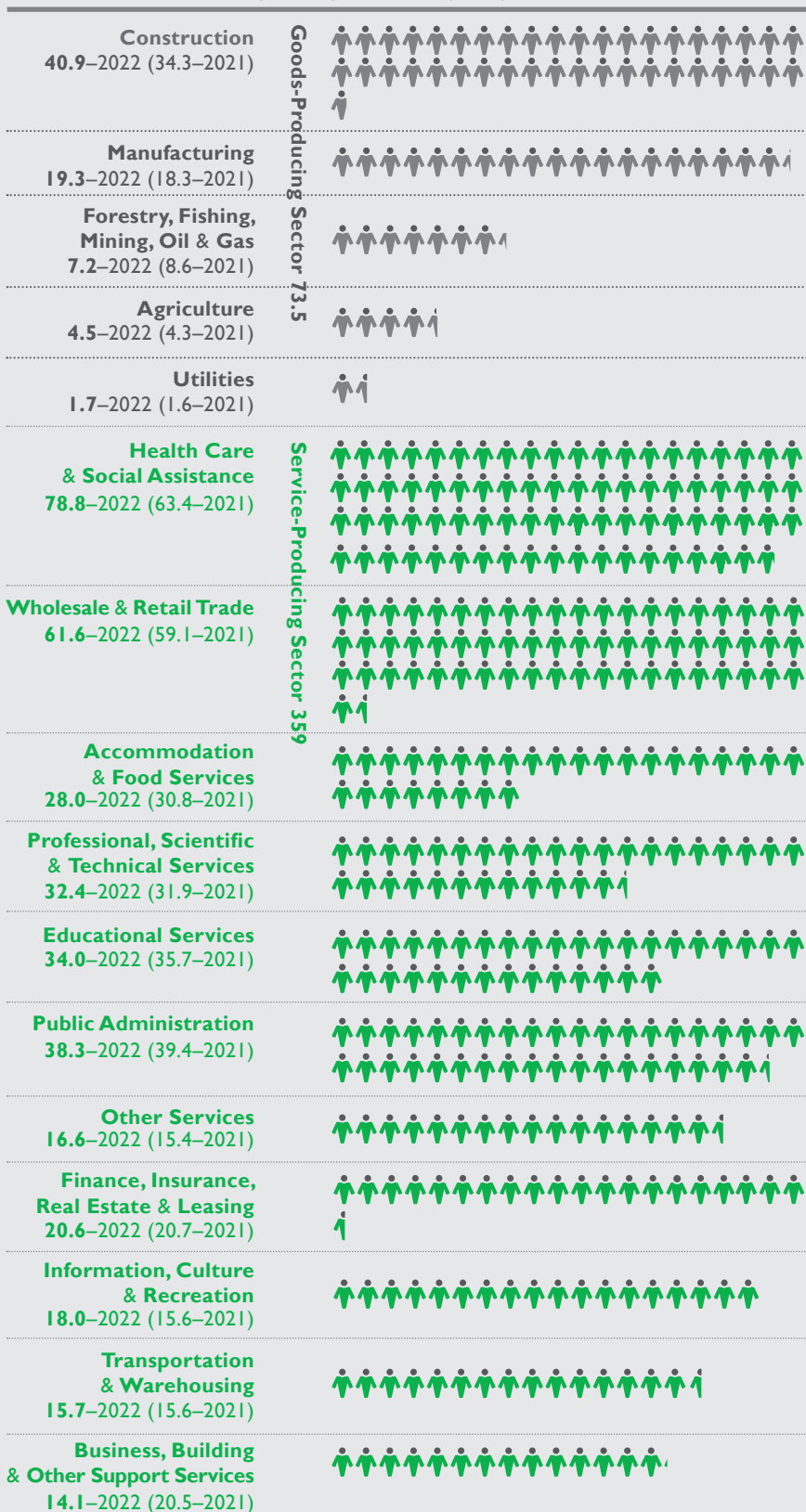
Share of Employment BY SECTOR IN BC



Source: Statistics Canada, Labour Force Survey, Custom Tabulation, Prepared by BC Stats.

Employment by Industry

VANCOUVER ISLAND JAN – JUN 2022 (000s)



Source: Statistics Canada. Table 14-10-0388-01 Employment by industry, three-month moving average, unadjusted for seasonality (x 1,000).

As economic activity normalizes, the outlook for Vancouver Island's key industries is mixed. The opening of the border and lifting of most pandemic-related restrictions gave a needed boost to tourism, and cruise ships returned to Victoria after a two-year absence. However, labour shortages led to reductions in hours for many businesses and limited the services they could offer.

Fibre supply constraints continued to affect forestry and the deferral of harvesting of old growth has the potential to further impact fibre supply going forward.

Demand for aquaculture products rebounded; however, production was affected by supply chain disruptions and transportation issues. Longer term uncertainty remains over the future of salmon farming on Vancouver Island as more sustainable methods are mandated.

International students returned to study at Vancouver Island universities, but the numbers remain below pre-pandemic levels and are expected to remain that way in 2022.

Visitor Indicators

YEAR-OVER-YEAR CHANGE



Hotel Occupancy

2022 (Jan - Jun)



2021 (Jan - Jun)



Average Daily Room Rate

2022 (Jan - Jun)



2021 (Jan - Jun)



Passengers at Regional Airports

2022 (Jan - Apr)



2021 (Jan - Dec)



Source: Destination BC,
Provincial Tourism Indicators.

Ferry Traffic

JAN-JUN YEAR-OVER-YEAR CHANGE



UNDER HEIGHT
Passenger Vehicles



2022

1,609,351

2021

867,262



OVER HEIGHT
Passenger Vehicles



106,487

71,888



Buses



2022

3,908

2021

304



Commercial
Vehicles



122,054

121,834



2022

1,841,800
Total Vehicles

2021

1,061,288
Total Vehicles



Total Passengers



2022

4,481,333

2021

1,984,201

Source: BC Ferries.



Cruise ships returned to BC waters in 2022. There were 331 calls scheduled for Victoria, up from 256 in 2019.

AS COVID-19-RELATED TRAVEL RESTRICTIONS RELAXED, THE TOURISM SECTOR ON VANCOUVER ISLAND BEGAN ITS RECOVERY.

In 2021, visitors to Vancouver Island as well as hotel occupancy and room rates trended up from the historic lows of 2020 yet remained below pre-pandemic levels.

In the first half of 2022, all tourism metrics showed significant growth year-over-year. Despite the strong growth, hotel occupancy rates, average daily room rates and passenger traffic on ferries remain slightly below 2019 levels in the first half of the year. Vehicle traffic on ferries is slightly above 2019 levels over the same period.

Looking forward, Vancouver Island's tourism sector is expected to continue its recovery, with travel expected to return to pre-pandemic levels by 2025. However, there are indications that staffing shortages and difficulty finding workers have impacted tourism operators and hotels. Many workers affected by pandemic-related layoffs shifted to other sectors, and this has led to reduced hours and business closures in the sector.

THE QUANTITY OF AQUACULTURE PRODUCTION IN BC REMAINED STABLE IN 2020, WHILE THE VALUE DECREASED.

Export data indicate that export volumes declined while values trended up in 2021. Supply chain disruptions including the limited availability of containers and associated increase in transportation costs constrained export volumes.¹¹ Demand surged worldwide as restaurants re-opened, which supported significantly higher shellfish and finfish prices leading to increased export values.

In the first five months of 2022, export data indicate further declines in the volume of seafood exported from BC (21% decline year-over-year), while the value of exports continued to increase (20% increase year-over-year).¹² Export declines were largely in the shellfish sector, while salmon export volumes trended upwards.

Looking forward, both shellfish and salmon prices are expected to be strong, supported by increased demand from the United States and Western Europe. However, export volumes will continue to be affected by transportation challenges particularly for shellfish, and uncertainty over the future operations of salmon farms may limit investments in operations.

¹¹ FAO. Available here: <https://www.fao.org/in-action/globefish/market-reports/resource-detail/en/c/1460139/>.

¹² Canada International Merchandise Trade Database.

BC Aquaculture Production

ANNUAL AVERAGE
2015 TO 2020
(\$ millions)

\$23.3
SHELLFISH



\$682.2
FINFISH



\$739.3
TOTAL



Source: Department of Fisheries and Oceans, Aquaculture Production Quantities and Values.

Data were not available for the value of Scallops farmed in 2015 and 2016, and as a result the Total Shellfish and Total Aquaculture Production average values are marginally understated.

