

**Regional District of Mount Waddington
Economic Development Strategy
UPDATE
December 2007**

Prepared for:

**Community Futures Mount Waddington
for the
Regional District Mount Waddington**

Prepared by:

**Bruce D Rutley PhD PAg
Ryan D Rutley BA
Rutley Ventures Ltd.
#320 – 900 Tolmie Avenue
Victoria BC V8X 3W6**

www.rutleyventures.ca



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Contact:

Regional District of Mount Waddington
Box 729,
2044 McNeill Road
Port McNeill BC V0N 2R0
250-956-3301
info@rdmw.bc.ca

Ms. Evelyn Clark, General Manager
Community Futures Mount Waddington
#14– 311 Hemlock Street Box 458
Port McNeill, BC, Canada V0N 2R0
Tel: 250.956.2220
Toll Free: 1.877.956.2220
cfmw@telus.net

Bruce Rutley PhD PAg, President
Rutley Ventures Ltd.
#320-900 Tolmie Avenue
Victoria BC V8X 3W6
Tel: 250-882-7766
bruce@rutleyventures.ca

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Executive Summary

This report contains the results of an update of the Economic Development Strategy for the Regional District of Mount Waddington (RDMW) in British Columbia. The Coast Sustainability Trust and the Government of Canada's Community Investment Support Program provided funding for this project which was administered by Community Futures Mount Waddington, Port McNeill, BC and conducted by Rutley Ventures Ltd., Victoria BC.

The purpose of the current report was to update the Strategy and Action Plan developed in 2004 in order to focus the Regional District of Mount Waddington's economic development initiatives for the next 3 to 5 years. Developments within the local and global economy since March 2004 were sufficiently significant to warrant the update. Key regional developments since 2004 included consolidation of the forest harvest industry in response to the Forest Revitalization Plan (2004), ongoing First Nations treaty negotiations, further declines in wild salmon stocks, consolidation of fish processing facilities, continued population loss and reduction of government services within the region.

Significant economic events that have transpired during the course of this project (September through December 2007) include: record high and highly fluctuating value of the Canadian dollar; the record price of crude oil and gold, Canada's decades low unemployment rate/lay-offs in the manufacturing sector, China's rumblings about selling off \$1.4 trillion US and changing to the Euro, recent concern on a recession in the US economy.

In response to the constant changing of events and the insights gathered during interviews with key industry sector leaders, the authors chose to develop this Update as a working document, rather than a standard report for publication. A new Action Learning™ based process developed by the authors by which the Regional District of Mount Waddington can make decisions related to its strategic priorities is described. This process includes a What's Next™ Workshop. Therefore, a companion document will be developed in a manner suitable for publication and posting on the RDMW website. The Update document has then become the reference document.

Approach

Both sector-by-sector updates and insights into the North Vancouver Island economy in general were obtained by interviewing persons who were considered i) leaders within industry sectors in the North Island who have some vision about a future for the economy of the area and ii) industry sector leaders from outside the area that could supply linkages and vision about a North Island that is not separate from the rest of the Island and indeed the world.

Additional insights were obtained from review of a number of reports that had been completed subsequent to the Penfold (2004) report. As the Canadian Census (2006) was completed since the original strategy was developed, it was determined that providing a glimpse at key trends between 2001 and 2006 would provide additional insights.

Trends

North Island population trends reflect a pattern of out-migration consistent with a slowing regional job market. The population of the RDMW dropped 11% between 2001 and 2006 (13110 to 11650) compared with a province-wide growth in total population by 5%. There was a 4.5 year increase in the average age of the population (from 35.5 to 40). Population

declined within every age category – age 44 and younger, while every category, age 45 and older increased. This trend is also supported in that the region lost fully 9% of its families between 2001 and 2006.

Update – Studies and Developments

Relevant studies completed since 2004 were reviewed and new developments were described. One significant investment in the shellfish industry that would result in \$2 million in sales and 10-20 jobs was described. With respect to post secondary education and training needs (as at June 2006) several clear statements can be drawn: i) 79% of the region's 2006 graduating classes students want to leave the region and 80% of the 2010 graduating class plan to as well; ii) a skills shortage was evident (especially trades related) and there was a 2.9% job vacancy rate within interviewed employers.

Key developments included: the demise of the Vancouver Island North Visitors Association; discussions related to changing the boundaries of the Regional District of Mount Waddington (vis-à-vis RD Comox-Strathcona); and the formation of the Vancouver Island Economic Alliance.

Sector Updates

A series of questions was developed in order to direct the face-to-face or telephone interviews that were conducted between October 3 and 9, 2007. Thirteen (13) persons were available for interview; nine (9) live and work/own a business in the region while five (5) live outside of the region and either i) own or manage a North Island based business, or ii) manage an association with North Island based members. The persons either directly employ or represent approximately 2500 people within the North Island region

The majority of those interviewed were optimistic about the North Island economy. With respect to what they thought had changed in the past three years responses ranged from 'nothing' to 'everything – old norms are going.' When asked to provide a 'heads-up' on future events the impact of the Canadian dollar was the dominated. Infrastructure needs were identified (frequency) as: some form of improvement to the regional transit/transportation system (5); improvement in the power grid (3); changes to harbour facilities (2); complete high-speed internet access throughout the region (2); shortage of skilled labour (2); nothing missing/capitalize on what we have (2); post secondary education (2); and one each related to accommodations (more 3 star facilities); settle treaty negotiations; medical / hospital upgrades; infrastructure (Port Hardy sewer system upgrade); and increased shopping options.

There was no one next 'big opportunity' for the regional economy in the mind of the industry sector leaders however one respondent thought that the next 'big opportunity' would probably be a "lot of small things". Barriers to business development (frequency) were identified as: attitudes ('old school'; 'FLM – extraction mentality'; governments not working together) (3); air transportation (price and frequency) (2); oil and gas moratorium (2); none (2); skilled labour shortage (1); location (isolation) and climate (wet) (1); structure of the Economic Development Commission (lack of business representation) (1); post secondary education (need more) (1).

'What would you tell the Economic Development Commission if you had an opportunity to speak with them', resulted in many passionate responses. What was clear from these comments is that i) there was no consensus around what areas of the economy on which to

focus, and ii) that many of the industry leaders spoke strongly about the need for a change in structure of the current Economic Development Commission.

Sector-by-sector updates are detailed for fourteen (14) sectors of the regional economy.

Foreign Direct Investment - Investment Attraction

Respondents had little trouble identifying features of the region that could be used for investment attraction although no features were held in common by the majority of respondents. While most industry leaders had an answer to the question related to who the region needs to talk to regarding investment attraction, none indicated that they had a 'good' answer and no specific investment firms, companies or sources were identified.

Benefits of further investments in the tourism industry, opportunity in the wood preservation component of the value-added forest industry, challenges to investment in the aquaculture sector and opportunity within the independent power production sector were described.

First Nations

The most significant change with respect to the First Nations since the 2004 Strategic Plan was developed is that the first 'urban treaty in modern-day British Columbia' has happened (Tsawassen First Nation). In the North Island region: the 'Namgis First Nation, and the Winalagalis Treaty Group (the Da'naxda'xw Awaetlatla Nation; the Gwa'Sala-'Nakwaxda'xw Nation; the Quatsino First Nation, and the Tlatlasikwala Nation) are at Stage 4 of the treaty process; while the Tlowitsis First Nation is at Stage 3; and the Kwakiutl First Nation negotiations are in suspension. The Mamalilikulla-Que-Qwa-Sot'em; Tsawataineuk; Kwicksataineuk ah' kwaw ah misa Nations and the Gwawaenuk Tribe also reside in the region and will be part of the treaty processes that will impact the North Island economy.

The RDMW needs to prepare for engagement with regional First Nations to the point that strategic priorities related to economic development are created jointly (seamlessly). In order to accomplish that goal, serious efforts are first required towards the formation of meaningful partnership agreements. How those steps are taken is probably more important than what steps are taken. Lessons are available from the Community Futures British Columbia (CFBC) Aboriginal Engagement process and from the experiences of the Regional Districts in North Eastern BC (Northern Rockies, Peace River) who work within Treaty 8. It is noted that there is at least one significant difference between NE BC and RDMW – that the RDNR and PRRD are affiliated with only one treaty agreement (Treaty 8) whereas the RDMW will be subject to a yet-to-be-determined number of treaties, therefore there will be the added complexity of working with more than one treaty.

Discussion

The most significant implication to draw from recent events is that the market is inherently unpredictable. The market has always surprised even the most skilled analysts, and it will become less predictable as it becomes more complex. Even perfect knowledge of market conditions does not guarantee perfect predictability, and better information yields only better inaccurate predictions. It is an unpopular truth that more information often leads to less (not more) understanding.

We believe the RDMW is in a favourable position. Recent dramatic changes in economic trends have coincided with an update of their economic development strategy. The RDMW

has an opportunity to take advantage of new perspective and take action in a new economic context, while other regions will be forced to adapt later on. Rapid changes in the economy are also happening at a time when the RDMW has a new Chair and a new Manager of Economic Development. This is an opportunity for the RDMW to make a fresh start, and to ask itself three key questions: Where/who do we want to be in the end? (vision); how can current conditions work to our advantage?; where do we start? We recommend that you start with focus of effort.

In addition, it was recognized that there were more goals and objectives (from the 2004 Strategy and Action Plan) and recommendations from this update that the Regional District of Mount Waddington can realistically action with its current level of resources. Therefore,

Recommendations

Therefore, determining focus of effort, setting strategic priorities and engaging First Nations have emerged as the key recommendations. Development of regional standards of operation, a regional profile (and or economic development Atlas), and taking action to develop and remove barriers to economic development are also important.

Recommendations related to foreign direct investment (tourism, forestry, aquaculture, and independent power production), regional economic development and tourism follow. The final recommendation is related to participating in a workshop designed to facilitate decisions around focus of effort, strategic priorities and all other recommendations.

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Preface

The information and recommendations included in this report are those collected and made solely by Rutley Ventures Ltd., Victoria BC. Every effort has been made by the senior author (Bruce D Rutley PhD PAg) to provide the information received from the industry sector leaders as accurately, completely and when required, as confidentially as possible. It was the authors' goal to provide fair representation and in the proper context.

Acknowledgements

The authors would like to thank Evelyn Clark, General Manager, Community Futures Mount Waddington for the opportunity to assist CFMW in the completion of this UPDATE for the Regional District of Mount Waddington, to Greg Fletcher, Administrator Regional District of Mount Waddington for his confidence and direction; and to Neil Smith, Manager of Economic Development, Regional District of Mount Waddington for his diligent editing and guidance with the Final Draft of this report.

In addition, the Senior Author would like to extend his thanks and appreciation to the industry leaders who took the time to meet with him and provide their candid insights into the North Vancouver Island regional economy and what is on the horizon for their industry sector. In particular, the frankness of what they would say to the Economic Development Commission was not only insightful but instructive.

Quotes

A new model [for economic development] is needed. The old model worked then, but things have changed. ¹

A conscious decision to escape is needed or we will continue to be a resource frontier zone for the south. ¹

The region is set for quite an extended period of development. ¹

Bring it. We don't care what is coming but whatever it is we know we will succeed. ¹

A new economy should not be built of the destruction of another economy. ¹

*If you want to be incrementally better be competitive.
If you want to be exponentially better be cooperative.*
Author Unknown

*Watch for, nurture and support the conditions that
generate flow and lead to tipping points.*
Getting to Maybe – Westley, Zimmerman and Patton

*Whatever you may think of the question of free will,
the truth is your experiences throughout your life are
determined by your assumptions
– whether conscious or unconscious.*
Nerville, The Power of Awareness

¹From interviews with North Island sector leaders.

Regional District of Mount Waddington Economic Development Strategy UPDATE December 2007.

Foreword

The key changes at the Regional District (new chair; new Manager of Economic Development) and significant economic events that have transpired (the highly fluctuating value of the Canadian dollar; the record price of crude oil, Canada's decades low unemployment rate/lay-offs in the manufacturing sector, China's rumblings about selling off \$1.4 trillion US and changing to the Euro, recent concern on a recession in the US economy) during the course of this project have encouraged us that the course of action that we chose to undertake was the right one (the Update as a working document). If ever there was a time to make a shift in the approach in 'planning' we believe it is now in the presence of these ongoing unpredictable events which are all coming to a head in the midst of the ongoing 'War on Terror' and at a time of significant political upheaval in the near East (Afghanistan, Pakistan) and now Africa (Kenya)

The old approach to planning whereby you scan the environment, make assumptions based on that scan that you 'know/think' will hold for a period of years and then set strategies, develop plans and take action, seems to have passed us by (at least for the next few years) and is symptomatic of the development of the global economy.

We wish to note that many of our recommendations require decisions and action. Some will take some time to complete while others can be done relatively quickly and will help provide focus for the others. So . . . we offer, as part of this existing project, a meeting (What's Next Workshop) with the Regional District in order to facilitate decision making, setting priorities and determining action related to implementation of recommendations.

Finally, subsequent to the What's Next Workshop, a companion document will be developed (i.e. 'Strategic Direction for the Regional District of Mount Waddington - 2008') that summarizes the decisions made relative to priorities and action. This will also be a more suitable document for posting on the RDMW website.

