

**Economic Development Initiatives Inventory in the Central
and North Coast Regions**

Focus Group Summary

May 15, 2008

Prepared for the Ecosystem Based Management
Working Group

Disclaimer

This report was commissioned by the Ecosystem-Based Management Working Group (EBM WG) to provide information to support full implementation of EBM. The conclusions and recommendations in this report are exclusively the authors', and may not reflect the values and opinions of EBM WG members.

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In Attendance

Name	Organization
Sylvie Lefebvre	Pierce-Lefebvre Consulting
Claude Pierce	Pierce-Lefebvre Consulting
Suzanne Denbak	King Pacific Lodge
Corby Lam	Capacity Forest Management
Eric van Soeren	Coast Sustainability Trust
Mike Landers	INTERFOR
Cameron Brown	Heiltsuk Nation
Arnold Harasymchuk	Ministry of Economic Development
Wayne Drury	Coast Tsimshian Resources Ltd.
Wally Eamer	Representing Nanwakolas Council and EBMWG project lead
Alex Grzybowski	EBMWG Director
Larianna Brown	Ministry of Forests and Range (EBMWG support)

Objectives

- To provide feedback to Claude, Sylvie and the EBMWG on the draft Economic Development Initiatives report.
- To provide preliminary feedback to the EBMWG regarding next steps for defining policy options for consideration by the Land and Resource Forum (LFR) to assist in overcoming economic development initiative challenges in the Central and North Coast of BC.

Presentation

Sylvie and Claude presented a Power Point summary of the draft report. The objectives and scope of this report are:

- Identify economic development initiatives underway on Central and North Coasts of BC
- Identify main challenges to be overcome in bringing these to fruition
- Focus on significant initiatives
- Mainly based on interviews with key representatives – not extensive consultation
- Broad coverage of communities and sectors

Feedback from focus group participants on the draft report

- Participants were asked to comment on the following questions:
 - o Are any major initiatives missing
 - o Are any key barriers missed or mis-understood

Forestry initiative challenges

- It's a challenging time in the forest industry right now.

- Major barriers include **transportation, access to tenures, and cost of stumpage**. In particular larger licences can plan blocks to get better stumpage rates while smaller companies with smaller blocks have less flexibility so pay higher stumpage relative to large licence holders.
- It is difficult to find experienced people for forestry related jobs. There is a lack of capacity to train people. **Training** expenses are high and often take multiple years (note it is a 5 year process to train people to operate machines). In addition most people don't want to leave home to work in forestry camps.
- **Short term tenures and limited markets exacerbate lurch logging**: it is more cost effective for short term tenure holders to log as much of their tenure as they can when they can to access markets when these, often limited, markets are available.
- **Lack of capacity to effectively use short term tenures**: the Homalco Nation have taken years to develop planning capacity for their small tenure but in the process ran out of tenure and opportunity and have to sit and wait for next tenure.
- **Limited capacity of small community companies** including:
 - o First Nations traditional territories are not large enough to support community based forest companies that deal with engineering to silviculture.
 - o Bill 13 requires licencees to provide certain benefits to contractors. This inhibits licencees from dealing with small community companies
 - o Licencees selling tenures may ask small companies, that buy these tenures, to give them the high grade wood leaving small licences with the low grade wood
- **Financing small companies** is a major issue. Most banks and lending institutions don't want to risk financing small First Nations operated forestry companies. First Nations don't have the security that large companies have when they go to banks and ask for loans. As a result many small forest companies are brokeraging and developing unique relationships to make these initiatives work
- **Increased EBM costs**: Many small community companies cannot maintain the increased costs required to implement EBM. It is particularly challenging for these companies to account for under-represented species since much of the fir and cedar have already been over harvested.

Financing initiatives

- Tricorp, a First Nations controlled lending institution does not provide financing to more First Nations initiatives because they are a small organization and cannot take risk on large capital developments, They are also not competitive with the banks (high interest rates).
- Initiatives need to create a business model that generates return and ensures equity. **Joint ventures are extremely helpful in start up ventures** (e.g. King Pacific Lodge helps with other lodges start up)
- The CST has provided First Nations equity to start up initiatives and then another partner can provide additional funds. On average CST projects leverage CST contributions 8:1. CST provides a little bit of comfort to other lending institutions to provide a base of funding.

Challenges related to training

- It's not the lack of training institutions but it's the lack of an effective training model.
- **Failed education system**: The education system in many coastal communities is not serving to prepare youth with the education or skills they need to acquire employment.

Training approaches

- King Pacific Lodge offers an example of a training model. They fund their own training program and believe King Pacific Lodge has to provide the training themselves because the success of the Lodge is based on guest satisfaction. They offer a student mentoring program in Hartley Bay where 4-10 students at the high school go through a resume writing and interview process, from

which King Pacific Lodge selects a few to job shadow for the season. They **pay trainees** to make the training positions attractive.

- **Training needs to be connected to employment opportunities:** for example giving someone Biology 11 to work in the Shellfish Aquaculture business may be desirable, but doesn't relate closely enough to be productive for the trainee or potential employer.
- Successful training may require **individual educational programs** to assess an individual's educational need. It is often not effective to make these assessments, and then offer training in a group setting.
- Each community has their own issues that a training program would need to address in order to be effective. Therefore a large scale training model would not be effective
- One approach is to identify the current economic development initiatives, identify the training needs required to support those initiatives and form **community partnerships to address these training needs**. For example in Bella Bella there is interest from the band, the education system and employers to form a partnership to prepare local people for job opportunities
- Effective economic development initiatives should look beyond managing just business and include **social structure management**.

