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# Our Communities Care

British Columbia's Oil and Natural Gas Supply Chain and Community  
Investment Study 2018-2021

December 2022

# Drivers of CAPP's **Our Communities Care** study

## Blueberry River Decision

The Supreme Court's ruling in the Blueberry River First Nations (Yahey) v. Province of BC case affects relations with Treaty 8 First Nations

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## Just Transition

The Federal Government is focused on a Just Transition and has started their Just Transition engagement process

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## Royalty Review

BC Provincial Government is currently undergoing its first royalty review in thirty years

# Our process



Data Model and Indicators Set Up	Survey Launch	Data Integration Completed	Second Draft of Technical Report
Orientation for Members	Data Collection Period	Approval of Cost Code Categorization	Final Technical Report, Assumptions, and Methodology
Member Engagement	Preliminary Analysis	QA run and validation completed with Members	Recommendation of suppliers to profile
Refinement of Data Model based on Member feedback	Regular Participation Tracking and Status Updates	Assumptions finalized, including Categorization	Support Launch of Report Communications
Communications Framework	Narrative Development and Research	First Draft of Technical Report	Cleaned and Labelled Aggregate Data
Development of Engagement Tools	Outline of Technical Report	Design of report templates	Supply Chain Reports for Members

ACTIVITIES



# Our Communities Care



## UN SDGs Aligned Goals

<p><b>1 NO POVERTY</b></p> 	<p><b>2 ZERO HUNGER</b></p> 
<p><b>3 GOOD HEALTH AND WELL-BEING</b></p> 	<p><b>4 QUALITY EDUCATION</b></p> 
<p><b>5 GENDER EQUALITY</b></p> 	<p><b>6 CLEAN WATER AND SANITATION</b></p> 
<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p> 	<p><b>10 REDUCED INEQUALITIES</b></p> 

Key Insights

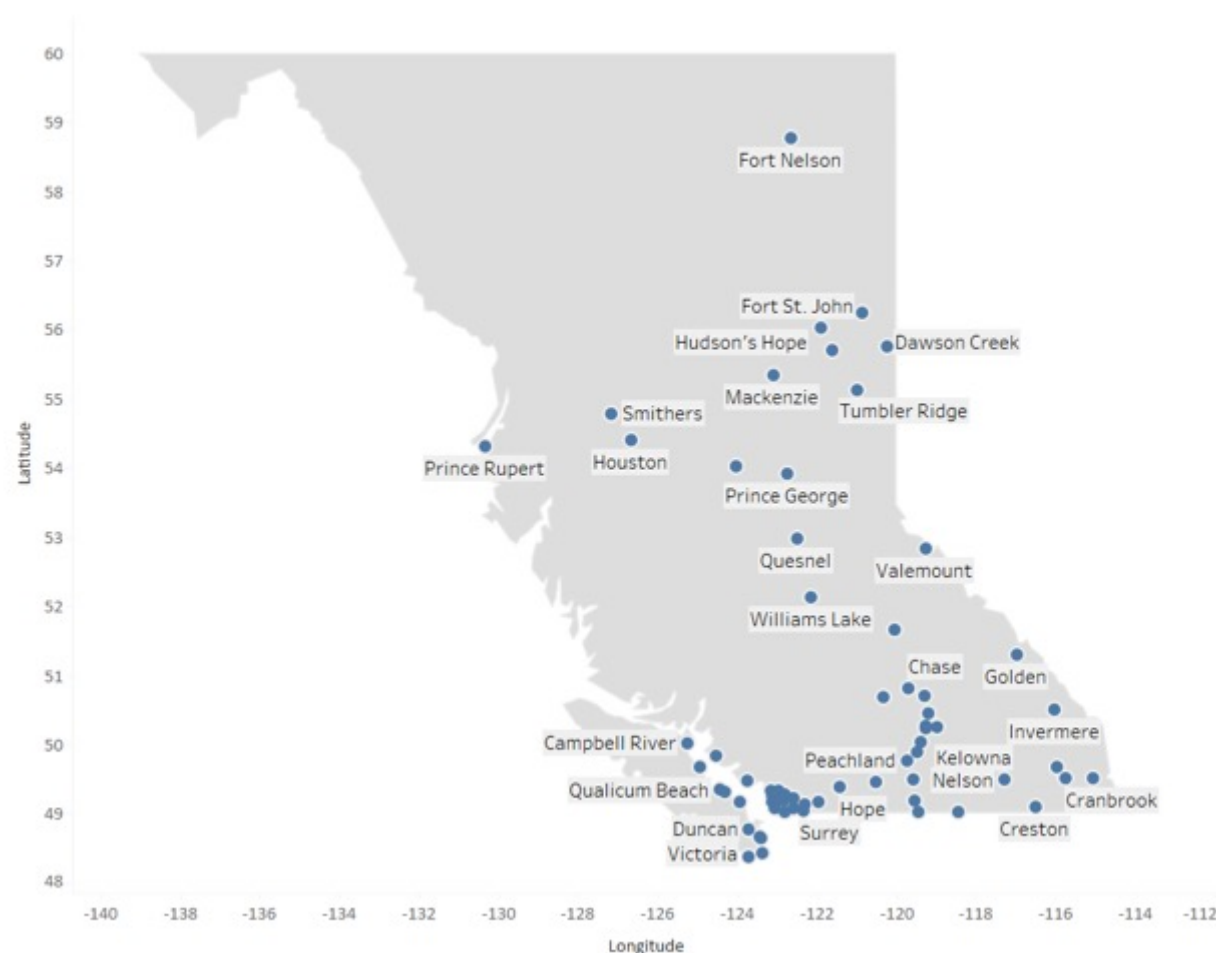
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SECTION

