

EBMWG Project Close-Out Report

Project #: HW 03(a)

Project Title: Human Wellbeing Strategies Inventory

Steering Committee Members: Wally Eamer (Project Lead), Dorthe Jakobsen, Neil Philcox, Grant Scott, Dan Cardinall, David Flood, Ralph Mathews, Glenn Farenholtz

1.0 FUNDING: \$31,500

2.0 EXTENT TO WHICH PROJECT OBJECTIVES WERE ACHIEVED

Objective	Description	Evaluation (Text)	Summary*
1.	generate an inventory of existing and planned community and regional economic development initiatives that will contribute to improving the Human Well Being (HWB) of communities on the Central and North Coast;	Comprehensive inventory developed. Some gaps identified.	Fully Met
2.	identify the challenges these initiatives may face;	Challenges identified	Fully Met
3.	identify any promising initiatives, given economic opportunities on the coast, that are not being addressed;	This was not fully addressed based on the workplan discussions with the Steering Committee. The project emphasis was on what is actually happening. Opportunities such as Non-timber Forest Products that have not been realized were identified.	Partially Met
4.	upon the completion of steps 1 through 3, provide recommendations on further research that could be pursued to support the initiatives, and fill any gaps identified.	Next steps/further research discussion focused on identifying and removing barriers.	Substantially Met

* Use: Fully met (100%), Substantially met (>75%), Partially met (25-75%), Marginally met (0-25%), Not met (0%)

3.0 MAJOR TASKS COMPLETED

Task	Description ¹	Date
1.	Prepare list of supplemental contacts, meet with EBM WG members, and finalize list of contacts for interviews.	Feb 15
2.	Undertake literature search and review for existing community economic development plans and studies. Government and agencies to contact include WLAP, ILMB, BC MAL, C.I.T., etc.	March 1
3.	Interview selected contacts and summarize the: <ul style="list-style-type: none"> existing and high potential significant community and regional economic development initiatives, and growth potential and major constraints/implementation barriers that limit creation and growth of profitable and sustainable economic development initiatives they identify. 	April 10
4.	Prepare a first draft report, and circulate it to a focus group of successful community economic development contacts and business owner/managers. The contractor will meet the focus group at a convenient time and place to test/validate the project findings.	May 15
5.	Complete final report, and present it to the EBM WG.	May 30

4.0 KEY PRODUCTS

Item #	Description	Completion date	Location
1	Report Documenting Project findings	May 30 th 2008	Victoria

5.0 MAJOR FINDINGS/CONCLUSIONS

The report identifies four different classes of industry:

- Existing Industries Facing Difficulties: Forestry and Commercial Fishing
- Existing Industries that are Growing: Tourism and Commercial Recreation, Transportation, Mining, Finfish Aquaculture, Services
- Newly Emerging Industries: Shellfish Aquaculture, Independent Power Producers
- Potential Industries with Little Current Momentum: Non-Timber Forest Products, Ocean Ranching, Fresh Water Exports

(Executive Summary Attached)

¹ These tasks are drawn directly from the workplan submitted to the EBMWG in revised form December 20th, 2006.

Key barriers identified across sectors:

- Viability
- Poor linkages and integration between sectors
- Opportunity to capitalize on the Great Bear branding has not been realized

Key Barriers identified in Focus group Discussions and in LRF Technical Committee

- Lack of policy incentives to deliver benefits locally
- Lack of broadly understood models for Benefit Sharing between FN and the Province that and models for commercial arrangements between FNs and the Private sector.
- Lack of employment oriented training

6.0 PROPOSED NEXT STEPS

The EBM WG's capacity to address the barriers identified in the report is somewhat limited however there are a number of suggestions emerging from the Focus group and related discussions of the report which EBM WG is currently discussing including:

- Identifying potential policy incentives to stimulate more successful development activities;
- Identifying alternative Models for Benefit Sharing Arrangements between the Province, FNs and the Private sector;
- Identifying alternative Models for Commercial Arrangements between FNs and the Private Sector
- Refining the design of employment oriented training delivery models with example training plans related to real initiatives (undertaken in partnership with coastal FNs)

7.0 RELEVANCE/SIGNIFICANCE FOR EBM IMPLEMENTATION

Definition of Full Implementation refers to regional policies and initiatives that will deliver HWB benefits This report documents existing initiatives and identifies barriers to success that the LRF may wish to address. Follow up work will provide options to the LRF for expediting existing initiatives while also providing workable models for consideration in Private Sector FN discussions and G2G discussions. In addition, employment oriented training programs that are tailored to link real job opportunities with specific individuals can significantly increase the potential for new local employment opportunities to go to local people.

EBM Working Group – Inventory of Economic Development Initiatives in the BC Central and North Coast Region – Executive Summary

In the last two decades, the economic base of the Central and North Coast has been severely impacted by the decline of the forestry and commercial fishing sectors with populations in Prince Rupert and Kitimat, the two largest communities in the study area declining by approximately 12% between 2001 and 2006.

Forest industry and **commercial fishing** initiatives are focussing on reallocation of resource access rights to coastal communities, to bring more industry benefits to local communities.

- In the face of declining timber and salmon harvests, the current emphasis of most initiatives in these industries is to establish a greater role for local communities and their residents in the industries.
- In the forest industry, experience and resource rights gained now during an extremely difficult period for the industry may pay dividends when the industry recovers. Local communities will ultimately need to move beyond simply gaining tenure rights and industry experience, to contributing to broader industry efforts to build international markets for the timber and wood products, thereby increasing the value of the resource. Local coastal wood processing initiatives do not appear to be moving forward at present. Major forest industry challenges to successful participation in the forest industry include difficult market conditions, gaining access to timber resources in viable operating areas, maintaining cost competitiveness, pre-harvest planning requirements, access to markets and market knowledge, access to capital, and workforce skills.
- Similarly in commercial fishing, most of the current initiative is in trying to secure licenses to profitable fisheries, while ideas of ocean salmon ranching, lake seeding etc. seem to be gaining little momentum. Declining salmon stocks and the high capital value of licenses/quota for other fisheries are the most significant constraints to expansion of community based activity.