Direct comments on the draft report

- Executive summary should focus on Coastal First Nations communities to provide context for why this report was written. It should note that this report should support the long term development of strategies to support the diversification of Coastal First Nations communities.
- Include a brief section on the long term Economic Development Plans for the First Nations in the plan area. Should note at what stage the communities in the plan area are at in implementing these plans.
- Should also append a map of the plan area to the report.
- Further initiatives Wally noted he would like to see in the report:
 - o Pocket cruises (2-3 day trips)
 - o Independent power producers (IPPs). In particular what would the economic implications be for the proposed power line from the Kliniklini River to Campbell River.
 - o Mining exploration – what are the constraints driving lack of exploration south of Stewart
 - o First Nations art. In particular what could be done to expand further economic opportunities.
- Sylvie noted the project ToR was clear about staying away from plans. For example, the report refers to IPP that are fairly advanced into the EAO process, but IPP plans that are not very advanced were not included.

Feedback on next steps to draft policy options to address economic development initiative challenges

- **Objective:** The draft report reviewed here provides information about the barriers to economic development initiatives. What we have to do now is to define what the LRF should consider, in terms of policy options to address the barriers these initiatives face.

Need for socio-economic data

- There is a **lack of socio-economic data for communities in the Central and North Coast**. This info is going to be required to measure the effectiveness of actions to assist economic development initiatives. Note it may be a better use of available funds to invest in developing initiatives that are going to have economic benefits than in accurately measuring how bad the economic situation is when we already know it is bad.

- Recommendations to support the collection of socio-economic data in the Central and North Coast via:
 - o An Ottawa based First Nations data collection centre
 - o The application of the Heiltsuk Call Centre model in other coastal communities. All communities have broadband services and the Heiltsuk Call Centre has developed a Tool Kit to set up a Call Centre. Note the Heiltsuk Call Centre works with federal contracts to serve First Nations communities. It was developed as a result of the Skills Development initiative.
- There is a need to publish successful economic development initiatives in the area.

Potential topics

- **Potential topics** for the policy options research might include:
 - o Innovative partnership arrangements to facilitate investment
 - o Financing structures of successful initiatives
 - o Individual training opportunities and models that are successful
 - o Actions government could take to enable this change
- It is hoped that this report **will assist First Nations to gather the funding they need to start economic development initiatives**. In particular the report should include:
 - o general economic developments - structures to help First Nations implement their Economic Development Plans
 - o Actions required by First Nations to participate in shared decision making and resource revenue benefit sharing
 - o Make reference to *The New Relationship* and the *Transformative Change Accord* to fund large scale econ develop and capacity initiatives
 - o Identify actions to implement the *Coast Development Ecological Model*
 - o Identify a method to monitor and evaluate economic development achievements
- Identify and discuss the linkages and **relationships between different stakeholders involved in economic development initiatives**. In particular how do larger scale initiatives fit into the economic development initiatives currently described in the draft report. For example a Forest and Range Agreement (FRA) licence holder's end product is logs. This licensee needs a buyer for the logs. The buyers need to have secondary processing facilities that will make money.
- Discuss how **partnerships can assist in sharing the investment of increased EBM costs**. Note EBM is driving co-management. There are opportunities through relationships to develop certain sectors
- Identify viable business opportunities
- There is an opportunity to show that forests have been cut with EBM to attract an eco-market. Note there is only a market for this in Europe. Suggested investing if there is an interest in **regional EBM branding** to reach international markets. Supernatural BC is a brand and there is regional branding for eco-tourism. This idea of branding has been discussed for Haida Gwaii but they haven't pushed the frontiers of this. Note the **Great Bear Rainforest** brand is known. People want EBM to be successful but do they want to pay for it?
- The **cost structure of natural resource management** needs to be reduced because EBM is going to increase costs.
- Recommend **strategies for developing IPPs** that support the communities they are based in and give First Nations opportunities to lead that process. Power is a major limiting factor for some communities, especially those dependent on diesel generators.
- **Better ferry systems and proper ferry facilities** should be recommended to facilitate economic development. Note the currently limited, costly transportation issues are only going to get worse with increased fuel prices and environmental taxes.
- Research to investigate the environmental and social **implications of open ocean ranching** (currently practiced in Alaska) and the policy constraints that would need to be addressed to implement such initiatives.

- Policy recommendations to provide **First Nations first opportunities for tenures in their traditional territory** to encourage local operators. Tenures could include:
 - o transmission line passes
 - o heli-skiing
 - o rod days
 - o park guiding days
- Introduce policies and programs that support those people that are ready to be entrepreneurs from the ground up. This involves **bottom up support specific to individuals and communities** for smaller projects). CST Trustee (Eric van Soeren notes that most First Nations are ready for bottom up support. This could involve providing outreach capacity between individuals, the CST, and the New Development Trust. Note some community futures offices are good at working with individuals, others are not.
- **Wage subsidies:** There should be focused training for jobs that already exist. Note it is setting someone up for failure if you train them for a job that doesn't exist.