

Who we are...

The Northeast Resource Municipalities Coalition (the "Coalition") was formed to protect and enhance the existing quality of life and level of services for citizens in the Peace Region and Northern Rockies while facilitating resource development in North Eastern British Columbia ". The current members are the Northern Rockies Regional Municipality (the "NRRM"); the City of Fort St. John and the District of Taylor and we directly service over 70% of the resource development in NEBC.

The overarching policy position of the Northeast B.C. Resource Municipalities Coalition is to protect and enhance existing resource municipalities so that they continue to develop as permanent, sustainable and vibrant communities providing a high quality of life for existing and future residents.
(www.nebccoalition.com).

Northeast British Columbia (the "Northeast") encompassing some 204,348 square kilometers is bordered by the Yukon and Northwest Territories in the north, the Rocky Mountains to the west and Alberta to the east. It's a vast and remote area of mountains, foothills, forests, lakes and the Peace River valley, representing 24% of the landmass of British Columbia.

Although it is one of the least-populated regions in the province – 72,263 or 1.6% of the total population of BC (BC Stats, 2014), the Northeast region is one of the fastest growing thanks to the rapid development of the energy sector. The Northeast region boasts the province's highest rate of employment and there is a high demand for workers.

The region's economy is based on natural resources and is a significant contributor to the BC economy. Capital investment in the natural resource industry grew to \$29.2 billion at the end of 2013 while natural gas production alone, contributed over \$20 billion in land sales and royalty revenues to the province since 2003.

At last count, there were 19 LNG export terminal proposals on the books in B.C. The projects are capital intensive and require a significant investment in new infrastructure, including pipelines in the central interior and extraction points in the Northeast region.

There are significant power-generating projects in the planning stages that are considered to be 'green energy

projects'; these include the \$7.9 billion BC Hydro Site C project and a number of wind energy sites . In fact, 19 of the 20 most effective wind energy sites in BC are located in the Northeast region. The Bear Mountain Wind Park is an iconic 34-turbine project that is the first of its kind in British Columbia. The Dokie Wind Project and Quality Wind Park recently came into operation and there are at least, another dozen projects in various stages of development or planning.

Other important industries include logging, wood products manufacturing and agriculture.

The B.C. government forecasts an annual employment growth rate of 1.7 percent in the Northeast region to 2022. It is expected that there will be 18,400 job openings over the 10-year period. The top employment growth industries are construction, accommodation and food services, and Oil and Gas.

Provincial Oil & Gas Revenues from NorthEastern BC 2003 to 2014 (in millions)				
Year	Total Oil & Gas Royalties	Land Sale Bonuses (\$Millions)	Provincial Rural Property Tax Revenue	Total Provincial Revenue 2003-2014
2003	\$1,329	\$647		\$1,976
2004	\$1,500	\$232		\$1,732
2005	\$2,050	\$534	\$9.13	\$2,593
2006	\$1,319	\$630	\$10.11	\$1,959
2007	\$1,273	\$1,047	\$10.00	\$2,330
2008	\$1,460	\$2,663	\$10.89	\$4,134
2009	\$491	\$893	\$11.63	\$1,396
2010	\$402	\$844	\$11.93	\$1,258
2011	\$408	\$223	\$12.99	\$644
2012	\$248	\$139	\$14.46	\$401
2013	\$539	\$225	\$15.80	\$780
2014	\$427	\$383	\$16.83	\$827
TOTAL	\$11.46 Billion	\$8.46 Billion	\$124 Million	\$20.03 Billion

*British Columbia Oil and Gas Industry Statistics (2003-2014) - Provided by the Ministry of Natural Gas

Why the does input into the Province's Financial Plans matter to us...

The long-term sustainability of municipalities in the Northeast is dependent on the economic success of the resource industries and the municipalities' ability to provide affordable housing, adequate education, good healthcare, recreation and other services to attract and retain existing and new permanent residents looking for an excellent quality of life.

The Northeast is an energy intensive region with approximately 10% of its population directly employed in resource extraction, notably natural gas and the region most vulnerable in the province to the downturn in the energy sector.

The Northeast region is located a long way from our traditional and future markets. Weak commodity prices, created through global market conditions or provincial and/or federal government policies erode our competitiveness and the business case for resource development projects including, new independent renewable power projects such as wind, solar or geothermal, which have comparatively higher costs than what's currently available in the market.

The Coalition has already made a presentation on BC's Climate Leadership Plan and advocated that we need to consider the impact on the competitiveness of trade-exposed sectors, particularly those located in a remote region like the Northeast and avoid any incremental burden that disadvantages those sectors relative to their competitor jurisdictions – failure to do so puts current infrastructure, future investment and jobs at risk.

