

1. Introduction

This appendix identifies economic development opportunities that may be positively enhanced by the LRMP. The most direct linkage between local economic activity and the LRMP is to those sectors dependent on the utilisation of Crown land and resources (i.e. the key sectors in the Plan Area being forestry, mid and backcountry tourism, and minerals). The information provided here is intended to give the Table a better appreciation for the types of economic opportunities that can be influenced by an LRMP.

An assessment of the sector's Strengths, Weaknesses, Opportunities and Threats (SWOTⁱ) assisted in identifying potential economic development opportunities. This list of opportunities was then examined to identify ones that could be positively influenced by the LRMP. That is, the opportunities and barriers to key sectors of the North Coast economy were identified, then considered with respect to the potential influence of the LRMP. The influence being opportunities for the Table to negate barriers and enhance strengths of the particular sector. Broadly, the Table in reaching a consensus land use plan, will:

1. make recommendations with regards to protected areas,
2. define, at the strategic level, land management objectives and strategies,
3. make recommendations for policy and legislative changes as related to resource management that are deemed necessary to achieve the management direction of the LRMP, and
4. support economic measures to First Nations related to the LRMP

The first step to identifying a potential connection between the LRMP and an opportunity is to examine how the four "outputs" of the LRMP identified above relate to the respective sector. The scope of the first two points is reasonably defined at this time. The contents of the third and fourth points (i.e. policy recommendations and economic measures) are more uncertain at this early point in the process. Hence, for this assessment, the connection between the LRMP and the sector is viewed only through the plan's recommended land allocation and strategic management objectives. It is the case that a number of opportunities were identified in each sector that had no identified link to the LRMP. These opportunities are listed, but not discussed, in the respective sector presentation.

The LRMP process itself may build relationships among the Table members which has the effect of advancing economic development prospects. While recognising this may be an important outcome, it is not incorporated in this assessment.

ⁱ A method commonly used in community economic development planning that systematically gathers, analyzes and evaluates information and identifies strategic options facing a community or organization.

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Information was gathered from a stakeholder workshop held in Prince Rupert in early February, and supplemented by sector interviews and a review of recent Plan Area economic strategy documents. The full day workshop was attended by 30 persons. The workshop identified key sectors, and conducted a SWOT analysis for each sector. Participants were asked to prioritize opportunities, and assess (in their opinions) the linkage to the LRMP. The sectors identified by the participants were:

- Forestry
- Tourism
- First Nations
- Commercial Fishing
- Recreation
- Energy
- Mining
- Informal Sector
- Agriculture, Trapping & Food Products

The following sections discuss the opportunities identified for the forest, tourism and public recreation, and mineral sectors, as these sectors will be most greatly influenced by the Table's recommendations. The SWOT analysis of the remaining sectors is summarised in Annex 1.

First Nations relationship to the LRMP is clearly different from the generally "activity" based relationship of the sectors identified above. First Nations are preparing land use plans and discussing opportunities in the forest, tourism, marine resources, etc. which may be supported under the LRMP's umbrella economic measures. The SWOT analysis completed in the workshop for First Nation is contained in Annex 1.

The opportunities for economic development are defined here at an industry, or broad sector level, not at a community specific or enterprise levelⁱⁱ or with reference to particular sites. The list of opportunities is a product of the individuals contacted and the workshop process, and we are cognisant that there are probably other relevant opportunities not identified here. Hence there is potential for the Table to expand the scope of this assessment.

The second step is to judge the significance of the LRMP in bringing an opportunity to reality. Our primary objective here is not the identification of sector opportunities, but specifically which opportunities can be influenced by the LRMP, and how that might be accomplished. To address this, one needs to consider what other factors, or conditions, need to be met to realise the opportunity, and then subjectively assess the LRMP's role relative to these other factors. For example, if it was deemed that the LRMP was a relatively subordinate factor, it is accorded a "low" ranking. Conversely, a "significant" ranking corresponds to circumstance where an enabling LRMP condition is critical to the realization

ⁱⁱ The identification of community level opportunities for remote communities in the North Coast is being addressed by a business opportunities assessment funded by the Joint Solutions Project.

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of the opportunity. The rationale for the judgement is provided in the discussion of the opportunity and is the opinion of the authorⁱⁱⁱ.

2. Forestry Sector

The forestry sector is defined here to include forest harvesting, silviculture, and wood processing activities. The general strategy for increasing the forest sector's economic contribution includes increasing harvest volume, increase value of production, and reduce costs so the sector can profitably supply fibre over the full market cycle.