# Geographic reach

Approximately **2400** vendors are active in **B.C.** providing \$4.7 Bn worth of services across 140 cities and municipalities

- Annual B.C. supply chain reported by each OCC participant ranged from \$33M to \$430M.
- Each OCC company contracted with an average of 400 businesses.
- Fort St. John had the most supply chain benefits from B.C.'s natural gas and oil sector, accounting for 52% of total supply chain expenditures reported by OCC participants between 2018 and 2021.
- Notable impact on urban BC, expenditures by OCC companies with operations in Metro Vancouver increased by 25% between 2018 and 2021.
- The top five supply chain spending municipalities were:
  1. Fort St. John
  2. Dawson Creek
  3. Pouce Coupe
  4. Vancouver
  5. Wonowon



# Economic impact by business type

## The top supply chain master category with the highest expenditure between 2018 and 2021 was “Parts, Equipment, and Capital Assets”

- OCC participants submitted more than **3000 company cost codes** used to categorize their B.C. supply chain
- Four main categories and 17 subcategories were established to standardize the description of the goods, materials and services offered by contracted businesses
- **Construction companies made up 11%** of the vendor count reported by OCC members, but these businesses accounted for nearly 22% of the total expenditures in OCC
  - The average annual expenditure on construction-related services reported was \$260M
- The second and third subcategories with the most expenditures were:
  - Equipment Services / Maintenance - average annual procurement of \$195M
  - Drilling / Completion / Downhole Services - average annual procurement of \$176M
- Vancouver outperforms other municipalities in terms of chemical suppliers to industry
- In Dawson Creek, health and safety services had a high level of supply chain participation

# Indigenous participation

Approximately **\$540M** was spent with some **100** Indigenous-affiliated businesses contributing **11.5%** of B.C.'s total natural gas supply chain

- The annual share of Indigenous-affiliated businesses increased by **148%** over 2018 to 2021 in supply chain expenditures
- Indigenous-affiliated supply chain spend, as a proportion of B.C.'s total natural gas supply chain expenditures, increased from 6.4% in 2018, to 14.6% in 2021 respectively
- The overall increase in the count of Indigenous-affiliated vendors in B.C. stood at **14%** over 2018 to 2021
- **Fort St. John** reported having the most Indigenous-affiliated businesses, with ~50 businesses being engaged by OCC companies
  - These Indigenous-affiliated vendors earned some \$350M, which is more than 60% of Indigenous-affiliated expenditures in B.C. between 2018-2021
- Indigenous-affiliated businesses offered services in all 17-supply chain subcategories
- 'Equipment Services / Maintenance' category had the highest participation among Indigenous-affiliated businesses both in spend and count
- The second most prominent supply chain category with Indigenous-affiliated businesses, by spend and count, was 'Construction'