Shellfish Aquaculture and **“Green” Electric Power Production** are potentially emerging new industries on the Central and North Coast:

- Shellfish aquaculture has been identified as a promising opportunity for coastal communities and Coastal First Nations (CFN) has successfully led the development of 9 scallop pilot sites. The major challenge for shellfish aquaculture at this point is moving beyond pilot projects into commercial production, which requires very substantial capital investment to achieve viable operating scale, as well as cooperation amongst producers in transportation, processing and marketing.
- There has been a frenzy of activity to acquire rights to stream, river and wind resources and Green Power proposed projects are gaining momentum. At this point, none of the recently proposed projects in the study area is at the production stage (or the construction stage). Major constraints to the development of IPPs include the distance to the main transmission grid, and the costs of developing each site. Clustering of sites and projects may help spread transmission costs.

Tourism, Commercial Recreation, Transportation, Mining, Finfish Aquaculture and Services are established industries with long-term growth trends.

- Communities and individuals in the study area are becoming increasingly involved in **tourism and commercial recreation** businesses, as both employees and business owners. Local community member employment in wilderness lodge operations has increased significantly over the past decade, as has the incidence of community owned tourism facilities and tour operators. Growth in the **sportfishing** sector may be slowing down, but it remains a major contributor to the viability of many lodges and businesses throughout the Coast. Because sportfishing caters mainly to the North American market, that sub-sector may be more affected by the United States recession and decline in value of the US dollar relative to the Canadian dollar. Other constraints to growth in the industry include declining fish stocks, the relatively short season, capital investment requirements, shortages of skilled workers, and cost competitiveness/ viability.
- The **cruise ship segment** of the industry has experienced significant growth as a result of new cruise ship facilities in Prince Rupert, thereby increasing the number of passengers, but also creating a demand for day tours catering to cruise passengers.
- The **ecotourism product** has been growing in importance throughout the North and Central Coast. In particular there appears to have been significant growth in the number of companies offering wildlife tours, cultural tours, and eco-friendly kayaking, canoeing, sailing, and other adventure tours. This ecotourism segment of the industry is less dependent on the US market than the sportfishing sector, and as a result may present better growth prospects over the next several years.
- Growth in **transportation** sector employment is primarily centered on the increasing activity at the Port of Prince Rupert, as well as potential for growth at the Port of Kitimat. There are emerging opportunities in businesses providing port services as well as opportunities for local residents to be directly employed in port operations.
- The North and Central Coast region is not participating in the recent surge in **mineral exploration and mining development** in BC, to the same extent as most other areas of the province. Most of the current exploration activity is concentrated in the northern tip of the North Coast plan area.

Finfish aquaculture has excellent growth potential from a market perspective, but concerns over environmental impacts from the current production methods are currently limiting the growth of this industry. The Klemtu operations appear to be very successful at providing employment opportunities to local residents. On March 27, 2008, the BC Ministry of Agriculture and Lands suspended the issuance of licenses and tenures for finfish aquaculture in North Coast tidal waters north of Aristazabal Island, which is approximately 150 km south of the mouth of the Skeena River.

The call centre/service centre in Bella Bella is an example of a **service business** most commonly found near large urban centres, but which has managed to overcome a remote location through strong management, good telephone service and a willing workforce. The call centre has not operated since late 2007, due to the expiry of its major service contract.

Non-Timber Forest Products, Drinking Water Exports and Ocean Ranching of Salmon are potential industries that have been identified in various economic development strategies, but which have seen little advancement in recent years. Ocean ranching, lake seeding, and river fertilization for salmon continue to be discussed, but little concrete progress has resulted.

Other Observations

One of the main constraints to growth of local businesses is economic viability and the ability to compete, whether in timber harvesting, commercial fishing, tourism, aquaculture or services. Some of the interviewees suggested that there may be opportunities to gain market advantages through branding of products that are produced from the “Great Bear Rainforest”, while others suggested that at least in forestry, sustainable practices are more saleable in the European market rather than in Asia, where most market opportunities currently exist. Market advantages gained through regional branding, if achievable, could help counterbalance the higher costs of living and operating in the region.

In the next few years, higher fuel costs and the high Canadian dollar relative to the US dollar may further erode the competitiveness of the North Coast and Central Coast, particularly affecting the transportation sector, tourism and the forest industry.

Some interviewees noted a significant degree of interdependency among industry sectors and individual businesses in the region, in terms of creating sufficient demand to support transportation services, food services, accommodation, fuel supplies, equipment servicing and other basic industry infrastructure.

First Nations communities and individuals are becoming more involved in economic enterprises, as both business owners and employees, which appears to be increasing employment levels in Coastal communities. Some First Nations communities continue to experience management and political instability, which detracts from their ability to undertake longer term strategic economic development initiatives. Many of the coastal First Nations have encountered financial difficulties in the past, often the result of directing significant funding to ailing businesses.

Declining employment in Prince Rupert and Kitimat have created an excess supply of human resources in those communities, and First Nations members have difficulty competing for jobs as new labour force entrants. Conversely, many interviewees noted a lack of skilled workers on the Coast, particularly in the forest sector and in general business management.