Introduction

The 2004 Strategy

“The purpose of the 2004 Strategy and Action Plan was to develop a set of priorities and implementation actions that will focus the Regional District of Mount Waddington’s economic development initiatives for the next 3 to 5 years. Th[e] Strategy and Action Plan are based on integrating the key recommendations from previous reports and studies, a review of current projections for the key sectors, and comments and suggestions from interviews with individuals in the region or associated with activities in the key sectors.”¹

It was determined that the jurisdiction of the Regional District and its constituent municipalities were limited in terms of any direct authority to influence the major global events that were shaping conditions within the region at that time (911; SARS, restructuring of the fishing industry, softwood lumber dispute), and that they had little control over activities on Crown land and waters.

It was however, identified that the Regional District could undertake the following:

i) Advocacy (with senior governments for economically beneficial and sustainable approaches to resource use and management); and ii) Land Use Planning (ensure land and services are available for development); iii) Infrastructure (develop it); iv) Research and Information (undertake studies or research); v) Organizational Development (initiate); vi) Promote (the region); and vii) New Responsibilities (expand roles and responsibilities within the limits of the Local Government Act or other legislation to take a more direct role in regional economic change).

“The goal of th[e 2004] Strategy is to retain current jobs, and support activities and initiatives that will create new jobs, expand current businesses, and attract new investment, businesses or other economic activity to the region. The key sectors that this Strategy focuses on are forestry, aquaculture, tourism, independent power projects, the commercial fishing industry, offshore oil and gas, infrastructure and First Nations.”² While Penfold et al. stated that “strategies [we]re targeted within the scope of jurisdiction [RDMW] outlined above” it would appear (with the benefit of hindsight) that many of the stated strategies and

¹ Penfold, G.E, B. Salter and D. Carley. 2004. Regional Economic Development Strategy for the Regional District of Mount Waddington – March 31, 2004.

² Ibid. page 1.

objectives were within the geographic jurisdiction of the Regional District, they were not all within their control – at best, the Regional District could only hope to influence outcomes.

Approach

Both sector-by-sector updates and insights into the North Vancouver Island economy in general were obtained by interviewing persons who were considered i) leaders within industry sectors in the North Island who have some vision about a future for the economy of the area and ii) industry sector leaders from outside the area that could supply linkages and vision about a North Island that is not separate from the rest of the Island and indeed the world.

Additional insights were obtained from review of a number of reports that had been completed subsequent to the Penfold (2004) report. They are referenced appropriately throughout this report.

As the Canadian Census (2006)³ was completed since the original strategy was developed, therefore, it was determined that providing a glimpse at key trends between 2001 and 2006 would provide additional insights that would contribute to the development of a more comprehensive strategy. Those demographic trends are presented first.

Trends and Updates

1. Trends

The last few years (and broadly, the last 30 years) have been characterized by uncertainty about the future of resource industries, loss of jobs, and overall weakening of the Canadian economy. After the initial benefits of the North American Free Trade Agreement, and the high demand for Canadian forest products after hurricane Andrew, the North Island in particular has suffered the consequences of reliance on resource extraction in a slowing BC economy and a changing global economy.

Closure of the Port Hardy mine (Island Copper) in 1996 represented the loss of a major employer, and thousands of residents left the region as a result. Changes in wild fish populations and changes in regulation as a consequence, have taken most commercial fishers

³ <http://www12.statcan.ca/english/census/index.cfm>

out of the industry. Similar employment declines and business consolidation in the forest industry underscores the region's challenges related to continued dependence on resource extraction as the mainstay of the regional economy.

Recent population trends for the Regional District Mount Waddington, a pattern of out-migration consistent with a slowing regional job market (see Table 1.1), contrasts sharply with previous decades of growth (1976, 12840; 1981, 15114; 1984, 16031), then stability (1986, 15508; 1991, 14293; 1996, 15194)⁴. 1996 was the same year that the Island Copper mine closed and the population of the RDMW has been declined every year since. By 2001, the population was 13110 and dropped a further 11% by the 2006 Census (11650). This represents a 23% decline since Island Copper closed and a 27% decline between the year of the population peak (1984) and 2006. Population in 2007 is listed as 12288 but may be as much an artifact of data reporting rather than an actual increase in population.⁵

The recent decline between 2001 and 2006 was not consistent across the population. There was a 4.5 year increase in the average age of the population (from 35.5 to 40) (see table 1.1). Examining population by age class, reveals that population declined within every age category – age 44 and younger, while every category, age 45 and older increased. By comparison, BC showed a province-wide growth in total population by 5% in the same time frame (see Table 1.2)

This suggests that young people are leaving, and those that stay tend to be older (remember, 53 year-olds in 2001 were 58 year-olds in 2006; and that stagnant populations skew older). Strikingly, the two age groups that show the greatest loss are age categories 25-44 (down 27%) and 5-14 (down 24%) -- working-age families are leaving, and taking their school-age children with them. The loss of fully 9% of families in the RDMW between 2001 and 2006 corroborates this interpretation. Growth in categories that encompass recent retirees (55-64 at 25% and 65-74 at 32%) reflect the North Island's attractiveness as a place to retire.

⁴ BC Statistics – see <http://www.bcstats.gov.bc.ca/DATA/pop/pop/estspop.asp>

⁵ Determining population count within the Regional District of Mount Waddington is an ongoing challenge for the RDMW. As example, in 2006 BC Stats listed the RDMW population as 12341; Statistics Canada data reports 11650 and the Census 2006 community profiles data sums to 11183. That there has been a significant drop in population however, is not in doubt.

The discouraging picture painted from the 2006 Census doesn't, however, reflect today's economic reality. Dramatic changes have taken place since Census Day on May 16, 2006. On that day, the Canadian dollar⁶ closed at US\$0.9026, having days before broken the US \$0.90 mark for the first time since the late 1970s. One year later, May 16, 2007, it closed at a similar rate, US\$0.9059. Since then it has taken a dramatic upward turn and subsequent slide. On September 28, 2007, it closed above par with the American dollar, at US\$1.0052, for the first time in 30 years. On November 7, the Canadian dollar set a modern-day record at US\$1.1024, the highest mark since the United States dollar temporarily abandoned the gold standard in 1864. Yet by November 26 it returned to par and seems to have 'settled' there for now (e.g. \$1.0088, Dec 31, 2008). For what its worth, recent forecasts are for the Canadian dollar to continue to soften relative to the American dollar through 2008.

The striking rise of the Canadian dollar is in part due to rising crude oil prices, which hit an all-time record in trading of \$98.62 on November 7, 2007. (By the time this report is filed, it will likely have breached US\$100⁷.) It is also due to the overall strength of the Canadian economy, reflected in a 33-year low unemployment rate of 5.8% nationally, 4.4% in BC, as of October 2007. Data indicating the current unemployment rate in RDMW is not readily available, but the unemployment rate has been decreasing steadily from 8.7% in 2001 through 6.8% in 2004, consistently higher than the BC average by only a few tenths of a percent (see Table 1.3). If the apparent trend holds, the unemployment rate of RDMW may currently be near 5.0%.⁸ (see also the RDMW 'job vacancy rate' discussion in section 2.3).

The biggest story in an update of the economic picture of the North Island, BC, or all of Canada, is the emotional shift that has been building for about a year, and that has crystallized during the fall 2007. Although the future of resource industries remains uncertain, a strengthening Canadian economy has affected the mood of Canadians, including North Islanders. What we have seen recently, especially through late summer and into this fall, has been a growing hope and optimism. As an example, in October 2007, when

⁶ Bank of Canada www.bank-banque-canada.ca/en/rates/exchange-look.html

⁷ It reached US\$100 February futures price January 1, 2008 – see <http://sify.com/finance/fullstory.php?id=14583942>

⁸ Sources: www.wikipedia.com, news.bbc.co.uk, www.cbc.ca, www.bankofcanada.ca.

interviews for this report were conducted, several North Islanders commented on the amount of new vehicles around town. Although data to compare RDMW's performance to the rest of the province are unavailable, a turnaround is apparent in day-to-day interactions.

Table 1.1 RDMW Population by age and selected census data, comparison of 2001 to 2006

	2001 Census	2006 Census	Change	% Change
Total population	13110	11650	-1460	-11%
Age 0-4	870	725	-145	-17%
Age 5-14	2120	1590	-530	-25%
Age 15-19	1080	930	-150	-14%
Age 20-24	755	605	-150	-20%
Age 25-44	4065	2985	-1080	-27%
Age 45-54	2185	2205	20	1%
Age 55-64	1285	1610	325	25%
Age 65-74	525	695	170	32%
Age 75-84	190	255	65	34%
Age 85 and over	50	50	0	0%
Median age of the population	35.5	40	4.5	13%
% of the population ages 15+	77.2	80.1	2.9	
Total private dwellings	6012	5861	-151	-3%
Total number of census families	3715	3375	-340	-9%

Source: Statistics Canada; 2006 Census of Population & Statistics Canada, 2001 Census of Population

Table 1.2 BC selected census data, comparison of 2001 to 2006

	2001 Census	2006 Census	Change	% Change
Total population	3907738	4113487	205749	5%
Median age of the population	38.4	40.8	2.4	6%
% of the population aged 15+	81.9	83.5	1.60	
Total private dwellings	1643969	1788474	144505	9%
Total number of census families	1086030	1161420	75390	7%

Source: Statistics Canada; 2006 Census of Population & Statistics Canada, 2001 Census of Population

Table 1.3 Comparison, unemployment rate RDMW to BC, 2001 and 2004

	RDMW	BC
2001	8.7%	8.5%
2004	6.8%	6.4%

Rutley, B.D. and R.D. Rutley 2006. North Island Post Secondary Education Needs Assessment. An unpublished report to the North Island Post Secondary Education Committee of the Regional District of Mount Waddington, Port McNeill BC, 2006

2. Updates - Reports and Developments

A number of reports were completed subsequent to the Penfold (2004) Strategy. What follows is not intended to be a comprehensive summary of those reports only relative insights.

2.1 Final Report – Shellfish Investment Attraction Marketing 2004/2005

This report was part of “the New Marine Frontier Project was an initiative of the Vancouver Island Economic Developers Association (VIEDA), a partnership of Vancouver Island/Coast community Economic Developers that work together to advance the needs of their respective local economies.”⁹ The marketing plan set goals for success based upon “experience, budget and time available for completion.” This action resulted in one significant investment that would result in \$2 million in sales and 10-20 jobs. Vancouver Island as the New Marine Frontier is featured in their website www.shellfishwest.com.

2.2 BC Skills Force Initiative Final Report¹⁰

A report of the Community Futures Development Association of British Columbia and the BC Chamber of Commerce describes the skills deficits and their effects on the economy. Data for the North Island region is included within the Vancouver Island-Coast region of BC. Recurring themes include: vacant positions, need for trades people, older workers are unwilling to retrain, the school system is not producing the skills that businesses require, and

⁹ Salter, B. and Plester, S. 2005. Final Report – Shellfish Investment Attraction Marketing 2004-2005. An unpublished report for the New Marine Project of the Vancouver Island Economic Developers Association.

¹⁰ Wiest, P. and Trepanier, R. (2005). The BC Skills Force Initiative Final Report. Prepared for the Community Futures Development Association of BC.

attitude has become a key condition of hiring. They also noted that the impact of an aging workforce was that the business owner must do more work.

2.3 North Island Post Secondary Education Needs Assessment

More specific information related to the region's current and future labour force and its impact on the economy is available from the North Island Post Secondary Education Needs Assessment.¹¹ This report (June 2006) was sponsored by the North Island Post Secondary Education Committee within the Regional District of Mount Waddington British Columbia identified needs and preferences of 190 North Island grade 12 and grade 8 students and 45 regional employers.

It would appear that the trend (as documented in the 2006 Census) for young people to leave the region will continue into the future as 80% of Grade 8 students (2010 graduation class) plan to leave the region upon graduation, and is equivalent to the 2006 graduation class (79%). Results from First Nations students indicate a stronger desire to stay in the region than that seen in non-Aboriginal students, but 66% still indicate a preference to leave.

Meeting the post secondary needs of the North Island region's students remains a challenge as 83% of grade 12 students report barriers to attending post-secondary, with 34% reporting multiple barriers. The pattern is virtually identical for grade 8 students. Cost is the most frequently reported barrier (52%) followed by meeting entry requirements (28%) difficulty in finding an appropriate program (22%), and distance (21%). It was concluded that increased costs associated with leaving the region for post-secondary education would result in an increase in demand for programs to be delivered locally, however, there was lack of confidence that that would actually occur.

Several clear statements can be drawn from the results of employers' surveys. First, post secondary education and training is something that is strongly supported by regional employers. Regional employers have ideas related to new programs of study for the North Island region and many of them were willing to help make them happen. The majority have

¹¹ Rutley, B.D. and R.D. Rutley 2006. North Island Post Secondary Education Needs Assessment. An unpublished report to the North Island Post Secondary Education Committee of the Regional District of Mount Waddington, Port McNeill BC. June 2006. 38 pp and 25 pp appendices.

