

BUSINESS RETENTION & EXPANSION PLAN



EXECUTIVE SUMMARY

Purpose and Methodology

The Regional District of Kitimat-Stikine (RDKS) spans a geographic area of over 100,000 km² in Northwestern British Columbia. The region encompasses a population of approximately 40,000 people, most of whom are located in the municipalities of Terrace, Kitimat, Hazelton, New Hazelton and Stewart.

The Economic Development Commission for the RDKS includes Regional Board Directors for the six electoral areas, as well as Stewart, Hazelton, and New Hazelton. In early 2018, the RDKS crafted the Economic Development Strategic Plan 2018 – 2023, which focuses on five main elements of economic development including Workforce and Resident Attraction, Community Infrastructure, Skills Training, Business Retention and Expansion and Tourism Marketing.

The purpose of this study is to prepare a Business Retention and Attraction Plan for the RDKS. Terrace and Kitimat each have their own Economic Development Commission. In preparing the BRE Plan, we conducted a review of economic indicators, research reports, plans, strategies, and profiles as well as interviews with 18 key informants and a survey of 64 businesses operating in the RDKS to assess the current state of businesses throughout the Regional District, key opportunities and challenges facing businesses in the present COVID-19 environment, the economic outlook, and potential actions or initiatives that should be taken by government, industry and others to promote development and address the major challenges. We summarized the results, prepared a SWOT analysis, and prepared the BRE plan which is detailed in the main body of the report.

Major Findings

- 1. Most businesses in the region are small and primarily serve local customers.** Of those businesses surveyed, 38% are home-based business and 70% have five or fewer employees. On average, the regional market accounts for 68% of revenues, followed by customers based in other parts of BC (18%), other parts of Canada (8%), and outside of Canada (6%).
- 2. While the COVID-pandemic has had some impact on most businesses in the region, government supports have been generally effective to date in helping businesses maintain operations.** Prior to COVID-19, the RDKS economy was viewed as healthy although smaller communities, particularly First Nations communities, tended to be experiencing slower economic growth and higher unemployment rates. Eighty-seven percent of the businesses surveyed reported that their operations have been impacted by COVID-19, with the accommodation, food and beverage sectors as well as the retail sector being the most impacted. Few businesses or key informants indicated that the pandemic has created new opportunities for local businesses. While there are continuing concerns regarding the short, medium and long-term impact of COVID-19 on the business community and the economic outlook for the region, most businesses are continuing to operate.

- 3. Although the current business climate is difficult for some businesses, most business owners and key informants are optimistic about business outlook over the next three to five years.** While the businesses surveyed reported that they had, in aggregate, 8% fewer employees than they had on that day two years ago, they project they will have 25% more employees in two years. Major resource and other projects and the tourism sector are viewed as the leading opportunities for growth going forward. Other opportunities for growth include agriculture, renewable energy, property development, and remote workers.
- 4. Most businesses expect to continue their operations largely as is for at least the next three to five years.** Few businesses consider it very likely they will either expand or reduce operations at their existing location(s) or open more locations in the region or other regions. Relocation risk seems low. However, the percentage of businesses who indicated it is at least somewhat likely they will sell (31%) or close (20%) their operations suggests that there is some retention risk (mostly related to business succession issues).
- 5. Various challenges can make it difficult for a business to maintain and expand operations.** Difficulties in accessing skilled labour, attracting and retaining staff as well as the high cost of operations and construction were identified by businesses as key challenges. When asked about their single most significant long-term challenge, businesses most commonly identified staffing issues.
- 6. According to key informants, the major roles of the RDKS in terms of business retention and expansion are to monitor issues, serve as an advocate for small communities and small businesses, and partner with other organizations to take action on key issues.**

Overview of the BRE Plan

The objectives of the BRE Program are twofold:

- 1. To develop a strong on-going channel of communication between the business community and the RDKS.** The objective is to position the RDKS as a first point of contact for businesses considering expansion or experiencing difficulties in maintaining operations; and
- 2. To facilitate access to needed support and assistance needed by the businesses.** As a first point of contact, the RDKS will need to serve as pathfinder, identifying business needs and referring them to appropriate sources of assistance; advocate on behalf of businesses; and work to fill gaps in services, information, training or other support as needed.

The key action items identified in the plan include:

- Develop a Terms of Reference for the BRE Committee.
- Develop and implement a primarily digital communications program that is designed to build strong relationships with the business community in the region.
- Meet with businesses in each community at least once a year, either in person or virtually.

- Conduct periodic pulse surveys of the business community.
- Work to strengthen relationships and coordinate activities with neighboring communities including the Indigenous communities.
- Document both the qualitative and quantitative information coming out of the BRE sessions.
- Respond quickly to enquiries or requests for assistance from businesses.
- Advocate for change, serving as a conduit between the businesses and the RDKS, business intermediaries and the provincial and federal government.
- Maintain strong connections with business intermediaries and support services available to businesses in the community.
- Seek out funding to implement the BRE program and also support the development and implementation of initiatives to fill gaps in the available programming.

The findings of the research are consistent with the existing economic development priorities of the RKDS, particularly the focus on tourism marketing, resident and worker attraction and the Love Northern BC buy local program. Some key issues that could be targeted in the future relate to succession; webinars, training and assistance related to digitization, marketing, social media, health & safety, and business development; entrepreneurial development, business planning and incubation programs; and programming or events specifically designed to educate local businesses about upcoming opportunities associated with major developments in the region.

CONTENTS

- 1. INTRODUCTION** **2**
- 1.1 Economic Development Strategy 3
- 1.2 Purpose of the Study 5
- 1.3 Methodology 5
- 1.4 Structure of the Report 8

- 2. OVERVIEW OF THE RDKS** **9**
- 2.1 Overview of the Regional District 10
- 2.2 Overview of Targeted Communities 21

- 3. MAJOR FINDINGS** **25**
- 3.1 The Impact of COVID-19 26
- 3.2 Characteristics of Existing Businesses 29
- 3.3 Business Outlook 32
- 3.4 Key Challenges 38
- 3.5 Potential Actions and Recommendations 41
- 3.6 SWOT Analysis 43

- 4. THE BRE PLAN** **48**
- 4.1 Situational Analysis 49
- 4.2 Objectives of the BRE Program 50
- 4.3 Recommended Actions 50
- 4.4 Performance Measurement and Tracking 53
- 4.5 Sources of Funding 54



1. INTRODUCTION



1.1 Economic Development Strategy

The Regional District of Kitimat-Stikine (RDKS) spans a geographic area of over 100,000 km² located in Northwestern British Columbia. The region encompasses a population of approximately 40,000 people, most of whom are located in the municipalities of Terrace, Kitimat, Hazelton, New Hazelton and Stewart.

The Economic Development Commission for the RDKS includes Regional Board Directors for the six electoral areas, as well as for Stewart, Hazelton and New Hazelton. Terrace and Kitimat each have their own Economic Development Commission. In early 2018, the RDKS crafted the *Economic Development Strategic Plan 2018 – 2023*, which focuses on five main elements of economic development including:

- *Workforce and Resident Attraction.* Attract more people to live, work and play in our communities by making them desirable to live in.
- *Community Infrastructure.* Work towards ensuring our residents have the same access to amenities and facilities as other regions in the province.
- *Skills Training.* Work towards creating local training and education opportunities for our region’s residents.
- *Business Retention and Expansion.* Help existing businesses thrive.
- *Tourism Marketing.* Build on coordinated efforts to increase tourism in the region.

The Economic Development Strategic Plan is intended to provide Regional District officials, staff, partners, and the public with information on how the Regional District helps spur economic development, with the purpose of assisting with collaboration and synergies with current and future partner organizations and governments, and the intent to help improve the wellbeing and quality of life of everyone within the Regional District.¹ The Strategy outlines a series of actions items to achieve 5 key areas and goals of economic development, as summarized in the table below.

Overview of the Economic Development Strategic Plan

Strategic Areas	Goals	Action Items
Workforce and Resident Attraction	Attract more people to live, work and play in our communities by making them desirable to live in.	<ol style="list-style-type: none"> 1. Promotion of existing high-speed internet 2. Attraction of healthcare professionals 3. Attraction of education professionals 4. Attraction of retirees 5. Content creation
Community Infrastructure	Work towards ensuring our residents have the same access to amenities and facilities as other regions in the province.	<ol style="list-style-type: none"> 1. Advocate for essential services 2. Murals and beautification 3. Wayfinding and signage 4. Investigate possibilities for affordable/suitable housing development

¹Regional District of Kitimat-Stikine Economic Development Commission, Economic Development Strategic Plan 2018-2023.

Strategic Areas	Goals	Action Items
		<ol style="list-style-type: none"> 5. Investigate possibilities for business incubator and/or office space development 6. Investigate possibilities for implementation of high-speed internet 7. Investigate possibilities for childcare facility development 8. Investigate possibilities for implementation of cell phone service on highway corridors
<p style="text-align: center;">Skills Training</p>	<p>Work towards creating local training and education opportunities for our region's residents.</p>	<ol style="list-style-type: none"> 1. Help increase essential courses in schools 2. Help with distance education facilities/equipment 3. Investigate possibilities for local education campuses 4. Help with increasing access to adult education 5. Labour market study 6. Investigate possibilities for the development of training facilities
<p style="text-align: center;">Business Retention and Expansion</p>	<p>Help existing businesses thrive.</p>	<ol style="list-style-type: none"> 1. Specific business walk follow-up (workshops, dialogue, etc.) 2. Promote shopping local (Love Northern BC) 3. Business walks 4. Regional business retention policy/plan 5. Assist agricultural businesses 6. Assist with marijuana-related opportunities, law-dependent
<p style="text-align: center;">Tourism Marketing</p>	<p>Build on coordinated efforts to increase tourism in the region.</p>	<ol style="list-style-type: none"> 1. Promote hiking activities 2. Promote local fishing opportunities 3. Winter sport marketing 4. Target overseas markets 5. Promote firearms/archery opportunities 6. Festival promotion 7. Promote year-round leisure opportunities 8. Integrate translation in marketing 9. Assist with promoting the region to film industry and TV shows 10. Investigate partnerships for regional activities (e.g. "party train") 11. Assist with travel trade efforts

Source: Regional District of Kitimat-Stikine Economic Development Commission, Economic Development Strategic Plan 2018-2023.

1.2 Purpose of the Study

The purpose of this study is to prepare a Business Retention and Expansion Plan for the RDKS. Achieving the Regional District of Kitimat-Stikine’s Business Retention and Expansion goals, as outlined above in the 2018 Economic Development Plan, will require:

- An in-depth understanding of the current state of businesses throughout the Regional District. This will require engaging directly with the business community, conducting surveys and outreach, analyzing existing literature and previous studies, and conducting interviews with key stakeholders. It will be critical to understand the current opportunities and challenges facing businesses in the region in the present COVID-19 environment and better understand how the pandemic has impacted both the current and future economic outlook.
- Development of a list of recommendations for the BRE Committee and the Regional District on how to retain and strengthen existing businesses throughout the Regional District. This will require, among other things, analyzing *whom* the Regional District should target with their efforts (e.g., priority sectors), developing strategies for *how* to best assist them, and identifying *what* resources currently exist and which partnerships could be leveraged to better support implementation of the strategies.
- Development of an action plan to guide implementation as well as a performance measurement strategy for tracking and reporting on the results.

The research focused primarily on the communities outside of Terrace, Kitimat and Stewart. Terrace and Kitimat have their own economic development function while Stewart was the focus of a separate study which was underway at the same time as this study.

1.3 Methodology

In preparing the BRE Plan, we conducted:

- **A review of economic indicators, research reports, plans, strategies, and profiles** relevant to the RDKS including statistical data on the region, discussion of current trends in business retention and expansion, recent strategies developed for the region, and examples of BRE strategies from other regions.
- **Interviews with 18 key informants** who reported on the current state of businesses throughout the Regional District, key opportunities and challenges facing businesses in the present COVID-19 environment, current and future economic outlook, and potential actions or initiatives that should be taken by government, industry and others to promote development and address the major challenges. As indicated in the table below, 8 of the 18 representatives were members of RDKS Business Retention and Expansion Committee.

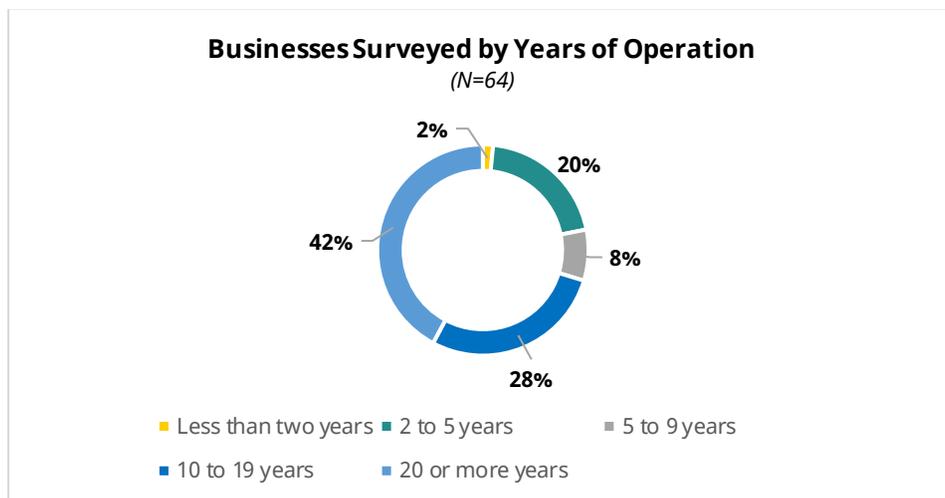
Key Informants Interviewed

Type of Organization	2020	
	#	%
BRE Committee	8	44%
Economic Development	3	17%
Chief Administrative Officers	2	11%
Chamber of Commerce	1	6%
Community Futures	1	6%
Tourism Association	1	6%
Other	2	11%
Total Interviewed	18	100%

The key informants who were interviewed are listed in Appendix 1.