FISH FARM CLOSURES IN THE DISCOVERY ISLANDS

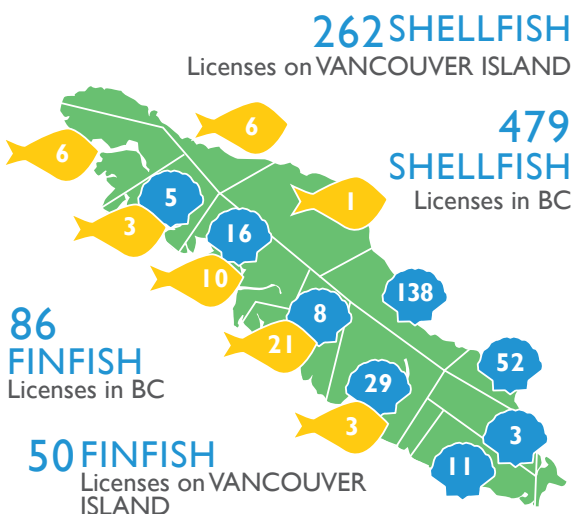
In late 2020, the Department of Fisheries and Oceans (DFO) ordered that all fish farms in the Discovery Islands close by June 30, 2022. The decision affected 19 fish farms and an estimated 1,500 jobs.¹³

In April 2022, a federal court judge set aside the order until a judicial review is conducted deeming that the 2020 order breached the right to procedural fairness owed to the 19 fish farms.¹⁴ The DFO is currently in a consultation process with First Nations and license holders in the Discovery Islands to inform a final decision expected in January 2023.

Shellfish and Finfish Licenses

FINFISH—JUNE 2022; SHELLFISH—JUNE 2022

55% of all BC SHELLFISH Licenses on VANCOUVER ISLAND



58% of all BC FINFISH Licenses on VANCOUVER ISLAND

Source: Department of Fisheries and Oceans, Current Valid British Columbia Shellfish Aquaculture License Holders as of May 2021. Department of Fisheries and Oceans, Current Valid British Columbia Finfish Aquaculture License Holders as of June 2021.

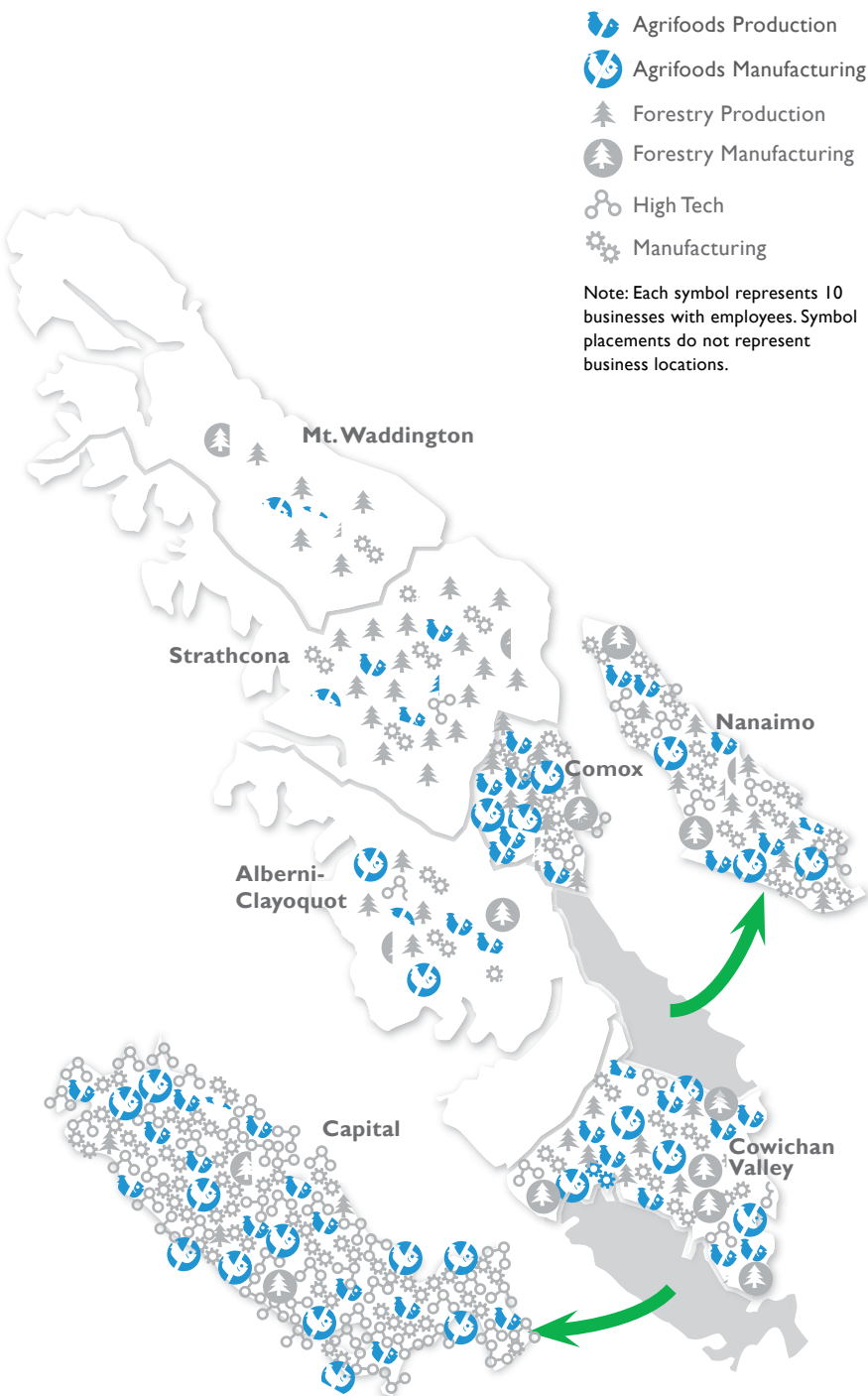
Fish farms outside the Discovery Islands may also continue to operate while the DFO drafts a framework for transitioning away from open-pen salmon aquaculture, which is expected

¹³ BC Salmon Farmers. Available here: <https://bcsalmonfarmers.ca/wp-content/uploads/2021/02/BCSFA-RIASINC-Final-Discovery-Islands-Damage-Report.pdf>.

¹⁴ CBC News. Available here: <https://www.cbc.ca/news/canada/british-columbia/bc-fish-farms-federal-court-judge-ruling-1.6431459>.

Distribution of Agrifoods Businesses

ACROSS VANCOUVER ISLAND | RELATIVE TO OTHER KEY INDUSTRIES
WITHIN REGIONAL ECONOMIES



Source: Statistics Canada, Business Register.

Number of Farms by Type VANCOUVER ISLAND

2016 → 2021



cattle
ranching and
farming

235 → 228



hog and pig
farming

31 → 14



poultry & egg
production

272 → 261



sheep and goat
farming

171 → 153



other animal
production

565 → 346

ANIMAL PRODUCTION

1,274 → 1,002



oilseed and
grain farming

8 → 13



vegetable and
melon farming

291 → 249



fruit and tree
nut farming

361 → 275



greenhouse,
nursery,
floriculture

342 → 237



other crop
farming

490 → 373

CROP PRODUCTION

1,492 → 1,147

TOTAL

2,766 → 2,149

to include a consultation process that will last until spring 2023.¹⁵

THE NUMBER OF FARMS ON VANCOUVER ISLAND DECLINED SIGNIFICANTLY BETWEEN 2016 AND 2021.

This is consistent with the trend across BC and much of the rest of Canada. Rising real estate prices have pushed farmers to sell their land, and the aging agricultural workforce has caused the consolidation of farms.

On Vancouver Island, the number of farms engaged in animal production declined by approximately 22%. The largest declines were in horse and equine production, which accounted for 43% of the total decline in the number of farms engaged in animal production. Mixed animal production farms accounted for the next largest decline in the number of farms at 28%. Declines in farms engaged in cattle, poultry, sheep, and pig production were relatively modest at between 4% and 6% each.