The strengths and barriers to the forest sector are perceived to be:

Strengths

- Abundance of wood
- High quality saw logs
- Good growing sites

- Variety of species
- Renewable resource
- Flexibility of small operators
- Lack of urban interference

- Existing processing facilities
- Experienced labour force
- Good port facilities
- Low cost log transport

Barriers

- High pulp content in stands,
- Dependency on Asian markets
- Remote harvest sites, poor infrastructure resulting in high logging costs

- Less than optimum wood profile
- Complexity of forest for certification
- Conflicts with non-timber users

- Limited timber harvesting land base
- Softwood lumber tariff
- Raw log export (barrier to processing)
- Natural threats, disease and pests
- Lags rest of coast in conversion to lower cost higher quality second growth stands

- Loss of skilled work force
- Changing social values regarding acceptable practices

The SWOT analysis is structured so that opportunities are initiatives that either build on the perceived strengths, address or overcome the perceived barriers. Those opportunities that might be positively influenced by the LRMP are discussed below.

ⁱⁱⁱ This assessment does not address the significance of the opportunity itself to the Plan Area economy (addressed in body of the report), nor does it identify potential for conflict among opportunities.

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Opportunity: Reduce Uncertainty related to accessing the THLB

Discussion: Forest development has been hindered by uncertainty with respect to lands available for harvest and/or the predictability of harvesting constraints. During the latter 1990's this uncertainty has been attributed to the un-completed protected area strategy, unsettled native land claims, changing forest policy and regulatory framework (i.e. implementation of the Forest Practices Code and revisions). Industry representatives indicated that operating experience where LRMP's (or equivalent) have been completed is that a high level of uncertainty continues. This stemmed from the lack of clarity in the stated management strategies and objectives. Clear statements and measurable objectives would reduce this uncertainty. The effect of the uncertainty is to increase planning costs, reduce or delay operations, which negatively impact employment and income levels.

Influence of LRMP: Significant. In making clear, definitive statements regarding protected area status, and management objectives and strategies on the integrated management land base, the plan will diminish operational uncertainties arising from ambiguous directives. To achieve this outcome, the Table should be cognisant of the linkages to requirements of the results-based Forest Practices Code and Defined Area Forest Management. These linkages should become apparent as the two initiatives are better defined.

Opportunity: Increase Research and Development into conversion of decadent and low productivity sites:

Discussion: Site productivity is very low in some coastal stands. One example is the stands north of the Nass River, presently in the THLB, but no harvest is occurring because of poor wood quality coupled with high development costs. Nevertheless, the land has substantial growth potential if a new crop was established. A second example is low-site cedar - hemlock forests found in much of the outer coastal landscape. These stands contain significant amounts of fibre as well as high value redcedar, yellow-cedar or cypress, which sell to the value added and speciality markets. These sites are presently excluded from the operable land base. A research project underway since 1997 by the district Ministry of Forest office is aimed at developing ecologically based guidelines for the management of these stands. Positive research results may lead to inclusion of these lands in the THLB.

Influence of LRMP: Low/Moderate: For the area north of the Nass River (and other stands in similar circumstances) the LRMP could, if the land remains in the operable land base, recommend objectives and strategies that have the operational effect of lowering costs and reducing uncertainty. This could encourage industry to experiment with silviculture options. Nevertheless, market conditions may render the stands non-commercial. If the land is removed from the THLB, other resource values may be emphasized in the objectives and strategies. The Table should be apprised of the progress of the research on low cedar-hemlock sites and consider compatible objectives and strategies.

Opportunity: Eco-system based management

Discussion: The Table will define this term in the context of the North Coast LRMP. The Central Coast process defined eco-system based management as a strategic approach to managing human activities that seeks to ensure the coexistence of healthy, fully functioning ecosystems and human communities. The economic implications to the forest sector of this management approach will depend on how it is defined and operationalized. Ecosystem based management is an economic opportunity to the extent it creates greater certainty, reduces cost and/or increases timber value in both the immediate and longer term.

Influence of LRMP: Significant: The management approach will be reflected in the strategies and objectives recommended by the Table, as well as in the Table's policy advice to government.

Opportunity: Community Forest

Discussion: A community forest may be managed to meet a range of community objectives such as revenue generation, local job creation, education and training, recreation, attracting new business. The "Community Forest Pilot Agreement" is a pilot program whereby the Ministry of Forests is testing particular tenures by entering into agreements with communities for 5 years. The program is not being expanded at the present time.