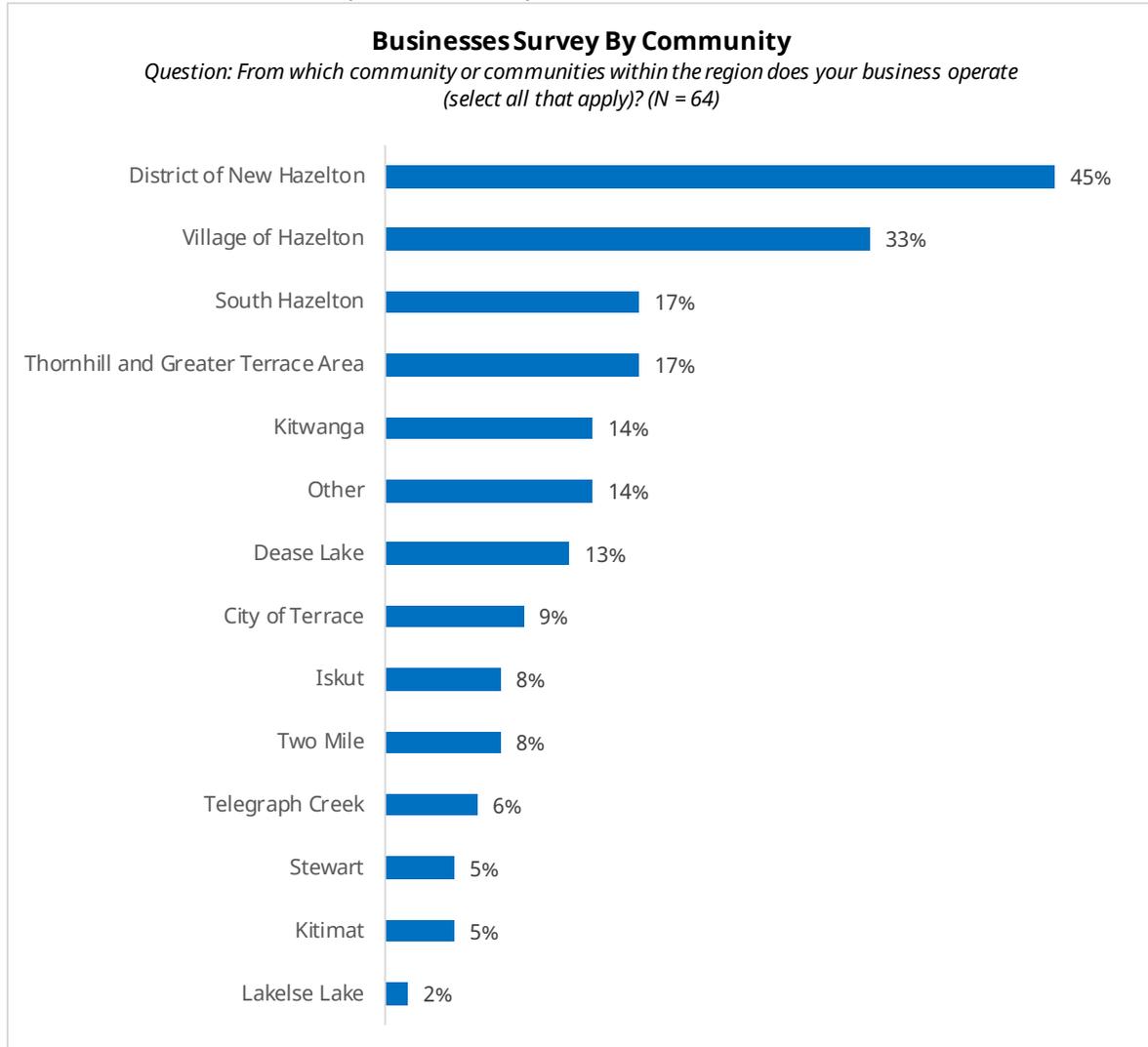
- A survey of 64 businesses operating in the RKDS².** The respondents came from a population list of 207 businesses located in the region. Adjusting for individuals who were the contact person for more than one business, there were 185 potential respondents. We followed-up with target respondents three to four times by telephone and email. When phoning, we provided businesses with the option to complete the survey at that time over the telephone. Of the 121 which did not complete a survey, 36 indicated that they did not want to participate and 34 could not be contacted (e.g., telephone number no longer in service or wrong number) and we could not find an alternative number after doing an online search of the company name to see if a new phone number is available.

Of the businesses surveyed, 70% have been in operation for 10 or more years including 42% that have been in operation from 20 or more years.



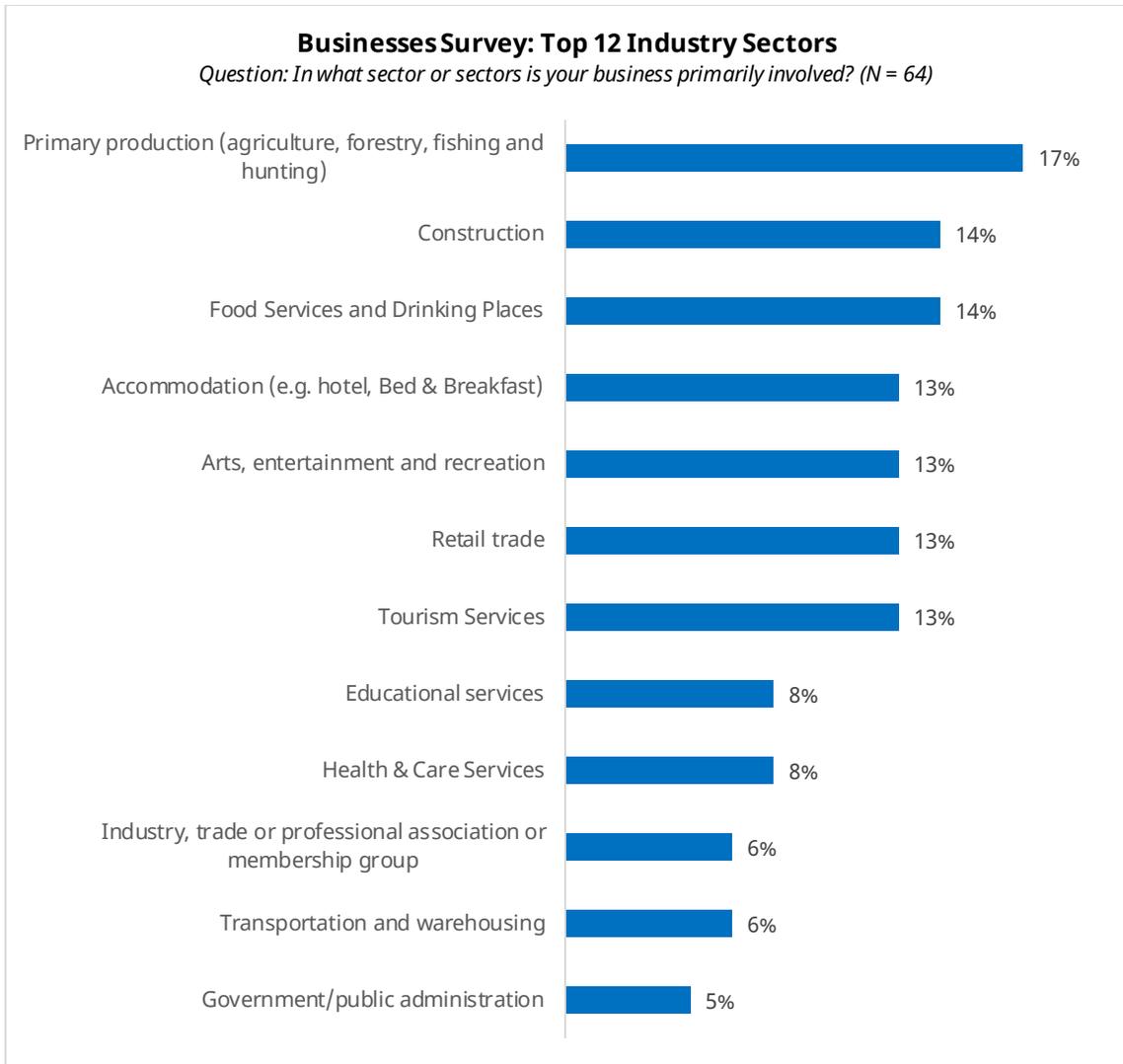
² While the focus is the area within the RKDS outside of Kitimat and Terrace, the survey and interviews did include some representatives from those communities because of their important role in the broader economy and because the scope of the local business operations frequently extends into the broader region.

The responding businesses came from a variety of different communities of which New Hazelton, Hazelton and South Hazelton was the most common. It should be noted that some of the businesses operate in multiple communities.



Most of the businesses are small (70% have five or fewer employees) and nearly 40% are home-based businesses.

The responding businesses are also drawn from a wide variety of economic sectors, the most common of which included primary production, construction, food services and drinking places, accommodation, arts, entertainment and recreation, retail trade and tourism services.



1.4 Structure of the Report

Chapter 2 provides an overview of the RDKS, based largely on a document review, while Chapter 3 provides a summary of the interview and survey results and presents a high-level SWOT analysis. Chapter 4 provides recommendations regarding the actions for the BRE Committee and the Regional District on how to retain and strengthen existing businesses throughout the Regional District and outlines an action plan and performance measurement strategy for tracking and reporting on the results. The appendices provide a listing of the documents that were reviewed (Appendix 1) and the key informants who were interviewed (Appendix 2).

2.

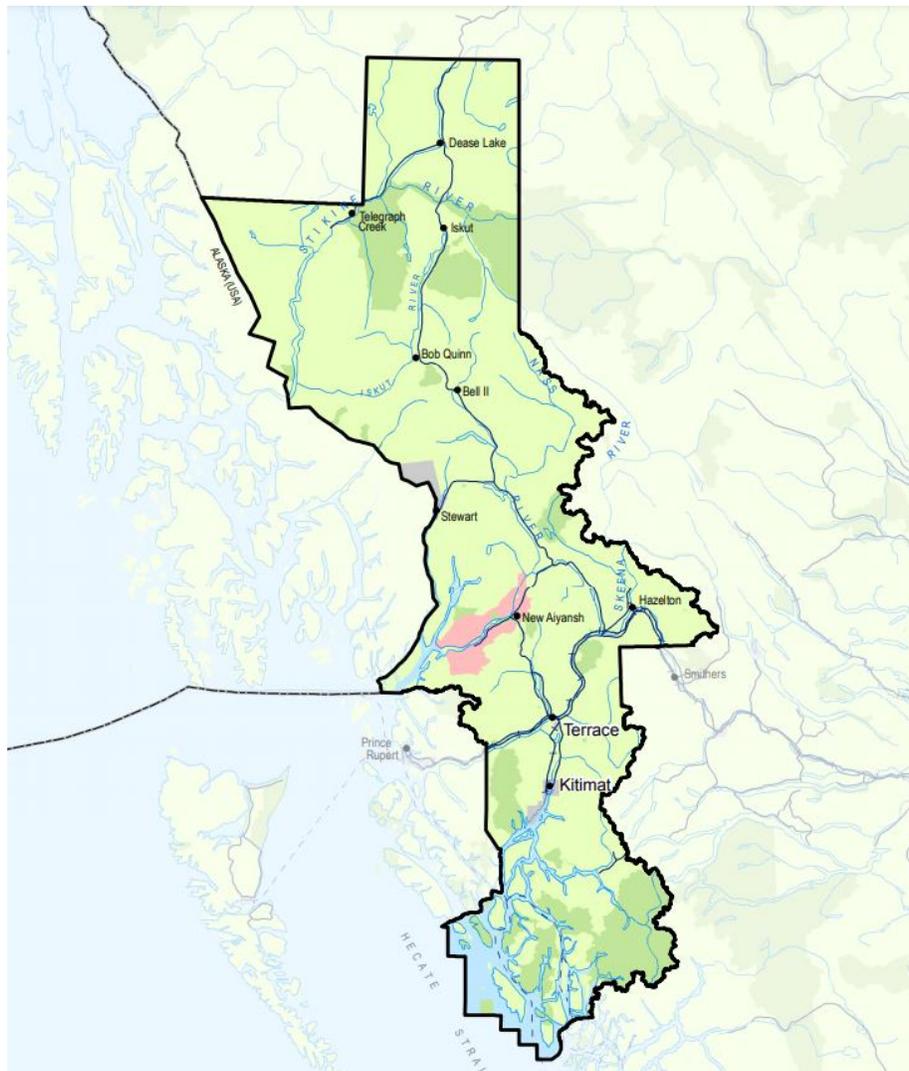
OVERVIEW OF THE RDKS



2.1 Overview of the Regional District³

Location and Population

Incorporated municipalities in the regional district include the City of Terrace, District of Kitimat, Village of Hazelton, the District of New Hazelton and the District of Stewart. Unincorporated communities include Telegraph Creek, Iskut, Thornhill, Kitwanga and several First Nations communities. Dease Lake, formerly in the Stikine Region, was added to the Regional District on December 1, 2007.⁴

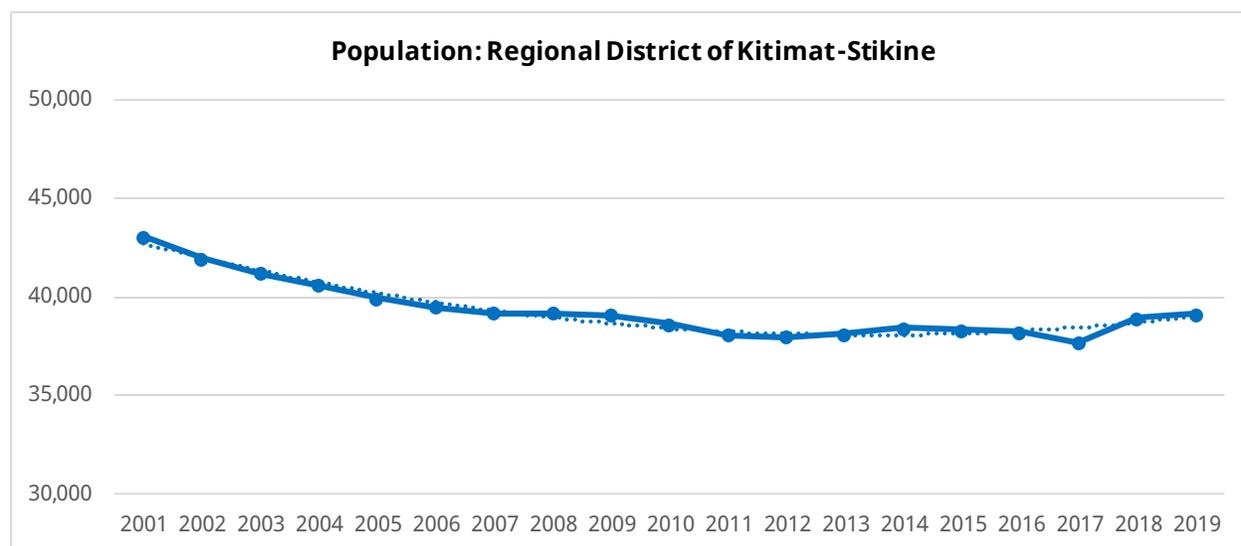


Source: RDKS 2019-2022 STRATEGIC PLAN.

³ The statistics in this section relate to the entire RDKS, while the business surveys and interviews focus primarily on the communities outside of Terrace, Kitimat and Stewart.

⁴ Regional District of Kitimat-Stikine Economic Development Commission Strategic Economic Development Plan 2016.

The population in the region declined from 43,080 in 2001 to 37,367 in 2016 before increasing to 39,150 in 2019. The population is projected to continue to increase to over 45,000 by 2025.



Source: Population. URL: <https://rdks.ecdev.org/business-climate/> and https://citypopulation.de/en/canada/britishcolombia/admin/5949_kitimat_stikine/

RDKS residents are a mix of Indigenous (36%) and non-Indigenous people (64%). One-quarter of residents are aged 25-44, while nearly half of the population is aged 45 or older. The median age of the resident of RDKS is about 40.8, which is slightly younger than BC (43.0) and Canada (41.2).⁵

Characteristics of the RDKS Population

Indicator	#	%
Population 2019	39,150	
Population 2016	37,367	
% Growth	5%	
Gender (2016)		
Males	19,125	51%
Females	18,245	49%
Aboriginal Status (2016)		
Aboriginal	13,265	36%
Non-Aboriginal	23,670	64%
Age Group (2016)		
0 - 14 Years	6,895	18%
15 - 24 Years	4,495	12%
25 - 44 Years	9,205	25%
45 - 59 Years	8,605	23%
60 Yrs. & Older	8,165	22%

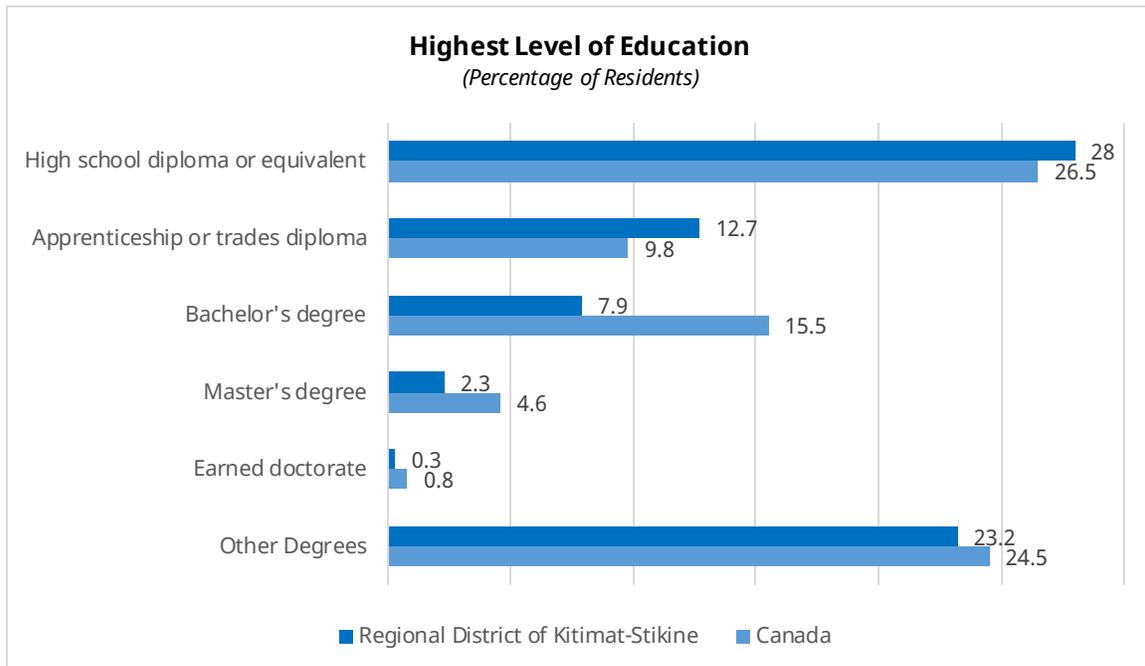
Source: Census 2016.