# Reclamation related activities and community investments

## Reclamation

- Approximately **\$260M** was spent in reclamation-related activities from 2018-2021, supported by some 280 businesses located in some 35 municipalities across B.C.
- Of these **280** businesses reported, **11%** were Indigenous-affiliated businesses
- ‘Environmental / Industrial Waste Services’ was the main supply chain category in terms of amount spent on reclamation

## Community Investments

- Approximately **\$16.8M** in community investments were made to more than **350** organizations across B.C. in over **25** Indigenous communities and municipalities from 2018-2021
- The top three specific areas of community investment, based on the number of recipients who received contributions during the study period in B.C. were:
  - Indigenous community investment
  - Business improvement organizations
  - Educational support
- More than **\$13M** in community investments supported over **75** Indigenous organizations

# Benefits Geographically

THE GEOGRAPHIC REACH OF THE OIL &  
NATURAL GAS SECTOR SUPPLY CHAIN IN  
B.C.

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## SECTION

Province-wide

# Province-wide impact of B.C. operations

## Annual supply chain spend and count

Supply Chain Summary	2018	2019	2020	2021
TOTAL SUPPLY CHAIN SPEND ON B.C.-BASED BUSINESSES	\$ 1.25B	\$ 1.17B	\$ 943M	\$ 1.3B
NUMBER OF B.C.-BASED BUSINESSES ACTIVE	1,670	1,650	1,565	1,600

## Year-over-year & percentage change in spend and count

Supply Chain Trends	Change Over Time			
	2018 to 2019	2019 to 2020	2020 to 2021	2018 to 2021
ANNUAL CHANGE IN SUPPLY CHAIN SPEND	Decline of \$ 84M (-6.7%)	Decline of \$ 223M (-19%)	Rise of \$ 397M (+42%)	Rise of \$ 90M (+7.2%)
ANNUAL CHANGE IN NUMBER OF VENDORS	Decline of 19 (-1%)	Decline of 86 (-51%)	Rise of 34 (2%)	Decline of 71 (-4.1%)

## Municipalities with the most supply chain spend

Municipality	Spend
Fort St. John	\$ 2.5B
Dawson Creek	\$ 632M
Pouce Coupe	\$ 408M
Vancouver	\$ 337M
Wonowon	\$ 132M
Charlie Lake	\$ 120M
Prince George	\$ 83M
Rolla	\$ 78M
Creston	\$ 77M
Fort Nelson	\$ 40M

## Municipalities with the greatest number of suppliers

Municipality	Unique Number of Suppliers
Fort St. John	870
Dawson Creek	440
Vancouver	120
Charlie Lake	110
Fort Nelson	100
Chetwynd	55
Prince George	50
Surrey	40
Taylor	40
Pouce Coupe	40

Urban B.C.

# Metro Vancouver Regional district (MVRD) supply chain

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Total Number of MVRD Municipalities contributing towards B.C. Oil & Gas Operations	~18
Unique Number of Suppliers	~ 300
Spend	\$ 413 Mn

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# Supply Chain Impact

Supply chain impact by goods, material and services type

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## SECTION

# Distribution by category of material, goods and services

## Consulting, Contractors, Technical Services

- Drilling / Completion / Downhole Services
- Engineering Services
- Environmental / Industrial Waste Services
- Technological Development