Influence of LRMP: Low; the LRMP may propose lands to be managed as community forest, but realisation of the opportunity is conditional on the respective community formulating a viable proposal, the availability of wood, and decisions of the Ministry of Forests. At the completion of the pilot program in 2003, the Ministry of Forests may create a limited number of additional opportunities for communities to apply for a community forest agreement.

Other Forest Sector opportunities identified were related to the allocation of forest tenure among industry participants, generally with the objective of increasing local processing. Opportunities of this nature lie outside the usual purvey of an LRMP. While the Table may make policy recommendations, it is noted the recommendations must be deemed necessary to achieve the LRMP's management direction. Other opportunities pertinent to the forest sector, but considered not directly linked to the LRMP are:

- First Nations partnerships
- Market non-timber forest products (e.g. related to First Nations culture)
- Brand harvest product from certified forest
- Raw log exports
- Facilitating access to small volumes of high quality wood for local value added
- More local sales

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3. Tourism Sector and Public Recreation

The sector includes tourist attractions, accommodation and services in the Plan Area, and wilderness based products (e.g. wildlife viewing, adventure tourism)^{iv}. The LRMP may offer the greatest support to those activities reliant on the wilderness setting. The general strategy to increasing the sector's contribution to the Plan Area economy is to attract a greater number of visitors to the Plan Area, hold them longer, and increase the offering of higher valued experiences. The extent to which the LRMP can positively influence the realisation of tourism sector opportunities is complicated because the marine environment is often a key feature in the "product" experience, but marine elements are not subject to the LRMP. In addition, there are other favourable elements that must be present to sustain a successful business.

The sector strengths and barriers, as identified in the workshop and other sources, include:

Strengths

- Wilderness, marine environment an asset
- Diversity of products
- Not overdeveloped or saturated
- Locational advantage for access from US
- First Nation culture is an asset
- Low US/Canada exchange rate
- Large numbers of transient visitors
- Well developed transportation system (air, marine, highway, rail)
- Relatively abundant salmon population

Barriers

- One season industry, short season
- Low wage level in industry
- Lack of product development and training
- Lack of infrastructure for high volume tourism
- High start-up cost (for some products)
- High precipitation, windy
- High cost of doing business in remote location
- Not strong tenure to key values

- Airport facility
- Limited capital of operators
- Lack of experienced workforce
- Limited local involvement in some facilities
- Tied to trends and tastes of external market
- Distance to major markets
- Low currency exchange for purchasing imported goods

- Conflict with other land uses
- Jurisdictional disputes
- Cruise ship and fish farms may conflict with wilderness products
- Low interest in promoting tourism

Identified sector opportunities that may be supported by the LRMP include;

^{iv} . For this assessment it is assumed that the purpose of the visitor's trip is for recreation or pleasure, not for business.

Opportunity: Retain Visitors longer

Discussion: A large number of visitors pass through Prince Rupert enroute to other destinations. Evidence (i.e. visitor survey compiled by the Prince Rupert Visitor Info Center) indicates that the Plan Area is the final holiday destination for only a small proportion of the total number of visitors. Developing appropriate infrastructure (e.g. expanded campgrounds) and features (e.g. array of tourism services and attractions) could serve to retain visitors longer. Most of these enhancements are associated with “front country” operations and not directly influenced by the LRMP. However, mid and backcountry products could complement the portfolio of activities the visitor may choose, also inducing them to stay longer. Given the concentration of visitors in Prince Rupert, the lands most likely to contribute to this opportunity are in concentric travel time circles (e.g. 1 hours, 2 hour, etc.). If Prince Rupert begins to receive large cruise ships, the number of short-term visitors will increase substantially. Judging from the experience of Alaska cruise ship ports, there may be a demand to access backcountry sites by relatively large numbers of people during the season in areas that have historically received little use.

Influence of LRMP: *Moderate*: The LRMP, through objectives and strategies, can sustain the wilderness appearance in the travel routes and areas of interest. Protected area status, “enhanced tourism zone”, and recognising commercial tourism as a zonal value are possible mechanisms for doing this. To fully realize the tourism potential of the Plan Area, efforts will need to be coordinated across the Plan Area and regionally.