⁵ Statistics Canada, Census Profile 2016.

The average household size of RDKS (2.5 persons) is similar to BC (2.4) and Canada (2.4). In 2016, there were a total of 16,922 private dwellings in RDKS, including 142 new private dwellings built during 2011 to 2016. Most (72%) dwellings in RDKS are single detached houses. In terms of home ownership, 76% of the residents are owners as compared to 24% of renters.⁶

Education

Residents tend to be less educated than other British Columbians and Canadians overall. In terms of highest level of education, 28% of the RDKS population over 15 years of age in 2016 have a high school diploma, 13% have a college or trades diploma, and 11% had a university degree.



Source: Statistics Canada, Census 2016.

There are post-secondary educational programs operating in the RDKS. The University of Northern British Columbia (UNBC) has specialized satellite campuses and facilities throughout the region. Coast Mountain College (formerly Northwest Community College) and Northern Lights College also offer a selection of learning opportunities, including trade options.⁷ The largest post-secondary fields of study are architecture, engineering and related technologies, with a higher percentage of students studying in this field in Kitimat-Stikine than in the province overall (13.5% vs. 11%). The second and third largest fields of study are business, management and public administration, and Health and related fields, accounting for 7.3% (13.2% in BC) and 7% (8.3% in BC), respectively.⁸

Labour Market

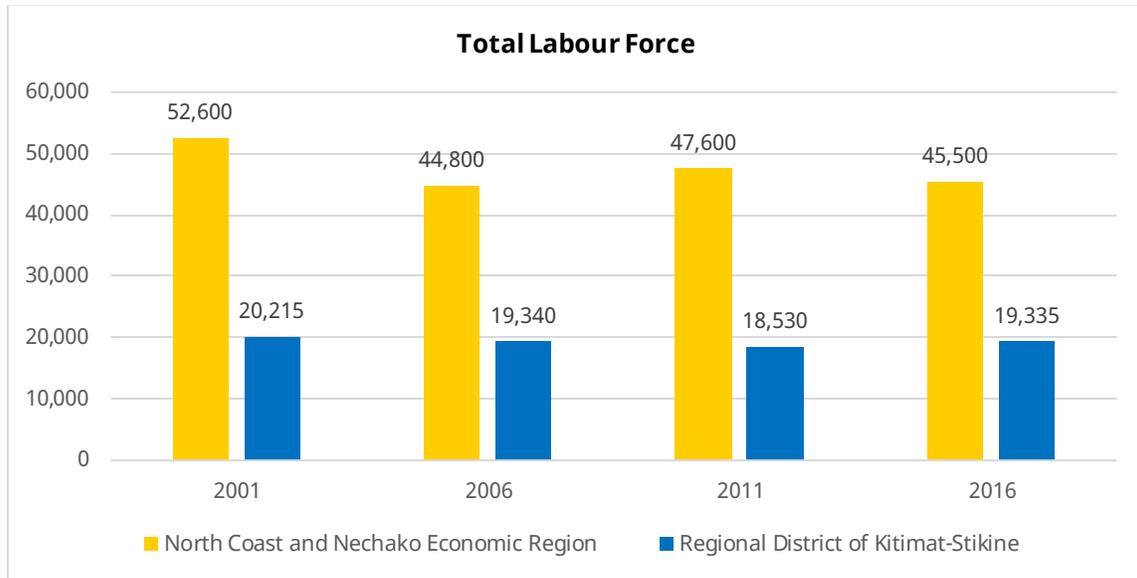
The total labour force in RDKS was 19,335 in 2016, accounting for approximately 43% of the total

⁶ Statistics Canada, Census Profile 2016.

⁷ Regional District of Kitimat-Stikine Official Website.

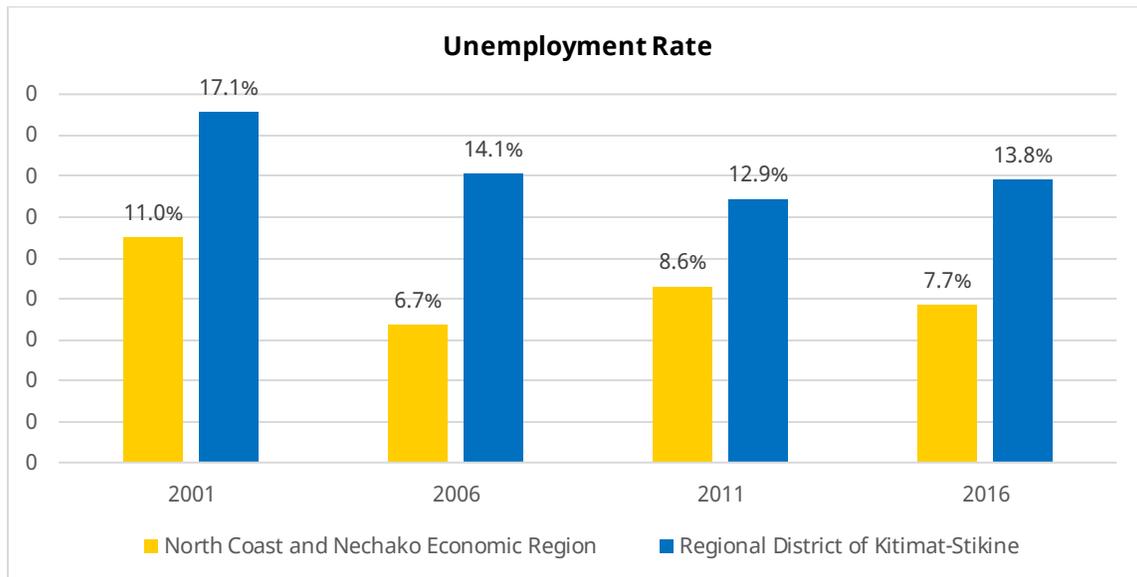
⁸ Census Canada 2016.

labour force in the North Coast and Nechako region⁹. However, as shown in the figure below, the labour force in RDKS has been slightly decreasing since 2001. Census data shows that 44% of RDKS's 2016 labour force worked full-time for the full year, the weeks worked in the same year averaged to 40.3, and approximately 8% of the labour force were self-employed.



Source: Statistics Canada, Census 2016.

Similarly, the unemployment rate (13.8%) in RDKS was higher than the North Coast and Nechako region (7.7%) in 2016. The unemployment rate of RDKS fluctuated between 13.8% to 17.1% over the last two decades, however, it has been generally decreasing since 2001.



Source: Statistics Canada, Census 2001, 2006, 2011, 2016.

⁹ North Coast covers the northern coastal areas of BC as well as Haida Gwaii. Prince Rupert, Terrace and Kitimat are the major centres in the region. Nechako stretches from the BC-Yukon border in the north down to the central Lakes District of the province and is separated from the northeastern section of the province by the Rocky Mountain Trench.

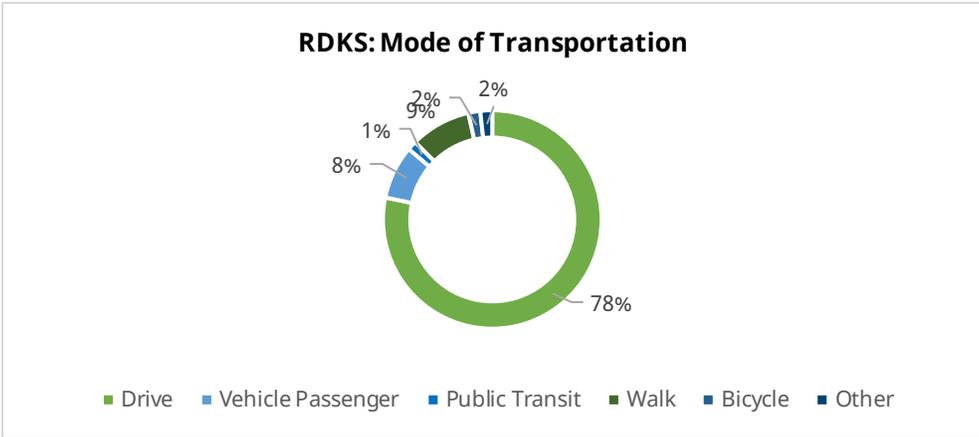
The most common occupations in 2016 involved sales and services (23%); trades, transport and equipment operators (22%); education, law and social, community and government services (13%); and business, finance and administration (12%). The relative distribution of the work force across the various occupations remained relatively stable between 2006 and 2016.

RDKS Labour Force by Occupation

(Source: Statistics Canada Census 2006, 2011, 2016)

Occupations	2006		2011		2016	
	#	%	#	%	#	%
RDKS Labour Force Surveyed	18,605	100%	17,865	100%	18,690	100%
Sales and service	4,480	24%	3,925	22%	4,330	23%
Trades, transport and equipment operators	3,715	20%	3,415	19%	4,020	22%
Education, law and social, community and government services	1,940	10%	2,805	16%	2,390	13%
Business, finance and administration	2,305	12%	2,175	12%	2,230	12%
Management	1,400	8%	1,470	8%	1,700	9%
Health	925	5%	1,005	6%	1,070	6%
Natural and applied sciences	885	5%	960	5%	995	5%
Manufacturing and utilities	1,380	7%	915	5%	920	5%
Natural resources, agriculture and related production	1,105	6%	845	5%	690	4%
Art, culture, recreation and sport	470	3%	355	2%	345	2%

Utilizing a car, truck or a van accounted for almost 80% of transportation methods used to commute to work in 2016. Walking or by bicycle were the second most utilized methods of transportation (11%). In the same year, census data shows that the average commuting time in RDKS (16.8 minutes) is about 10 minutes lower than the national average (26 minutes).

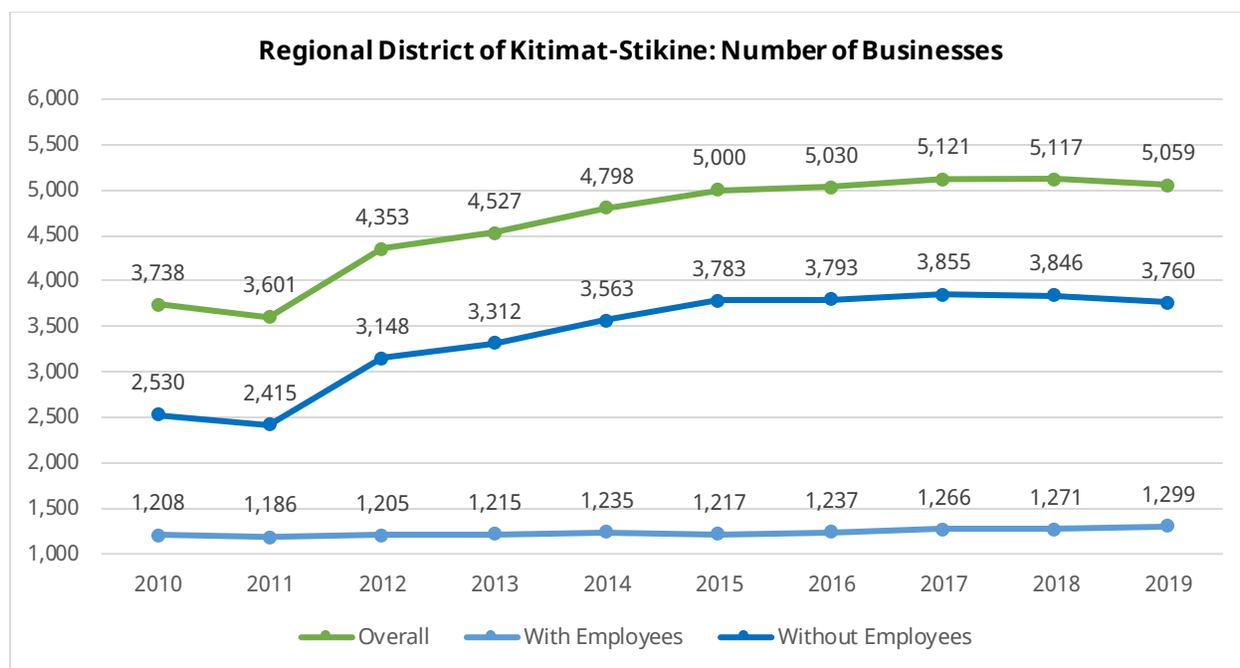


Source: Statistics Canada Census 2016

Businesses With and Without Employees

In 2019, there were 5,059 businesses operating in the RDKS, including 3,760 (74%) without employees

and 1,299 (26%) with employees. As indicated in the figure below, the overall number of businesses in the region has been increasing in the last decade, from 3,738 in 2010 to 5,059 in 2019. However, this increase is mostly due to the increase in the number of businesses without employees (e.g., self-employed, or sole proprietorships), while the number of businesses with at least one employee has been somewhat steady since 2010 with only slight annual growth



(Source: BC Stats 2010-2019)

The following table shows the distribution of businesses by employment size in the region. As indicated, in 2019, almost all businesses either have no employees (74%) or are small businesses with 1 – 19 employees (22%).