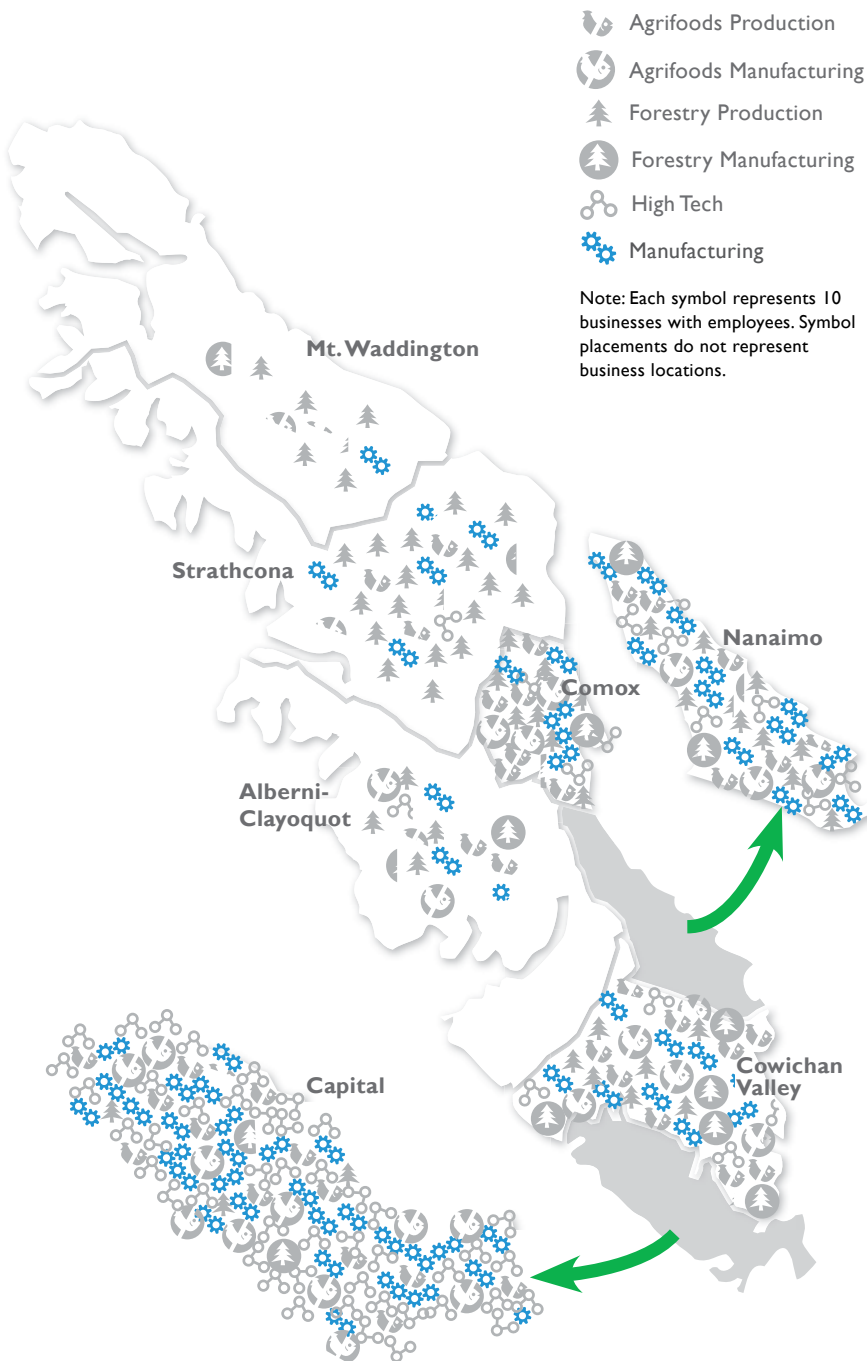
The number of farms engaged in crop farming declined by approximately 26% while the acreage in crops declined by approximately 9%.

Regionally, the number of farms in the Capital region was relatively stable. The Cowichan Valley and Nanaimo accounted for approximately 40% of the total decline in farms on Vancouver Island. In other areas declines accounted for between 3% and 10% of the total decline.

¹⁵ CBC News. Available here: <https://www.cbc.ca/news/canada/british-columbia/bc-fish-farm-licences-1.6498245>.

Distribution of Manufacturing Businesses

EXCLUDING MANUFACTURERS OF FOOD AND BEVERAGE, FOREST PRODUCTS AND HIGH TECH, ACROSS VANCOUVER ISLAND | RELATIVE TO OTHER KEY INDUSTRIES WITHIN REGIONAL ECONOMIES



Source: Statistics Canada, Business Register.



Agricultural Land Commission (ALC) Discussion Paper

GUEST CONTRIBUTOR

Frank Leonard

OVERVIEW

The Agricultural Land Reserve is BC's provincial zone that preserves agricultural land for the future. The Agricultural Land Commission is the administrative tribunal that adjudicates applications in the ALR while prioritizing and protecting the ALR land base and its use for agriculture.

In the late 1960s and early 1970s, nearly 6,000 hectares of prime agricultural land were being lost each year to urban and other uses. The provincial government responded to this erosion of the agricultural land base by introducing BC's Land Commission Act on April 18, 1973.

The purposes of the ALC as set out in the Agricultural Land Commission Act are:

- to preserve agricultural land;
- to encourage farming on agricultural land in collaboration with other communities of interest;
- to encourage local governments, first nations, the government and its agents to enable and accommodate farm use of agricultural land and uses compatible with agriculture in their plans, bylaws and policies.

The ALC is an independent administrative tribunal comprised of appointed Commissioners that are responsible for administering the ALC Act. The commission, to fulfill its purposes must give priority to protecting and enhancing all of the following in exercising its powers and performing its duties under this Act:

- the size, integrity and continuity of the land base of the agricultural land reserve;
- the use of the agricultural land reserve for farm use.

The Agricultural Land Reserve (ALR) presents both an opportunity and a constraint for economic growth on Vancouver Island. The opportunity comes from greater utilisation of protected land for the burgeoning agricultural sector. Increased agricultural production in the Island region will have indirect benefits as communities grow the food processing sector. The constraint is how communities with significant ALR land within and around them will facilitate improved food security as they face land constraints to manage growth. As our guest writer, Frank Leonard, shows in this article it will be political leadership that will need to find the balance of these competing claims on available land.

George Hanson
Pip White

KEY POINTS ON GOVERNANCE

It is important to emphasize that the ALC is a tribunal—it must be guided by provincial legislation and regulations. In order to do so consistently, it has its own policies. The ALC cannot make a decision that is inconsistent with provincial laws.

This is in contrast to what a local municipal council or senior government may do—often times compromises are made for the ‘greater good.’ Applicants sometimes use this theme when proposing a church, school, hospice or another worthy use on ALR land and are frustrated when they are rejected. The ALC as a tribunal is focused on preserving ALR land and cannot make compromises for the ‘greater good.’

Another attempt to overcome a likely rejection is to propose a ‘swap’—land elsewhere in BC is proposed to be added to the ALR in return for an applicant’s land to be excluded. While this has occurred in the past, currently the ALC doesn’t consider swaps but insists each application is considered on its own merit. This decision was a result of land being added to the ALR that was remote and of questionable agricultural value in exchange for prime ALR land being excluded. Thus if an applicant proposes to add land to the ALR, that will be considered as a single application and any exclusion request will also be considered independently.

PRESERVATION OF ALR LAND

No other purpose of the ALC is stronger than the mandate to preserve agricultural land. The ALC interprets that to mean not only land that can be used for agriculture today but lands that could support agriculture in the future. Given climate change and potential advances in technology, almost any piece of land could be considered worthy of keeping in the ALR—particularly given the importance of food security.

ALR land in many cases is found along valley bottoms, alongside rivers and throughout river deltas—the same locations that are prime for development of communities. This pressure is constant and rejection of applications seem predictable as a result, yet still frustrate many who place economic development priorities above those of agriculture. Again, one must stress that the ALC doesn’t trade one set of priorities for another—it has a mandate to preserve farm land, period.

AGRICULTURE IS AN INDUSTRY

It is important to note two issues here: agricultural land is much more than soil that can grow a crop; and agriculture is an industry. Land can have very poor soil and support the agriculture industry—cattle and dairy being the most obvious. In fact, greenhouses and vertical farming may not require the soil the facility sits on at all.

Therefore when it is suggested that poor agricultural land be excluded from the ALR for industry, housing, health care or some other purpose, the ALC will most likely reject such applications to preserve options for the industry it is legislated to promote.

NON-FARM USE

The issue of Non-Farm Use on ALR has been contentious for decades. Throughout BC, the ALC looks at some past decisions with disdain—such as golf courses and university campuses. Ideally, the ALC will look for uses that may not be agricultural by definition but support the economics of farming. Most likely though, provincial legislation and/or regulation has dictated what non-farm use can occur and this

has recently seen ‘flip-flops’ on the number and types of secondary dwellings.