“all work force development training happening within the North Island Region” as a business goal. They are also willing to re-direct their out-of-region work force development expenditures to in-region training as long as concerns related to course availability and quality of instruction are met. A coordinated function would be welcomed.¹²

2.4 Vancouver Island Economic Alliance

“The Vancouver Island Economic Alliance¹³ (VIEA), a new collaborative partnership that will spearhead regional economic development for the Vancouver Island region will provide a means for the multitude of communities, First Nations, businesses, and other key stakeholders to collaborate on a broad-based economic development program that improves the region’s overall capacity for growth. . . . The Vancouver Island Economic Alliance ranks labour shortages as a top priority for its members and businesses on Vancouver Island. . . . The role of the Vancouver Island Economic Alliance is to provide regional leadership for business and workforce attraction, retention and expansion as well as promoting initiatives that strengthen regional capacity.”

VIEA is currently undertaking a Regional Economic Analysis project that “will provide baseline data that will allow a meaningful comparative analysis of the economy of the region over the past four Census periods, and identify significant changes and trends in the region. This baseline analysis will assist communities, regional organizations, and government agencies to determine the affect of changes on the local economy. The report could guide all levels of government in the development of policies, programs and initiatives to foster sustainable economic development in the region. The information will also provide the basis for economic development officers to communicate with decision makers and investors to foster sustainable economic development in the region.”¹⁴

¹² Ibid.

¹³ The Vancouver Island Economic Alliance was launched in early 2007 and “works collaboratively to implement a regional economic development model”. See <http://www.viea.ca/>

¹⁴ Personal Communication – Cori-Lynn Carlson, Executive Director.

3. Sector Updates

3.1 Methods

A series of questions was developed in order to direct the face-to-face or telephone interviews that were conducted between October 3 and 9, 2007. Participants were asked questions in order to gain their insights related to the North Island economy in general and a series of questions related to their specific sector of the economy. Responses to the specific questions have been summarized and appear below either as compilations of their comments or as transcribed from interview notes. One participant insisted that his comments be brought forward distinct from others and so they appear as Appendix 1.

A total of 16 persons were identified as industry leaders and 13 were available for interview; nine (9) live and work/own a business in the region while five (5) live outside of the region and either i) own or manage a North Island based business, or ii) manage an association with North Island based members. The persons interviewed either directly employ or are the representative of approximately 2500 people who actually live and work within the Regional District of Mount Waddington.

3.2 North Island General Economic Outlook

3.2.1 How is it going in the North Island region?

The purpose of this question was to obtain the respondent's sense of the situation on the North Island in a general way (their sense of how things were) rather than specific. The majority (8) of the responses to this question were considered positive in outlook (as well as can be considering . . .; solidifying opportunity; performing well; going well; looking optimistic; going well; optimistic; going well), three (3) were characterized as negative (not working; not very well; hurting), and one (1) was 'steady'. For most, there was a sense that things were getting better, that for most areas of the economy the worst was over and as one participant said "the region is set for quite an extended period of development".

.2 What has changed in the North Island region since the Economic Development Strategy was developed (2004).

This questions was designed to obtain their insights on how things have (or have not) changed in the past three years. Key changes in the region were identified as: the change in the value of the Canadian dollar relative to the US dollar; everything – 'old norms are going and we must change'; nothing has changed; massive centralization in the forest industry;

crisis of fish farming; decline in fish wild stocks; economic outlook more bright; aging demographic (new people moving into the region; age of forestry workers); and some sectors are having a hard time recruiting and or keeping staff.

.3 What does the region need to be aware of (factors/events) that will impact the North Island Region in the next 3-5 years?

This question was formulated to provide a 'heads-up' on future events that the respondents thought would impact their sector. Favourable impacts include: a shift in use of forest products (from fibre to bio-fuels feed stocks); increase in tourists from BC, AB and WA); the water act will change everything (opportunity); diversifying populations bring new perspectives; and North Island is the only place left on Vancouver Island that operates on 'Island Time'.

Adverse impacts include: forest industry becoming less competitive; fishing (wild stock) industry will not recover for years; impact of high Canadian dollar; increased cost of real estate impacting young families ability to live/stay in the area; influx of retirees – do not bring growth; centralization of services; shortage of skilled labour; contrary viewpoints.

Another perspective was described as balancing growth within a pristine environment.

.4 What infrastructure remains missing? and or what needs to be done next?

This question was designed to illicit specific infrastructure needs and priorities from the perspective of the industry leaders. Infrastructure needs are categorized and listed in order of frequency of response are: some form of improvement to the regional transit/ transportation system (5); improvement in the power grid (3); changes to harbour facilities (2); complete high-speed internet access throughout the region (2); shortage of skilled labour (2); nothing missing/capitalize on what we have (2); post secondary education (2); and one each related to accommodations (more 3 star facilities); settle treaty negotiations; medical / hospital upgrades; infrastructure (Port Hardy sewer system upgrade); and increased shopping options.

.5 What is the next big opportunity for the North Island Region?

This question was designed to determine if there was a ‘big opportunity’ on the horizon, and to provide a sense of what industry leaders considered big and whether they were describing what was considered existing opportunities or were able to identify new opportunities.

‘Big opportunities’ seen within the existing regional economy include tourism (4); mining (3); fish farms (2); forestry (2) and shellfish (1). ‘Big opportunities’ that were considered new/ not currently active in the region include: (green) energy production (wind, run of the river) and transmission (5); oil & gas including exploration (3); cellulosic ethanol/ bio-lubricants (2); First Nations related (2); formaldehyde free medium density fibre board (MDF) production (1); horticulture (1); gasification (1); manufacture of recreational vehicles (1); modular home manufacturing (1); shellfish production (1); value-added fish products (1); education (1); and nuclear power (1). One respondent thought that the next ‘big opportunity’ would probably be a “lot of small things”.

3.2.6 If you could remove one regional barrier, what would it be?

The purpose of this question was to provide a sense of what industry leaders considered barriers to their regions development. It was expected that common themes across industry perspectives would provide insights into which barriers to address first.

Barriers (frequency) include: attitudes (‘old school’; ‘FLM – extraction mentality’; governments not working together) (3); air transportation (price and frequency) (2); oil and gas moratorium (2); none (2); skilled labour shortage (1); location (isolation) and climate (wet) (1); structure of the Economic Development Commission (lack of business representation) (1); post secondary education (need more) (1).

.7 Which approach to economic development needs a boost within the region:

- a) helping those who want to do something?
- b) infrastructure development? and or
- c) attracting new development?

This question was designed to provide insights into where focus economic development effort should be focused. Support for each activity was equal.

.8 What are you seeing that others aren't seeing?

This question was asked in order to provide a sense of what the industry leader was seeing relative to others in his/her sector and community, and to gain insight into what may be happening that might have been overlooked by the regional government.

Three themes emerged and are characterized as i) specific ideas, ii) opportunity/ optimism/ potential; iii) attitude. Specific ideas were presented by seven (7) and include: ocean ranching; outdoor wilderness tourism; restoration of salmon streams; marine leasing; energy industry; First Nation businesses; relationship is the business. Four (4) saw opportunity, were optimistic compared with others or saw some potential industry.

Four (4) had comments related to attitude: i) forced to open my eyes. There is always a choice to stay and create work or leave (for work). That opportunities are here is a 'no brainer' but people don't understand and most opinions are uneducated opinions (and too many people like it that way). There is a long history of "oh help us" and they can't get over it; ii) belief – that First Nations would act if opportunities were seen but social issues outweigh action. There is a great need for capacity building – the under educated can't be asked to make the type of decisions they are asked to make; and iii) balance – hang onto what we have while getting controlled growth; and iv) esthetics: the need for interior infrastructure (grooming) needs attention – improving the esthetics of our communities will benefit everyone.

Four (4) had no answer to this question – including one who saw the North Island only as a 'nice place to hang out for the summer'.

.9 If you had a chance to speak to the Economic Development Commission you would tell them

This question was designed to provide a number of insights related to what industry leaders that the Economic Development Commission (EDC) members needed to be aware of. It also was designed to see whether or not a consensus (or themes) would emerge around what action the EDC should take. Because of the frankness and clarity of the comments of the industry leaders, they are presented as summarized from the interview process.

- encourage entrepreneurs to take the lead; create an environment favourable to business development – the rest will happen; there is little else you can do other than encouraging people to learn; let business ideas happen naturally; put up a big sign along the highway – ‘RDMW – Open for Business’; transmission lines need to be upgraded; tax breaks to offset many disadvantages within the region.
- That further consistent sustainable investments into destination tourism would yield high returns; do promotion as a region not as individual communities (a regional basis).
- Balance between attraction and maintain existing business; effects of environmental movement – have you bought into them?; over relying on environmental movement – they are OK as a watchdog, regulations control and guide and it is important for the Regional District to set the conditions for doing business in the region; it is important to recognize most of the environmental concerns are already addressed through regulations.
- Know what the golden egg is then present it; economic hub to keep people here – renewable resources; Power Industry will be a ‘flash in the pan’ i.e. after the construction phase, little left; so lets come up with something/ lets do more to contribute to economic stability; ‘not another study but a decision’ (about what we will be).
- Need basic skill development; take opportunity to make “tax incentives” in order to attract investment – so attractive – set aside large tracts of industrial land – free up Crown land for secondary processing purposes; conduct a service review.
- Work together to brand the region – a regional identity; use method (site mapping) to show people opportunities.
- We need to attract qualified people (employee hunting shifted to N. I. hires from searching outside the area) complete with well supported Professional Development – provide them with steady work and a good pay check; create quality of life – i.e. a work environment where ‘work is the least of your problems’; demographics are skewed.
- RDMW is trying to do everything it can, have the best interest of the North Island at heart; attract an anchor industry for 7 mile.
- ‘get your head out of your \$\$\$%^ - its time to get into a era of modern politics’; Economic Development Commission needs to transition to being made up of business people and representatives of the Arts and Environment(alist); stay current with the Independent Power Producers of BC vis-à-vis Canadian wind energy in particular.
- Get out there and start promoting the work of the Commission versus practicing small p political agendas; no politicians on the Commission – change it to be made up of retired banker; realtor; big and small business reps linked to movers and shakers of the region; separate from Regional District (i.e. a Limited Partnership – Not-For-Profit organization); Economic Development office can be a clearinghouse for brochures (information).
- A lot of promise, region has resources to attract business and people; encourage tourism and mining; sustain forestry (land base will be maintained growing trees); support what we have and enhance what we have not been fully developed. We already have enough set aside to protect the natural environment.
- Business development visioning needs business on board – bring more business representatives to the table (entrepreneurs/ risk takers/ economic drivers of industry); consider joining Vancouver Island Economic Alliance – we will all become stronger.
- How long until you retire? Don’t be so risk averse; follow the 80:20 principle; empower someone to do something; can’t succeed if you’re afraid of failure – you can learn from it; please say yes or at least be quiet (when someone is trying to do something).

What is clear from these comments is that i) there is no consensus around what areas of the economy on which to focus (so alternate approaches need to be considered – regional identity/ ‘open for business’ & let business happen naturally), and ii) that many of the industry leaders spoke strongly about the current make-up of the Economic Development Commission and that a change in structure is needed.

.10 What question have I not asked you that you need to talk about?

This open-ended question was asked solely to provide the industry leader with the opportunity to discuss anything that they deemed important and relevant. All but three were able to identify some additional points that were considerably different from previously discussed. Again, comments are sufficiently insightful to be presented as they were summarized from the interview notes.

- The mining industry will find what it needs without the help of the RDMW but be supportive of those who do come.
- Develop regional standards of how you want them to operate within the region and have them match those standards – we can get development funds from industry and or from provincial government to do this work; ‘we must take control or someone else will – we are Campbell River 25 years ago and look what happened with their sport fishing industry – there is no accountability;
- Ensure the Regional District retains a welcoming attitude to investments for the North Island Region
- Think beyond forestry – it is a beautiful area.
- Politics – political dimension: region not championed by government – no government service providers here – except Ministry of Forests; development must be “rooted ‘in community’ and rooted in the region – not from outside”.
- Get as much benefit as we can from the region’s resources – don’t give it away); think smarter – be innovative on all the little things (complementary business activity); get and keep key people – maybe a workshop for employers on how to drum-up business (i.e. take developing and maintaining relationships seriously).
- We need a change of guard; Where does the next round of leadership come from? Who is that next champion?
- Why go to Campbell River from Zebellos? make people want to come North; embrace a customer first attitude.
- The transition from family income at \$250,000 per annum is done – it’s time to build again; there is a regional optimism.
- Where will the regional strategy go? The new EDO needs to distribute it. Set a mandate and then go do it.

3.3 Sector-by-Sector Update

The following sector-by-sector update will use the stated objective from the 2004 Strategy¹⁵ as the basis of discussion. A comment about the success of meeting stated objectives will begin the discussion. It is followed with descriptions of what has changed in the past three years and summations of the industry sector leader interviews about what the industry/Regional District needs to be aware of in the near future (3 to 5 years). Suggestions about what the Regional District can do about factors or events that are anticipated to impact the North Island industries were more general than sector specific in nature and are therefore presented as a group at the end of this section rather than on a sector-by-sector basis.

.1 Forest Harvest

Objective: to retain jobs in the forest harvest sector through sustainable management, and diversification in the business structure.

Retaining jobs in the forest harvest sector has not happened. In response to the Forest Revitalization Plan (2004) the forest industry has been on the Vancouver Island has consolidated into Western Forest Products and there has been a net loss of industry jobs. The industry has shifted from ‘family business focused’ to ‘big business focused’.