## Consumables, Utilities and Logistics

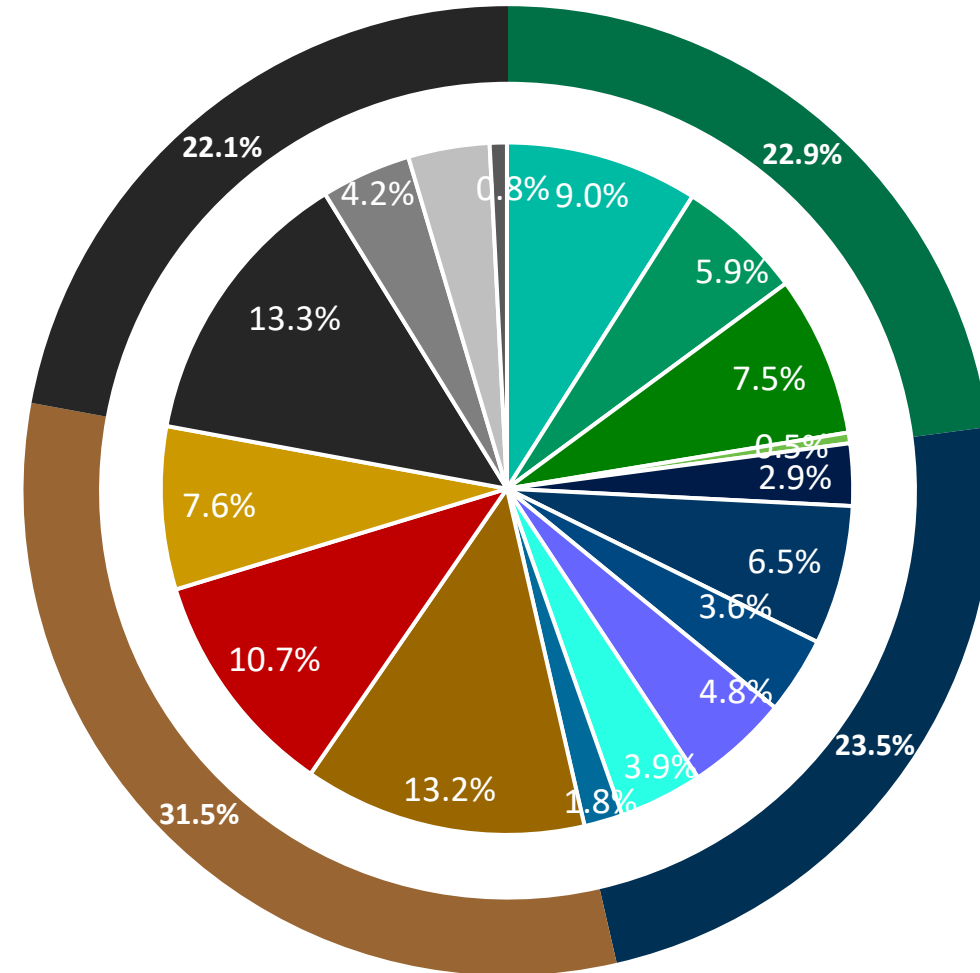
- Chemicals
- Transportation
- Electrical Equipment / Services
- Health & Safety Materials / Services
- Camps & Catering / Potable & Waste Water
- Tele-Communications / Office Equipment

## Parts, Equipment and Capital Assets

- Equipment Services / Maintenance
- Construction
- Materials, Parts and Supplies

## Support Services and Miscellaneous

- Business Services
- Retail
- Miscellaneous
- Unidentified



## The Top 5

### Municipalities with the greatest number of suppliers by category

#### Consulting, Contractors, Technical Services

Municipality	Unique Number of Suppliers
Fort St. John	464
Dawson Creek	209
Charlie Lake	57
Vancouver	51
Fort Nelson	33

#### Consumables, Utilities and Logistics

Municipality	Unique Number of Suppliers
Fort St. John	464
Dawson Creek	186
Fort Nelson	68
Vancouver	50
Charlie Lake	40

## The Top 5

### Municipalities with the greatest number of suppliers by category

#### Parts, Equipment and Capital Assets

Municipality	Unique Number of Suppliers
Fort St. John	653
Dawson Creek	246
Charlie Lake	74
Fort Nelson	72
Vancouver	48

#### Support Services and Miscellaneous

Municipality	Unique Number of Suppliers
Fort St. John	527
Dawson Creek	269
Vancouver	71
Charlie Lake	64
Fort Nelson	38

Indigenous Participation

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SECTION

# Indigenous-affiliated participation

**By 2021, the annual amount of supply chain expenditure with Indigenous-affiliated businesses increased by 148% over 2018 expenditures**

	2018	2019	2020	2021	% Change 2018-2021
<b>INDIGENOUS SPEND (Amount)</b>	\$ 79M	\$ 125M	\$ 143M	\$ 196M	<b>148%</b>
<b>INDIGENOUS SPEND (As % of B.C. Supply Chain Spend)</b>	6.4%	10.7%	15.1%	14.6%	
<b>INDIGENOUS VENDOR COUNT</b>	77	87	89	88	<b>14%</b>
<b>INDIGENOUS VENDOR COUNT (As % of B.C. Supply Chain Vendor Count)</b>	4.6%	5.2%	5.7%	5.5%	