The concentration of visitors may increase such that active management of the use level in spatial and temporal dimension is necessary to maintain product quality (this may be voluntary among industry operators or formal regulation). The LRMP can provide a level of comfort on the land base, but for each enterprise commercial business conditions must be satisfied to fully realise the opportunity.

Opportunity: Expand Ecotourism

Discussion: While Ecotourism is presently a relatively small part of total sector activity, anecdotal evidence indicates that it may be the fastest growing. Products (at varying levels of commercial development) include wildlife viewing, ocean kayaking, hut to hut touring, destination lodges, marine cruising, etc. The comprehensive tourism opportunity study (Geoscape Environmental Planners, 2001) identified the location of lands with high potential for these uses. Most of the products are marine based, so the primary interface with the LRMP is along the shoreline and visual characteristics. Barriers and threats to opportunities include land use uncertainties, increased use affecting “wilderness” experience, forest harvesting, possible conflict with First Nations traditional use or historic sites. Declining pacific salmon fish stocks is a threat to destination lodges emphasizing salt water fishing experience. The demand for tourism products is expected to continue growing.

Influence of LRMP: *Moderate*: Ecotourism “products”, particularly those that require significant investment (hence higher valued products), may be constrained by a short season, lack of capital, and lack of secure tenure to key elements of “products” the business offers

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(e.g. undisturbed natural setting). By recommending compatible “objectives and strategies” on those lands contributing to such products, the LRMP provides an enabling condition to expanding ecotourism. Nevertheless, as noted above there are other factors that must be satisfied to ensure a viable commercial enterprise.

Other identified tourism sector opportunities that were deemed to be not directly influenced by the LRMP include:

- Potential for cultural/heritage products (front country)
- Potential for product diversification (e.g. heliskiing)
- Destination Tourism (e.g. sporting events)
- Showcasing sustainable forestry practices
- Linking tourism with other commercial resource use
- Cruise ships
- First Nations partnerships
- Partnerships with Alaska

With respect to public recreation, the strengths and weaknesses of the sector identified in the workshop were:

Strengths

- Ample opportunities
- Diversity of opportunities
- Existing infrastructure
- Pristine wilderness
- Transport corridor (highway, rail, water, air)

Barriers

- Local economy contracting
- Short season
- Access
- Conflicts between local users
- Environmental damage
- Overuse

Public recreation shares a number of values with the tourism sector, and would generally benefit from the protection/enhancement of tourism sector amenity values (provided it does not involve restricting public recreation opportunities). The particular public recreation opportunities identified are shown below. The LRMP may contribute to realizing site specific opportunities in the specification of objectives/ strategy of the particular zone (e.g. provide new beach access):

- Coordinate public recreation infrastructure needs with tourism operators
- Provide new beach access
- Build new trails (not specified)
- Sell map of recreation opportunities and use proceeds to enhance resource
- Salt Lake development

4. Mining Sector

The mining sector includes mineral exploration, production and reclamation activities for industrial and metallic minerals and on-shore oil and gas reserves.

Strengths

- Diverse and high mineral potential in many areas
- Rail and tidewater access
- Nearby skilled workforce (i.e. Smithers)
- New practices
- Potential high revenue

Barriers

- Limited chance of major deposit in any particular area
- Past practices
- Limited secondary processing
- Potential environmental impact
- Unresolved native land claims
- Other land use uncertainty
- Environmental factors
- Destabilizing to community when mine shuts down
- Long term health effects
- Labour comes from outside
- Global price fluctuations
- Public Perception of mining and mining impacts
- Environmentalists
- Tax breaks not available

Opportunity: Reduce Land Use Uncertainty

Discussion: While the Plan Area has highly prospective mineral potential, there is only one small industrial mineral property presently in operation, and a low level of localised mineral exploration. The lack of industry activity is attributed to a combination of factors, notably low commodity prices, an unattractive provincial policy regime, uncertainty on the land base from unsettled native land claims and unresolved protected area strategy.

Influence of LRMP: Moderate to Significant. In making clear, definitive statements regarding protected area status, and management objectives and strategies, the LRMP will diminish some uncertainties on the land base. The outstanding land use uncertainty would be the settlement of native land claims. It is noted that improved market conditions and more attractive policy regime are likely necessary conditions, but if the industry does not have security of tenure, exploration and development will be slow to pick up even when markets improve and policy is perceived to be more accommodating.

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The other opportunities identified for the Mining Sector, though not directly linked to the LRMP are summarized below. It is noted that to the extent the LRMP plays a role in increasing mineral development activity, then several of the opportunities identified below could be pursued.