There is also a perceived “high lack” of people to fill the technical and professional positions that are currently held by current staff (average age estimated as ‘over 50’). According to one industry representative, the goal of industry consolidation was ‘to make the coastal forestry economically viable – the whole sector – not just parts of it’. In contrast, the forest service sector has been growing and has been able to ‘recruit well.’ A lack of skilled labour to replace retiring workers is expected to have an adverse impact on the industry in the next few years. ‘The steps are being taken to solidify the coastal forest industry but the transition will take time.’

The coastal logging industry also experienced a three month (July through October) strike in 2007. The United Steelworkers unionized loggers and sawmill workers strike was over health and safety issues. The “death of 65 since January 2005” and “imposed work days of

¹⁵ Penfold, G.E, B. Salter and D. Carley. 2004. Regional Economic Development Strategy for the Regional District of Mount Waddington – March 31, 2004

12-16 hours¹⁶” were cited as primary issues. “The strike effectively shut down the coastal forestry industry and forced layoffs and production cuts by pulp mills that depended a steady stream of raw material from the sawmills affected.¹⁷”

In related developments, the consolidation of the forest industry has significantly impacted independent logging companies. In response to the Forest Revitalization Plan, forest companies consolidated and cut costs by “reducing investments in logging equipment to preserve capital¹⁸”. As a result, independent contractors expanded operations by hiring former forest company employees and purchasing equipment. However, the recent change in value of the Canadian dollar, “contracts [that] are unprofitable¹⁹”, and the onset of the US housing crisis (steep decline in housing starts) has negatively impacted independent logging contractors on Vancouver Island as evidenced by the third large coastal contractor sought voluntary bankruptcy protection in mid December 2007. The immediate and long-term impact on the North Island is likely to be ‘net negative’.

.2 *Forestry Value Added*

Objective: to expand the value added business base and related employment in the region.

LaPointe Partners took over the pulp mill in Port Alice in the summer 2004 as part of a complicated bankruptcy restructuring. Their closing of the pulp mill in Port Alice a few months later wreaked economic chaos on the community. Subsequently, the mill was purchased by an investment consortium (Wellspring Capital Management of New York and Charlestown Investments, based in Switzerland) in December 2005 and has reopened (official opening May 5 2006) as Neucel Specialty Cellulose. Neucel “has positioned itself to specialize in the high-quality end of the [cellulose] market, which includes applications such as pharmaceuticals, eyeglasses, electronics and agri-chemicals”.²⁰ \$100 million of investments are planned over the next 5 years in order to reposition the mill as a global

¹⁶ Clare Hudson, Socialist Alternative (CWI Canada), October 18, 2007 – see <http://socialistworld.net/eng/2007/10/18/canada.html>

¹⁷ Craig Wong, Canadian Press, October 16, 2007 – see <http://www.westcoaster.ca/modules/AMS/article.php?storyid=2778>

¹⁸ Cash-flow crisis killing independent loggers. Gordon Hamilton, Vancouver Sun – Business Section, December 19, 2007.

¹⁹ Ibid.

²⁰ www.neucel.com/

industry leader (technology). Ongoing challenges to this company include a “dependable lower-cost source of supply of raw materials” (on which they have predicated their business model) and replacement of their aging workforce where “they anticipate a 100% turnover of their 60 journeymen within the next 5 years.”²¹

Supply of wood fibre for value-added forest production remains hindered because of allocations to the timber harvest sector of the forest industry. Changes at the policy level or innovative/assertive partnerships with the timber harvest sector of the industry may be required before significant growth in the value-added forest industry occurs.

There are two small sawmills making value-added wood products on the North Island (both located in Port Hardy). They are using salvaged cedar to make and market fence panels and dimensional lumber. Constraints to growth appear to be and fibre supply and the need for a kiln.

One interviewee recommended expansion of the value-added sector through placement of a formaldehyde free medium density fibre (MDF) board wood product plant with the region as the industry can't meet current demand.

.3 *Shake Shingle and Wood Salvage*

Objective: to retain the locally owned and managed business structure for the cedar and wood salvage sector.

Growth has remained unchanged in this sector over the last few years with two operators (Crimson Forest Product - Port McNeill operates full time. There has been an expansion by one of the operators into the Gold River area. Constraints to growth are related to labour (not enough) and fibre supply, not markets.

.4 *Non Timber Forest Products*

Objective: to increase long term employment and income generation opportunities in the NTFP sector.

This has not happened. In early 2005, Community Futures Mount Waddington in conjunction with Royal Roads University initiated developments in this sector. A project manager was hired. A number of workshops were developed and presented in order to

²¹ page 26. Rutley, B.D. and R.D. Rutley 2006. North Island Post Secondary Education Needs Assessment. An unpublished report to the North Island Post Secondary Education Committee of the Regional District of Mount Waddington, Port McNeill BC. June 2006. 38 pp and 25 pp appendices.

stimulate activity in this sector. This position was discontinued in 2006 with no interest in further developments.

Commercial activity remains relatively as it was: seasonal mushroom harvesting²² / temporary buying stations; one mid-island entrepreneur harvesting a variety of non-timber forest products (e.g. ferns) on an ad hoc basis; and year round salal harvesting primarily on Malcolm Island. The Kwakiutl First Nation in Fort Rupert is developing a cedar oil extraction business and has created some employment activity based on the use of one extractor. No methods have been put in place to quantify the change in craft (artist) based activity although a noticeable increase in this activity has occurred. Access to the forest is becoming increasingly difficult with the increased security implemented by the Forest tenure holders.

.5 *Salmon [Fish] Aquaculture*

Objective: to retain, or expand, direct employment in the Salmon Aquaculture Sector through increasing the number of farms or the level of production from the current salmon farming industry.

There has been no growth in number of production sites (this ‘consistency and stability is new’), but there has been an increase in production. There has also been a significant change in the processing side of the sector with the merger of the region’s processing facilities – from three into one and the subsequent consolidation in Port Hardy. This consolidation has resulted in a net loss of jobs in the region within this sector. Construction of a new Port Hardy processing facility will provide the region with Canada’s ‘newest, largest and most modern’ facility.

The value of the Canadian dollar relative to the US has risen significantly since March 2004 and affects the industry’s exports to the US. The relative change in the Canadian dollar over the past three years²³ has dramatically increased the price of Canadian salmon relative to US

²² To date there is no sound information related to uncontrolled and potential over-harvesting or using improper harvesting techniques of wild mushroom sites. It is still believed that picking mushrooms one year will not reduce the harvest for future years as long as the mycelium is not damaged. However, there is insufficient information on the long-term effects of harvesting wild mushrooms to be able to substantiate such a claim, however, invasive tree harvesting is known to negatively impact subsequent production. Further research seems imperative in order to create a sustainable industry (see <http://bcmushrooms.forrex.org/ntfp/pages/sustainableharvest.html>).

²³ For example, the CDN\$ was 0.7626US when the Penfold et al. report was filed March 31 2004 compared with its all time high to 1.0852 November 6 2007. Source: <http://www.bank-banque-canada.ca/en/rates/exchange-look.html>

products in the US marketplace. The relative price advantage has been lost therefore an impending decline in sales is expected. The high Canadian dollar will definitely impact the industry in the short-term, and may result in reduced profitability (job loss/ closure) as already thin industry margins are further impacted. Industry adjustments over the long-term may be possible depending where (if?) the dollar settles relative to the US\$. Consideration of alternate markets may be timely.

A common position of people within the region is that the fish farm issue has to be resolved (*vis-à-vis* sea lice). In addition, access to resource (fish) is being adversely affected by the Department of Fisheries and Ocean's manager's interpretation of policy/resource allocation. A favourable development in the salmon (fish/seafood) processing sector is global marketing – Port Hardy is currently selling fish to China and the Ukraine.

.6 *Shellfish Aquaculture*

Objective: to create a positive investment climate for shellfish development in the North Island that distinguishes the North Island as the easiest and lowest cost place to obtain shellfish tenure compared to all other regions in British Columbia.

This has not happened. The industry has declined within the region and it is 'losing investment opportunities daily'. The lack of resolution regarding First Nations treaties has 'become crippling' and all (First Nations and industry) are suffering as a result (*vis-à-vis* loss of investment opportunity). Industry representatives would like to see something that would 'speed up the treaty process.'

In order to compete with the US commodities it is expected that the industry must 'go big or go home'. First Nations being able to set aside large (250 ha) tracts of (deep) water for shellfish production will help. The rising Canadian dollar will hinder developments.

.7 *Wild Fish Harvest*

Objective: to increase opportunities for improved income generation in the commercial fishery.

This has not happened and actual loss of opportunity has occurred since 2004 – it would appear that issues beyond the control of the RDMW have prevailed. Integrated fishing practices recently introduced have resulted in "increased responsible fish harvesting practices". This has resulted in reduced access to the wild salmon resource (tighter controls by Department of Fisheries and Oceans). This change is intended to allow for the recovery

of wild fish stocks (in the long-term) but will mean the ‘industry will be smaller’ in the short-term.

.8 *Tourism*

Objective: to increase North Island visitor numbers, expand “shoulder season” opportunities, and expand the number of tourism related businesses and employment.

The industry has congealed after the crisis of the ferry (Queen of the North) sinking in 2006. Communities are coming together around tourism and community leaders are tending to work together – solidifying opportunity. Since 2004, the Vancouver Island North Visitors Association (VINVA) disbanded and then attempted to reorganize (unsuccessfully) in 2006.

Following the 2006 tourist season the industry reorganized again, this time more successfully in conjunction with the Vancouver Island Tourism Association²⁴ (Tourism Vancouver Island). There has been activity towards a regional strategic plan (5-year), complete with closer ties to Vancouver Island branding, a regional tourism coordinator and efforts to help local (within RDMW) tourism operators develop and market a better product (e.g. an increased in the number of higher quality rooms, tourism experiences).

The change in the Canadian dollar has/will continue to impact the region as it will now cost US tourists more for their North Island tourism experience. A shift to high quality tourism experiences may be required.

.9 *Independent Power Plants (water, wind, wave, biomass)*

Objective: to support development of independent power projects, and to develop and implement appropriate review processes and policies for land use generation of local benefit from independent power projects.

Support actions have been taken at the policy and business development level over the past three years. There has been “real commitment by the BC Government to source alternate energy”. BC Hydro has changed its practices and is now actively seeking alternate energy from independent suppliers. There have been a number of companies looking at alternate power production (wind, tidal, run-of-the-river) within the region although no projects has been announced.

²⁴ See <http://www.vancouverisland.travel/> and <http://www.vancouverisland.travel/north-island/>

Watch for the call for power in March 2008. It is expected by one industry leader that 2 or 3 companies will receive purchase agreements within this region.

A smaller scale production alternative exists within BC Hydro's Green Community initiative that is being developed to enable smaller communities that are not on the electrical grid to shift from the high cost of diesel fuel generation to alternative and environmentally friendly alternatives.

The RDMW can meet regularly with energy companies to keep itself 'in the loop' and to become better informed about the energy companies' needs and to then respond proactively rather than reactively and from an informed position.

.10 Oil and Gas Exploration

Objective: to support provincial and national policy review and research efforts currently underway, and that may occur in the future, related to the offshore oil and gas moratorium and the feasibility of exploration of the potential of this resource.

There has been no change in the BC off-shore oil & gas moratorium but the price of crude oil has changed since the previous report was completed (i.e. change from the 2005 average price of \$37.66US²⁵ to current prices over \$90 per barrel at year end 2007). With the New Year 2008 greeted with \$100US-barrel oil, with the demand for oil remaining strong, with continued unrest in the middle-east and the recent unrest in Kenya, predictions of crude oil at or over \$100 to remain²⁶ for the foreseeable future. The impact of this change on the moratorium remains unknown at this time. Comments in support of maintaining the moratorium were equal to those hoping for its removal. While it is not the RDMW decision to make it will (should) have the opportunity to influence.

.11 Mining and Aggregates

Objective: to expand direct employment in the Mining and Aggregates sector through increasing the number of mining and gravel extraction, exploration and business activities in the region.

Positive evidence is seen in the aggregates sector. Orca Sand & Gravel has become the industry and it wasn't here three years ago. Construction phase employment has been

²⁵ US Department of Energy.

²⁶ Source: The implications of \$100-barrel oil. Geoffrey Scotten, CanWest News Service in Times-Colonist, January 5, 2008.

replaced with ongoing permanent jobs. There is sufficient material at this site to allow the company to plan for decades of extraction.

Electra Gold's Apple Bay project is mining chalky geyselite and is reporting significant shipments out of the North Island region. As well, another company is mining calcium limestone out of the Benson Lake quarry. Grand Portage is currently exploring potential to re-open the Merry Widow mine searching for copper and gold.²⁷

.12 Infrastructure

Objective: to improve marine, land based and communications infrastructure to create improved access to and from the North Island for goods and services, people, and communications.

Positive developments have occurred. High-speed internet service has been established in most of the region's smaller communities starting with Holberg, Sointula and Old Quatsino. This development was led by the Ragged Edge Community Network (RECN). Starting in August 2007, service was being established in Coal Harbour, Quatsino First Nation and Zeballos.