REGIONAL ISSUES

The current Provincial Government wants there to be ‘one ALR’ that has consistent laws and regulations throughout the province whereas the previous BC Liberal government created ‘regions’ with some differences. The reality is that agriculture is very different on Vancouver Island compared to the Peace River, just as it is very different on the Lower Mainland compared to the Kootenays. So even though there is now ‘one ALR’, ALC decisions will recognize regional context.

Therefore, while an application for the parking of trucks on ALR land on Vancouver Island or on the Lower Mainland has no chance of approval, a similar application for half a dozen trucks to support a second business on a ranch 100km outside of Cranbrook may very well win approval.

INDEPENDENT BUT NOT NAÏVE

As members of a tribunal, ALC members are independent. However, I often described my role as ‘independent but not naïve.’ That is, I made decisions that I believed were consistent with the ALC’s mandate while still being aware that I was a political appointee. This meant that diplomacy was a part of the job description and one’s tenure would not be taken for granted.

While legislation and regulations for the ALC and ALR seem to be constantly changing, one thing has been consistent for almost fifty years: the ALR will outlast any change in government. NDP, Social Credit and BC Liberal governments have kept the ALR and I fully expect future governments will do the same. **FL**

SUMMARY

As Frank points out, the ALR is here to stay regardless of the party in power. That does not mean government cannot revamp the policies that guide the ALC in managing the land base. Given the competing needs of promoting the agriculture industry and helping communities manage their development, there are opportunities to modernize the ALR and how the ALC functions. It seems that most would agree that increasing our local food supply is a priority as issues such as supply chain uncertainty and climate change continue to disrupt sources on which we have become dependant. The challenge to local government is to embrace food production as important to community economic development and resiliency. As long as land in the ALR is being merely ‘preserved for agriculture’, but not actually productive, the land will tend to be viewed as a hinderance to community development aspirations rather than as a food production advantage. It’s time to get creative with fallow land. We know that food is important. So, we suggest it’s time for municipal governments and regional districts to proactively market agri-food opportunities to attract agricultural investment. **GH/PW**



RECORD-HIGH LUMBER PRICES IN THE FIRST HALF OF 2021 LED TO STRONG ANNUAL GROWTH IN SOFTWOOD LUMBER PRODUCTION LEVELS ON THE BC COAST AS WELL AS ASSOCIATED INCREASES IN LUMBER EXPORTS TO THE US.

Beginning in June 2021, lumber prices declined leading to production levels stabilizing while exports to the US decreased by 25% year-over-year in the second half of 2021.¹⁶ Overall production was up 19% relative to 2020 and 9% relative to 2019.

On Vancouver Island, harvest volumes in the North Island and Campbell River regions were above 2019 levels, while harvest volumes in the South Island were below 2019 levels. Contributing factors included extreme fire conditions through the summer and heavy rain and snowfall in November and December which curtailed logging operations. As a result, overall production on Vancouver Island was up relative to 2020 but remained below 2019 levels.

Employment in harvesting operations was down slightly in 2021 and there are indications that it has continued to decline in the first half of 2022. Manufacturing employment has remained stable.

INCREASES IN INTEREST RATES IN THE FIRST HALF OF 2022 HAVE LED TO A SLOWDOWN IN HOMEBUILDING ACROSS NORTH AMERICA, REDUCING DEMAND FOR LUMBER.

This led to sharp price declines beginning in March 2022 and through the second quarter of 2022. Over the same period, lumber exports to the US were down 24% year-over-year, and producers are reporting building inventory levels.¹⁷ The combination of low prices and limited fibre supply led to a production curtailment at Western Forest Products' Chemainus mill in the spring of 2022.¹⁸ In addition, licensees have reported delays in receiving approval for cutting permits which has led to slowdowns in production.

Looking forward, limited fibre supply and slowdowns in production are expected to persist. There is also the potential for reductions in allowable annual cuts in some areas of Vancouver Island.¹⁹ As a result, forest operations

¹⁶ Global Affairs Canada. "Monthly Export Reports (Canada-US)". Available here: international.gc.ca/controls/controles/softwoodbois_oeuvre/index.aspx?lang=eng.

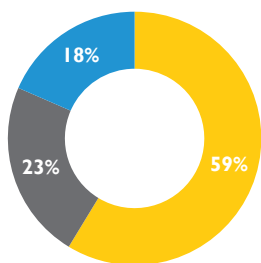
¹⁷ Global Affairs Canada. "Monthly Export Reports (Canada-US)". Available here: international.gc.ca/controls/controles/softwoodbois_oeuvre/index.aspx?lang=eng.

¹⁸ Cowichan Valley Citizen. Available here: <https://www.cowichanvalleycitizen.com/news/another-production-curtailment-at-the-chemainus-sawmill-this-week/>.

¹⁹ Western Forest Products. 2021 Annual Report.

Distribution of Forestry Sector Employment

VANCOUVER ISLAND 2021



**TOTAL
EMPLOYMENT**

9,200

- Forestry and Logging
- Wood Product Manufacturing
- Pulp and Paper Manufacturing

Source: BC Stats, Employment by Industry.

Timber Processing Facilities

VANCOUVER ISLAND 2022

LUMBER MILLS (20)

PULP & PAPER (3)

POLE & POST (2)

OTHER* (18)

43

**TOTAL
FACILITIES**

Source: Ministry of Forests, Lands and Natural Resource Operations, Major Timber Processing Facilities in BC, 2019.

*Includes Chip Mills, Veneer Mills and Shake and Shingle Mills

on Vancouver Island are expected to remain below 2021 levels.

DEMONSTRATIONS

Protests in response to ongoing logging of old-growth in Fairy Creek continued but had little direct impact on logging operations in the area. Of note is that the protests have moved into urban areas and highways disrupting traffic at ferry terminals and on bridges.

OLD GROWTH DEFERRALS

In November 2021, the BC government announced it would work with First Nations to defer 2.6 million hectares of old growth forest based on recommendations from the BC Government's Old Growth Strategic Review Panel. This is in addition to the 2.6 million that is already protected. Of the 11 areas in BC that are designated for harvesting deferrals, five of them are located on Vancouver Island. At present, the long-term impact of the old growth deferrals on Vancouver Island is uncertain.