RDKS Business by Employment Size

(Source: BC Stats 2011, 2016, 2019)

Business Size	2011		2016		2019	
	#	%	#	%	#	%
Total Number of Businesses	3,601	100%	5,030	100%	5,059	100%
No employees	2,415	67%	3,855	77%	3,760	74%
1-19 employees	1,030	29%	1,049	21%	1,097	22%
20-49 employees	109	3%	117	2%	125	2%
50 or more employees	47	1%	71	1%	77	2%

Labour Force By Industry

The following table outlines RDKS's labour force by industry sector. The leading industry sectors in 2016 are health care and social assistance (11.6%), retail trade (11.5%), construction (11.3%), and accommodation and food services (8.7%). The following table also shows data from 2011, based on

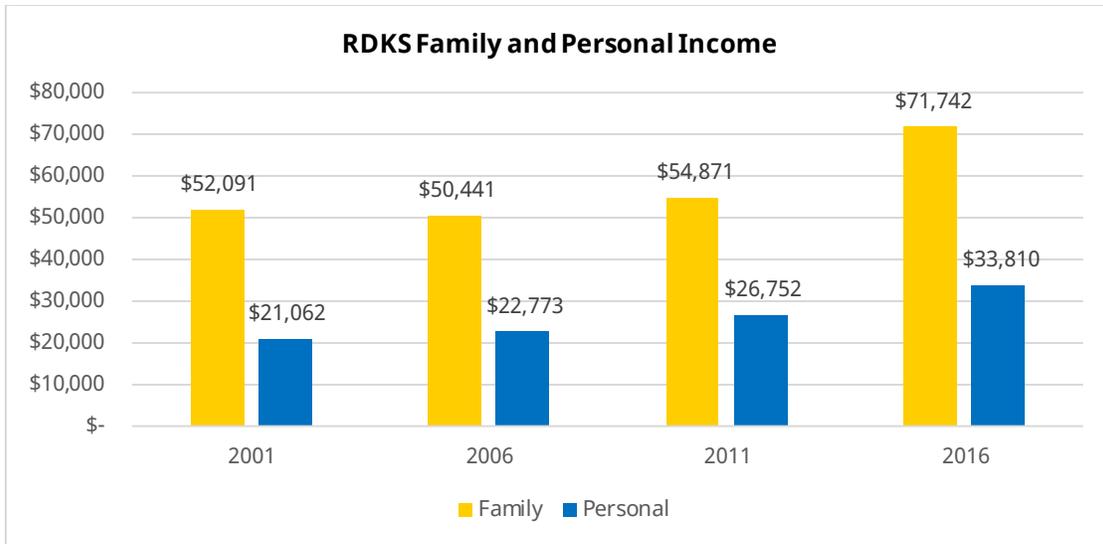
the available information, industry sectors such as retail trade, and accommodation and food services were experiencing a slightly increase in the share of labour force from 2011 to 2016. Other sectors have fluctuated but stayed somewhat the same since 2011.

RDKS Labour Force by Industry
(Source: Statistics Canada Census 2011, 2016)

Industry Sector (NAICS)	2011		2016	
	#	%	#	%
RDKS Labour Force Surveyed	17,865	100%	18,690	100%
11 Agriculture, forestry, fishing and hunting	865	4.8%	700	3.7%
21 Mining, quarrying, and oil and gas extraction	420	2.4%	430	2.3%
22 Utilities	95	0.5%	195	1.0%
23 Construction	1,275	7.1%	2,115	11.3%
31-33 Manufacturing	1,755	9.8%	1,610	8.6%
41 Wholesale trade	380	2.1%	395	2.1%
44-45 Retail trade	1,955	10.9%	2,155	11.5%
48-49 Transportation and warehousing	965	5.4%	905	4.8%
51 Information and cultural industries	285	1.6%	215	1.2%
52 Finance and insurance	275	1.5%	235	1.3%
53 Real estate and rental and leasing	230	1.3%	180	1.0%
54 Professional, scientific and technical services	625	3.5%	805	4.3%
55 Management of companies and enterprises	25	0.1%	10	0.1%
56 Administrative and support, waste management and remediation services	545	3.1%	805	4.3%
61 Educational services	1,740	9.7%	1,605	8.6%
62 Health care and social assistance	2,105	11.8%	2,175	11.6%
71 Arts, entertainment and recreation	300	1.7%	285	1.5%
72 Accommodation and food services	1,285	7.2%	1,630	8.7%
81 Other services (except public administration)	765	4.3%	705	3.8%
91 Public administration	1,960	11.0%	1,525	8.2%

Income

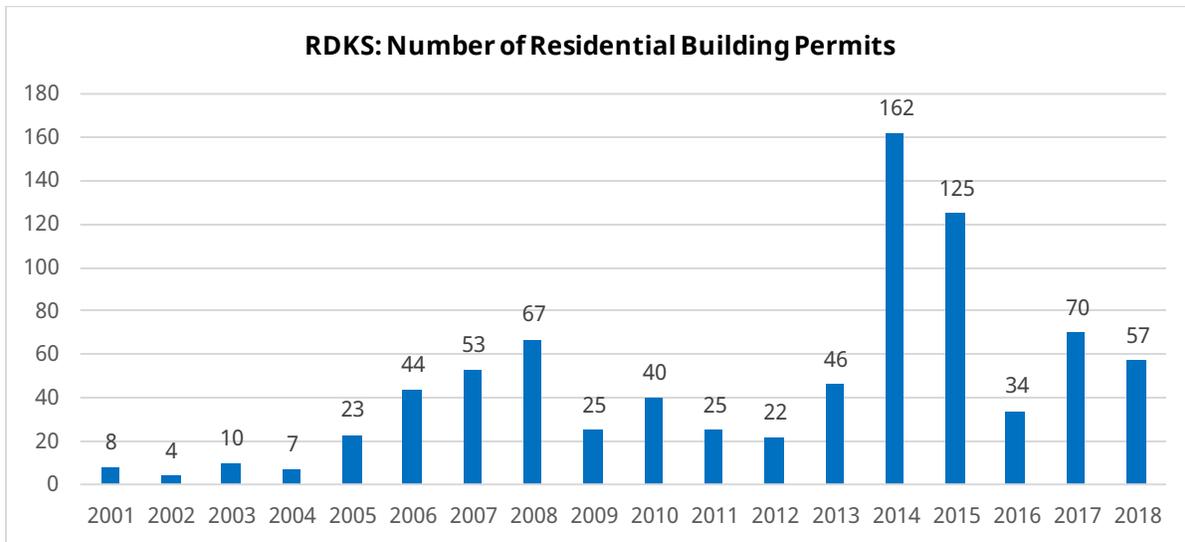
The median family income for residents residing in the RDKS was \$71,742 in 2016, marginally higher than the average for BC overall (\$69,995). Both family and personal incomes in RDKS have been increasing since 2001.



Source: Statistics Canada, 2001, 2006, 2011, 2016.

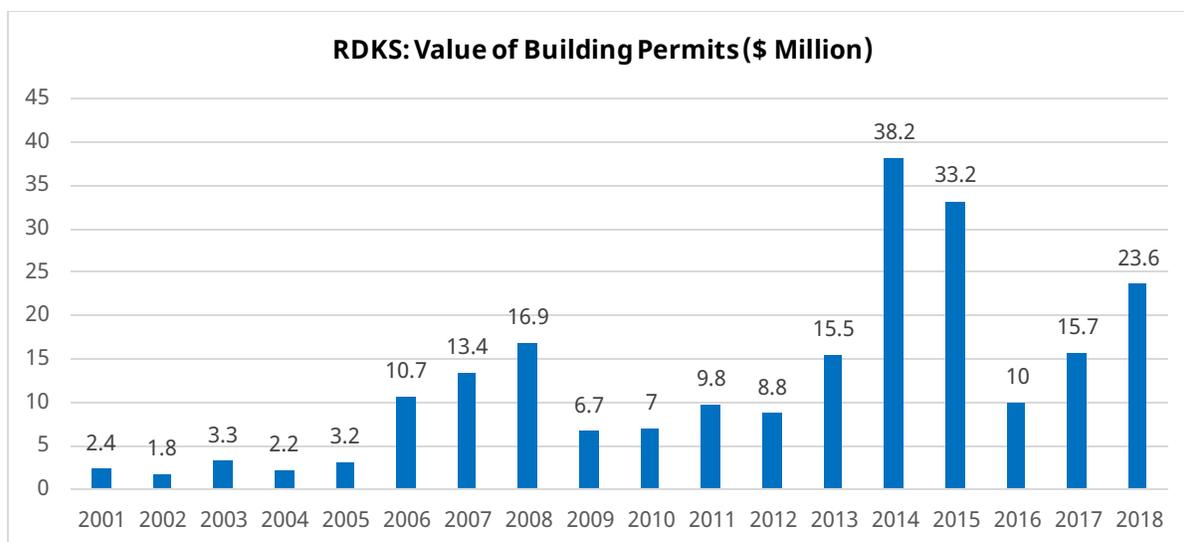
Development Permits

Building permits are a leading indicator of economic health. Fifty-seven residential building permits were issued in the RDKS in 2018. While it has increased overall since 2001, the number of building permits varied largely over the last decade between 25 and 162. The peak number of building permits occurred in 2014 and 2015 when 162 and 125 permits were issued respectively.



Source: BC Stats 2001-2018.

The value of building permits in the RDKS has been generally increasing from \$2.4 million in 2001 to \$23.6 million in 2018, peaking at \$38.2 million in 2014 and \$33.2 million in 2015.



Source: BC Stats 2001-2018.

Current or Proposed Major Projects

According to the B.C. Major Projects Inventory database, the RDKS has over 30 current or proposed. The table below briefly describes these projects.

Current or Proposal Major Projects in the RDKS

Location	Project Name	Description
Iskut	Kinskuch Hydroelectric Project	Proposed 50 - 80 MW high head hydroelectric project located 150 km north of Terrace in the Skeena region. Included in the project will be a dam to increase Kinskuch lake storage, an intake structure, tunnel and penstock, a powerhouse located at the upper Kinskuch River and a 60km 138 kV transmission line.
Iskut	Snowfield Gold Project	Proposed 120,000 t/day open pit operation, located 65 km north of Stewart, to include production of Gold-silver doré, copper-gold-silver concentrate, and molybdenum-rhenium concentrate. Project is the subject of a joint engineering study with Seabridge Gold examining economics of operating their KSM Project with Snowfield. Site is on maintenance status, while Pretium concentrates resources on other project sites.
Iskut	Kinskuch Hydro Project	Proposed 80 MW hydroelectric project located on Kinskuch Lake. Project will include a 39 km 138 KV transmission line to connect to the line along Hwy 37. Currently in the pre-application phase under the BC Environmental Assessment Act.
Iskut	GJ Kinaskan Lake Copper-Gold Project	Proposed copper-gold project located in the Stikine River region includes 39 exploration sites over 20,155 hectares. Project is still planning to proceed, but no work programs are currently in place.
Iskut	Schaft Creek Porphyry Copper-Gold Mine	Project covers the Schaft Creek area and is located 25 km northeast of the Galore Creek mine proposal (see separate entry). The production capacity of the proposed open pit mine is expected at up to 100,000 tonnes/day with a mine life a 20 years. Pre-feasibility study has revealed three deposit zones called Main, West Breccia and Paramount. The application has been withdrawn from BC Environmental Assessment process while the project undergoes substantial changes to the Project Summary. Resource modelling on the deposit is expected to complete in Q4 of 2016.
Iskut	Galore Creek Gold/Silver/ Copper Mine	The proposed project is located 145 km northwest of Stewart. The mine will have a processing rate of 65,000 TPD. Concentrate would be shipped out

Location	Project Name	Description
		through the port of Stewart and power would be supplied via the BC hydro grid. Project is on care and maintenance.
Kitimat	LNG Canada Load Interconnection Project	This project is to facilitate the interconnection of LNG Canada's facility. A new double circuit 287kV transmission line will be constructed from Minette Substation (MIN) to LNG Canada's facility and system reinforcements at MIN will be implemented. Under BC Hydro's standard tariffs, the customer is required to pay for a portion of this project's costs.
Kitimat	Cedar LNG	Proposed LNG processing facility to be developed at three sites in the Douglas Channel, Haisla project lands. Cedar 1, Cedar 2 and Cedar 3 will have a capacity of 14.5 million tonnes/year. An application for an export license has been approved by the National Energy Board.
Kitimat	Pacific Future Energy Refinery	Bitumen refinery proposed for the North Coast will be built in phases, each processing 200,000 barrels/day to a total of 1,000,000 barrels/day on completion. A new rail terminal and rail connection will be included along with storage and support buildings. The site selected is called Dubose Flats, located between Terrace and Kitimat. A project description has been submitted to the federal and provincial environmental assessment agencies.
Kitimat	Terminal A Extension Project	Proposed extension of Terminal A includes replacement of barge ramp, tug dock and laydown facility. The berth will be dredged to a depth of 13.5 m to accommodate Handymax vessels. Project will proceed with the advancement of LNG Canada (ID #2937).
Kitimat	Kitimat Clean Oil Refinery	Proposed refinery located 13 km north of Kitimat will process an estimated 400,000 barrels/day of Alberta oil sands bitumen refined to produce diesel, gasoline, and aviation fuel. The refined products will be stored and delivered via 23 km of 18" fuel delivery pipeline to a proposed marine terminal on the Douglas Channel, 12 km south of Kitimat. The project has entered into the pre-application stage of the Environmental Assessment process.
Kitimat	LNG Canada Facility	LNG terminal facility located on the former Methanex facility site. The project will include a gas liquification plant, storage tanks, a marine terminal and a rail yard. Water treatment facility and flare stacks will be constructed on the site. JGC Corp and Flour Corp have been awarded the engineering, procurement and construction contract. An agreement is in place to connect to the BC Hydro power grid. Project has been approved under the Environmental Assessment Act, and by the National Energy Board (NEB) for a 40-yr export licence to replace the current 25-yr licence. Final investment decision was approved in Oct 2018. The 5-year process to complete a potential of four trains is expected too have the first train in production by Late 2023. Estimated cost does not include associated project Coastal GasLink pipeline (see ID #3022).
Kitimat	Sandhill Aggregate Processing and Export Terminal	Sand, rock and gravel processing and deep sea export terminal. Project would also include a new access road to Moon Bay Marina. Cascadia land acquisition completed Aug 2006. Initial shipping volume expected at 6 million tonnes in 60-75 DWT vessels. Export terminal is in planning stages. Project may proceed if supported by stakeholder in 2018, followed by 12-18 month preconstruction and 12 month construction phases.
Kitimat	Kitimat LNG Facility	A liquid natural gas terminal at Bish Cove, 14 km south of Kitimat, to include facilities for marine offloading, LNG storage, natural gas liquids recovery, re-gasification. The Pacific Trails Pipeline (ID #1125) will transport natural gas to the facility. Project has received approval under the BC Environmental Assessment Act. Federal approval has been received. Front-end engineering and design (FEED) study has completed. The Canada Energy Regular (CER) has approved a 40-year licence to export natural gas. An Engineering, Procurement and Construction Contract has been awarded to a joint venture of Fluor Canada and JGC Corp of Japan. Site preparation of access roads and worker accommodation progress while awaiting final investment decision. In front-end engineering and design phase.
Kitimat	Pacific Trails Pipeline	Chevron Canada Ltd will construct a 463 km Pacific Trail Pipeline to transport natural gas from Summit Lake to Kitimat LNG (ID #1114). TransCanada Corp will construct connecting pipeline from Dawson Creek to Summit Lake (ID #3278). Permits issued by the BC Oil and Gas Commission. In front-end engineering and design phase.