Lack of intra-regional transit service has been an issue for the North Island for decades. Recent efforts (RDMW, Vancouver Island Health Authority, BC Transit) have led to a draft transit plan (August 2007) directed at establishing an intra-regional transit service for early spring 2008. The Volunteer Transportation Network was established (pilot project stage) during the late summer-early fall 2007 by the North Island Community Services Society in order to "provide transportation services, within the RDMW only, where there is no other alternative available for that purpose".

Out of region transportation was severely impacted by the sinking of the Queen of the North (Port Hardy- Prince Rupert ferry) in 2006. While the replacement ferry has been put into service, its commissioning has not been without problem and the occasional cancellation of a run. Issues related to the highway transport remain and will be exacerbated by the high price of crude oil (gasoline).

²⁷ BC Ministry of Energy, Mines and Petroleum Resources. BC Overview of Mines and Mineral Resources. 2005.

There has also been a significant reduction in the number of Provincial Government offices within the North Island region and a resulting loss of staff. The impact of this shift is visible as a reduction in population (general, schools, community groups), what is not as visible is the increased costs that are incurred by the region's residents as they must travel outside of the region (Campbell River, Comox Valley) in order to access those services.

.13 First Nations

Objective: to provide whatever support is helpful to facilitate the expedient resolution of treaty negotiations affecting the North Island, and to continue to build positive and mutually beneficial relationships with First Nations communities and organizations.

Support has been provided and positive and mutually beneficial relationships continue to develop. The 'Namgis First Nation is pioneering new developments (e.g. Orca Sand & Gravel partnership; Kwagis Power) and are creating employment opportunities as a result. For the 'Namgis First Nation, the Alert Bay Accord has created harmony at home and is seen as having a positive impact on future developments.

The reader is directed to the section entitled First Nations (page 31) for commentary related to the treaty process.

.14 Manufacturing/Fabrication/Service (not included in the 2004 report)

While the level of activity in this sector has remained steady since 2004, there has been a noticeable shift that has resulted in increased business within the region (i.e. more of the region's work is being done in the region instead of being sent to Campbell River). This has resulted in a small but steady increase in the number of jobs in this sector to the point that representatives see a shortage of skilled labour to meet current and near future demand.

Foreign Direct Investment (FDI)

1. Background

Foreign direct investment (FDI) is defined as an "investment made to acquire lasting interest in enterprises operating outside of the economy of the investor²⁸" or as one that "allows an investor to have a significant voice in the management of an enterprise operating outside his economy."²⁹ A FDI relationship consists of a parent enterprise and a foreign affiliate which together form a transnational corporation (TNC). In order to qualify as FDI the investment must afford the parent enterprise control over its foreign affiliate. It is generally accepted that control in this case means owning 10% or more of the ordinary shares or voting power of an incorporated firm or its equivalent for an unincorporated firm; lower ownership shares are known as portfolio investment.

Canada's position with respect to flow of foreign direct investment recently changed³⁰. Prior to 2002, Canada had a long history of inward foreign direct investment, however outward foreign direct investment now surpasses inward FDI. That means that Canada is now investing more money in foreign countries than foreign countries are investing in Canada.

According to the Asia Pacific Foundation of Canada, 2005 (most recent data available) was a very good year for inward foreign direct investment. The greatest increase in investment between 2002 and 2005 was from China (from \$192 million to \$1.362 billion CDN) and India (from \$31 million to \$145 million). All other Asia-Pacific countries remain stable or increased marginally.

China would thus appear to be an appropriate choice for an investment attraction initiative directed at the Asia-Pacific region. Other advantages of China as a source of foreign investment is the long established trading relationship with Canada, its current cash surplus over \$1 trillion US dollars, and that we are countries (Northern China specifically) with similar latitude thus natural resource familiarity. That we are proximate is enhanced by the

²⁸ Wikipedia http://en.wikipedia.org/wiki/Foreign_direct_investment

²⁹ International Monetary Fund, Balance of Payments Manual, 5th Edition. 1993. Cited in Beauregard-Tellier, F. 2004. Canadian Foreign Direct Investment: Recent Trends, Parliamentary Research Branch, Parliamentary Library of Canada.

³⁰ Beauregard-Tellier, F. 2004. Canadian Foreign Direct Investment: Recent Trends, Parliamentary Research Branch, Parliamentary Library of Canada.

recent upgrade of the Prince Rupert port facility. The North Island region is also relatively well positioned in that 15.8% of Canada's exports to China were wood pulp and other pulp products, while fish, crustaceans and mollusks made 3.8% in 2006.³¹

The region could also seek investments from countries like Finland which has ties to the North Island region through connections with the community of Sointula. While Finland has high restrictions related to inward flow of foreign investments, Finnish companies are currently selling product into the North American market (particularly in the value-added forest industry), and this may be a source for inward FDI. Alternately, seek investments based on regional characteristics (e.g. pristine environment, fresh water, ancient communities).

2. Investment Attraction – North Island Industry Leader's perspectives

In addition to questions related to the North Island economy in general, the industry leaders described in Section 3.1 were also asked a series of questions related to investment attraction. It was expected that these industry leaders would be the most knowledgeable about opportunity within their industry for investment attraction. The questions, the reason for the questions, and the leader's responses follow.

.1 What key features of the region could be used to attract investors/investments?

The purpose of this question was to identify which features of the region could be used to market the region and if a few key features were viewed in common. Respondents had little trouble identifying features of the region that could be used for investment attraction although no features were held in common by the majority of respondents. Responses have been grouped under a few broad themes.

Identified features have been grouped by theme: Government (regional tax incentives; regional government that is not obstructionist to business); environment/location (pristine wilderness; high quality marine environment; isolation; water (2); land; good quality of lifestyle; can be a hub); people (industry oriented; good work force; little local activism; life style; certain type of people are here; pioneer mentality – we will tough it out;); energy (potential; wind power); commutable (electronic medium and with Pacific Coastal Airlines

³¹ Asia Pacific Foundation of Canada. www.asiapacific.ca/

people could commute to Vancouver once per week and still save money by living here); deep water accessible; stepping stone (to other locations); and First Nations.

.2 Who do we need to be talking with about investing in the region?

The goal of this question was to see if key industry sector leaders had insights into who the Regional District needed to be talking with about regional investments and if so, who that might be. While most had an answer to the question, none indicated that they had a 'good' answer and no specific investment firms, companies or sources were identified.

Insights summarized by themes follow as:

Government: Federal and Provincial Ministers of Finance (change the tax structure) then the rest will happen (e.g. international financial centre; on-line businesses); create incentives to make it less expensive to operate in the region; remember funds from the BC and Federal government are part of economic development that can be used to develop a regional perspective; the Premier – we are ostracized because of who we elected – the doers of the region aren't represented by politicians.

Energy Sector: alternate energy producers (wind, water, micro-hydro).

Families with money: 'recruit families with money like the Jason Priestly family who invested in and operate a resort facility in that Ucluelet'. (note: there is a consistent celebrity presence in the North Island region for tourism purposes that could be explored).

By location: China and Washington State (shellfish); Don't know – foreign markets?; people in the region and First Nations to encourage them to invest in the region.

Regional identity first: 'We have a problem – we must be clear first as to what we are so it is clear to investors'; 'get act together here first' before we go looking outside the region for investments; 'region must have a vision' – so we wait as we are not at the point of outreach; 'branding' – needs to be Vancouver Island first – before the community level.

Other comments: green is 'flash in the pan' but Orca is fantastic because it provides ongoing jobs; so many different angles – investment opportunities – don't know where to start; nothing currently; we have Pacific access so . . . manufacturing; Port Alice has the mill

– Port McNeill has forestry – Port Hardy has fishing but the region needs one major employer – a regional ‘anchor industry’ located at 7 Mile; hard for small to do on own so . . . tie into VIEA (Vancouver Island Economic Alliance) – have to look worldwide; be “cooperative”.

.3 What approach would you recommend regarding ‘quiet investment/ silent partners’? This question was asked in order to obtain a sense of what industry/business leaders thought would be the appropriate approach by the (new) Economic Development officer towards the quiet investor. Basically a single theme emerged characterized as: leave the quiet investor alone until you are asked for help and then help in whatever way the customer wants. A single contrary comment is noted as ‘foster business associations – made up of those who have taken the risk and know what it is like and what needs to be done – rather than an EDO’.

.4 If you have a million dollars” to invest . . . where would you invest it? (out of region or in-region) and if in-region within what sectors.

The purpose of this question was to gain insight into whether or not industry leaders would (in theory) invest their ‘personal’ money within the region in which they either work or do business. An underlying assumption is that if regional business leaders are not prepared to invest in their region, why would investors external to the region invest here?

Four (4) indicated they would invest only out-of-region, while the majority (8) were prepared to invest within the region. Industry sectors that would receive their investments were as follows: would not disclose; 50% tourism & 50% undisclosed; 100% fish farm industry (1/3 salmon; 1/3 infrastructure – marine services; 1/3 employment support); own business/ mining industry; commercial real estate & cultural tourism (in partnership) & energy sector & custom saw milling; service sector – mechanical; fish processing 100%; \$1million isn’t enough for my industry – we need \$250m; real estate – 100% (have resources – believe communities will grow); integrated education which includes eco-tourism.

3. Discussion related to FDI

No clear consensus arose related to who to approach for investment, nor which industries to invest in. Currently, the RDMW places emphasis on the tourism, forestry and aquaculture

industries. It also has been supportive of developments related to independent power production. A summation of expected outcomes of further investments in those industries follows.

3.1 *Tourism*

Further investment in the regional tourism industry would appear to be beneficial to the regions economy. This conclusion is supported by the contention of the Vancouver Island Tourism Association's Executive Director that 'further consistent sustainable investments into destination tourism would yield high returns'. The tourism sector is well positioned and represented within the Vancouver Island region as represented within the Tourism BC website and the quality of the region's promotional materials.

.2 *Forestry*

It will be difficult for the RDMW to influence investments in the forest harvest sector due to recent consolidations to essential a single company. It is expected that decisions will be made in the interest of the company as a whole and not the North Island region primarily.

However, active support of developments with the value-added sector would result in clear benefits at the small business level. The only potentially large scale value-added opportunity that we identified exists within the area of wood preservation products. New environmentally friendly (non chemical) preservation processes of wood preservation have been under development in recent years³² but Forintek[®] concludes that while the "physical treatments [of Canadian technologies] using heat in the absence of oxygen have shown some promise, . . . they do not seem to meet the performance claims made for them; they also reduce the strength of wood."

In contrast, a heat treatment process developed in Finland is now erupting on the North American market led by Stellac[®] Treatment Technologies³³. This high-value "heat-treated wood [product] is an ecologically sustainable alternative to the tropical hardwoods and an ecological friendly alternative to the chemically impregnated wood." To date no kilns are

³² See Forintek Technology Roadmap Report section 9.4 at <http://strategis.ic.gc.ca/epic/site/fi-if.nsf/en/fb01463e.html>

³³ Stellac[®] Treatment Technologies <http://www.stellac.com/English/index.htm>

located in Canada. Opportunity would lie in capturing the Vancouver Island market and exporting into the US market for high-value preserved wood products. The Canadian office is located in close proximity to the North Island Region in Chilliwack BC. There may be an opportunity to promote that region's Finnish heritage as well.

.3 *Aquaculture*

While China and Washington State were identified as potential sources of foreign investment, recent changes in the Canadian dollar relative to the US makes this option a difficult probability. China may indeed be a realistic source of FDI for the reasons discussed previously. However, any investment in this area will continue to be severely impeded due to a lack of access to appropriate sites for aqua-culture production. Resolution of the closed containment issue in salmon aquaculture is critical. Progress on treaty settlements would facilitate opportunity.

.4 *Independent Power Production*

While there are a number of issues to overcome, there are compelling reasons to actively pursue an independent power production industry in the North Island region. It is expected that 2 or 3 companies that plan to develop power within the North Island region will be selected by BC Hydro in March 2008. While it has been estimated that the companies will need upwards of \$250 million for their developments, investments in hydro-electric projects have traditionally been considered a good investment. With recent global warming warnings, the demand for non-fossil fuel sources of electricity is rising, a benefit for these companies. It would appear that raising the required capital will be the responsibility for the companies and raising capital from traditional stock market sources is likely.

The lack of capacity in transmission lines (grid) from region is a barrier to major developments. A non-grid alternative does exist as previously described and is worthy of attention.

First Nations

The most significant change with respect to the First Nations since the 2004 Strategic Plan was developed is that the first ‘urban treaty in modern-day British Columbia’ has happened. The Tsawwassen First Nation ratified their final agreement and constitution, July 25, 2007 and signed the treaty in Ottawa on December 6, 2007. “Once Parliament votes to approve the bill – the Tsawwassen Treaty will be officially ratified as BC’s First Treaty under the BC Treaty Commission process. The Effective Date, the day the treaty comes into force, and Tsawwassen owns its lands and becomes self-governing, is expected to be a year after³⁴.”

