# Economic Development Initiatives - Central and North Coast Regions

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# Project Objectives and Scope

- 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

# Four Different Industry Types

- Existing Industries Facing Difficulties
- Existing Industries that are Growing
- Newly Emerging Industries
- Potential Industries with Little Current Momentum

# Industries Facing Difficulties

- Forest Industry
- Commercial Fishing

# Forestry

- Timber Harvest Volumes
- Community Forests and Forest and Range Agreements (FRAs)
- Examples of First Nations community involvement in Timber Harvesting
- Processing, Manufacturing & Log Sorts
- Constraints Facing Industry Growth

# Timber Harvest

| 3 Year Average Estimated Harvest as a % of AAC by Type of License | AAC (December 2005) | 2003 to 2005 Data | | 2007 Harvest MOFR | % Drop - 2007 vs. 2003 to 2005 Avg |
|---|---|---|---|---|---|
| | | 3-Year Average Harvest | 3 Year Average Harvest as a % of AAC | | |
| **North Coast TSA (Excludes TFL 5 - Block 5)** | 546,624 | 437,695 | 80% | 292,282 | 33% |
| **Central Coast:** | | | | | |
| Mid-Coast TSA | 795,000 | 618,893 | 78% | 459,380 | 26% |
| Kingcome TSA - Mainland Portion Only | 1,043,132 | 1,083,686 | 104% | | |
| Strathcona TSA - Mainland Portion Only | 45,581 | 36,971 | 81% | | |
| TFLs | 1,215,340 | 888,330 | 73% | | |
| **Sub-Total - Central Coast** | 3,099,053 | 2,627,880 | 85% | | |
| **NC and CC Total** | 3,645,677 | 3,065,575 | 84% | | |

Note: 2008 AAC for NC is 400,000 m3 and for MC is 768,000 m3

Source: Pierce Lefebvre Consulting based on MOFR data

# FRAs

- Most First Nations have FRAs (or FROs)
- Per capita harvest and funding
- Cover 3.9 million m3 over 5 years
- Limited harvest
- Variety of reasons: markets, high harvesting costs, volume based (not area-based), capacity, and other
- Not all F.N. harvest is from FRAs

# Examples of First Nations Forestry Involvement

- Gitga'at – joint venture with Triumph Timber, 10 employees for 3-4 months each year
- Lax Kw'alaams Nation – band-owned company harvests 400,000 m3+ per year mainly through use of contractors
- Examples of other FNs active in forestry: Metlakatla, Haisla, Kitasoo, Oweekeno, Homalko

# Constraints

- Access to resources in viable operating areas
- Costs and Competitiveness
- Planning Process Requirements
- Access to Markets and Market Knowledge
- Need for Longer Term or Renewable Tenures
- Access to Capital
- Social Issues, Capacity and Training

# Commercial Fishing

- Traditionally important economic sector
- Decline in salmon stocks and catch
- Growth in other fisheries – shellfish, halibut, geoduck clams
- F.N. hold 31% of all jobs in commercial fishing
- Various hatcheries provide local employment
- DFO buy-back program
- Under-utilized fish processing capacity

# Newly Emerging Industries

- Shellfish Aquaculture
- Independent Power Production

# Shellfish Aquaculture

- In BC, mainly Pacific oysters and Manila clams and mainly on V.I. – 300 licensed companies, 550 culture sites
- Coastal First Nations: regional implementation strategy, 9 pilot sites for scallop aquaculture, 2 trainees per site
- Constraints: remoteness although may be asset for water quality, transportation costs, capital investment, management skills

# Independent Power Production

- Not likely major employment but may provide cheaper & cleaner power than diesel; Benefits Agreements with First Nations
- Many hydro-electric – run-of-river projects such as Nascall River (near Bella Coola), Klinaklini River (Knight & Bute Inlet), Crab Creek-Europa Creek (near Kitimat), etc.
- Wind projects: NaiKun Wind (Hecate Strait), Katabatic Power (Banks Island and Mount Hays)
- May be spin-off jobs related to wind power development

# Existing Industries That are Growing

- Tourism and Commercial Recreation
- Transportation
- Mining
- Finfish Aquaculture
- Services

# Tourism and Commercial Recreation

- Front country tourism
- Lodges and resorts
- Selected examples of tourism initiatives in First Nation communities
- Tourism infrastructure
- Constraints

# Front Country Tourism

- In 2001: approx. 15% of employment and 7% of income – behind public sector & forestry
- Likely significant growth since 2001
- 2004 opening of Northland Cruise terminal in Prince Rupert – 65 ships – 103,000 passengers
- More involvement from First Nations – e.g. Metlakatla: Seashore Charters
- Dependent on infrastructure e.g. ferries, roads, etc.