Location	Project Name	Description
Kitimat Area	Triton LNG Facility	Proposed floating LNG export facility is expected to process about 2.3 million tonnes of LNG/year. A 20 yr transportation reservation agreement has been made with Pacific Northern Gas for 325 million cu ft/day (see ID #1644). Project has been granted a 25 year export licence by the National Energy Board. An environmental assessment will be required for the project. Project has been suspended due to poor market conditions.
Kitimat To Summit Lake	Pacific Northern Gas Pipeline Looping Project	Project consists of construction of a new 525 km, 24-inch natural gas pipeline between Summit Lake and Kitimat BC primarily along current pipeline right-of-ways. Project also includes a new compressor station as well as upgrades to existing stations. Pre-application phase under the Environmental Assessment Act has commenced. Geographic coordinates shown indicate project endpoint.
New Hazelton	Suskwa Biomass Power Project	Proposed 34 MW power project that will use the incineration of wood waste and sawmill residue to generate electricity.
Stewart	Red Mountain Underground Gold Project	Proposed underground gold mine located in the Bitter Creek Valley near Stewart. Mine life of 5 yrs is based on production estimate of 55,500 ounces gold and 171,000 ounces silver /yr. Project is certified under the Environmental Assessment Act.
Stewart	Stewart Energy LNG	Proposal for a floating and land-based natural gas liquefaction plant. Project would include LNG storage and marine loading facilities and be completed in 3 phases. At full capacity the project will be able to produce 30 million tonnes/yr. A 25 yr export license application has been approved by the National Energy Board.
Stewart	Stewart Bulk Terminals	Expansion of the terminal to include construction of a 1.84 ha sheet pile and fill wharf to allow handling of barged cargo and forest products. Federal environmental assessment permit has been issued.
Stewart	Port of Stewart Expansion - Phase 3	The first two phases of construction including a deep sea wharf have completed in Sep 2015 (\$70 million). Phase 3 capacity expansion of the mineral concentrates and log export facilities includes concentrate sheds, conveying systems, and a 3,300 tonne per hr bulk shiploader. Phase 3 receives \$13.1 million federal funding through the National Trade Corridors Fund.
Stewart	Jade Lake Power Project	Proposed 120 MW Jade power cluster will have 4 intakes; Kinskuch River, Jade Creek, ZZ-4 Creek and Tchitin River located above Kinskuch Lake 27 km east of Stewart.
Stewart	Kerr - Sulphurets - Mitchell (KSM) Gold/Copper	Open pit mine project, located approximately 65 km northwest of Stewart, consists of the copper porphyry deposits Kerr, Sulphurets, Mitchell and Iron Cap. Ore production of 80,000 to 120,000 mtpd over 25 years is expected, with 90,000 mtpd for the remainder of a 52 yr mine life. Project has been certified under the BC Environmental Assessment Act and received federal environmental assessment approval. Exploration phase underway.
Stewart Region	Bronson Slope Hydropower Projects	Applications filed for seven hydroelectric projects in the Bronson Slope mine area include, 8.6 MW Bronson Creek, 9.2 MW Canyon Creek, 3.1 MW Fewright Creek, 8.4 MW Ketchum, 3.7 MW King Creek, 19.8 MW Snippaker Creek, and 19.5 MW Sulphurets Creek for a total of 72 MW power generation for the cluster of projects. The power plants would be linked by a 60 km line.
Stewart region	Iskut (Bronson Slope) Copper/Gold/Silver/Molybdenum Mine	Proposed copper, gold, silver and molybdenum mine in the Iskut Valley north of Stewart. Exploration continues with a drilling program in 2020.
Terrace	Student Housing	Affordable student housing in two buildings will accommodate 104 student beds and include 4 visitors suites. The project will be funded by the Province (\$18.7 million) with the remainder of the funding from the college.
Terrace	Mills Memorial Hospital	Proposed new Mills Memorial Hospital will include expanded and updated departments in a 284,000 sq ft facility. Project business plan has been approved. Funding will be provided by Northern Health and the North West Regional Hospital District.
Terrace	Lakelse Geothermal Power Plant	Proposed 15MW geothermal power plant south of Lakelse Lake near Terrace. The plant would generate power for 10,000 homes. Pre-feasibility study has determined an inferred resource of 23 Mwe power over a 30-yr span.
Terrace	Skeena Industrial Development Park	A 2400 acre heavy industrial greenfield development site is located south of the Northwest Regional Airport. A 250 acre portion will be developed in 2 to 10

Location	Project Name	Description
		acre parcels. Taisheng International Investment Services has purchased 1187 acres; phases 1 and 2 site clearing and preparation are underway. A 172 acre parcel is owned by Kitselas Development Corporation and 17 acres by Global Dewatering Ltd.
Terrace	Industrial Development Park	Proposed 20 acre serviced industrial development site is located near Highway 16 and railway. Potential for forestry-based manufacturing and services, site is zoned for heavy industrial use.
Terrace	Biocoal Production Plant - Terrace	Biocoal production facility proposed for Terrace would convert wood waste into biocoal, producing 25 tonnes/hr. The plant would use Wyssmont Turbo-Dryer technology to produce the biocoal for use in coal-fired power and cement plants. The plant is currently seeking financing.

Source: B.C. Major Projects Inventory as of 2020 Q2.

2.2 Overview of Targeted Communities

The research to support development of the BRE plan focused primarily on the areas outside of Terrace, Kitimat and Stewart. As indicated below, Terrace and Kitimat account for about one-half of the population of the RDKS.

Population Estimates	2016 (Census)		2019 (Available Estimates)	
	#	%	#	%
RDKS Total Population	37,367	100%	39,150	100%
Key City/Municipality				
Terrace	11,643	31.2%	12,594	32.2%
Kitimat	8,131	21.8%	8,200	20.9%
Stewart	401	1.1%	419	1.1%
Electoral Areas				
Area A	20	0.1%	20	0.1%
Area B	1,473	3.9%	1,654	4.4%
Area C	2,839	7.6%	2,956	7.9%
Area D	99	0.3%	103	0.3%
Area E	3,993	10.7%	4,116	11.0%
Area F	360	1.0%	378	1.0%
Targeted Municipality/Communities				
New Hazelton	580	1.6%	604	1.6%
Village of Hazelton	313	0.8%	325	0.9%
South Hazelton	199	0.5%	..	
Dease Lake	335	0.9%	..	
Thornhill	3,993	10.7%	..	
Kitwanga	430	1.2%	..	

Sources: 2016 Census. 2019 estimates source from https://citypopulation.de/en/canada/britishcolombia/admin/5949_kitimat_stikine/

A brief profile of the communities outside of Terrace and Kitimat is provided below.

Stewart

Situated across from Alaska's Misty Fjords National Park and at the end of the Portland Canal, Stewart, is a unique border town with a population of about 400 people. Established in 1905, the community developed into major northern centre driven by economy primarily by mining, mining exploration and logging. The Portland Canal is located about 90 miles from the Pacific Ocean and is accessible to ore and log ships. Tourism has become an important emerging industry for the community. While the population has declined significantly over the years, there are a number of major projects currently proposed for the region including three gold and copper mines, two power projects, an expansion of the Stewart port and bulk terminals as well as a floating and land-based LNG plant.

According to the 2016 census profile, 62% of the population were aged 15 to 64 years, 16% below 15 years, and 22% 65 years or over. There were 292 private dwellings in the area and 64% were occupied by usual residents. The median total income of households was \$68,352. Of the 220 people in the labour force, 89% were employed. The unemployment rate was 9.1%. The most common occupations were trades, transport and equipment operators; sales and service occupations; and business, finance and administration occupations. The leading industries included construction; accommodation and food services; transportation and warehousing; and retail trade.

New Hazelton, Hazelton, and South Hazelton

The Hazeltons (i.e., District of New Hazelton, the Village of Hazelton which is sometimes referred to as Old Hazelton, and South Hazelton) are located in close proximity to each other (about five to 15 minutes apart) in the area between the Bulkley River and the Roche De Boule Mountain Range. The three communities are located approximately 130 km northeast of Terrace and 75 km northwest of Smithers.

The population of New Hazelton is approximately 600. According to the 2016 census profile, 63% of the population were aged 15 to 64 years, 15% below 15 years, and 22% 65 years or over. There were about 296 private dwellings in the area, of which 90% were occupied by usual residents. The median total income of households was \$50,048. Of the 300 people in the labour force, 78% were employed. The unemployment rate was 21.7%. The most common occupations were sales and service occupations; trades, transport and equipment operators; and education, law and social, community and government services. Moreover, leading industries include health care and social assistance; education services; accommodation and food services; and public administration.

The population of the Village of Hazelton is about 320. Referred to sometimes as Old Hazelton, it was founded in 1866 as the centre of navigation for the area. The Village shares services with the Gitanmaax Band. According to the 2016 census profile, 60% of the population were aged 15 to 64 years, 18% below 15 years, and 22% 65 years or over. There were about 149 private dwellings in the area, of which 85% were occupied by usual residents. The median total income of households was \$66,304. Of the 115 people were in the labour force, 91% were employed. The unemployment rate was 8.7%. The most common occupations were education, law and social, community and government services; trades, transport and equipment operators; and sales and service occupations. Leading industries included health care and social assistance; educational services; and public administration.

The population of South Hazelton were about 200. According to the 2016 census profile, 65% of the population were aged 15 to 64 years, 20% below 15 years, and 15% 65 years or over. There were about 97 private dwellings in the area, of which 87% were occupied by usual residents. The median total income of households was \$60,032. Of the 95 people were in the labour force, 79% were employed. The unemployment rate was 21.1%. The most common occupations were trades, transport and equipment operators; education, law and social, community and government services; and sales and service occupations. Leading industries included construction, retail trade and public administration.

There is a developing tourism industry in the region, with tourists attracted by the area's natural beauty, the outdoor recreational opportunities, rich history, and proximity to K'san Historical Village, a showcase of Indigenous culture. In terms of major projects, a 34 MW power project that would use wood waste and sawmill residue to generate electricity was proposed but is currently on hold.

Dease Lake

With a population of about 350, Dease Lake, is located on the lake of the same name along the Stewart-Cassiar Highway (Highway 37) a few hours south of the Yukon border. It is the northern most centre before Highway 37 links up with the Alaska Highway at Watson Lake in Yukon. It is also the junction to Telegraph Creek. Dease Lake Indian Reserve No. 9 is located nearby. The community has a school, various stores, a fuel and service station, hotel, and a Northern Lights College campus.

According to the 2016 census profile, 65% of the Dease Lake population were aged 15 to 64 years, 21% below 15 years, and 14% 65 years or over. There were 197 private dwellings in the area, of which 78% were occupied by usual residents. The median total income of households was \$78,976. Of the 190 people in the labour force, 92% were employed. The unemployment rate was 7.9%. The most common occupations were trades, transport and equipment operators; management occupations; education, law and social, community and government services; and sales and service occupations. Leading industries include public administration, construction, accommodation and food services, and health care and social assistance.

Iskut and Telegraph Creek

The Tahltan traditional territory encompasses about 93,500 square kilometers, which represents about 11% of BC. The Tahltan Nation includes two Bands: the Tahltan Indian Band (with headquarters at Telegraph Creek) and the Iskut First Nation (with headquarters at Iskut). Telegraph Creek (off-reserve, within Kitimat-Stikine area D) is a community of about 100 people located about 110 kilometres to the southwest of Dease Lake, which is accessible through a beautiful but rugged gravel road. Iskut (Indian reserve) has about 300 people and is located on Highway 37 approximately 80 kilometres south of Dease Lake, at the north end of Eddontenajon Lake. According to the 2016 census profile, 70% of the population was aged 15 to 64 years. The median total income of households was \$53,504. Of the 130 people in the labour force, 46% were employed. The unemployment rate was 35.5%. The most common occupations were trades, transport and equipment operators; education, law and social, community and government services; and sales and service occupations. Leading industries include mining, quarrying, and oil and gas extraction; public administration; and educational services.

Overall, the Tahltan region is rich in natural resources such as gold, copper, silver, forestry, salmon and wildlife. There is extensive mineral exploration in the area.

Thornhill

Electoral Area E includes both Thornhill and Kulsapai, and it has a total population of approximately 4,000 people¹⁰. Thornhill, in particular, is an unincorporated community located on the east side of the Skeena River and across from the City of Terrace with its own volunteer fire department and bus service. The community is connected to Terrace via the Old Skeena Bridge and the Dudley Little Bridge (a.k.a. 'the new bridge').

According to the 2016 census profile, 69% of the population were aged 15 to 64 years, 17% below 15 years, and 14% 65 years or over. There were about 1,818 private dwellings in the area, of which 94% were occupied by usual residents. The median total income of households was \$67,072. Of 2,355 people in the labour force, 86% were employed. The unemployment rate was 13.6%. The most common occupations were trades, transport and equipment operators; sales and service occupations; and education, law and social, community and government services. Leading industries include retail trade; construction; health care and social assistance; and accommodation and food services.

Kitwanga

Kitwanga or Gitwangak ("place of rabbits") is a community located close to the junction of Highway 16 and 37 where the Kitwanga River runs into the Skeena River. As of the 2016 census, the population of Kitwanga was approximately 430. At that time, 66% of the population was aged 15 to 64 years, 22% below 15 years, and 12% 65 years or over. There were about 160 private dwellings in the area, of which 85% were occupied by usual residents. The median total income of households was \$34,176. Of the 160 people, 63% were employed. The unemployment rate was 34.4%. The most common occupations were sales and service; trades, transport and equipment operators; and education, law and social, community and government services. Leading industries included educational services; health care and social assistance; and accommodation and food services.

¹⁰ Statistics Canada, 2016 Canadian Census Profile.

3.

MAJOR FINDINGS



This chapter provides an overview of the findings of our field research regarding the impact of COVID-19, the characteristics of businesses in the communities, the outlook for growth including opportunities and challenges, and recommendations regarding actions the RDKS and other organization could take to promote business retention and expansion.

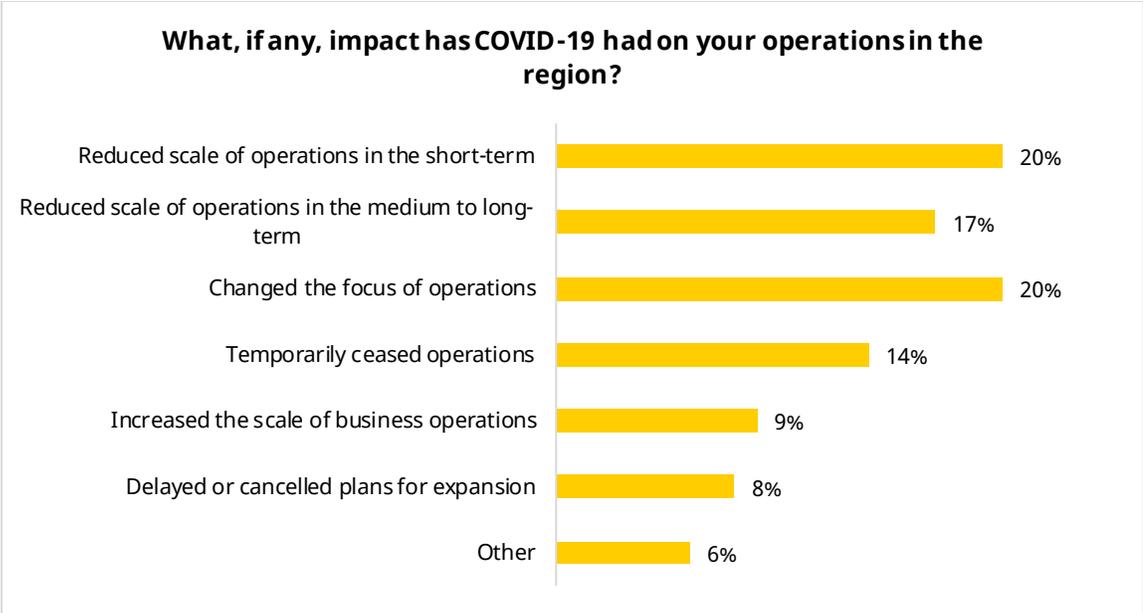
3.1 The Impact of COVID-19

- 1. Overall, prior to COVID-19, the RDKS economy was viewed as healthy. However, smaller communities, particularly First Nations communities, tended to be experiencing slower economic growth and higher unemployment rates.

Key informants were asked about the health of the local economy prior to March 2020. The response depended to a large extent on where the interviewee was located. The larger communities of Kitimat and Terrace were seen as having a stronger economic base than the smaller communities. This was largely due to the larger communities benefiting more from the resource-based sectors, including forestry, mining and major projects such as the LNG plant centered at Kitimat. Those located in the smaller communities, particularly Stewart and the First Nations communities, indicated that the local economies were struggling with COVID-19.