The BC Treaty negotiation process lies within the responsibility of the BC Treaty Commission³⁵. Negotiations are a six stage process as follows:

- Stage 1: Statement of intent to negotiate
- Stage 2: Readiness to negotiate
- Stage 3: Negotiation of a framework agreement
- Stage 4: Negotiation of an agreement in principle
- Stage 5: Negotiation to finalize an agreement
- Stage 6: Implementation of the treaty

In the North Island region³⁶: the ‘Namgis First Nation, and the Winalagalis Treaty Group (the Da'naxda'xw Awaetlatla Nation; the Gwa'Sala-'Nakwaxda'xw Nation; the Quatsino First Nation, and the Tlatlasikwala Nation) are at Stage 4 of the treaty process; while the Tlowitsis First Nation is at Stage 3; and the Kwakiutl First Nation negotiations are in suspension. The Mamalilikulla-Que-Qwa-Sot'em; Tsawataineuk; Kwicksataineuk ah' kwaw ah misa Nations and the Gwawaenuk Tribe also reside in the region and will be part of the treaty processes that will impact the North Island economy.

The RDMW only has to look to North Eastern British Columbia for an example of the impact of a signed treaty in order to obtain an understanding of how regional governments work within a treaty environment. Both the Northern Rockies Regional District and the Peace River Regional District lie entirely within Treaty 8 territory³⁷. It is expected that upon

³⁴ Tsawwassen First Nation website. www.tsawwassenfirstnation.com

³⁵ BC Treaty website. www.bctreaty.net/

³⁶ Ibid.

³⁷ A map of the Treaty 8 territory is located at http://www.albertasource.ca/treaty8/eng/The_Treaty/i_treaty_8_map.html.

this review, the RDMW will clearly observe how regional government processes and economic development happens in an environment of ongoing engagement with the First Nations communities. While there will be lessons to learn from this review, it also needs to be noted that there is at least one significant difference – that the North East British Columbia Regional District's are affiliated with only one treaty agreement (Treaty 8) whereas the Regional District of Mount Waddington will be subject to a yet-to-be-determined number of treaties, therefore there will be the added complexity of working with more than one treaty. Engagement of a First Nation leader as a project coordinator is also helpful.

In addition to them being part of the region, there are a number of compelling reasons for engaging First Nations communities and include: resources (they have access to opportunities); labour force (e.g. as demonstrated in the Orca Sand & Gravel agreement); youth (First Nations represents a growing population – both actual and relative to the North Island total population, which is in decline; a higher percentage of First Nations youth plan to stay in the region after high school), tourism (including both cultural and eco based opportunities) and leverage (access to financial resources not available to the community-at-large).

The RDMW needs to prepare for engagement with regional First Nations to the point that strategic priorities related to economic development are created jointly (seamlessly). In order to accomplish that goal, serious efforts are first required towards the formation of meaningful partnership agreements. How those steps are taken is probably more important than what steps are taken. Lessons are available from the Community Futures British Columbia (CFBC) Aboriginal Engagement process.

The most significant difference between those Community Futures that are and those that are not successful at engaging with Aboriginal peoples is often their intent and approach. Successful Aboriginal engagement is rooted in an understanding of value of relationship building with Aboriginal peoples and their role in the economy.³⁸

The authors of the CFBC Aboriginal Engagement Toolkit declare that there is “no magic bullet” but they do highlight the importance of understanding “the definite cultural

³⁸ Community Futures British Columbia. 2007. Community Futures British Columbia Aboriginal Engagement Toolkit. Prepared for the Aboriginal Strategic Committee, Community Futures British Columbia. March 2007. 115 pages.

differences, which will impact on all discussions, decisions and activities”³⁹ and that “purposeful, intent and active listening is the most important skill to develop for anyone who want to work with Aboriginal peoples”.⁴⁰ Therefore, it is recommended that the RDMW, asks the First Nations communities to help design the engagement process, right from the start, rather than developing a process in isolation and then expecting then to engage in that predefined process.

In other words, if First Nation leaders are not involved in the engagement work for the beginning of the process the whole project could eventually be derailed because of poor consultation processes and uncommitted “buy-in” from all parties. It is always imperative to invite all First Nations in the area and, although they may not attend, leave seats open at the table for those non-attendees. All First nations should know from the outset that those seats will remain open with a standing invitation when that First nation is ready to attend.

Discussion and Recommendations

The economic events of 2007, in particular those in the last four months of the year, have serious implications for economic development in the North Island. Although economic forecasts for Canada, BC, and RDMW have reflected a weakening American housing market, and a strengthening Canadian economy, recent events have cast their accuracy into doubt. Anticipated changes have happened faster and more severely than most analysts were able (or perhaps willing) to predict⁴¹. In addition, current numbers from Statistics Canada show that Canada’s trade surplus has narrowed to its lowest level since December 1998, and far more sharply than projected. This suggests that Canada is less able to rely on exports for economic strength, which has particular implications for RDMW, still a primarily resource-export driven region.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ The New Year (2008) opened with announcements of dismal job numbers in the US, the highest unemployment rate in two-years (5%), and manufacturing activity falling at it highest rate in five years. This announcement came a day after gold hit an all-time high at \$869.10US and has sparked declines in the stock markets and brings recession fears for the US economy. The point is that the key market indicators are so volatile right that it has been difficult for the authors to summarize current economic conditions. Source: Times-Colonist Business Section January 5, 2008.

The most significant implication to draw from recent events is that the market is inherently unpredictable. The market has always surprised even the most skilled analysts, and it will become less predictable as it becomes more complex. Even perfect knowledge of market conditions does not guarantee perfect predictability, and better information yields only better inaccurate predictions. It is an unpopular truth that more information often leads to less (not more) understanding.

Traditionally, economic development 'strategies' have relied on analysis of current conditions (both internal and external to the region), identification of opportunities, and development of objectives and goals. This approach is popular because, traditionally, it has worked. In predictable conditions, specific actions and policies can have certain predictable results. Lower taxes, attract business. Invest in social supports, attract families. However, for these 'strategies' to have their intended effect, the assumptions upon which they are built have to hold true.

Recent events show that, globally and nationally, assumptions have been flawed (e.g. 63,000 new jobs were created Canada-wide in October 2007, when predictions had expected only 15,000.) Organizations that choose traditional SWOT⁴² based economic development 'strategies' will continue to be surprised (and frustrated) when conditions in reality do not reflect project conditions.⁴³

Another option is to begin not in analysis of current conditions, but to begin with a decision and expression of intended future conditions. This method has several advantages of traditional analysis-prediction development. First, plans and actions do not have to be set out in advance according to assumed future conditions. Those who know an intended future (and the values and principles it represents) are able to make decisions in the present, according to present conditions, about how to proceed to that intended future.

⁴² SWOT: is a strategic planning tool used to evaluate the **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective.

⁴³ Authors note: it may be important to note that SWOT and initial management planning tools were developed at a time that the markets were relatively stable (i.e. pre-globalization) and may be of questionable value in today's more active market place.

Second, strategies never have to be updated or re-evaluated because they never grow stale. Every decision made with the intended future in mind brings the strategy up to date. Third, the emphasis is shifted from analysis to action. An analysis-prediction “strategy” often leads to paralysis -- there is always more information to collect, and by the time it has been collected, analyzed, shared, and decided upon, it has fallen out of date. The questions asked are “what is the right course of action?” “how do we know?” “where do we need further study?” An intention-action model of strategy is expressed through action -- decisions are made on the ground by people who have a stake in the results. The questions asked are “what can we do about this?” “how can we do this so everyone benefits?” “what did we learn from this?”.

An intention-action strategy is comparable to a ship at sea, and an analysis-prediction strategy to a railway train. When unexpected conditions arise, an intention-action strategy may be blown off course, but can make corrections to arrive at its destination. One can predict impending storms (short term events) and either ‘trim sails’ or find a temporary safe harbour. Unexpected conditions throw an analysis-prediction strategy off the rails, and it can’t proceed without repair and re-evaluation.

We believe the RDMW is in a favourable position. Recent dramatic changes in economic trends have coincided with an update of their economic development strategy. The RDMW has an opportunity to take advantage of new perspective and take action in a new economic context, while other regions will be forced to adapt later on. It is also happening at a time when the RDMW has a new Chair and a new Manager of Economic Development. This is an opportunity for the RDMW to make a fresh start, and to ask itself three key questions: Where/who do we want to be in the end? (vision); how can current conditions work to our advantage?; where do we start? We recommend that you start with focus of effort.

1. Focus of effort

It is understood by the authors that the Regional District of Mount Waddington has limited resources with which to allocate for the purpose of economic development – by resources we also mean energy. Operating with a lack of focus usually means that available energy is scattered among too many activities, often with many which are at cross purposes with each other.

There is a broad base of economic activity within the North Island region. This is reflected in the large number of objectives, strategies and goals described in the current Regional Economic Development Strategy 2004 document. However, it is the opinion of the current authors that the list of objectives and strategies listed in the 2004 report are so numerous as to be absent of strategic thinking. As described previously, in order to act strategically, choices need to be made relative to ones vision or stated goals in order to focus on key activities that will provide maximum benefit towards that vision and goals. You cannot be all things to all people and expect significant progress.

Recommendation 1 – that the Economic Development Commission of the RDMW FIRST makes choices related to focus and effort directed towards economic development.

Decisions related to:

- a. Approach: will the RDMW take a Developmental, an Attraction stance or do both as industry leaders recommended?
- b. Sectors (and note that the following categories are not mutually exclusive): on what areas of the economy does it wish to focus (Basic, Resource, Manufacturing and or Value-Added, New economy)?
- c. Term: Does RDMW focus on long-term, medium term or short-term?
- d. Aspect: on what aspects of Economic Development would the RDMW focus? and what actions will it take with respect to that aspect?
 - Infrastructure (i.e. development thereof)
 - Debt (i.e. lending – what do you do related to lending – if anything?)
 - Equity (i.e. would you take an equity position with a client?)
 - Human Development (i.e. skill development – any actions other than NIPSEC?)
 - Planning & Research (inc. studies – will you continue to fund?)
 - Networking (e.g. creating networks for clients and communities, is this something you would like to start doing?)
- e. Partners: What other agencies are involved with economic development within the region? what roles do they play? and what areas of focus do they have? and can those efforts be better coordinated (alignment, collaboration etc.)?

This represents a shift from ‘doing a bunch of activities related to economic development’ to ‘doing key activities that advance your cause’.

An overriding consideration related to focus of effort is to be clear to focus on what is in your control. This can be facilitated by asking questions like: is this decision ours? or is it for someone else to make (forest company; Provincial Government, local business owners)? If there is no clear choice (i.e. as in the case of intra-regional transportation) then a

determination can be made whether or not to become involved and what role to play. These questions need to be addressed prior to deciding the value of an action towards your vision (goal/ desired future). It is also wise to continue to identify which actions are staff functions (bureaucratic), which are Board functions (political), and which require effort from both.

2. Strategic Priorities

Once decisions have been made around focus of effort then the Economic Development Commission and its staff will be better able to set strategic priorities related to ongoing operations in general and the recommendations contained in this update in specific. There are a number of processes available to help set your priorities and a short discussion is included as Appendix 2 related to relative merits of current processes. However, . . .

A new process related to identifying and setting strategic priorities recently developed by Rutley Ventures Ltd. is worthy of consideration for this task. Key components of the strategic priorities process include: i) ‘thinking strategically’ rather than ‘having a strategy’ (see Appendix 2 for a fuller explanation of this concept); and ii) use of the Leverage Matrix process developed by MHA Institute Inc. Calgary AB.⁴⁴ The Leverage Matrix process is Action Learning⁴⁵ based and enables users to make decisions and deal successfully with complex situations. This process’ premise is based on the use of ones innate ability to determine both the value of an action relative to stated goals (vision/ desired future) and the relative effort required to undertake that action.

This process is also rooted in ‘do more of what you want to see’. Making an intentional decision to support actions and or developments that are determined to be in the best interest of the region will spawn additional actions/developments in those areas. This simple concept/action automatically redirects organizational (and in the case regional) energy towards the more desired outcomes. With the Rutley Ventures Strategic Priorities process, the RDMW will be able to very quickly decide how valuable the goals described in the Penfold (2004 Strategy document) and the recommendations included within this UPDATE will be in helping to achieve its goals.

⁴⁴ www.mhainstitute.ca

⁴⁵ Action Learning is a process developed by Reg Revans. It is a process that is ideally suited for solving complex problems and or exploring complex opportunities - the more complex the better.

Recommendation 2 - that the RDMW use the Strategic Priorities approach to determining action on the recommendations contained within this Update.

Future Action: A longer term consideration related to focus of effort and strategic priorities is the development of a regional vision. The regional concept is relatively new for the North Island and so it needs direct attention. While difficult to accomplish the value is immense because once articulated regional decision makers (i.e. business, government, community) can start to make all decisions consistent with/ in consideration with the ‘new regional vision’. Additional commentary is provided in Appendix 3.

3. First Nations

Significant changes have occurred with respect to First Nations since the Penfold report was filed in 2004, primarily the signing of the first urban treaty agreement (Tsawassen). It is expected to provide momentum for the completion of other treaty processes. While the impact of one treaty agreement on sizable Regional Districts is significant (i.e. Northern Rockies Regional District and the Peace River Regional District vis-à-vis Treaty 8; and now the Greater Vancouver Regional District (Metro Vancouver) vis-à-vis the Tsawassen Treaty), the relatively small Regional District of Mount Waddington, which is already working with a greater number of First Nations, is now faced with the prospect of working with more than one treaty. The number of treaties that will eventually result is unknown at this time and will probably remain unknown for a relatively long time due to i) the number that are being negotiated and ii) the complexity of historic and current relationships among the First Nations within the RDMW boundaries. Under these circumstances, it is essential that the Regional District recognizes the significance of these impending changes and is proactive in strengthening relationships with the region’s First Nations.