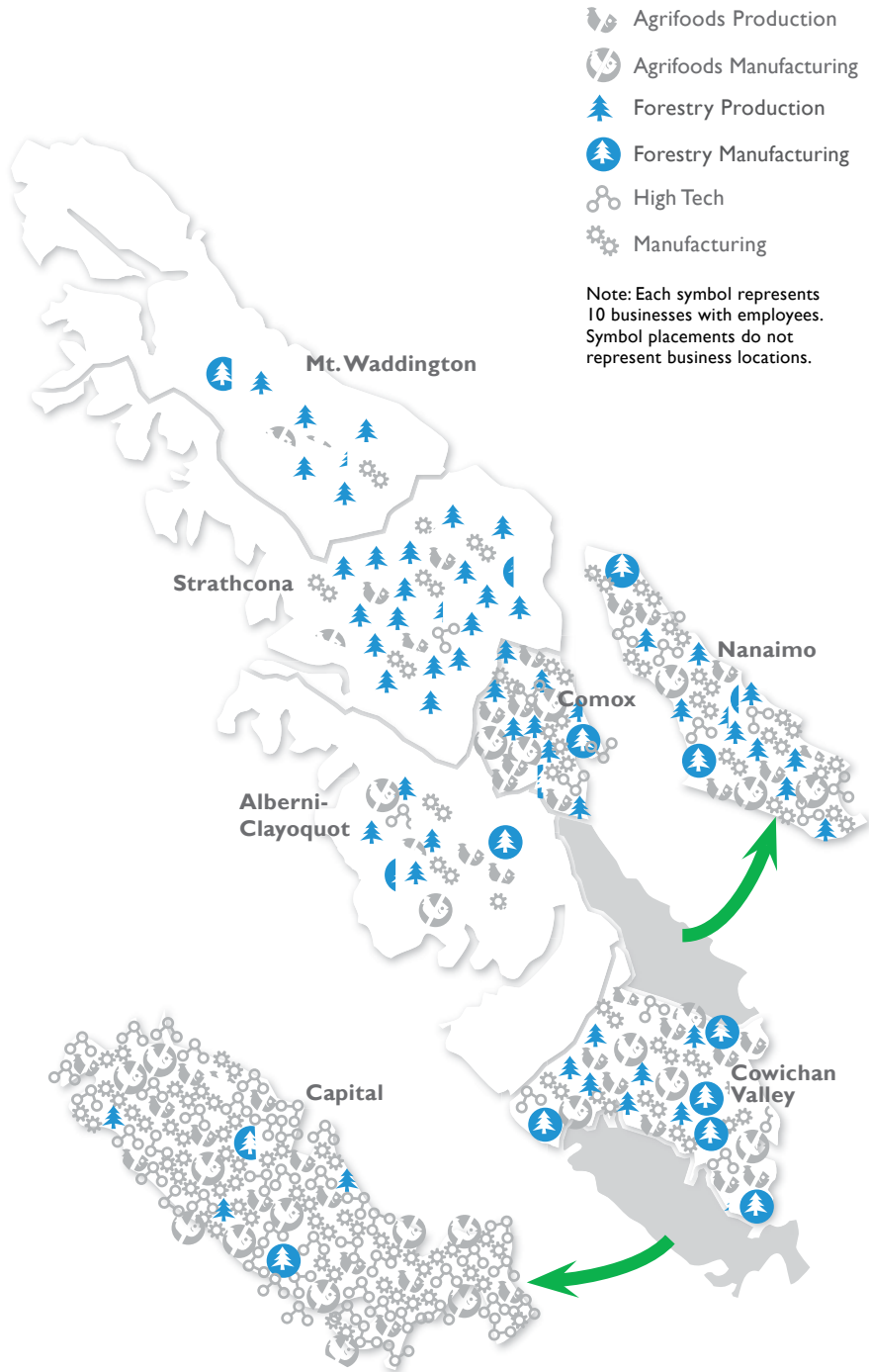
SOFTWOOD LUMBER DISPUTE UPDATE

In November 2021, the U.S. Department of Commerce released the results of its second administrative review of its 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% from 8.99%, effective January 10, 2022.²⁰ In August, the rates were reduced to 8.59% based on the findings of the third administrative review. The Canadian government is challenging the duties under Chapter 10 of the Canada-US-Mexico Agreement.

²⁰ Government of BC Available here: <https://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/softwood-lumber-trade-with-the-u-s>.

Distribution of Businesses

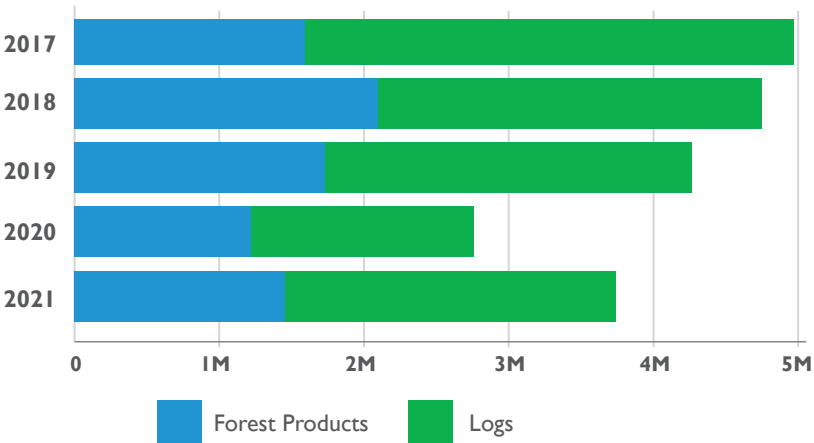
ACROSS VANCOUVER ISLAND | RELATIVE TO OTHER KEY INDUSTRIES WITHIN REGIONAL ECONOMIES



Source: Statistics Canada, Business Register.

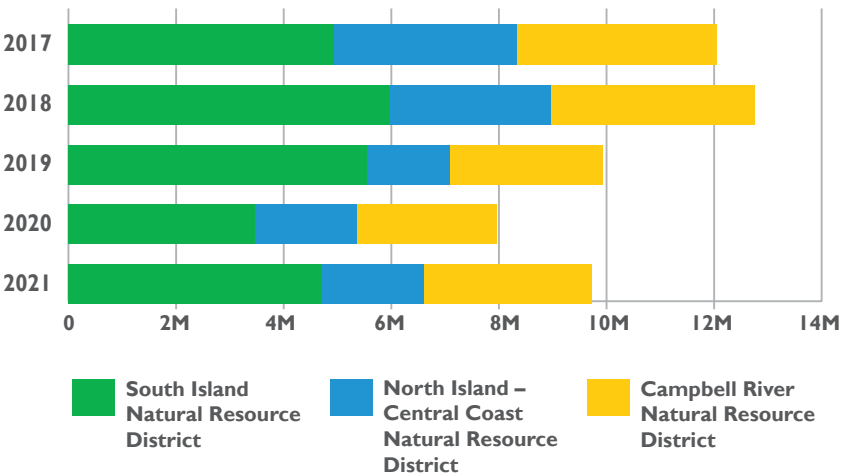
Forest Product and Log Cargo Volumes

THROUGH PORT ALBERNI AND PORT OF NANAIMO IN METRIC TONNES



Source: Nanaimo Port Authority Cargo Statistics, Port Alberni Port Authority.

Harvest Volumes on Crown Land by Natural Resource District (m³)



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

INDIGENOUS RECONCILIATION

In April 2022, the BC government announced the first step towards a new fiscal relationship with BC's First Nations in further accordance with the UN Declaration on the Rights of Indigenous Peoples. This move was aimed to advance economic reconciliation through an increase in forest revenue sharing. This marked the beginning of a two-year process involving the co-development of a new forestry revenue-sharing model which will increase First Nation participation in forestry on Vancouver Island.



Alert Bay, BC

Indigenous Peoples on Vancouver Island

In 2021, there were 40,810 people who identified as First Nations.

There are 50 distinct First Nations on Vancouver Island, with over 200 reserve communities.

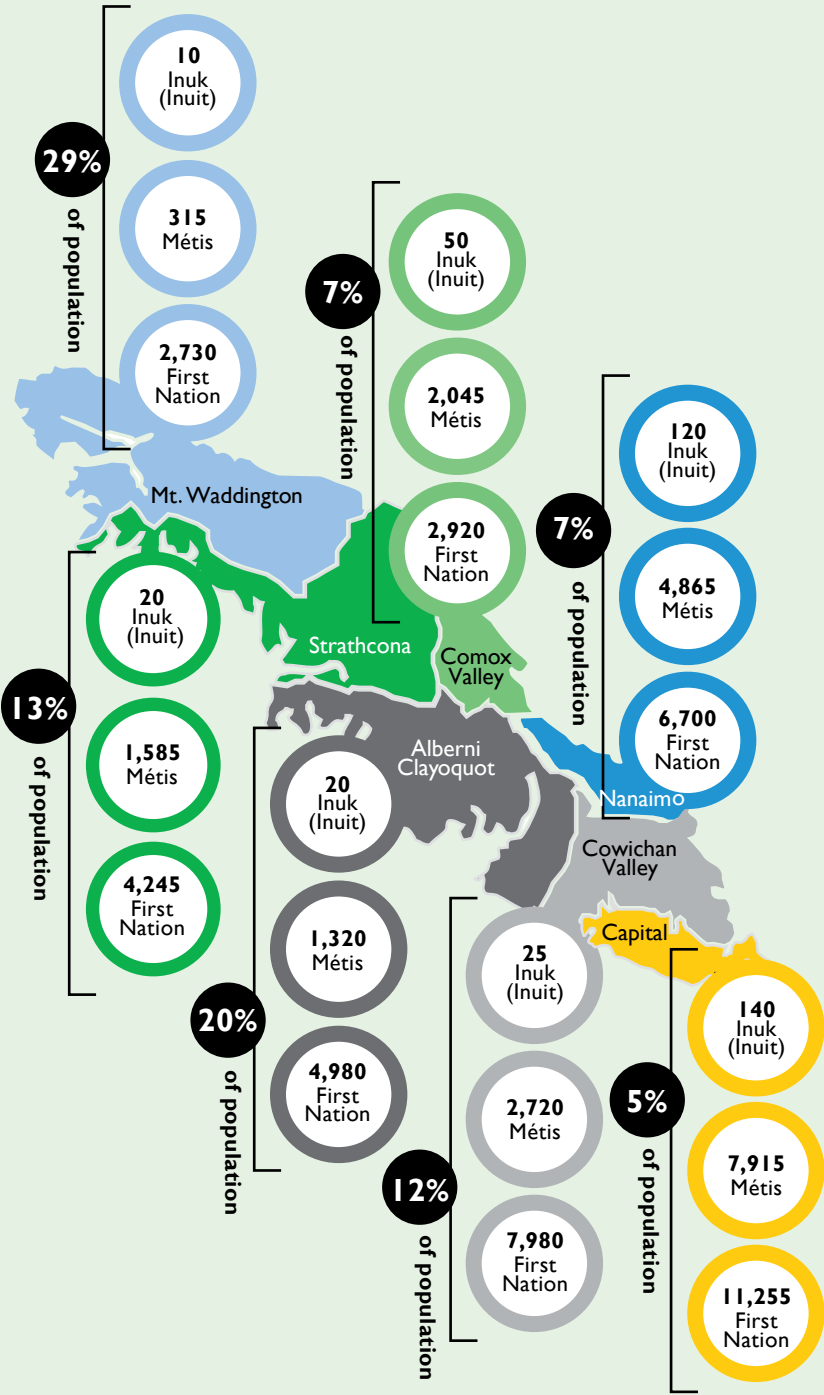
INDIGENOUS PEOPLES OF VANCOUVER ISLAND INCLUDE FIRST NATIONS, MÉTIS AND INUIT. INDIGENOUS PEOPLES LIVE THROUGHOUT THE REGION AND PLAY AN INCREASINGLY IMPORTANT ROLE IN ITS SOCIAL AND ECONOMIC STRUCTURE.