- 2. The COVID-19 pandemic has had a significant impact on business operations in the region. The accommodation, and food and beverage sectors, as well as the retail sector, have been most impacted. Few businesses or key informants indicated that pandemic has created new opportunities for local businesses.

Eighty-seven percent of the businesses surveyed reported that their operations have been impacted by COVID-19. Most commonly it reduced the scale of their operations in the short or medium to longer-term, changed their focus or led them to temporarily cease operations.



Many businesses noted that they, at least temporarily, made more use of a remote work model. Approximately one-in-seven businesses indicated that they temporarily ceased operations. Some businesses which closed are considered unlikely to reopen in their previous locations (some are moving to a home-based business models in order to reduce costs). Others have shortened operating hours, reduced staff, and narrowed product lines (e.g., many restaurants have smaller menus). It was noted that many businesses are currently operating at perhaps 50% of previous revenue levels, and there are “fears” that these businesses may not survive the second wave of COVID-19. In some cases, the pandemic accelerated the retirement plan of the business operator.

The sectors that have been most impacted are tourism (i.e., food and beverage, tourism services, and accommodation and retail.) Prior to COVID-19, the tourism and hospitality industry was a significant and growing source of employment across all regions of the province. In 2019, the industry directly employed almost one out of every eight British Columbians, accounting for 12.4% of provincial employment and 9.9% of employment in the North Coast & Nechako. As a result of COVID-19, industry employment in BC declined precipitously, from 295,200 in February to 149,000 in April (a decline of almost 50%). On a month over month basis, employment in the BC tourism and hospitality industry is down nearly 26% relative to 2019. While data is not available on tourism employment in the RDKS, the downturn may be even sharper here than for the province overall. The one tourist market that has been strong is the short-term BC resident getaway market; because the RDKS communities tend to be smaller and more isolated, they have likely been less able to target this market. The impact is particularly evident in some communities; Hazelton and Dease Lake were mentioned as areas where the impact was significant (e.g., the Hazelton pub has closed with no plans for reopening in the near future). Survival in the medium to longer-term will depend on how quickly the non-essential travel market rebounds.

The retail market has been impacted by consumer health & safety concerns and protocols on store traffic, combined with increasing consumer reliance on online sales. Other impacts of the pandemic reported by businesses in the region include supply chain interruptions, canceled or delayed summer job opportunities for students, and some business closures without restarting plans. However, some informants mentioned that many of the businesses that were closed in the spring were currently operating relatively normally.

On the other hand, key informants noted that some local businesses are actually doing better than pre-COVID-19 because of increased demand (e.g., for hardware and building supply products, cleaning services, PPE, liquor, food delivery, and camping equipment) and reduced competition (e.g., the closure of other businesses which reduced the level of competition).

3. Common strategies or approaches businesses used to maintain operations during COVID-19 include implementing COVID-19 health protocols, moving operations online, and accessing government funding programs.

Those companies that had been impacted by COVID-19 were asked about the strategies they used maintain operations through the pandemic. The results are summarized below.

What strategies or approaches has your business used to maintain your operations during the COVID-19 pandemic?	#	%
Total Respondents	51	100%
Implemented COVID-19 health protocols (regarding masks, cleaning, and distancing)	13	25%
More use of online business operations (e.g., teleconferencing, online ordering, telehealth)	11	22%
Used government funding programs (e.g., loans and wage subsidy)	10	20%
Refocused on local market and operations (e.g., for tourists and customers; restaurants changed to take out only etc.)	5	10%
No new strategies or approaches used	5	10%
Reduced staff, production, opening hours etc.	4	8%
More remote working/working from home	3	6%
New strategies implemented (no details provided by respondents)	3	6%
More special offers	1	2%

4. While there are continuing concerns regarding the short, medium and long-term impact of COVID-19 on the business community and the economic outlook for the region, government supports have been generally effective in helping businesses maintain operations.

When asked about major challenges related to COVID-19 that businesses continue to face, the responses provided by businesses most commonly related to the difficulties with implementing health protocols; reduced customers and revenue; and travel restrictions that are impacting tourism businesses. Some also mentioned impacts regarding supply chain issues such as longer time to restock inventory, and staffing issues such as difficulties in hiring and maintaining staff.

What, if any, major challenges are you continuing to face related to COVID-19?	#	%
Total Respondents	49	100%
Difficulties and issues with implementing health protocols (e.g., increased operation costs; some businesses were unable to implement it)	11	22%
Reduced customers and revenue	11	22%
Travel restrictions which impact tourism activities	6	12%
No major challenges	5	10%
Supply chain issues (e.g., restock delays; higher prices)	4	8%
Staffing (e.g., hiring and maintaining staff during COVID is problematic; had to do all work as an employer)	4	8%
Increased crime	1	2%
Increased Insurance costs	1	2%
Mental health, anxiety, fear of staff safety	1	2%

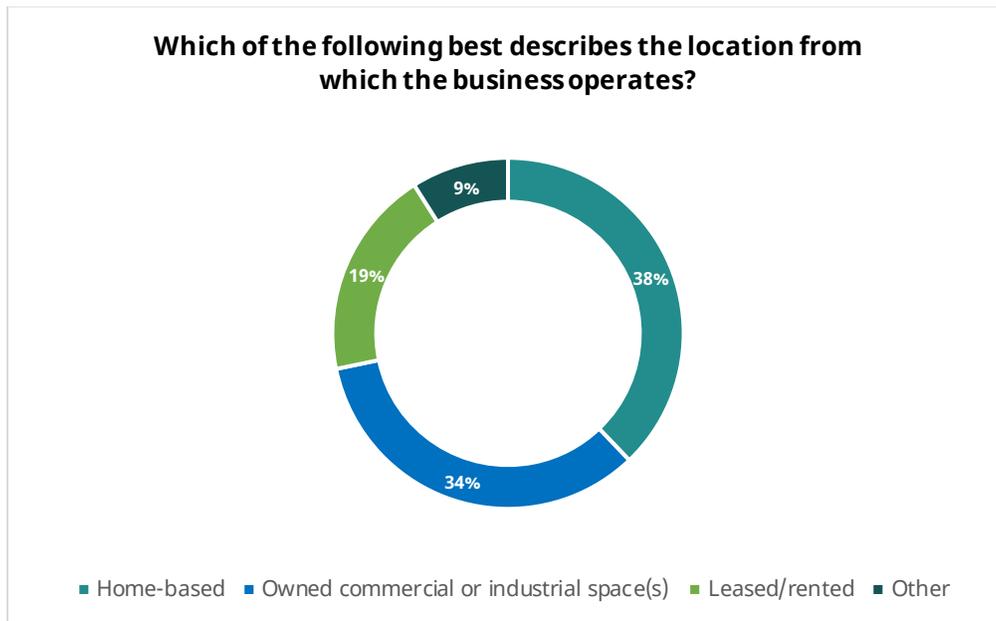
The key informants generally viewed the government assistance programs as being useful in helping businesses maintain operations during this period, including six who believe that these programs have been very useful. The most commonly identified programs were the wage subsidy programs and the protocol communications from WorkSafe BC. Other useful programs identified include SME recovery plans, Tourism “top up” programs, rental subsidies, the Regional

Relief and Recovery Fund, and property tax deferral. However, there were some concerns regarding these programs, for example, there are too much paperwork involved; may incur too much government debt; program rollouts were slow; and sole proprietors were not initially eligible. While key informants were generally optimistic about the ability of businesses to maintain operations over the next 6 to 12 months, there remained concerns and considerable uncertainty regarding the impact that the second wave of COVID-19 will have on the business community.

3.2 Characteristics of Existing Businesses

1. **The majority of existing businesses in the region are home-based or operate from a commercial or industrial space that is owned by the business. About 20% of those surveyed indicated that they rent or lease the location from which the business operates.**

Almost three-quarters of the businesses surveyed in the region are either a home-based business (38%) or operate from a commercial or industrial space (34%) that is owned by the business. On the other hand, 19% of the businesses operate from a space that is leased or rented, and of those, 36% are on a month-to-month basis, 9% on a one-year term lease, 27% two to three-year term, and 27% four to five-year term. Other responses include remote operations, on road, not sure etc.



Moreover, of those who have a long-term lease (1 year or more) that is expiring in the next one to four years, a majority (70%) of the businesses reported a 75% to 100% likeliness that they will renew the lease when it expires. Reasons for continuing the lease ranges from good location and infrastructure; well established business arrangement; and good relationship with the landlord. Those who reported there was only a 50% likeliness that they will renew the lease, the reasons are generally not that they are expecting to close down the business.

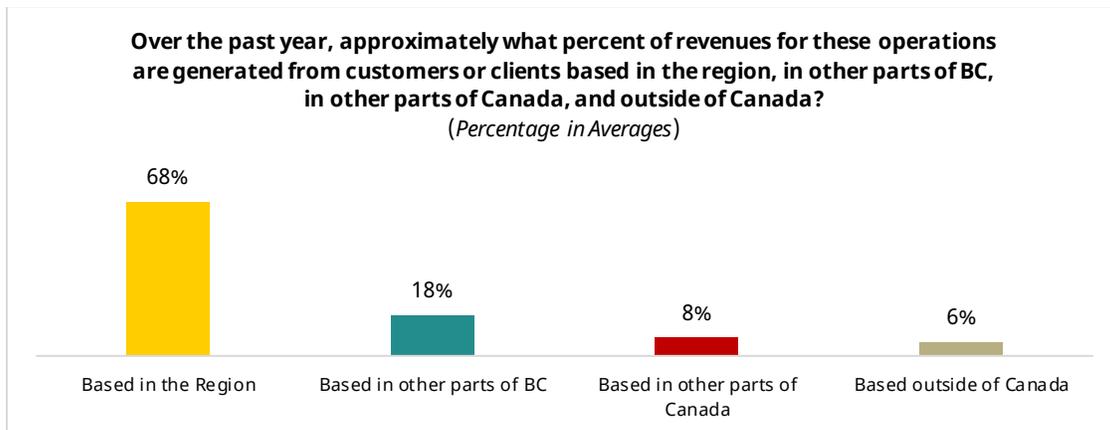
2. The regional market is the primary source of revenue for a majority of the businesses in the region.

Two-thirds of the businesses in the region indicated that at least 70% of their revenues are generated from customers or clients based in the region. As demonstrated in the table below, 34% of the businesses reported that the regional market accounts for 100% of their source of revenue and 52% reported that it accounts for over 90% of their revenues. On the other hand, only 8% of the businesses surveyed reported that their primary (over 80%) source of revenue is based outside of the region.

Percentage of Revenues Generated From Customers Based in the RKDS

Percentage of revenues generated from customers based in the RKDS:	#	%
Total Respondents	64	100%
100% of revenues	22	34%
90% or more revenues	33	52%
80% or more revenues	37	58%
70% or more revenues	42	66%

On average, the regional market accounts for 68% of the source of revenue of businesses in the region, followed by customers based in other parts of BC (18%), other parts of Canada (8%), and outside of Canada (6%).



3. Most businesses in the region are small with fewer than 10 employees. Although there has been a decrease in employment overall compared to two years ago, most business owners are optimistic about future employment.

Of the businesses surveyed in the region, 70% employ 5 or fewer employees, 14% employ 5 to 10 employees, 11% employ 11 to 20, and 5% employ over 20 employees (in particular, 3 firms employing 45, 50, and 150 employees).

Size of the Businesses

Employees	2020	
	#	%
Less than 5	45	70%
5 to 10	9	14%
11 to 20	7	11%
Over 20	3	5%
Total Respondents	64	100%

Of the businesses surveyed, 62 were in operation two years ago. Relative to 2018, 19 employed more people on the day of the survey than they did on that day two years earlier while 34% employed fewer people. Of the 58 who ventured an opinion, 53% expect to employ more people in two years than they did on the day of the survey while only 2% expected to employ fewer.

Employment Change: Current, 2 Years Ago, 2 Years from Now

Employees	2018-2020		2020-2022	
	#	%	#	%
Increased/Expect to increase	12	19%	31	53%
Decreased/Expect to decrease	21	34%	1	2%
Stayed the same/Expect to stay the same	29	47%	26	45%
Total Respondents	62	100%	58	100%

The following table compares the employment distribution between 2018, 2020 and 2022. Excluding the data provided by one large employer, 56 businesses provided data on employment in 2018 and 2020 as well as projections for 2022. As indicated, aggregate employment for these 56 businesses declined from 342 in 2018 to 314 at the time of the survey (a decrease of 8%) but is projected to increase to 392 in 2022 (an increase of 25%).

Employment Distribution: Current, 2 Years Ago, 2 Years from Now

Employees	2018		2020		2022	
	#	%	#	%	#	%
Less than 5	38	68%	39	70%	36	64%
5 to 10	9	16%	8	14%	10	18%
11 to 20	7	13%	7	13%	6	11%
Over 20	2	4%	2	4%	4	7%
Total reported all periods of employment	56	100%	56	100%	56	100%
Total	341		315		391	
<i>Average Employment¹¹</i>	6.1		5.6		7.0	
<i>Change</i>	- 8%				+ 24%	

¹¹ Excluded one firm that employs 150 employees as an outlier when calculating averages.

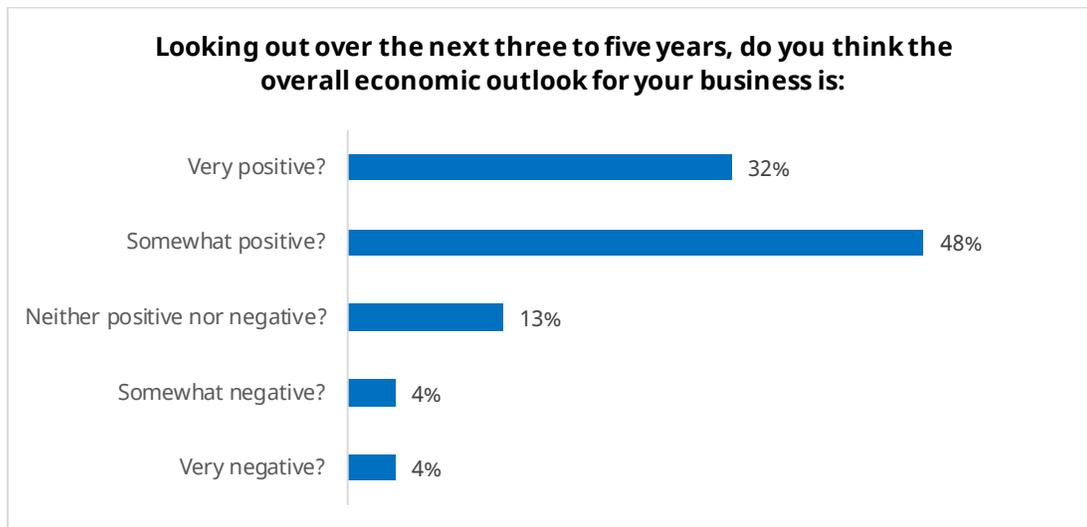
Of the business that provided data for 2018 and 2020 and well as estimates for 2020, those with fewer than 10 employees were much more likely to report a decrease in the number of people they employ over the past two years (an aggregate decline of 23%) but much more likely to project an increase in employment over the next two years (an aggregate increase of 46%).

On an aggregate basis, relative to two years ago, employers in Thornhill (15%), Hazelton (5%), and Kitwanga (1%) reported an increase in the number of people they employ while employers in Dease Lake (5%), South Hazelton (5%), New Hazelton (14%) reported a decrease. All communities projected an increase in employment over the next few years, with the increase ranging from 3% in Kitwanga to 32% in South Hazelton and New Hazelton.