# Indigenous supply chain location impact

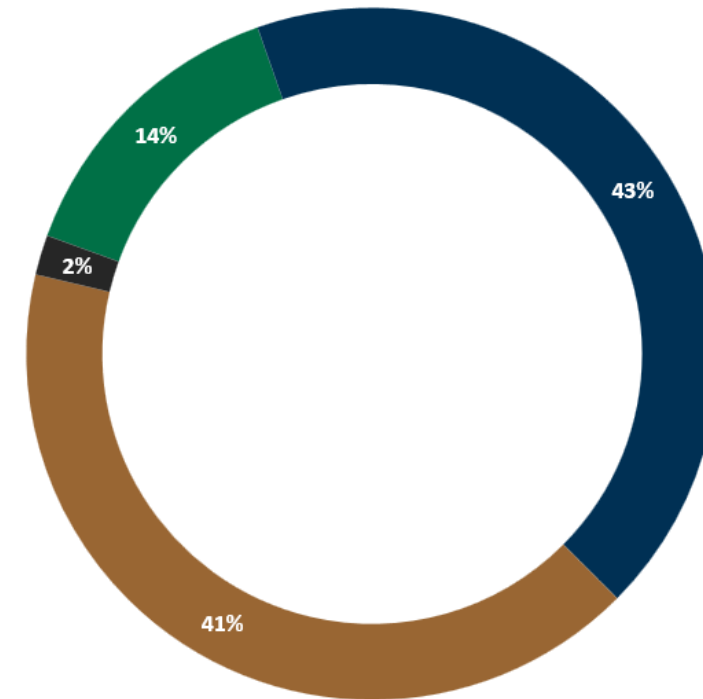
**~ 83% of Indigenous-affiliated spend and ~75% of Indigenous-affiliated vendors were in the Northeast Region based on the AFN B.C. Interactive Map' boundaries**

- The distribution of Indigenous-affiliated vendors was mapped according to the British Columbia Assembly of First Nations (AFN) 'First Nations in B.C. Interactive Map'
- The second region with the highest Indigenous spend and Indigenous-affiliated vendor count, at ~7% and ~11% respectively, was the Lower Mainland Southwest Region or the Greater Vancouver Regional District

# Distribution of Indigenous expenditure by category

**‘Consumables, Utilities and Logistics’ (43%) was the main categories of supply chain activity, with ‘Camps & Catering / Potable & Wastewater’ and ‘Electrical Equipment / Services’ leading services**

- Consulting, Contractors, Technical Services (\$3.6 Mn)
- Consumables and Utilities (\$42.5 Mn)
- General Services (\$19.5 Mn)
- Parts, Equipment & Capital Assets (\$157 K)





# Indigenous-affiliated participation based on category

Category	~ Vendor Count
<b>Consulting, Contractors, Technical Services</b>	
Drilling / Completion / Downhole Services	60
Engineering Services	35
Environmental / Industrial Waste Services	55
Technological Development	1
<b>Consumables, Utilities and Logistics</b>	
Camps and Catering / Potable and Wastewater	35
Chemicals	15
Electrical Equipment / Services	20
Health and Safety Materials / Services	30
Telecommunications / Office Equipment	5
Transportation	50
<b>Parts, Equipment and Capital Assets</b>	
Construction	65
Equipment Services / Maintenance	75
Materials, Parts and Supplies	40
<b>Support Services and Miscellaneous</b>	
Business Services	35
Miscellaneous	20
Retail	20
Unidentified	1

RECLAMATION-RELATED  
ACTIVITIES

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SECTION

# Reclamation investment by year

## B.C. reclamation supply chain

	2018	2019	2020	2021
<b>Spend</b>	\$42M	\$51M	\$63M	\$106M
<b>Vendor Count</b>	115	145	170	195

# Reclamation investment by category

## Consulting, Contractors, Technical Services

- Drilling / Completion / Downhole Services
- Engineering Services
- Environmental / Industrial Waste Services
- Technological Development