Recommendation 3 - that the RDMW develop in partnership with First Nations communities a process that will prepare it for engagement with those First Nations. It is further recommended that the RDMW, right from the start, plans to engage with First Nations to the point that strategic priorities related to all aspects of economic development are created jointly (seamlessly).

Supplemental to Recommendation 3 – that the RDMW approaches the Northern Rockies Regional District and or Peace River Regional District for the purpose of understanding how it operates vis-à-vis Treaty 8. Additionally, discussions with the Greater Vancouver Regional District (Metro Vancouver) on their intended actions relative to the Tsawassen Treaty might be valuable.

4. Develop regional standards

Develop regional standards for the manner in which you want business to operate within the region. Expect business to meet and even exceed those standards. The funds that you need to develop those standards will come from industry and or from provincial government. It was stated by more than one of the industry leaders that we (the people of the region) want development but we don't want unchecked development, so set clear rules (e.g. generally accepted levels of performance; developing specific by-laws related to development activity on a sector-by-sector basis) – in essence creating a framework for development – and ‘ . . . make sure the right regulations are in place because the cost of retroactive change is too expensive’

The ‘cost’ of not having industry standards before hand was very evident in Central Alberta during the early 2000s when large-scale hog operations began to locate there. Generally, jurisdictions with previously established standards were able to have operators adhere to those standards while, jurisdictions attempting to create standards after the fact (after the development permit was filed) found that they could not deny applications and were then stuck with what had previously existed (if anything).

Recommendation 4 – develop and implement regional standards of operation including by-laws.

5. Develop a Regional Profile⁴⁶ /Regional Marketing
Complete the North Vancouver Island Economic Development Atlas⁴⁷
Site Selection

Regional Profiles have become a common way to provide information to persons wishing to move into, set-up a business or are looking to invest in the region. The profiles are used to describe the regions demographic, socio-economic, educational, cultural and geographic features and is more than just a listing of regional statistics. The information can be presented as a full colour booklet for distribution and or posted on the RDMW website.

A co-activity would be to complete an *Economic Development Atlas* of the North Island Region. The Atlas would consist of ‘large-format images that represent information relevant to economic development planning and development on North Vancouver Island’.

It would be useful:

“As a decision making tool for individual area governments;
As an educational resource for areas schools and colleges;
As a graphic resource useful in presentations made to central government agencies, granting agencies, and to potential developers,
As an important orientation for land use planning processes.”⁴⁸

Having a Regional Profile in essence tell people what is in the region (current reality) while the Atlas provides people with an understanding of what the region could become (future). The Profile would provide developers and potential investors with information about whether or not the region could support (capacity) their proposed business venture while the Atlas would direct them to where the region thinks that type of business activity is best suited.

Communities looking to make themselves more attractive to *Site Selectors* face a common challenge -- how do they know what site selectors are looking for, and how do they get their

⁴⁶ The Peace Region Economic Development Alliance in Northwest AB provides an excellent example of a simple profile (access through www.peacecountrycanada.com) while Invest Kelowna (<http://www.edccord.com/> follow the link) provides a example of a more comprehensive profile.

⁴⁷ Contact Doug Aberley, Namgis First Nation, Alert Bay for information regarding this proposal.

⁴⁸ Draft Proposal, Northern Vancouver Island Economic Development Atlas, Prepared by ‘Namgis First Nation / 2006

community on the map? Fortunately, an internationally recognized format exists for compiling and presenting community profile information. The International Economic Development Council (IEDC)⁴⁹, a “non-profit membership organization dedicated to helping economic developers do their job more effectively”, has compiled a set of data standards to allow site selectors to make meaningful comparisons between diverse locations. If the RDMW wishes to pursue site selectors more actively, compiling that data may be worthwhile.

On the upside, the IEDC provides a pre-formatted Excel file ready to be filled in with the relevant data. On the downside, the file contains 25 separate spreadsheets and covers a total of more than 1200 data elements. Completing the data standards fully would be a substantial cost -- much of the data is available through public sources (such as Census data), but some would have to be collected and analyzed locally -- for an unknown benefit. The IEDC recognizes the size of the job, and states that the job can be done in phases, beginning with key data elements, prioritized as follows:

- Leading Employers
- New Companies in the Area
- Average Salary by Occupation
- Worker's Compensation and Unemployment Insurance
- Percent of Workforce organized
- Real and personal property tax
- Average costs of sites
- Utilities
- Quality of life data for the central city and selected suburban school districts⁵⁰

If RDMW chooses to pursue this method of attracting site selectors, the IEDC’s website contains further information on the data standards set, and makes a case for the value of completing it.

Finally, while a regional profile, economic development atlas and site selection profiles are all tools with which to market the region, they best not to be used as substitutes for marketing materials (the advertising component of marketing specifically). Therefore, consideration of regional marketing materials needs to be made in conjunction with decisions around to regional profile, an atlas and site selection.

⁴⁹ www.iedconline.org

⁵⁰ www.iedconline.org/?p=data_standardsCOmmunities

Recommendation 5 – determine which of the regional profile, an economic development atlas, site selection or combination thereof would best serve the RDMW, then develop and implement.

6. Removal of barriers

Industry leaders have identified barriers to regional development. Action can be taken by the RDMW to pursue the removal of these barriers. Consistent with the previous discussion it is recommended that any decisions and actions related to the removal of those barriers be undertaken in such a manner that you focus effort on the ones that have high value and low effort.

Identified barriers and either clarification or suggestions (in brackets) include: attitudes (stuck in outdated thinking), (air) transportation (lack thereof – increase flight frequency), oil & gas moratorium (the removal of), skilled labour (help address the shortage), structure of the Economic Development Commission (include industry and community representatives), and post secondary education (additional offerings).

It is also suggested that the RDMW reviews its policies related to business to see if additional barriers could be eliminated so that it can openly declare the region “open for business” (albeit within its defined set of parameters). Addressing regional transportation issues; lobbying for changes in ferry schedules that better suits the needs of Malcolm and Cormorant Island; improved medical services within the region so that fewer people have to travel to Campbell River (and or leave the region altogether) were cited for action by the RDMW. Other developments within the region that are included here as an emerging barrier is the reduction of provincial and federal government services within the region. This reduction will add directly to the cost-of-doing-business in the region and indirectly through negatively impacting remaining business’ ability to recruit.

Recommendation 6 – identify and prioritize regional barriers, develop and implement action. This includes consideration of increased action relative to keeping (and expanding?) government services within the region.

7. Investment Attraction

Insights have been provided about where to look for investment and a number of actions can be taken that will probably not run counter to future decisions around regional vision. However, the authors are taking the position that the words of one of your industry sector leaders need to be heeded before a significant effort is undertaken related to investment attraction – particularly if efforts are made to find a ‘regional business for the Mile 7 site’.

Those words ran something like:

‘We have a problem. We must be clear first as to what we are so it is clear to investors. We must ‘get our act together here first’ before we go looking outside the region for investments. Our region must have ‘a vision’. So we wait as we are not at the point of outreach.’

The importance of developing regional standards and an economic development atlas prior to significant efforts related to investment attraction is essential. Standards of operation (particularly related to environmental expectations) will allow you to tell potential investors ‘how’ they will be able to operate within the region (the RDMW has only to look at the difficulties that the region has experienced related to the farmed salmon – wild salmon debate as one example). The economic development atlas (the ‘Namgis First Nation example) enables you to tell potential investors ‘where’ to locate.

In addition, identifying and selecting a company like OCO Consulting “the leading provider of strategic consulting services in the area of foreign direct investment”⁵¹ can provide a more direct route to potential investors and will also be able to direct preparations (i.e. align in-region action with potential company and or country preferences and needs). As a small region, finding a niche is essential.

In essence, first do the preparation that is necessary to enable the region to influence the type of investment that enters the region and how that investment operates within the region. Therefore,

⁵¹ OCO see http://www.ocomonitor.com/index.cfm?page_name=home. NOTE: this is reference does not represent an endorsement and is provided only for example.

Recommendation 7 – prepare the region for FDI opportunities.

A number of decisions need to be made related to the regional profile, site selection, economic development atlas, and development of regional standards. Part of those decisions will be determining the relative merit of each action. If this is done in conjunction with a strategic consulting FDI services partner then it is expected that the RDMW would be able to focus effort on actions that would directly prepare it for future FDI. In other words, if China is selected as a country to pursue, make decisions that work for the North Island region *and* China. Expect the FDI specialist to help with that.

In the meantime, the Regional District can continue to respond to opportunities that arise – much as it has done in the recent past with Orca Sand and Gravel and is currently doing to encourage production of wind power within the region, and to use its relationship with VIEA as a way of becoming aware of opportunities being considered for Vancouver Island.

Supplemental to Recommendation 7 – change the way that the communities of the North Island are presented on the Investment BC website from communities listed individually to a North Island regional listing.

This more accurately reflects the regional workforce, especially with the impending implementation of a regional transportation system. And continue to use the resources of the appropriate provincial (Economic Development) and federal governments.

8. Regional Economic Development

There is also a need for the EDC to examine and analyze current provincial regional economic development policies (Ministry of Economic Development) particularly in light of the recent formation of the Vancouver Island Economic Alliance (VIEA). Consider integrating the North Island regional representation with the Economic Development Commission (i.e. have the region's representative sit either as a member or an ex-officio member (resource to) the EDC). Also consider the benefits of continued and or expanded financial contributions to VIEA with the expectation that the North Island voice is heard.

Further alignment and collaboration with the other regional agencies is warranted.

Strengthening the RDMW's long-term relationship with the only other regional change agent, the *Community Futures of Mount Waddington*, in particular with respect to Focus of Effort, is expected to pay dividends in coordination of effort for developing the region's economy.

Review the relationship with municipal governments that have economic development officers. Meet with them specifically to inform them of the results of this UPDATE, dialogue around focus of effort. Consider meeting with in-region economic development officers on an on-going basis with the intent of strengthening a regional perspective to economic development.

Recommendation 8 – review the economic development policies that impact upon the RDMW – i.e. federal (CFMW), provincially formulated regional policies (MEC and VIEA) and in-region (e.g. Quatsino First Nation; 'Namgis First Nation; District of Port Hardy); then determine and update relationships.

9. Additional Recommendations

The following recommendations are provided for consideration. The relative merit of each recommendation needs to be seriously considered and the Strategic Priorities process would be an appropriate time to do that. While the effort required to action a particular recommendation varies, the potential impact may be disproportional to effort (i.e. a simple action has significant payoff); and or the RDMW may find a partner agency that may 'take up the cause' (i.e. ask the Chambers of Commerce to undertake the regional spending initiative recommendation).

9.1 Regional spending initiative

Applying the Paddy Principle⁵² to all actions and decisions related to regional Economic Development – i.e. does this intended decision/action lead to increased flow of money into the region (making money), a recirculation of region based money (saving money) or an outflow of regional money (spending money). Determine a set of actions that would

⁵² The Paddy Principle is derived by the author from this quote of Alex Charles, Rosedale BC; "Either I'm making money, saving money or spending money." Paddy was his nickname.

involve people and communities in this initiative. It is expected that this initiative would contribute positively to increasing the sense of regionalism and sense of identity.

9.2 Labour Market Data

The need for labour market data and analysis that will facilitate informed strategies related to retention and expansion. This action could be incorporated and or linked with the North Island Post Secondary Education Committee activities.

9.3 Tourism Partnerships

9.3.1 Vancouver Island Tourism Association

In light of the demise of the Vancouver Island North Visitors Association and the unsuccessful attempt to reorganize active and increased affiliation with the Vancouver Island Tourism Association offers the best opportunity for the North Island region.

9.3.2 Aboriginal Tourism Association of BC (ATBC)

The Aboriginal Tourism Association of British Columbia (ATBC) is a non-profit, membership-based organization that is committed to growing and promoting a sustainable, culturally rich Aboriginal tourism industry. ATBC works closely with tourism, business, education and government organizations to help B.C.'s Aboriginal tourism businesses offer quality experiences and actively promotes these experiences to visitors and local residents. Consideration of a strong partnership with the ATBC is warranted.

9.4 Re-Structure the Economic Development Commission

The Economic Development Commission is a function of the Regional District of Mount Waddington and is currently comprised of the elected officials that constitute the Board of the Regional District. This is an uncommon representation in comparison to other BC Economic Development Commissions⁵³ and is a form that almost half of the industry leaders suggested needed to change. For example, absent are representatives of the region's business community, education organizations, direct First Nations representation, nor are there recognized strategic thinkers. Options for consideration include the status quo, its antithesis – business/community leaders only; and a more strategic option – some

⁵³ See Vancouver (www.vancouvereconomic.com/) mixed; Kelowna (www.edccord.com/) mixed; Cowichan (<http://www.cvrld.bc.ca/edc/>) primarily business; as examples

combination of elected officials, industry sector leaders, community/interest groups, and strategic thinkers.

While recognizing that there is some local demand for this model, the RDMW currently holds that an accountable, transparent Board of elected representatives trumps the hypothetical effectiveness of a business-led commission.