3.3 Business Outlook

- 1. Although the current business climate is difficult for some businesses, most business owners and key informants are optimistic about business outlook over the next three to five years. The resource and tourism sectors are viewed as the major opportunities for growth going forward.**

Eighty percent of the businesses who expressed an opinion view the economic outlook for their business to be positive over the next three to five years, including 32% who view it as very positive. Only 8% of the businesses view the economic outlook for their business to be negative over next 3 to 5 years.



Those who view the economic outlook for their business as positive commonly mentioned that:

- The company has a well-established reputation and has successfully survived previous periods of economic hardship and downturn, including the 2008/09 recession. A few mentioned that their community has been struggling economically for a long time, yet their business has been able to survive through it all. However, some noted because of the economic difficulties in the community which existed even prior to COVID-19, their business and others had “less of a nest egg to fall back on” during the pandemic.

- COVID-19 may have, in some ways, impacted how they operated but did not significantly reduce demand (e.g., demand remained strong for services related to primary production, natural resources, health care, photography, hairstyling, and senior care). Some noted that their client relationships have strengthened during this time. Others opined that COVID-19 has and will continue to be largely under control, and their business will continue to proceed.
- The downturn has given them the opportunity to strengthen their business operations in advance of an expected rebound in demand. For example, it was noted that the current crisis gave several tourism businesses an opportunity to improve their facilities and products and they expect to have full bookings for 2022 and beyond, as soon as “the border opens up.”
- Their client base is solid and the population base is expected to continue to grow. Demand for some products (e.g., health care, repair services, and personal care services) is expected to grow as the population expands and ages. Several respondents noted that the increase in demand for local food products has been significant not only due to the fact that food products are essential but also because of increasing interest in local agriculture and food production, including pilot projects associated with the Skeena Watershed Conservation Coalition.

Those survey respondents who view the economic outlook for their business to be negative noted that COVID-19 has likely had a significant impact on demand which will continue (e.g., people may continue to have concerns about travelling; the pandemic accelerated a movement to online sales; the demand for commercial property may continue to be low). Several noted that their asset base has been reduced as a result of the pandemic, and access to capital will be a constraint for them going forward.

Similar to the perspective of survey respondents, a majority of key informants (12 of 16 expressing an opinion) believe that the economic outlook for the community and the region overall, looking out over the next three to five years, is generally positive. These key informants noted that major projects, particularly regional resource sector projects (e.g., LNG and mining) will drive the regional economy, the pandemic has pent-up demand for some products and services (e.g. travel), and most businesses and individuals have survived the economic downturn relatively intact which position them well for a rebound. However, other key informants (4 of 16) were more cautious; they believe that the economy will still be in recovery in the next three to five years (with the recovery slowed, in part, by the high debt levels taken on by government, businesses and individuals); tourism will rebound more slowly than some expect and will not reach pre-COVID-19 levels for at least several years, and there is considerable uncertainty as to when the major projects will be built. Some noted that the rate of economic recovery will depend, in large part, on the impact of a second wave of COVID-19 and the rollout of an effective vaccine. Several people also expressed concern that, to reduce debt levels, government may have to increase taxation rates in the years to come.

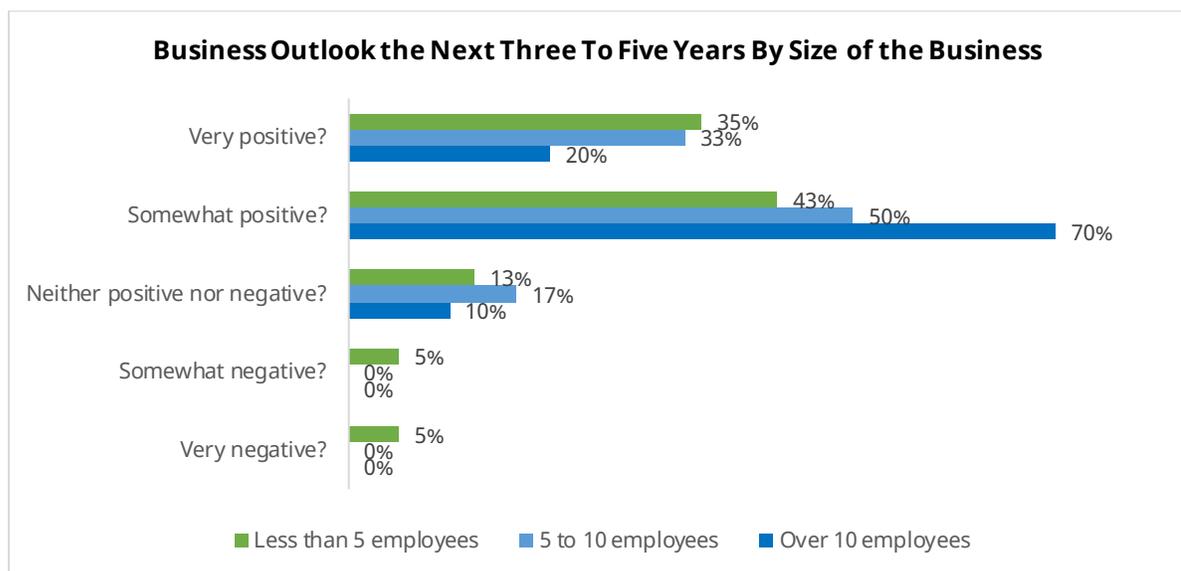
When asked which sectors are most at risk going forward, the key informants who expressed an opinion identified tourism (i.e., food & beverage places, accommodation, travel services and even small airlines), retail, and service industries. When asked which sectors have the greatest opportunity for growth, key informants most commonly identified the resource industries

(particularly the major projects) and tourism. Other opportunities for growth include agriculture, renewable energy, property development, accommodation, development of industrial parks and services related to the ports

Remote workers were also identified as an opportunity for development. Even before COVID-19, many communities across North America identified remote workers as a target in their resident attraction and economic development strategies. Remote workers are valued because they bring with them their own jobs and tend to be more mobile and easier to attract than businesses, are younger, and interested in the higher quality of life and lower costs of living that a smaller centre can provide. They also tend to have above-average disposable incomes. The nature of the pandemic has contributed to a desire, amongst some, to get out of the larger urban areas and into smaller communities. Just as importantly, it has also demonstrated the feasibility of distributed workplace models, in which many staff members work remotely. As a result, individuals and businesses have become more footloose, able to operate from a much broader range of communities. Almost all communities have some remote workers, and in principle all communities can compete for these workers. However, those that are most successful tend to be those featuring a high quality of life, comparatively low costs of living, a welcoming attitude, an ability to successfully integrate newcomers, high quality broadband, and accessibility (air access can be particularly important for some workers).

2. Smaller employers and health care and primary production businesses tend to hold a more positive view regarding the economic outlook of their business.

About one-third of the employers with less than 10 employees perceive the economic outlook of their business to be very positive as compared to about one-fifth of those with over 10 employees.



The perceived business outlook also varies by sector. Those involved in health and care services tend to have the most favorable outlook regarding the future economy and their business (60% view the outlook as very positive), followed by primary production (e.g., agriculture, forestry, fishing and hunting) with 50% who view the outlook as very positive. On the other hand,

businesses involved in food services and drinking places (17% view the outlook as very positive), or retail trade (13% view the outlook as very positive) tend to have a relatively less favorable outlook. The perceived outlook also varies by community. Those operating in South Hazelton and Thornhill tend to have the most favorable outlook as compared to other communities.

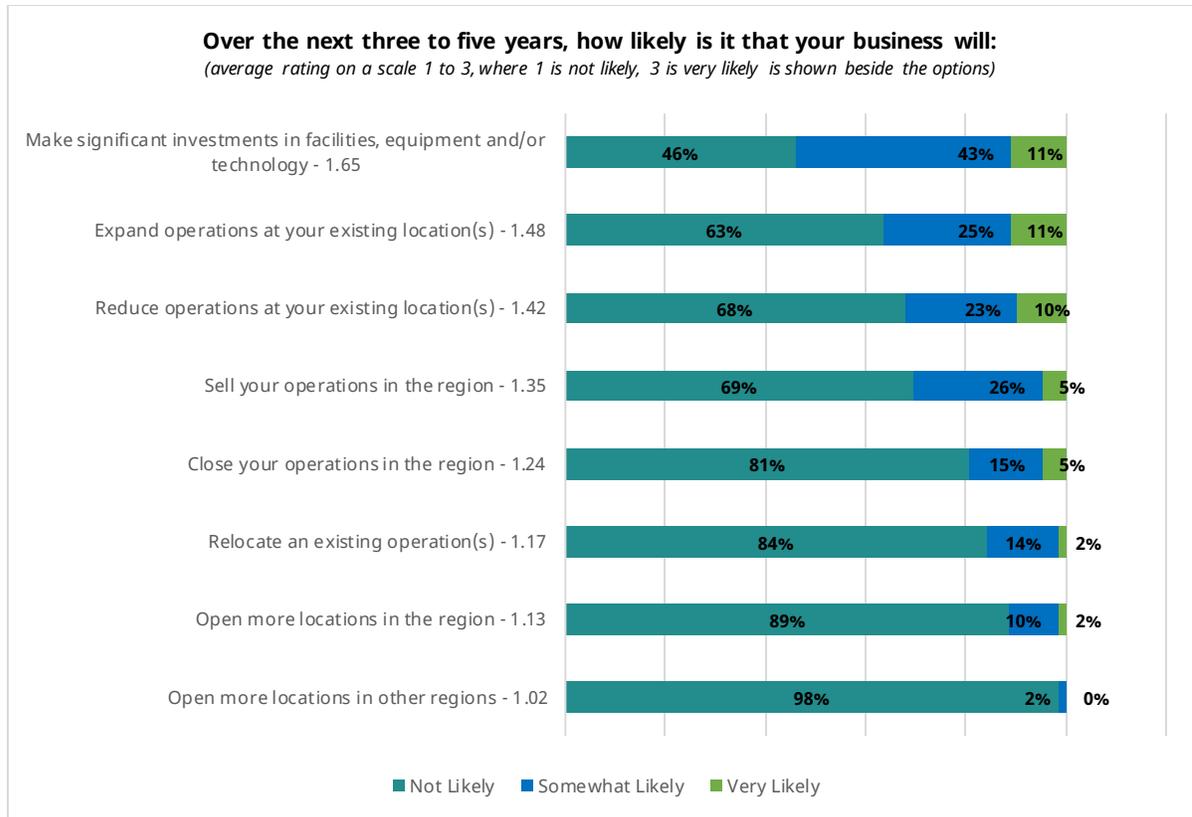
Business Outlook Over the Next Three to Five Years by Community

Business Outlook	New Hazelton		Village of Hazelton		South Hazelton		Thornhill		Kitwanga		Dease Lake		Other	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Very Positive	9	36%	7	37%	7	70%	6	75%	4	44%	3	38%	10	67%
Somewhat Positive	12	48%	11	58%	2	20%	1	13%	5	56%	2	25%	4	27%
Neither	3	12%	1	5%	1	10%	..	..	..	..	2	25%	..	..
Somewhat Negative	1	4%	..	..	..	..	..	..	..	..	..	..	1	7%
Very Negative	..	..	..	..	..	..	1	13%	..	..	1	13%	..	..
Total Respondents	25	100%	19	100%	10	100%	8	100%	9	100%	8	100%	15	100%

3. Businesses expressed mixed expectations regarding the likelihood that they will make significant investments in facilities, equipment or technology or otherwise make changes to their operations over the next three to five years.

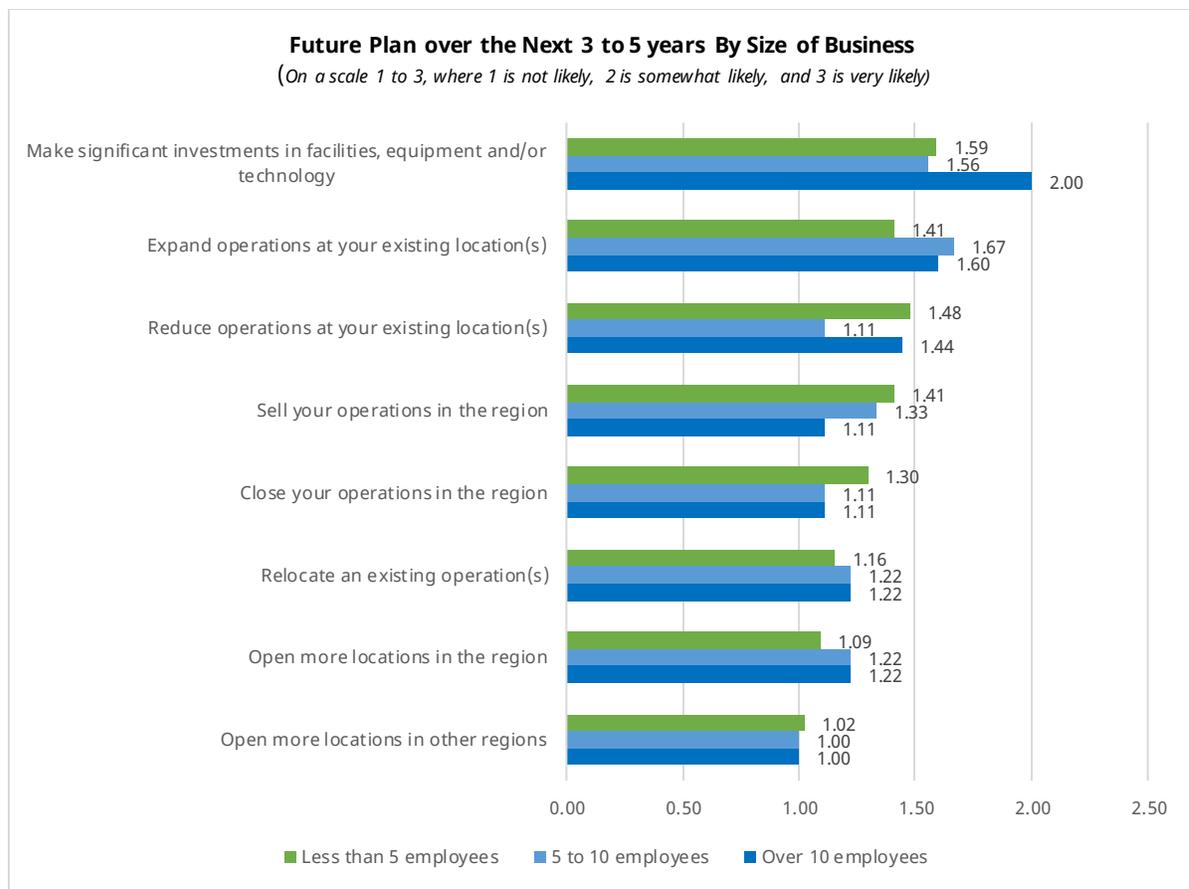
Over the next three to five years, just over half of the businesses surveyed are somewhat likely or very likely to make significant investments in facilities, equipment and/or technology, including 11% who indicated it was very likely. However, for the most part, the businesses are expecting to continue their operations largely as is over the next three to five years. As indicated in the chart below, few businesses expect that it is very likely that they will either expand or reduce operations at their existing location(s), open more locations in the region or in other regions, relocate, or sell or close their operations in the region. However, the percentage of businesses who indicated that it is at least somewhat likely they will sell (31%) or close (20%) their operations in the region suggests that there is some retention risk associated with business closure.

Relocation risk seems low. As indicated in the chart, 16% of businesses indicated that it is at least somewhat likely they will relocate their operations over the next three to five years. However, those who indicated they may relocate are most commonly expecting to relocate within the same community. Reasons for relocation include an opportunity for a better location; merging multiple locations into one; and moving to a new office or a bigger space. However, one business that is looking to move from the community specifically mentioned that it is no longer possible to have a successful retail operation in their current community because of the slow economy and increasing competition from retailers (including online) located outside the immediate community. If they want to continue to operate that type of business, they will need to move.