KEY FACTS¹

- The Indigenous population on Vancouver Island **grew by 24%** between 2016 and 2019.
- 7.7% of the population of Vancouver Island identified as Indigenous in 2021.
- The Indigenous population is relatively younger than the non-Indigenous population.
- Between 2016 and 2021 the unemployment rate for Indigenous people on Vancouver Island declined, but remains above that of non-Indigenous people.
- The share of Indigenous people with employment income is comparable to that of non-Indigenous people in communities across Vancouver Island; however, employment earnings of Indigenous people tend to be lower.
- First Nations are the largest group of Indigenous Peoples on Vancouver Island. In 2021, there were 40,810 people who identified as First Nations. Of those, 60% live off-reserve.

¹ Statistics Canada, Census 2021

Population Distribution by Region – 2021



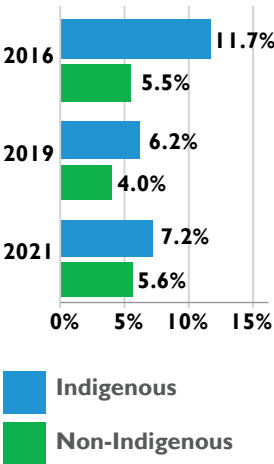
Source: Statistics Canada, Census 2021.

Age Distribution, Indigenous & Total Population – 2021

AGE RANGE	INDIGENOUS	NON-INDIGENOUS
under 15	25%	13%
15 to 64	65%	61%
65 and older	10%	26%

Source: Statistics Canada, Census 2021.

Unemployment Rate, Off-Reserve Indigenous and Non-Indigenous People



Source: Statistics Canada Labour Force Survey.

FIRST NATIONS OF VANCOUVER ISLAND

Vancouver Island is part of the traditional territories of the Coast Salish groups of First Nations, including the Quatsino, Nuu-chah-nulth, Kwakwak’awakw, Ditidaht, Pacheedaht, Saanich, Scia’new, Malahat, Snaw-naw-as, Lekwungen, T’sou-ke and Hul’qumi’num. There are 50 distinct First Nations on Vancouver Island, with over 200 reserve communities.²

Labour Market Outcomes of Indigenous People – 2020

Location	MEDIAN EMPLOYMENT INCOME (\$)			% OF POP. OVER 15 WITH EMPLOYMENT INCOME		
	First Nations	Métis	Non-Indigenous	First Nations	Métis	Non-Indigenous
Campbell River	26,800	27,400	35,600	65.0	70.3	63.9
Courtenay	24,800	32,400	32,400	69.3	69.1	61.7
Duncan	24,800	36,800	34,400	59.0	69.2	62.2
Ladysmith	29,400	44,800	34,400	53.7	63.9	60.1
Nanaimo	26,400	30,000	35,600	64.5	72.1	65.6
Parksville	27,800	22,200	26,400	67.5	59.2	48.8
Port Alberni	24,000	27,200	33,600	57.7	65.9	57.7
Victoria	28,000	34,400	41,200	71.3	77.7	69.1

Source: Statistics Canada, Census 2021.

First Nation communities make significant contributions to Vancouver Island’s economy. These contributions arise through the spending of First Nation Administrations within the region, the activities of First Nation-owned businesses and the activities of First Nation households.

In 2021, First Nation Administrations on Vancouver Island spent over \$500 million on their operations.³ This included approximately \$150 million on wages and salaries, and

² Indigenous Services Canada

³ Financial Statements published through the First Nations Financial Transparency Act

transfers to households, and over \$300 million on purchases of goods and services from suppliers on Vancouver Island. Most of the spending on suppliers takes place off-reserve.

There is limited information on the number of First Nation-owned businesses on Vancouver Island. According to data from Statistics Canada there are over 600 businesses located on reserve lands on Vancouver Island.⁴ It is important to note that not all businesses located on reserve lands are First Nation-owned. In many urban locations, First Nations lease space to non-First Nation-owned enterprises. Counts of on-reserve businesses exclude First Nation-owned businesses located off-reserve. Based on the available information MNP estimates that there at least 500 First Nation-owned businesses on Vancouver Island. This includes businesses located both on and off-reserve.*

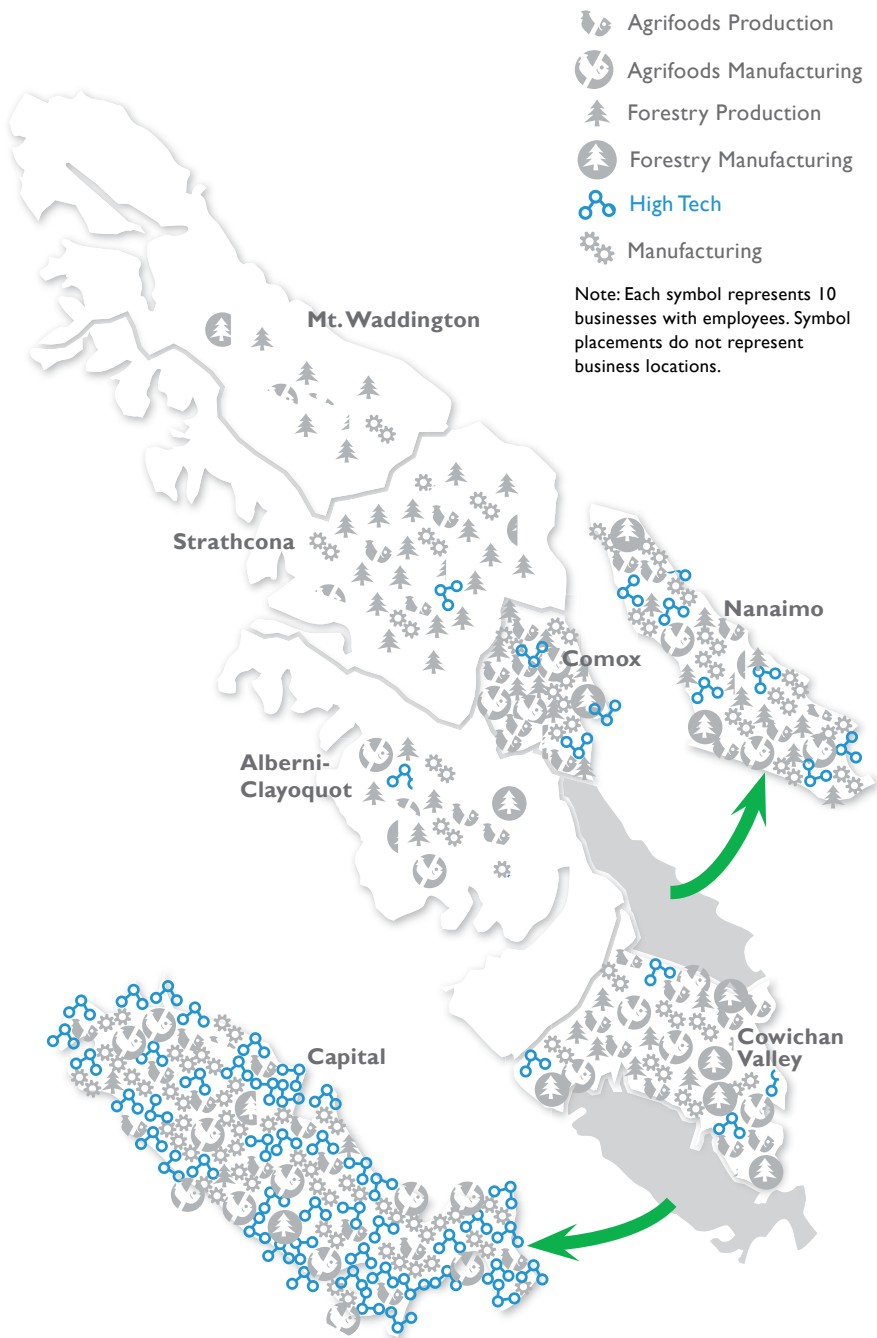


⁴ Statistics Canada, Business Register

* MNP's estimates is based on information from Statistics Canada on on-reserve businesses and a list of Indigenous-owned businesses on Vancouver Island compiled from public sources.