- Develop more local skilled labour force
- Involve First Nations
- Develop new products
- New methods for mine development
- Develop Secondary processing

5. Conclusion

There are opportunities for the Table, through the recommended land use plan, to enhance the economic development prospects of the North Coast region. The mechanism investigated here for doing so is the formulation of a plan with clear, attainable objectives and strategies. This will reduce land use uncertainties which can be a deterrent to new investment, as well as a constraint to existing operations. For attracting new investment, the plan serves as an enabling condition in the context of formulating a viable commercial operation.

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Annex 1: SWOT Analysis Matrices

The following matrices are a compilation of the SWOT analysis completed by the workshop participants, augmented with interviews and other related documents. These sectors for the most part do not have as strong a linkage to the Crown land and resource base as those sectors addressed in the body of the appendix. Nevertheless, there are some instances where the LRMP may have a potential influence, or the matter was addressed already. This is addressed as a comment in italics.

First Nations (see also Chapter 3)

Strengths

- First Nation mystique attraction for tourists
- Strong vibrant community
- Desire to be involved in local economic activities
- Isolated (hence insulated from bad influences)
- History of participation in economy
- Rich heritage and culture

Weaknesses

- Lack of capacity
- Isolation
- Uncertain/evolving relationship with government and industry
- Overlapping territories
- Lack of management authority
- Legacy of residential schools (loss of language and culture)

Opportunities

- Treaty settlement
- Use First Nations for “branding” North Coast products
- Increase participation in other sectors
- Backcountry tourism development (*addressed in Tourism Sector of Appendix*)
- Traditional knowledge used to help market North Coast product

Threats

- Traditional knowledge not passing to successive generations
- Continued uncertainty with respect to rights and title
- Exploitation of First Nations lack of business acumen
- Changing government policy (i.e. withdrawing services)
- Lack of proper and fair consultation process

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Agriculture Sector: Sector includes food products, trapping and land based aquaculture

Strengths

- Established traplines
- Fish processing plants and infrastructure
- Large area to develop
- Good growing sites for some produce

Weaknesses

- Low agriculture capability
- Difficult access
- Climate
- Lack of baseline data and environmental monitoring for aquaculture

Opportunities

- Botanical forest products (*perhaps potential, insufficient information*)
- Resource in
 - Seaweed harvesting
 - Aquaculture (halibut, salmon, shellfish, abalone)
 - Harvest natural remedies
- Dockside fish market

Threats

- Environmental concerns regarding aquaculture

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Energy Sector: Sector includes hydro electric, oil and gas, solar and wind

Strengths

- Slope and precipitation creates hydro electric potential
- Potential energy of wind
- Potential energy in large tides and current

Weaknesses

- Limited developed infrastructure
- High costs, difficult environment
- Conflicts with other resources
- No experienced labour force

Opportunities

- Tidal and wind power generation
- Biomass conversion
- Conservation

Threats

- Distance to market
- Environmental concerns
- Financial capital
- Local labour may not be trained for new projects

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Commercial Fishing Sector: Sector includes harvesting and processing of natural stocks

Strengths

- Access to resource
- Port for export
- Experienced workforce
- Existing facilities and boats
- Diverse fishing opportunities

Weaknesses

- Declining fish population for a number of important species
- Facilities not equipped to process new products (need investment)
- Conflicts between user groups

Opportunities

- New methods for selective fishing
- Utilize other species
- Obtain higher value-added from existing species
- Increase fish populations (e.g. habitat restoration)

Threats

- Jurisdictional uncertainty
- Industry consolidation province wide
- Environmental impacts from other industries
- Government downsizing
- Mismanagement
- Offshore fish processing

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Informal Sector: Sector includes a range of non-regulated activities

Strengths

- Allows people a form of economic stability
- Traditional and informal regulation
- Reinforces some cultural values
- Abundance of opportunities

Weaknesses

- Some activities may be technically illegal (e.g. traditional fish trapping)
- Lack of regulation
- Insecure tenure
- Undervalued and un-documented

Opportunities

- Develop locally relevant regulations
- Potential for commercialization
- Opportunity to reduce dependence on government regulations
- Creates locally relevant networks
- Develop mechanism to support informal economy

Threats

- Use and interests can be ignored in management
- Forced to be covert
- Difference in jurisdiction
- Shift from informal to formal can be disruptive