# Lodges and Resorts

- Approx. 125 saltwater fishing lodges in Coastal BC - 30 on North and Central Coast
- More involvement of First Nations in last 5 years:
  - Gitga'at (Hartley Bay- guides for King Pacific Lodge & West Coast Resorts),
  - Heiltsuk (Bella Bella – Koeye Lodge),
  - Homalco Nation – hope to develop high-end lodge (60 jobs) through regional Coastal First Nations strategy to develop series of lodges
- Constraints: 2008 economic conditions: higher C$, US recession, fishing results, capital investment

# Development of Tourism and Infrastructure

- Significant investments in last 10 years: e.g. wildlife viewing towers, trails, recreation sites, etc.
- Dependant on BC Ferries
- Many interviewees noted lack of funding for infrastructure

# Constraints to Tourism

- Lack of skills
- Lack of capital – floating sportsfishing lodge requires approx. $3 million, small sportfishing boat requires $40,000+; small cruising boat: $200,000+
- Seasonal nature of industry – short season
- Community attitudes

# Transportation

- Prince Rupert Port – new container facility and development at Ridley Island Terminal
- Port of Kitimat – proposal for Kitimat LNG and other projects
- Ferry and barging services
- Constraints: economic viability

# Mining and Mineral Processing

- Mining exploration in BC has grown tenfold since 2001 ($29 million) to $416 million in 2007
- Mainly in BC Interior and Pacific Northwest
- Some sand and gravel projects along Coast
- Generally North & Central coast communities have not been attracted to mining as econ. dev'mt initiative.
- some discussions between F.N. and Association for Mineral Exploration BC on mining protocol

# Finfish Aquaculture

- Klemtu salmon farm and associated processing operations employ 50 people from the local communities; was a significant factor in the decline in unemployment amongst the Kitasoo
- Kitkatla First Nation in association with Pan Fish had applications for sites near the mouth of Skeena River – Provincial moratorium on any development north of Klemtu

# Services

- Services to Local Communities
  - Broadband Internet
  - Socio-Economic Data Gathering
  - Training
- Service Exports
  - Fine Arts
  - Call Centre

# Training Institutions

- Skeena Native Development Society
- Federal funding – HRDC
- Community colleges and universities offer specific training to F.N.; for example:
  - Malaspina re. aquaculture
  - UBC re. aboriginal entrepreneurship
  - Simon Fraser re. training strategies
- Other programs: for example:
  - Discovery Community College: carpentry program in Bella Bella;
  - Kitimat Valley Institute: joint venture with Haisla and Alcan

# Previously Identified Potential Industries Showing Little Progress

- Non-Timber Forest Products
- Fresh Water Exports
- Ocean Ranching of Salmon

# Non-Timber Forest Products and Agriculture

- Pine Mushrooms:
  - Northeast of Prince Rupert (border Nass Valley), Bella Coola Valley and NW of River's Inlet
  - Mainly individual pickers & a few buyers along Coast
  - Reduced activity in recent years
  - Distributors: e.g. Emperor Specialty Foods (Richmond), Cowichan – Quw'utsun Wild Foods (Cowichan First Nation, Duncan)
- Other NTFP
- Community Gardens & Other Agriculture
- Major constraints: remoteness of communities, transportation costs, lack of licensing and regulations

# Drinking Water Exports

- Was an initiative to export water from Link Lake near Ocean Falls but federal restrictions on bulk water exports reduced the viability of this venture

# Ocean Salmon Ranching

- Including hanging lake seeding and river fertilization
- Identified in several econ. development strategies, but little apparent progress

# Specific Community Initiatives

- Prince Rupert
- Kitimat
- Hartley Bay

# Prince Rupert

- Population: 13,392 (2006)
- Decline of 12.5% in population since 2001, and 23.3% since 1996
- Shutdown of pulp & paper (Skeena) & woods products manufacturing and decline in fish processing
- Growth prospects: port container facility and tourism – cruise ship sector

# Kitimat

- Population: 10,285 (2006)
- Decline of 12.6% in population since 2001, and 19.3% since 1996
- Eurocan Pulp and Paper remains in operation
- Decline in Alcan employment
- Growth prospects: LNG terminal, $2 billion investment at Alcan

# Example of F.N. Community: Hartley Bay - Gitga’at

- Population:
  - 156 (Canada Census 2006); down 3.1% from 2001
  - 190 ( SNDS 2006)
  - Band membership 661 (SNDS 2006)
- FRA: 290,000 m3 - 2 yrs to negotiate chart area; waiting for markets to improve to harvest timber
- 10 Gitga’at work at King Pacific Lodge each yr
- Gitga'at have agreements with various lodges operating in traditional territories
- Have community fishing licenses, shellfish aquaculture pilot site and fish hatchery

# Summary and Conclusions

- Initiatives on many fronts – forestry, commercial fishing, aquaculture, tourism, IPPs
- Main constraint is economic viability in all sectors – forestry, tourism, aquaculture
- F.N. are becoming more directly involved
- Declining employment in northern cities creates strong competition for new jobs
- Instability in Band management and community leadership stifle development
- Bureaucratic processes stifle development

# Four Different Industry Types

- Existing Industries Facing Difficulties
  - Take a bigger role in what's left
  - Contribute to turnaround
- Existing Industries that are Growing
  - Nurture what's there and provide conditions for growth
- Newly Emerging Industries
  - Get in on ground floor
- Potential Industries with Little Current Momentum
  - Is industrial scale development possible?