The NEBC Resource Municipalities Coalition

We are pleased to introduce the formation of the NEBC Resource Municipalities Coalition. Our Coalition has a single mandate and purpose which is to represent municipal interests in Resource Development issues.

The genesis of our new Coalition is rooted in past success working together to represent our common interests in resource development and to interface with industry and the Provincial Government. The resource development that exists today, coupled with the Province's economic development objectives, including LNG, Site C, forestry and mining as well as its plan for \$100 billion Prosperity Fund are all predicated and heavily reliant on the natural resources in NorthEast British Columbia.

Our municipalities have serviced and supported resource development for over 50 years including the oil and gas development that started in the 1950's together with extensive hydro, forestry and mining developments. We have lived through and endured the ups and downs associated with resource industries and their cyclical nature.

We have witnessed the evolution of varying levels of Provincial involvement in resource development from building a new town, constructing roads and railways to develop NorthEast coal to today's realities where cash strapped Provincial Governments are challenged to fund upfront socio-economic planning and the upfront infrastructure investments that will be required to ensure orderly and planned resource development in NorthEast BC.

Our Coalition believes that cumulative resource development planning for NorthEast BC is mandatory and essential. Over the past 10 years there has been a massive level of natural

Net Cash Expenditures of the Petroleum Industry in British Columbia					
Year	Exploration		Development		Total Capital Expenditure by
2003	\$1.5	billion	\$2.3	billion	\$3.8 billion
2004	\$1.2	billion	\$2.7	billion	\$3.9 billion
2005	\$1.4	billion	\$3.6	billion	\$4.9 billion
2006	\$1.9	billion	\$4.2	billion	\$6.1 billion
2007	\$2.3	billion	\$3.3	billion	\$5.5 billion
2008	\$4.0	billion	\$3.8	billion	\$7.9 billion
2009	\$2.1	billion	\$3.1	billion	\$5.2 billion
2010	\$2.1	billion	\$4.9	billion	\$7.1 billion
2011	\$1.5	billion	\$5.2	billion	\$6.7 billion
2012	\$0.8	billion	\$4.4	billion	\$5.2 billion
2013	\$1.2	billion	\$4.5	billion	\$5.7 billion
Total	\$20.0	billion	\$42.0	billion	\$62.0 Billion

gas development in NorthEast BC. The advent of four world class Shale Gas fields has triggered a decade of unparalleled development. Industry had invested over \$62 billion dollars, gas production has increased by 70%, and the Province has received over \$20 Billion dollars in land sales and royalties from NorthEast BC over the past decade.

We are now in a new era where sale of our vast Natural Gas reserves has become packaged into the new concept of an LNG industry. This translates to residents and businesses of NorthEastern BC into a vast acceleration of the intensive level of activity they have been experiencing for the past decade.

Add to this, Site C, new mining and forestry developments and the continued expansion of our agriculture and other industries and the case is made. It is absolutely necessary that Resource Infrastructure and socio economic planning not be deferred.

Our Coalition has already started this process. We have hired economists and specialists to begin the first stage of planning; to develop a research based analysis of what the potential increases in workforce and population could mean when natural gas (LNG) Site C, Forestry, Mining, Agriculture are all factored in.

We are in consultation with the Ministry of Natural Gas and other ministries and will be consulting with Industry as the studies progress. We will be sharing the results of our studies with local agencies and groups involved and impacted by future economic expansion.

Goals of the NEBC Resource Municipalities Coalition

The NEBC Resource Municipalities Coalition will advocate for sustainable and responsible development in Northeast B.C. based on the following goals and conditions and will:

1. Have as their top priority the development of vital, permanent, sustainable communities that provide its citizens with a high quality of life through the provision of municipal services that ensure community safety, education, health, economic vitality and a high quality natural environment.
2. Support building permanent communities rather than unbridled, long term reliance of the Provincial Government and industry on the fly in/fly out and drive in/drive out models for securing the necessary labour supply for industrial development as this model places large costs on local governments without corresponding benefits.
3. Advocate for extensive and timely investments by the Provincial Government in both Provincially and municipally funded services and infrastructure in order to ensure that adequate services and infrastructure are in place before growth occurs in order to avoid a decline in the quality of existing health care, education, social services, justice and municipal services and to ensure required capacity to serve population growth associated with increased levels of industrial activity.
4. Will ensure that the costs of industrial growth are fairly allocated to industry and the Provincial Government and will oppose any measures that place the cost of growth on existing residential and business taxpayers of the municipalities and electoral areas.
5. Recognize the importance of long term, integrated and ongoing planning involving all four key partners, the Province, local government, First Nations and industry, to ensure coordinated management of the socio economic and other impacts associated with resource development.