## Consumables, Utilities and Logistics

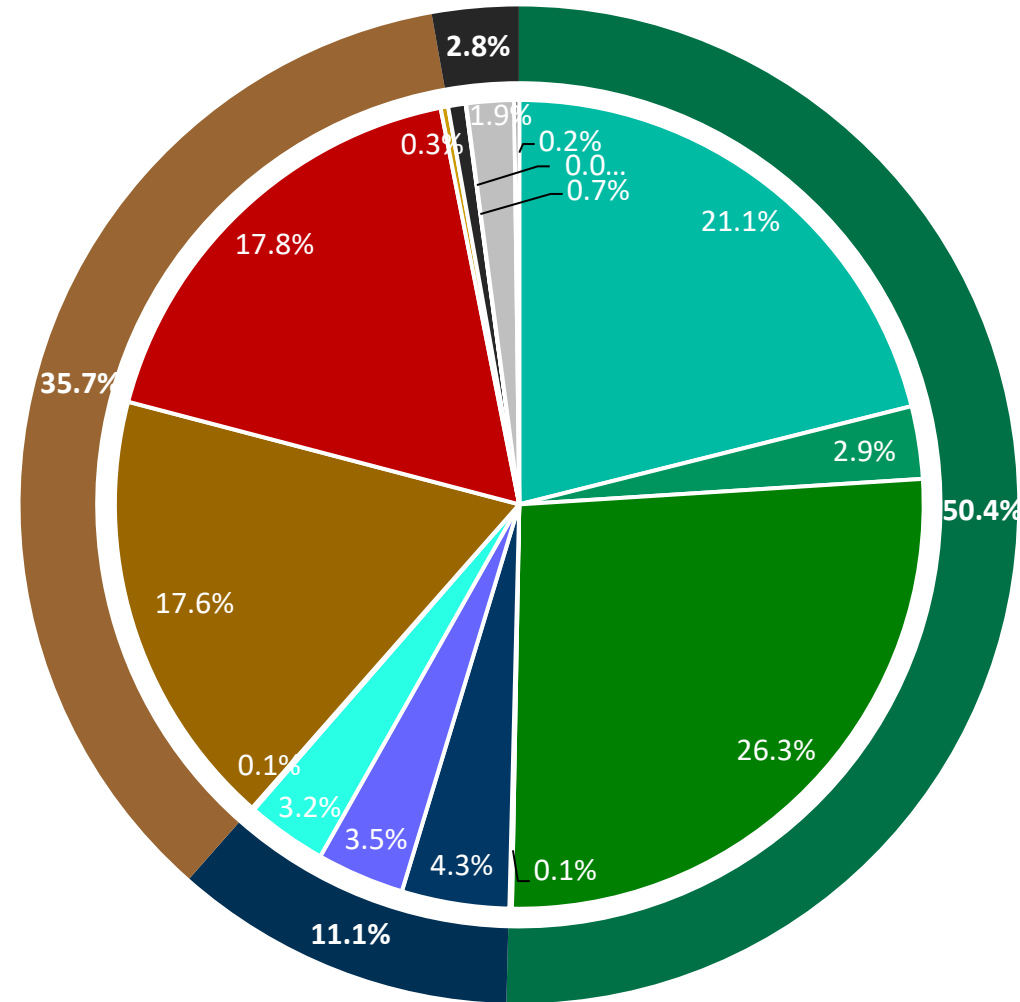
- Chemicals
- Transportation
- Electrical Equipment / Services
- Health & Safety Materials / Services
- Camps & Catering / Potable & Waste Water
- Tele-Communications / Office Equipment

## Parts, Equipment and Capital Assets

- Equipment Services / Maintenance
- Construction
- Materials, Parts and Supplies

## Support Services and Miscellaneous

- Business Services
- Retail
- Miscellaneous
- Unidentified



Community Investment

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SECTION

# Community investment summary

Number of Community Investment Recipients

~350

Indigenous-affiliated Spend

\$ 16.8 Mn

## Community Investment Spend and Recipient Count

Supply Chain Summary	2018	2019	2020	2021
<b>FUNDING</b>	\$3.4M	\$4.0M	\$3.7M	\$5.7M
<b>NUMBER OF ORGANIZATION SUPPORTED, INCLUDING INDIGENOUS</b>	150	145	120	130