9.5 Miscellaneous Ideas for Consideration

Additional insights that were provided by the industry sector leaders are presented in Appendix 3 for further consideration.

10. What's Next™ Workshop

A workshop to review recommendations and to determine action based on this UPDATE was included as part of the deliverables from Rutley Ventures Ltd. That workshop is scheduled for February 2008. The purpose of the workshop will be to facilitate decisions related to recommendations and to identify and set strategic priorities. The outcome of this workshop (i.e. decisions and priorities) will be summarized in a companion document – Strategic Priorities for the Regional District of Mount Waddington 2008.⁵⁴

Summary

The North Island region of Vancouver Island has experienced significant economic challenges since 2004 when it completed its last economic development strategy. The forest sector has experienced significant consolidation in response to the Forest Revitalization Plan (2004), the fishing fleet has been severely reduced, fish processing has been consolidated in Port Hardy, and the region still has not recovered from the closing of the Island Copper mine in 1996. With respect to First Nations developments, treaty negotiations continue but remain unresolved. The first urban treaty settlement in modern history (Tsawassen First Nation) was signed in 2007 and gives encouragement that settlements will be reached and the barrier that that is causing will be relieved. Complete sector-by-sector updates are provided within this report.

⁵⁴ This is the proposed title of the document. The reader is advised to use this as a point of reference as the final title may be different.

In addition, the North Island region, like all areas of the Western economy, is currently (fall 2007) experiencing unprecedented circumstances as evidenced by the record value of the Canadian dollar relative to the US dollar, the record high cost of a barrel of crude oil, record high gold prices and decades low Canadian unemployment rates. The impact of these developments provides the impetus for consideration of alternate planning strategies. The need to shift from a linear thinking/planning based approach to a strategic priorities process that embraces complexity and emergent strategies has never been greater. Discussions about how to make that shift are provided.

It is recognized that more goals and objectives (as per the original strategic plan) and recommendations (contained in this update) have been identified than the Regional District of Mount Waddington can realistically action with its current level of resources. Therefore, determining focus of effort and setting strategic priorities emerged as key overarching recommendations.

Specific recommendations include: engaging First Nations, development of regional standards of operation (and by-laws), a regional profile (and or economic development Atlas and or complete site selection process), and taking action to develop and remove barriers to economic development. Recommendations related to foreign direct investment (tourism, forestry, aquaculture, independent power production), regional economic development and tourism follow. A number of miscellaneous recommendations and sundry ideas are also provided as items of action and of a lower priority. The final recommendation is related to participating in a workshop designed to facilitate decisions around focus of effort, strategic priorities. This would set the framework for decisions related to all recommendations.

Appendices

Appendix 1

Marco Romero – President, Polaris Minerals¹
 Survey Response – October 9 2007

PART 1. NORTH ISLAND GENERAL

A. Economic Development

1. How is it going? (what's working? how is this situation helping us? how are we unique? how can we turn this to our advantage? what can we do better than anyone else?)

- how is it going? – as well as can be considered considering the limited economic opportunities in the region
- what's working? the communities are real
- how is this helping us? – it could set the stage for people to come together for community led solutions.
- how are we unique? – the region is united in its isolation
- how can we turn this into our advantage? – united we can!
- what can we do better than anyone else? – build roads; harvest trees

2. What has changed in the North Island region since the Economic Development Strategy was developed (2004). [centralization of services; demographics; etc]

- what strategy? never heard of it.

3. What do we need to be aware of (factors/events) that will impact the North Island region in the next 3 – 5 years:

2. favourably?

- Likely to see forest products become feed stock for alternate energy projects like cellulosic ethanol (shift from use as fibre)

3. adversely?

- Forest industry becoming less competitive
- Fishing won't recover for decades

4. Infrastructure: there have been a number of infrastructure upgrades since 2004

(high-speed internet service to smaller communities; North Coast Trail; regional transportation): What remains missing? and or what needs to be done next?

- Better electrical power grid (an improved grid could bring industry into the region); current grid is not suitable for large scale industrial use (e.g. Orca Sand & Gravel 'barely fits'); grid is not reliable (down frequently last winter).
- Applaud the development of a regional transit system

5. What is the next big opportunity for the North Island Region?

- cellulosic ethanol

5A. If you could remove one regional barrier, what would it be?

¹ Included in fulfillment of this industry leaders direct request.

- hard to do for location (isolation) and climate barriers – would increase frequency of cheaper flights into region
6. Which approach to economic development needs a boost within the region: PRIORITIZE
- a) helping those who want to do something OR
 - b) infrastructure development OR
 - c) attracting new development.
- Because of the isolation – the region must do something dramatic! E.g. development of a tax free zone as a catalyst to compensate for the isolation.

B. Investment Attraction:

1. What key features of the region could be used to attract investors/investments?
 - Tax incentives (but need to collaborate with Provincial and Federal Governments to get changes [has been tried but doesn't mean you can't make another request])
2. Who do we need to be talking with about investing in the region? Why? Priority?
 - Federal and Provincial Ministers of Finance (change in tax structure) then the rest will happen (e.g. international financial centre; on-line businesses).
 - Create incentives to make it less expensive to operate in the region.
 - Alternate energy producers (wind, water, micro-hydro) – but they also need better transmission lines
3. What approach would you recommend regarding 'quiet investment/ silent partners'?
 - Ban Economic Development Officers – most don't have a clue and a lot are incompetent. Instead foster business associations – made up of those that have taken the risk and know what it is like and what needs to be done.
4. "If you have a million dollars" to invest . . .
 - a. where would you invest it? i) *in – region*: ii) ~~out of region~~
 - b. if in region: which sector(s)? relative amounts? *would not disclose*

C. Insights/Recommendations

5. What are you seeing that others aren't seeing?
 - Saw the opportunity for sand and gravel (the one we developed) and there are others in the region. Three (3) fascinate me but I will only disclose one because I am not likely to develop it.
 - Ocean Ranching – production of salmon fry for release in ocean and return to be harvested (doing it successfully in Alaska and Japan). Could have a very significant positive impact in the region.
 6. If you had a chance to speak to the Economic Development Commission you would tell them
 - encourage entrepreneurs to take the lead
 - create an environment favourable to business development – the rest will happen
1. Included in fulfillment of this industry leaders direct request.

- there is little else you can do other than encouraging people to learn
 - let business ideas happen naturally
 - put up a big sign along the highway – ‘RDMW – Open for Business’
 - transmission lines need to be upgraded
 - tax breaks to offset many disadvantages within the region
7. What question have I not asked you that you need to talk about?
- mining –we aren’t mining – the mining industry will find what it needs without the help of the RDMW but be supportive of those who do come
 - develop regional standards of how you want them to operate within the region and have them match those standards
 - development funds will come from industry and or from provincial government

PART 2. NORTH ISLAND Sector Specific

C. North Island – Sector Specific SECTOR: Quarry / Construction Material

1. What has changed in your sector region since the Economic Development Strategy was developed (2004).
 - we (Orca Sand & Gravel) are the industry (it wasn’t here three years ago).
2. What do we need to be aware of (factors/events) that will impact your sector within the region in the next 3 – 5 years: a. favourably?; or b. adversely?
 - nothing comes to mind
3. What if anything can be done about it? can regional organizations help? how can they help (be specific).
 - see previous comments
4. Which approach to economic development would most help your sector in the next 2-5 years: (energy/effort allocation): a. helping those (individuals/companies/communities) who want to do something OR b. infrastructure development OR c. attracting new development/ investments.
 - *question not asked*

¹. Included in fulfillment of this industry leaders direct request.

Appendix 2

Strategy and Strategic Planning

Strategy is about intentional, informed, and integrated choices.⁵⁵ It means you must think about the whole, about how the organization intends to engage its environment. By default, it is a requirement that in order to think/choose/act strategically one (the organization) must first ‘know itself’ and what it wants to become and or accomplish.

Strategy can also be described as ‘a means to an end’ whereby *means* refers to a way of doing things – which embraces the important concepts of fit (how well things fit together which contribute to the soundness or robustness of the strategy or strategic thinking) and focus (the extent that organizational energy is spent on organizational goals; and whether or not that is intentional or not) – and *end* implies that a choice (mindful decision) has been made about a desired future outcome (vision, goal); or way of being; or what it will look/feel like ‘when we arrive’. The key, is embracing the *end* while living the *means*.

We believe that there is so much confusion around ‘strategy’ because it is actually an adjective. It’s the *nounification* of the word ‘strategy’ that has contributed to the confusion. So what does it mean or look like when one *thinks strategically* or *acts strategically*. To think and or act strategically requires forethought. In order for an action to have been strategic, then there must have been some forethought and a mindful or intentional decision made prior to action. It also implies that one had an idea (vision, sense, concept), some sense of ‘knowing’ of what the outcome (an end) is/ will be.

Elements of a strategy

Hambrick and Frederickson⁵⁶ argue that a sound business strategy comprises five elements: realm (where will we be?), vehicles (how will we get there), differentiators (how will we be different?); staging (what will be our speed and sequence of moves/developments?); and economic logic (how will we obtain our returns/revenues?). It is suspected that the Regional District Mount Waddington is clear about its realm – where it will be because it has been defined by Provincial Legislation (although there are indications that those boundaries will change with respect to the Regional District Comox-Strathcona). The differentiators (how will we get there?) are irrelevant as far as jurisdiction is concerned but not as far as economic development because there are other regional players. Using the existing Economic Development Strategy⁵⁷ as the basis, there is little evidence i) that the RDMW knows how it will get there

⁵⁵ Donald C. Hambrick and James W. Fredrickson, *Academy of Management Executive* 2005. Vol. 19 No.4 page 51-62.

⁵⁶ *Ibid.*

⁵⁷ Penfold, G.E, B. Salter and D. Carley. 2004. *Regional Economic Development Strategy for the Regional District of Mount Waddington – March 31, 2004.*

(no evidence of strategic choice), or ii) of staging (priorities). The authors also expect that the current economic logic model (how will we obtain our revenues) would benefit from an update primarily in order to improve fit among operations especially in light of recent events and changes both internal and external to the organization.

The Importance of a Comprehensive Strategy

First, all five elements described above are important enough to not only to take the time to describe them well but that they also require intentionality (a mindful decision). Second, the five elements call not only for choice but also for preparation and investment, an allocation of resources in such a way as to optimize movement toward the goal. Third, all five elements must align with and support each other (fit). Finally, it is only after the five strategic elements are defined that one can turn to designing all the other supporting activities – policies, organizational arrangements, operating programs and processes etc. In other words – and consistent with a key biological principle that ‘form follows function’ – by first making intentioned decisions related to the key strategic elements and your desired future, all decisions and action taken will then be aligned with the desired future and will be by definition a strategic choice/ action.

Emergent Strategies

An alternative approach to strictly strategic plan is to develop an emergent strategy (i.e. the organization is open to what emerges and then acts in accordance with its vision).

“Emergence in neither good nor bad – it simply is. Henry Mintzberg, who has long written about strategy in all kinds of systems, argues that our romance with deliberate strategies has blinded us to the reality that all strategy is a pattern in a stream of actions involving both intentions and emergence⁵⁸

It is also our opinion that an organization that takes an emergent strategy approach is also better equipped to deal with complexity and instability in the marketplace like has been evident in the fall 2007.

⁵⁸ Getting to Maybe. 2007. page 141, Westley, F. B. Zimmerman and M.G. Patton. Vintage Canada.

Appendix 3

Create a regional vision

In order to have an effective strategy and to have action directed towards where you want to be (or to become what you want to be), vision is required. Having a clear vision of that future enables one to focus effort. This is particularly critical in the case of the North Island because a clear regional vision has never emerged other than ‘we are the North Island’. Community differences continue to plague regional development and the idea of the North Island working together as a regional community rather than communities within a geographic region.

Create a set of descriptors that clearly articulates ‘who we are’ and ‘what we are about’ (an exercise similar to ‘branding’ but more heart/principles based than market based). Initiate a region-wide process to engage ‘all comers’ to help decide what kind of a region you wish to be (i.e. a ‘desired future’ exercise⁵⁹). Then make sure that those descriptors are clearly articulated in the Profile/Atlas and all other forms of regional promotions. This activity would also address Doug Aberley’s comment that the ‘Namgis First Nation has developed a Statement of Values and the RDMW is encouraged to do the same.

⁵⁹ Use a modified version of the Desired Future Analysis Tool ©MHA Institute, Calgary AB

Appendix 4

Additional Ideas for Consideration¹

- Keep/put programs in place to assist those want to make a change in their situation (e.g. ‘programs (self-employment; loans) at Community Futures were instrumental in my success’)
- Encourage education/skilled people to live here. Education – help people get the skills they need in order to get jobs and keep them updated (professional development) in order to keep them here.
- A Business Council is an option instead of the Economic Development Commission.
- Merge the two Chambers of Commerce as that will help them become regional in focus.
- ‘The atlas and a vision are more dynamic than the Community Plan – which is more static’.
- Local governments (i.e. all government located in the region) need to support local business in their business dealings (e.g. buy local) – that is part of the process; continue to support regional businesses
- Consider a one-stop model for government services (especially as the number and volume of service continues to decline).
- Keep looking regionally (i.e. the regional perspective).
- Continue community networking.

¹. Collected from industry leader interviews.