The existing resource municipalities of Northeast B.C. owe our existence and vitality to the development of the region's resources including agriculture, forestry, mining, tourism and the oil and gas industry. We have developed to fulfill important service center functions to these industries. Without our communities, resource development, and the Provincial benefits flowing from it, would not be possible. Industry relies heavily on the services provided by the resource municipalities and is fully supportive of the continued development of these centers to enable it to be competitive in a high cost operating environment.

In responding to the potential impacts and opportunities associated with the LNG industry, the Resource Municipalities Coalition is clear on its overarching policy position to ensure that the resource municipalities we represent develop as permanent, sustainable and vibrant communities.

The objective of establishing permanent resource municipalities has a number of implications. First, our resource municipalities and rural areas do not intend to become staging areas for industry's long distance commuting programs whereby they incur many of the economic, social and financial costs but receive few of the benefits associated with resource development and industrial growth. The Coalition will work to ensure that an increasing proportion of workers and their families make our resource municipalities their home and contribute to the continued economic, social, cultural and financial vitality of the municipalities. The objective of permanency concerns itself with the long term.

While the Coalition recognizes the need to expand the resource communities to accommodate projected growth in the short term, our focus is on how we will develop and prosper in the long term.

The objective of creating vibrant resource municipalities that offer a high quality of life is both directed at ensuring our future economic vitality as well as providing workers and their families with a high quality of life. Research undertaken in the northern communities of the province, indicates that in the future, the quality of life offered by communities will become more important as a factor in economic development than our proximity to resources and transportation networks. The provision of high quality services is not the only consideration in providing for a high quality of life. However, such services are vital to ensuring environmental quality, supporting economic growth and mobility as well as sustaining the social and cultural life of the resource municipalities. The importance of quality of life considerations is borne out through discussions with industry officials. Industry representatives have indicated that they can only be successful in recruiting workers to live permanently in our municipalities if the level and quality of services is adequate and the overall quality of life is high.

Increase the Proportion of the Workers and their Families that will take up Permanent Residency in the Resource Municipalities

The Resource Municipalities Coalition will work with industry and the Provincial Government to increase the proportion of workers and their families that permanently reside in the resource municipalities, particularly those involved in the natural gas and mining industries.

- The oil and gas industry is increasingly relying on a mobile workforce that commutes to worksites from home communities elsewhere in the province and country. The resource municipalities recognize that not all workers involved in resource development, particularly the oil and gas industry, will permanently reside in our municipalities in Northeast B.C. However, the trend toward increased reliance on long distance commuting has major costs for the resource municipalities.
- The most important of these is the opportunity cost incurred in that the potential contributions to the economic and social capital of the resource municipalities associated with increased permanent

"One of the key elements of the Coalition is sustainability....If you took every worker today who is flying in to work in British Columbia from a home in Alberta, they are paying their Provincial income tax in Alberta and that's where I think the incremental opportunity is and one of the challenges that the Coalition can take to the Provincial Government. Quantify what that looks like and see how that can be structured in a way that will help to fund the kind of infrastructure, social programming and community development that you need today in order to build those dynamic communities for the future"

Colin Hansen - Chair Fraser Basin Council
September 8th, 2014 Coalition Launch Event

residency of the workforce is lost. Another impact arises when workers involved in long distance commuting arrangements choose to reside in rental accommodation in our resource municipalities. This adversely impacts rental markets and greatly affects the ability of the resource municipalities to provide affordable housing particularly to those residents employed in the service sector that may not be able to afford rising housing costs. It also adversely impacts neighborhoods that were never planned or serviced for shared, temporary worker accommodation.

- While cost is always a major consideration, a more important consideration for industry is its ability to recruit and retain a skilled and stable workforce. Industry has indicated that it would prefer to locate an increased proportion of its workforce in the resource municipalities as it reduces the cost associated with high turnover rates and resulting training costs. Industry, however, has also indicated that the level of services and the quality of life within the resource municipalities must be attractive to the workers and their families.

NEBC Resource Municipalities Coalition has initiated Economic Impact Planning for NEBC

The NEBC Resource Municipalities Coalition has developed an economic model that will generate permanent and transient job creation, population growth projections and provincial revenue projections for major resource development in NEBC.

- Given the scale of projected industrial activity and associated growth, it is essential that industry, the Provincial Government and municipal government engage in ongoing, coordinated planning to expand and improve the capacity of the services and infrastructure in the resource municipalities and rural areas. The "silo" approach whereby each level of government or each Provincial ministry plans and works in isolation is both ineffective and counterproductive.
- The Provincial Government's own projections indicate that Northeast B.C. will see a large influx of workers required to extract, process and transport the natural gas required for the proposed LNG facilities on BC's north coast. This will result in large increases in population and increased demand for housing, services and infrastructure.
- Many of the opportunities to fully optimize the benefits of natural gas development and other resources in Northeast B.C. will not be realized if a coordinated planning process involving industry, the Provincial Government, First Nations and local governments is not carried out to identify required investments in community services and infrastructure.
- Industry has indicated that the level and quality of services is a key factor in its decision to locate its workforce in a particular community. It is looking to the resource municipalities to help reduce workforce recruitment, travel and accommodation costs by providing more housing and services so workers and their families can permanently locate to the resource municipalities and rural communities in the region.
- The Resource Municipalities Coalition has developed a planning process and methodology that we believe will provide an effective way of ensuring that the interests of all partners can be addressed. The Coalition recognizes that the Provincial Government is currently not in a position to commit to such a process until the end of the 2014 calendar year. Given the urgency in beginning the planning process, the Coalition will initiate the process and formally invite the Provincial Government to join in the planning work in 2015.