# Community investment recipients by category



## Indigenous Community Investment (elders, events, etc.)

75

Number of Partners  
Benefitted

\$ 13.5M

Benefit Amount



## Business Improvement Associations

25

Number of Partners  
Benefitted

\$ 843K

Benefit Amount



## Educational Support, Literacy and Libraries

35

Number of Partners  
Benefitted

\$ 577K

Benefit Amount

Top Focus Areas for Community Investment	Number of Community Investment Partners Benefitted	Benefit Amount
Indigenous Community Investment (elders, events, etc.)	75	\$ 13.5M
Business Improvement Associations	25	\$ 843K
Educational support, Literacy and Libraries	35	\$ 577K
Health Services (mental health initiatives, shelters, food banks, hospitals, etc.)	30	\$ 457K
Service Clubs and Non-Profit Agency Support (rotary clubs, societies, etc)	30	\$ 285K
Community Athletics and Sports (camps, sports teams and clubs)	65	\$ 118K
Recreation and Land-Base Users (outdoor adventure clubs and associations, etc.)	15	\$ 118K
Senior Support Services (housing, clubs, sports, etc.)	5	\$ 36K
Child and Youth Support programs (breakfast clubs, afterschool care, etc.)	5	\$ 30K
First Responder Investment and Recreational Emergency Preparedness	5	\$ 27K
Festivals and Fairs	5	\$ 21K
Art, Music, Theatre Initiatives	5	\$ 16K
Miscellaneous	5	\$ 691K

# Back - UP



# SUPPLY CHAIN BY EXPENSE CATEGORY OF B.C. OPERATIONS

Master Category	Subcategory	Spend
<b>Consulting, Contractors, Technical Services</b>	Drilling / Completion / Downhole Services	\$ 705M
	Engineering Services	\$ 233M
	Environmental / Industrial Waste Services	\$ 336M
	Technological Development	\$ 3M
	<b>Subtotal</b>	<b>\$ 1.3B</b>
<b>Consumables, Utilities and Logistics</b>	Camps and Catering / Potable and Wastewater	\$ 110M
	Chemicals	\$ 187M
	Electrical Equipment / Services	\$ 224M
	Health and Safety Materials / Services	\$ 84M
	Telecommunications / Office Equipment	\$ 11M
	Transportation	\$ 384M
	<b>Subtotal</b>	<b>\$ 1.0B</b>
<b>Parts, Equipment and Capital Assets</b>	Construction	\$ 1.0B
	Equipment Services / Maintenance	\$ 778M
	Materials, Parts and Supplies	\$ 313M
	<b>Subtotal</b>	<b>\$ 2.1B</b>
<b>Support Services and Miscellaneous</b>	Business Services	\$ 105M
	Retail	\$ 13M
	Miscellaneous	\$ 118M
	Unidentified	\$ 53M
	<b>Subtotal</b>	<b>\$ 290M</b>
<b>Grand Total</b>		<b>\$ 4.7B</b>

# The data and processing

**90% of natural gas production in B.C. represented. 4-6 touchpoints.  
3 stage QA process. Third party validated.**



## Data Categorisation

- CAPP Member's business Supply Chain Sub-Categories & Master Categories
- CAPP Member's Project Location
- Identify all Indigenous spends for respective vendors
- Identify and retagging Project locations to B.C.
- CAPP Member's Community Spend Categories
- CAPP Member's project categorization for identifying reclamation and remediation related spends



## Data Modelling and Cleaning

- Aggregate data from all members into a uniform flat file and upload in database.
- Identify and remove duplicate Vendor names and City Names
- Normalize Vendor names and City Names for unique counts
- Modify Vendor City to HO for utilities and similar service companies
- Correct Vendor Province
- Identify and Exclude spends for locations out of scope
- Identify and Exclude spends for period out of scope
- Identify and Exclude non supply chain spends as taxes etc.



## Each spend was tagged by

- Vendor's Postal Code
- Vendor's City
- Vendor's Regional District
- Vendor's Province
- Indigenous Affiliation
- CAPP's Supply Chain Sub-Categories & Master Categories
- B.C. and Non-B.C. Operations Tag
- Reclamation and Remediation Project Tag
- Community Investment Categories
- Indigenous Community Investment Categories

Questions?