Distribution of Businesses

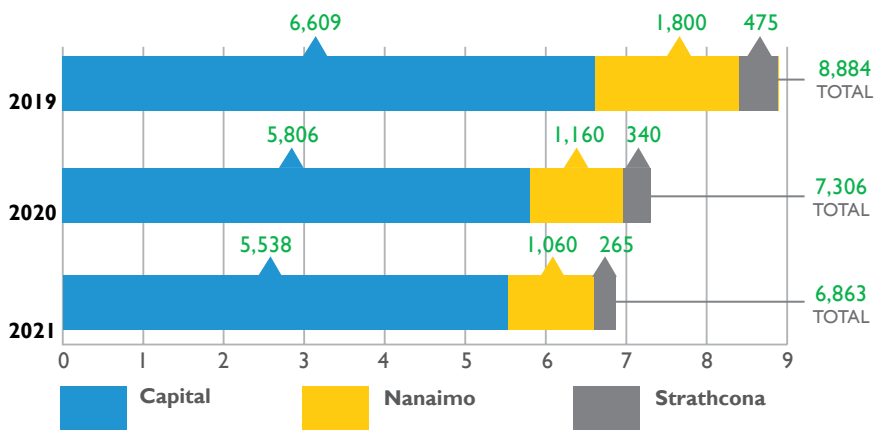
ACROSS VANCOUVER ISLAND | RELATIVE TO OTHER KEY INDUSTRIES WITHIN REGIONAL ECONOMIES



Source: Statistics Canada, Business Register.

Post-Secondary International Enrollments

BY REGIONAL DISTRICT



Source: BC Ministry of Advanced Education, May 2022 Data Submission and BC HEADset. Please note that values for 2019 have been revised from previous reports and reflect enrollments as of November 1 in each year.

International Enrollments

ON VANCOUVER ISLAND



Source: BC Ministry of Advanced Education, May 2022 Data Submission, BC HEADset and BC Ministry of Education.

Businesses in Educational Services



Source: Statistics Canada, Business Register, December 2019, 2020, 2021.

Employment in Educational Services



Source: Statistics Canada, Labour Force Survey, Custom Tabulation.

International students returned to study at Vancouver Island universities, but the numbers remain below pre-pandemic levels and are expected to remain that way in 2022.

INTERNATIONAL ENROLLMENTS AT VANCOUVER ISLAND POST-SECONDARY INSTITUTIONS CONTINUED TO DECREASE IN 2021

, driven by large year-over-year declines at Royal Roads, Vancouver Island University and Camosun College. At the University of Victoria, enrollments stabilized in 2021, after sharp declines the previous year. Ongoing travel restrictions and uncertainty around international movement in 2021 both contributed to the declines. The number of businesses in the sector remained stable while employment levels trended up.

Data on the number of study permit holders suggests that the number of international students in Canada is above 2019 levels in the first half of 2022.²¹ However, the number of students from China, a key market for Vancouver Island universities, is down by almost half, relative to 2019. This suggests that international enrollments will remain below 2019 levels in 2022.

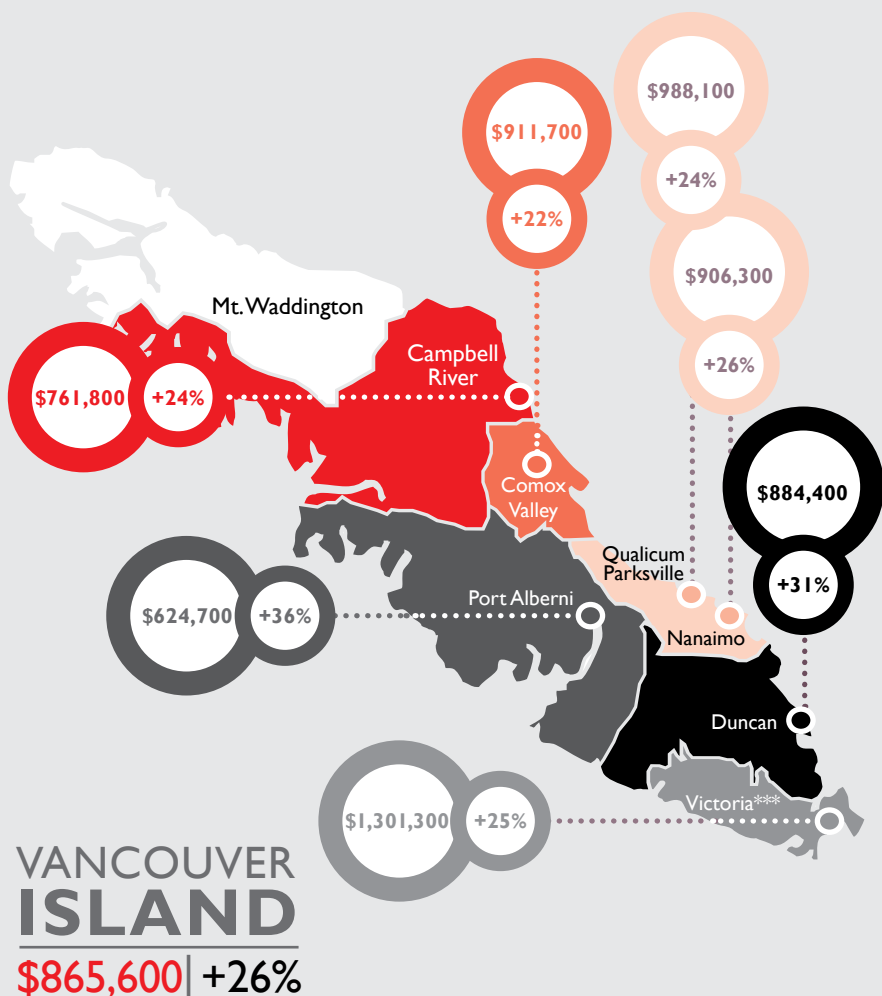
²¹ Immigration, Refugees, and Citizenship Canada.

House prices on Vancouver Island rose substantially in 2021 and into the beginning of 2022. Gains were the result of both supply and demand factors. On the supply side, growth in the housing stock has not kept pace with population growth, which has contributed to record-low inventory levels across Vancouver Island. On the demand side, increased savings levels and the transition to remote work environments coupled with historically low interest rates, fueled demand in all markets. Beginning in Q2 2022 after the Bank of Canada's increase in the Policy Interest Rate, housing sales and prices have shown signs of softening. However, there is not expected to be a significant price correction in the near term due to continued population growth and low supply. Central 1 forecasts a 3.5% decline in median prices on Vancouver Island in 2023 and a slight increase in 2024. On the rental side, declining sales are expected to shift more families into the rental market pushing up prices and reducing the vacancy rate. Central 1 expects an approximate 7% increase in rental rates in 2023 across BC, followed by a 5% increase in 2024.²²

²² Central 1: BC Housing Market Outlook: 2022 – 2024, June 2022.

Housing—Benchmark Single Family Home Prices*

IN JUNE 2022 (GROWTH COMPARED TO ONE YEAR AGO)



Source: Vancouver Island Real Estate Board Monthly Statistical Package June 2022, Victoria Real Estate Board Statistics Package for Media.