Protection of the environment

The Resource Municipalities Coalition will work to ensure that the region's natural gas and other resources are developed in a manner that protects the natural environment and the safety and health of the residents of the region as a whole.

The objective of sustainability encompasses a number of considerations. A fundamental issue is that future resource development cannot occur at the expense of the natural environment which sustains

the health, livelihoods and recreational needs of the residents of the resource communities and the region as a whole. Air quality, the quality and supply of the region's water resources and the fish and wildlife resources of the region cannot be compromised. The economies of the resource municipalities must also be sustainable and investments will need to be made to ensure that local economies are strengthened and diversified to ensure resilience during downturns in commodity prices or even after the depletion of nonrenewable resources.

Collaboration and partnerships with First Nations.

The Resource Municipalities Coalition and its members will work to sustain and further develop relationships with the First Nations of Northeast B.C. to address issues of mutual concern related to future sustainable development within the region.

- The resource municipalities and electoral areas are the service centers for the First Nations communities in the region. Various agreements have been reached between the resource municipalities and First Nations. These include agreements for the provision of municipal services such as those between the Fort Nelson First Nation and the Northern Rockies Regional Municipality. Initiatives are also underway by a number of the First Nations to establish urban reserves either within or adjacent to the resource municipalities. The issue of ensuring adequate capacity in community services and infrastructure to accommodate future growth is therefore a shared concern.
- The Resource Municipalities Coalition will work to maintain good relationships with the First Nations, collaborate in areas of mutual interest such as the provision of required services and infrastructure, and advocate shared positions with the Provincial Government.
- Specifically, the Coalition is interested in developing a First Nations Relations Protocol in cooperation with First Nations communities and organizations to define a new, more proactive future relationship.

Provincial investments are required to expand community and regional services and infrastructure

The Resource Municipalities Coalition will advocate for the Provincial Government to make timely investments in the expansion of Provincial services and infrastructure within resource municipalities, and in regional infrastructure to accommodate industrial growth within Northeast B.C.

- In addition to addressing the impacts of resource development on municipal services and infrastructure, Provincial investments are also required in Provincially-funded services to support resource development within the region.
- In the past decade the province has received \$20 billion in revenues from development of the natural gas industry in Northeast B.C. alone. Investments by the Provincial Government have not always kept pace with the rate of resource development in the region. Major investments are required and warranted to support the industries that are generating this wealth.
- Investments must be made in Provincially-funded services and infrastructure within our communities including health care, education, justice, social services and transportation. These services are deemed essential by industry if workers and their families are to permanently locate within the municipalities.
- Investments are also essential in accommodating population growth and maintaining an acceptable level and quality of services in the community. As in the case of municipal services, the need for expansion or improvements to Provincial services and infrastructure must be addressed before growth occurs to avoid undesirable impacts. The Resource Municipalities Coalition will only support future resource development if it occurs at a pace consistent than the capacity of the Provincial Government to make the required investments

- in Provincially-funded services and infrastructure.
- Provincial investments and investments by Crown corporations are also required for Provincial services and infrastructure outside of the resource municipalities including upgrading of major Provincial highways, the development of major resource roads, the distribution of hydro-electric power, Provincial policing services and other key Provincial services. Of particular importance are upgrading of the Alaska Highway and the provision of a new Provincial highway providing a secondary access from the region to Prince George, construction of the Centre Access Road, improvements to the SYD Road, replacement of the bridge across the Fort Nelson River on Highway #77 and other transportation related projects.

Summary

What We Value...the Goal: *the NEBC Resource Municipalities Coalition is seeking increased recognition and involvement of local citizens and businesses in the planning and development of a sustainable economy in NEBC.*

The Coalition intends to promote increased collaboration between the citizens, businesses, First Nations and local governments in NEBC with the Province and industry to ensure that the voice of citizens and businesses are heard and considered as plans for ongoing development of the resources in NEBC proceed.



Mayor Lori Ackerman
City of Fort St John



Mayor Bill Streeper
Northern Rockies Regional Municipality



Mayor Rob Fraser
District of Taylor



Executive Director Colin Griffith
NEBC Resource Municipalities Coalition