*The benchmark for single family home is a composite of one-storey homes (where the bedrooms, kitchen and dining rooms are on the same floor and the utility room and laundry room are generally located below ground) and two-storey single family homes (characterized by distribution of bedrooms on the upper floor(s) and a kitchen, living room and other day-to-day rooms on the main floor). This benchmark does not differentiate between attached and detached home. (source: MLS Home Price Index Methodology – Benchmark Descriptions)

**In May 2019, the Altus Group, who manages the MLS HPI data for CREA and all participating boards including the VIREB and VREB, revised the historic benchmark single-family home prices on Vancouver Island. This process is part of their annual review in which adjustments to the definition of the benchmark home are conducted to match market trends. As a result, the benchmark prices reported in previous versions of the State of the Island report have been adjusted and the year-over-year change will not align with them.

***Victoria includes: Victoria, Victoria West, Oak Bay, Esquimalt, View Royal, Saanich East, Saanich West, Sooke, Langford, Metchosin, Colwood, Highlands, North Saanich, Sidney, Central Saanich, ML Malahat and Area, GI Gulf Islands.



A LIVING WAGE IS THE HOURLY WAGE RATE THAT IS REQUIRED FOR A HOUSEHOLD TO MEET ITS BASIC NEEDS AND PROVIDE A BASIC LEVEL OF ECONOMIC SECURITY.

Living wages are calculated based on a family of four in which both parents work fulltime, one child is in full-time daycare and one child is in after-school care. Costs used in the calculation include rental housing, transportation, food, clothing, childcare, medical expenses and miscellaneous expenses. The calculation does not include allowances for retirement savings, debt servicing or the costs of caring for an elderly, disabled, or seriously ill family member.

The living wage on Vancouver Island ranges from \$15.81 in Qualicum Beach to \$21.15 in Clayoquot Sound (Tofino/Ucluelet). Comparing the living wages to median wage, the majority of workers on Vancouver Island earn at least the living wage. However, median wages for couriers, shippers and receivers, cashiers, farm workers, cleaners and aquaculture labourers are below the living wage in certain communities.

There were no data available on Vancouver Island to assess wage trends. In BC, average weekly earnings grew by 4.1% year-over-year.²³

Average Rental Price 2021

AREA	TWO BEDROOM APARTMENT
Nanaimo	\$1,351
Port Alberni	\$972
Qualicum-Parksville	\$1,254
Comox Valley	\$1,246
Campbell River	\$1,325
Cowichan Valley	\$1,120
Victoria***	\$1,570

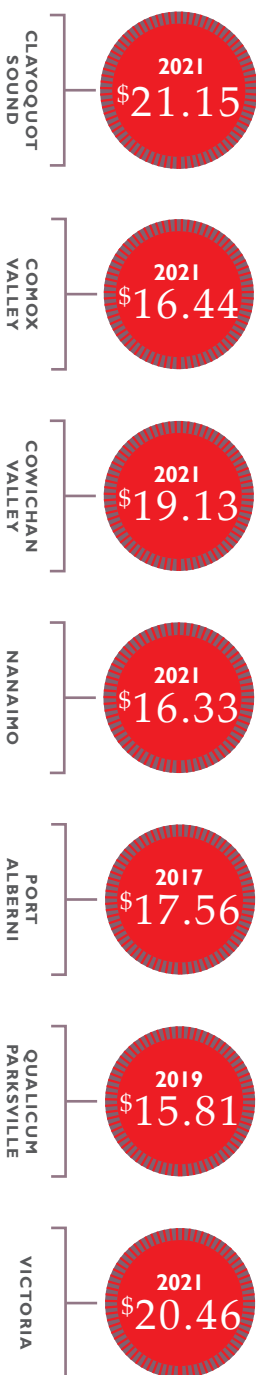
²³ Statistics Canada. Table: 14-10-0204-01.

Median Wage Rates

Source: Government of Canada, Job Bank Wage Report for Vancouver Island and Coast. Available here: <http://www.jobbank.gc.ca/>.

Living Wages

FOR SELECTED
COMMUNITIES ON
VANCOUVER ISLAND



Source: Living Wage Canada and Cowichan Valley Living Wage.

BC's minimum wage increased to \$15.65 from \$15.20 in June 2022, and subsequent increases will be tied to inflation.

Looking forward, wages are expected to rise due to tight labour market conditions and inflationary pressures.

Between 2015 and 2021 median incomes across Vancouver Island rose by approximately 12%. In the Capital, Cowichan Valley and Alberni-Clayoquot, income increases were higher than average across households, while in the Comox Valley and Strathcona increases were below average. In Mount Waddington and Nanaimo, the increase in incomes of one-person households was close to 15%, while increases for two-person households were 5.9% and 11.8% respectively.

Along with increases in income, there has been a decline in the percentage of the population considered low income. Between 2015 and 2019 the percentage of the population with low income declined by between 1.5 and two percentage points across Vancouver Island. In 2020 the percentage of the population with low income declined significantly (between three and five percentage points) as governments made significant transfers to households to mitigate the impacts of COVID-19.

While increases in incomes were consistent with inflation over the period and declines in the percentage of people with low income are encouraging, there are several indications that many households may be stretched. Rents have risen by between 40% and 60% over the period while the price of a house has more than doubled. This suggests that renter households and those that have mortgages are spending an increasing share of their income on housing. Declines in the percentage of low income households in 2020 are due to increases in temporary government transfers to households and as these supports are withdrawn, the percentage of those in low income is likely to rise.

Wage Rates

ON VANCOUVER ISLAND AND COAST (HOURLY)





Source: Government of Canada, Job Bank Wage Report, May 2022.

Cost of Living and Affordability

Income

CHANGE IN MEDIAN INCOME 2022

				
	One-person households		Two or more-person households	
	Median Household Income	Change from 2015	Median Household Income	Change from 2015
Capital	\$45,600	+12.9%	\$111,000	+12.1%
Cowichan Valley	\$39,600	+13.8%	\$98,000	+12.6%
Nanaimo	\$39,600	+15.1%	\$95,000	+11.8%
Alberni-Clayoquot	\$36,000	+12.5%	\$89,000	+14.1%
Strathcona	\$37,600	+10.6%	\$94,000	+10.6%
Comox Valley	\$40,000	+11.1%	\$96,000	+11.6%
Mount Waddington	\$36,000	+14.6%	\$90,000	+5.9%

Source: Statistics Canada. Table 98-10-0057-01 Household income statistics by household type: Canada, provinces and territories, census.

Low Income

PERCENTAGE OF PERSONS IN LOW INCOME

	2015	2019	2020
Victoria	14.9	↓ 13.4	↓ 10.1
Duncan	21.3	↓ 18.6	↓ 13.7
Nanaimo	18.2	↓ 16.4	↓ 11.7
Parksville	12.3	↓ 11.6	↓ 9.7
Port Alberni	21.7	↓ 19.8	↓ 14.1
Courtenay	15.8	↓ 13.6	↓ 10.3
Campbell River	17.0	↓ 15.1	↓ 11.1

Source: Statistics Canada. Table 11-10-0018-01. After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition.

IN CLOSING...

In its eighth year, the Vancouver Island Economic Alliance (VIEA) State of the Island Economic Report has seen its share of shifts in trends particularly through COVID-19 and now into economic recovery and the impacts of inflation. With that said, the State of the Island Economic Report is still, the go-to resource that reflects timely, reliable and relevant information and data that allows leaders, communities, business, non-profit organizations, educational institutions and municipal governments to make evidence-based decisions that support the work they do. As in years past, we also encourage you to explore the data behind the data available to you at viea.ca.

An exciting new addition to VIEA's economic reporting, is Trendlines. Released earlier this year, these timely snapshots give updates on existing trends and data leading up to the annual Summit and the release of the annual Economic Report. Stay tuned as we continue to develop more information and updates on the Island economy and make them available to VIEA members and other readers of the Report going forward.

Every year, this report aims to connect the data and editorial to the important topics discussed at the State of the Island Economic Summit. Doing so allows for meaningful discussion and analysis of trends impacting the Vancouver Island economy. The work that goes into the creation of this report is a team effort. Thank you to the professionals from MNP and the report committee for the work you put in throughout the year. The reliability of the data presented, as well as the ability to compare data year over year is a valuable tool.

We are always open to your ideas and feedback on how the report can be improved and what additional content would be helpful. We are also grateful for the opportunity to once again, connect in person with everyone at the economic summit!

- Shannon Baikie, VIEA Co-Chair



THANKS

to the generosity of our supporters and the expertise of researchers and staff at MNP, VIEA is proud to present the 8th edition of this report, an annual reading of the state of the Island economy and the key issues, trends and events that shape the way we live, work and do business on Vancouver Island.

The next edition of the report is planned to be released at VIEA'S 2023 State of the Island Economic Summit...

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