4. **Employers with more than 10 employees are those most likely to make significant investments over the next three to five years. Smaller firms are less likely to expand and somewhat more likely to close or sell their operations in the region. While there are some variations in expectations across communities, it is not clear that those are statistically significant.**

Expectations regarding the likelihood the businesses will undertake various actions over the next 3 to 5 years varies somewhat depending on the size of the business surveyed. Employers with over 10 employees are more likely to make significant investments, while smaller firms (with fewer than 5 employees) are less likely to expand operations, and somewhat more likely to close or sell their operations in the region.



There are some variations in expectations across communities. As noted below, businesses operating in the Village of Hazelton rated themselves as less likely to make significant investments and expand operations, and relatively more likely to reduce operations. The average likelihood of reducing or selling operations are also relatively higher in New Hazelton.

Future Plans over the next 3 to 5 years By Community

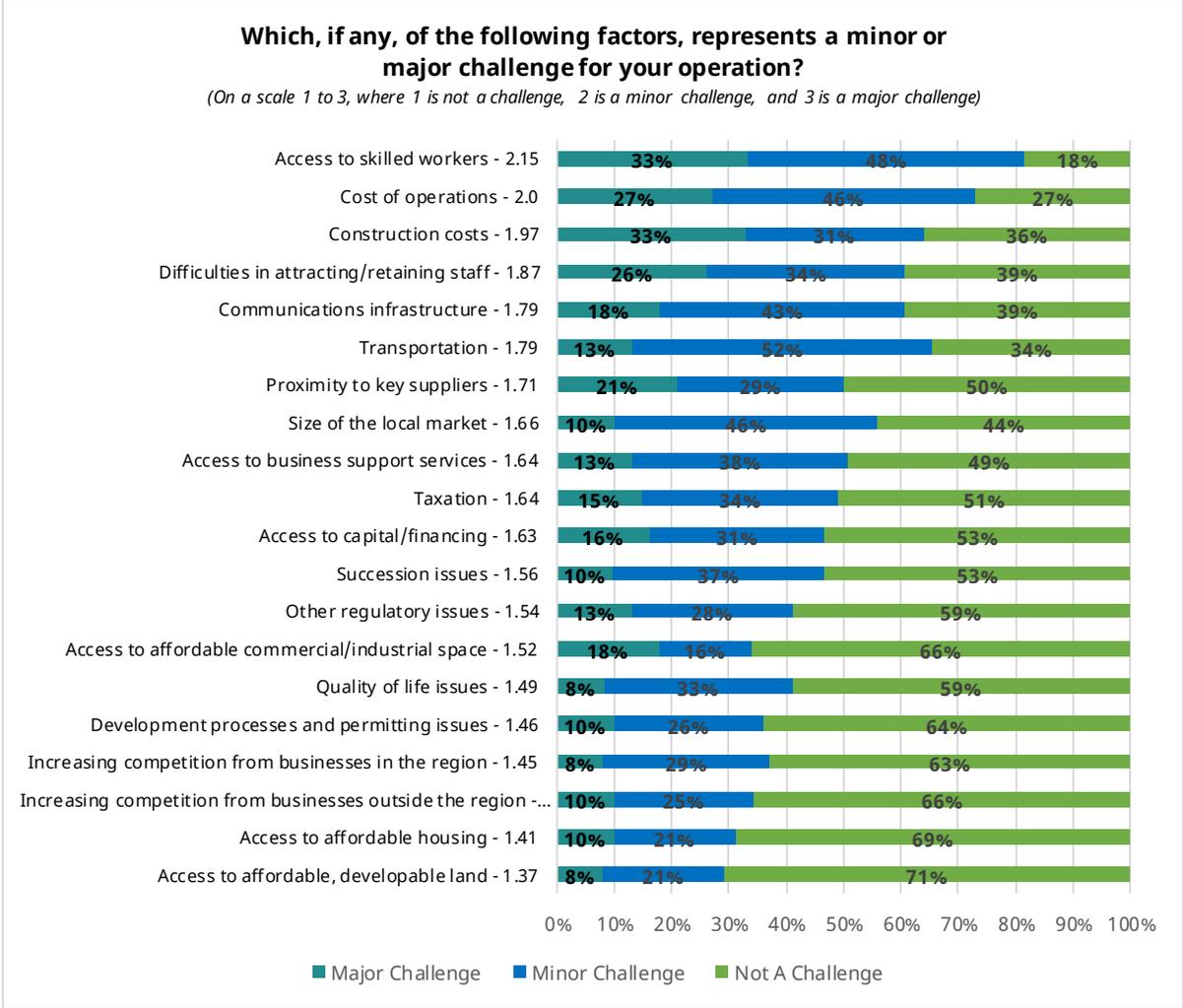
(On a scale 1 to 3, where 1 is not likely, 2 is somewhat likely, and 3 is very likely)

Future Plans (next 3 to 5 years)	New Hazelton	Village of Hazelton	South Hazelton	Thornhill	Kitwanga	Dease Lake	Other
	Avg	Avg	Avg	Avg	Avg	Avg	Avg
Make significant investments in facilities, equipment and/or tech	1.71	1.48	1.73	1.82	1.56	1.75	1.87
Expand operations at your existing location(s)	1.54	1.33	1.64	1.55	1.67	2.00	1.93
Reduce operations at your existing location(s)	1.48	1.57	1.36	1.27	1.33	1.29	1.14
Sell your operations in region	1.41	1.29	1.18	1.09	1.33	1.43	1.29
Close your operations in region	1.26	1.33	1.27	1.18	1.22	1.29	1.07
Relocate existing operation(s)	1.18	1.14	1.00	1.18	1.11	1.00	1.07
Open more locations in region	1.04	1.05	1.18	1.36	1.22	1.29	1.43
Open locations in other regions	1.00	1.00	1.00	1.00	1.11	1.00	1.00
Total Respondents	27	21	11	11	9	7	14

3.4 Key Challenges

- 1. Various challenges can make it difficult for a business to maintain and expand operations. Difficulties in accessing skilled labour, attracting and retaining staff as well as the high cost of operations and construction were identified by businesses operating in the region as key challenges.

The businesses were asked to rate a series of factors on a scale 1 to 3 (where 1 is not a challenge, 2 is a minor challenge, and 3 is a major challenge) that may be a challenge for business retention and expansion. As indicated, the highest rated challenges included access to skilled workers (average rating of 2.15 with 33% of businesses indicated it as a major challenge), cost of operations such as labour, property, energy, etc. (2.0 with 27% indicated it as a major challenge), construction costs (1.97 with 33% indicated it as a major challenge), difficulties in attracting/retaining staff (1.87 with 26% indicated it as a major challenge), communication infrastructure such as reliable high-speed internet (1.79 with 18% indicated it as a major challenge), and transportation accessibility and costs (1.79 with 13% indicated it as a major challenge).



Key informants identified a similar list of challenges that can make it difficult for a business to maintain and expand operations. As indicated in the table below, staffing difficulties (e.g., access to skilled workers/difficulties in attracting and retaining staff), transportation (e.g., accessibility and costs), and operating costs were identified as the most significant challenges facing the economic sectors, community, and the region overall.

What do you see as the most significant challenges facing your economic sectors, community, and the region overall?	#	%
Total Respondents	16	100%
Access to skilled workers/difficulties in attracting and retaining staff	14	88%
Transportation (accessibility and costs)	13	81%
Operating costs	11	69%
Access to affordable commercial/industrial space and affordable land	10	63%
Communications infrastructure (e.g., reliable high-speed internet)	10	63%
Succession issues (retirement of senior management/staff)	10	63%
Access to markets and suppliers (e.g., supply chain disruption; difficult to get inventory in)	10	63%
Access to capital/financing	7	44%
Development processes and permitting and regulatory issues	6	38%
Increasing competition	6	38%
Access to business support services	4	25%

Other comments provided by key informants include:

- Communication is a significant problem in small remote locations or communities (e.g., area between Kitimat and Terrace); there is a need for better cellular connection.
- There has been an increase in competition due to new businesses entering the market. It can be difficult for some as many businesses in the region were there for many years, and most have not experience competition at all.
- There has been no front-end support to help businesses develop plans and manage risk.
- There is a need to address land claims in order to clarify the process regarding the development of some projects.
- Housing shortages and high rents both contribute to worker shortages.

2. As expected, difficulties in attracting and/or retaining staff was rated as a greater challenge by employers with more than 10 employees than by smaller employers.

The relative importance of the factors varied somewhat by size of employer. While access to skilled labour being a key challenge regardless of the size of the employer, larger firms were most likely to rate staffing difficulties (e.g., attracting and retaining staff) as their number one constraint. On the other hand, smaller sized firms were more likely to identify cost of operations as their top challenge.

Top 5 Challenges for Business Retention and Expansion By Firm Size

(On a scale 1 to 3, where 1 is not a challenge, 2 is a minor challenge, and 3 is a major challenge)

Less than 5 employees		5 to 10 employees		Over 10 employees	
Top 5	Avg	Top 5	Avg	Top 5	Avg
Access to skilled workers	2.00	Access to skilled workers	2.44	Difficulties in attracting/retaining staff	2.60
Cost of operations	1.95	Cost of operations	2.22	Access to skilled workers	2.50
Construction costs	1.90	Construction costs	2.22	Communications infrastructure	2.10
Size of the local market	1.70	Succession issues	2.11	Cost of operations	2.00
Transportation (accessibility and costs)	1.69	Transportation (accessibility and costs)	2.00	Construction costs	2.00

3. Access to skilled workers and construction costs were the top two challenges to business retention and expansion across all six targeted communities,

As shown in the table below, across the 6 targeted communities, the relative importance of the factors did not vary much by community.

Top 5 Challenges for Business Retention and Expansion By Community

(On a scale 1 to 3, where 1 is not a challenge, 2 is a minor challenge, and 3 is a major challenge)

New Hazelton		Village of Hazelton		South Hazelton	
Top 5	Avg	Top 5	Avg	Top 5	Avg
Construction costs	2.31	Access to skilled workers	2.16	Construction costs	2.20
Access to skilled workers	2.15	Construction costs	2.00	Access to skilled workers	2.10
Cost of operations	2.00	Cost of operations	1.90	Cost of operations	1.80
Difficulties in attracting/retaining staff	2.00	Size of the local market	1.79	Transportation (accessibility and costs)	1.80
Transportation (accessibility and costs)	1.85	Difficulties in attracting/retaining staff	1.70	Communications infrastructure	1.80
Thornhill		Kitwanga		Dease Lake	
Top 5	Avg	Top 5	Avg	Top 5	Avg
Construction costs	2.00	Construction costs	2.38	Access to skilled workers	2.63
Access to skilled workers	1.91	Access to skilled workers	2.38	Construction costs	2.25
Cost of operations	1.91	Transportation (accessibility and costs)	2.13	Cost of operations	2.25
Proximity to key suppliers	1.82	Proximity to key suppliers	2.00	Difficulties in attracting/retaining staff	2.25
Access to affordable, developable land	1.82	Access to capital/financing	2.00	Transportation (accessibility and costs)	2.00

4. When asked about their single most significant long-term challenge, businesses most commonly identified staffing issues.

Within this category, businesses identified labour shortages, difficulties in attracting and retaining skilled workers, succession issues, and the shortage/quality of applicants as key issues. Other issues included government regulations such as lockdowns, and travel restrictions) and costs of operation (particularly the cost associated with restarting a business after closure due to COVID-19) as issues that they may impact their operation over the next three to five years.

What is the most significant challenge that your business will face over the next three to five years?	#	%
Total Respondents	47	100%
Staffing issues (e.g., staff shortages; attraction and retention of appropriately skilled people; difficulties with staff retirement without being able to find good replacements)	25	53%

What is the most significant challenge that your business will face over the next three to five years?	#	%
Government regulations (e.g., including lockdowns/fishing closures/travel restrictions etc.)	5	11%
Cost of operation (e.g., staff/rents/restart costs from closures)	5	11%
Access to reliable funding and financing	5	11%
Climate Change	2	4%
Lack of meat processing facility	2	4%
Reduced revenue	2	4%
Shipping costs	1	2%
Unresolved First Nations issues/land claims	1	2%

3.5 Potential Actions and Recommendations

- Businesses highlighted the need for government and others to take action to increase access to capital, strengthen the communication and transportation infrastructure, reduce the tax and regulatory burden, and attract more skilled workers to the region.**

The following table summarizes the recommendations provided by businesses regarding the actions that government and others could take to assist businesses maintain and expand their operations.

What do you see as the most important actions that government and others could take to assist businesses like yours maintain and expand their operations (open ended question)?	#	%
Total Respondents	41	100%
Access to business financing (e.g., easier access to loans, grants, wage and other subsidies)	13	32%
Support for infrastructure development (e.g., communication, transportation)	5	12%
Tax relief	3	7%
Reduce government regulations	3	7%
Attract skilled people to the region	3	7%
No more COVID-19 lockdowns	2	5%
Support agriculture/improve food security	2	5%
Improve trades training	2	5%
Resolve First Nations issues	1	2%
Improve mental health services	1	2%
Support buy local campaigns	1	2%

Similarly, key informants suggested that the priority for the government and others is to continue the current support programs. In particular, the top three actions that they recommended were continue the CEWS, CERB and rent subsidy programs improve connectivity in rural areas (e.g., communication infrastructure), and improve access to capital. Other possible actions include lowering taxes; helping businesses adapt to the new normal; provide initiatives to encourage people to shop and travel locally; target needed skills with training programs; deliver training

related to business succession or expansion; provide funding to support sector development (e.g., tourism marketing or local food production).

2. According to key informants, business retention and expansion efforts should focus primarily on the retail, food and accommodation sectors, small communities, and small businesses.

Key informants were asked to identify primary targets for business retention and expansion in terms of sectors, communities, and business size.

- In terms of sectors, key informants most commonly identified retail (9 of 16), food and accommodation (8), and tourism services (6) as the primary sectors to target business retention and expansion efforts. Other sectors identified include service industries, primary production (e.g., fishing and forestry), and industrial construction.
- In terms of target communities, key informants most commonly identified small communities such as the Hazelton, Stewart, Dease Lake and the small First Nations communities (6 of 16). Specific communities mentioned by key informants include Hazelton (4), New Hazelton (2), Stewart (2), Kitimat (2), and Dease Lake (1).
- In terms of business size, key informants most commonly identified small businesses (13 of 16), followed by major industrial companies (3) and medium sized businesses.

3. According to key informants, the major roles of the RDKS in terms of business retention and expansion are to serve as an advocate for small communities and small businesses, and partner with other organizations to identify key issues and partner with other organizations to take action to address those issues.

When asked about the major roles that should be played by the RDKS, key informants (10 of 16) most commonly identified advocacy (i.e., representing the interests of small communities and small businesses to the RDKS, the provincial government and the federal government). Other important roles included maintaining regular communications with businesses in order monitor ongoing trends, opportunities and challenges (4); help businesses identify opportunities to improve their operations and further develop their businesses (3); work with government to reduce the regulatory burden (3); conduct research that will help business and others plan their operations (3); work to increase access to housing and accommodation (2), and work to improve transportation infrastructure (2). Other potential roles mentioned include maintain partnerships with other organizations; prepare a comprehensive plan for development and business retention; develop a better zoning processes and policy; undertake investment attraction particularly targeting the types of businesses that the region is missing; reviewing strategic land use policies; promoting the region; help small communities and towns navigate development and marketing of industrial land; and improve and support tourism marketing.

The key informants cited a long list of organizations and programs that could be partnered with to develop a business retention and expansion program. The organizations mentioned included Community Futures, Small Business BC, other economic development officers in the broader region, Ministry of Advanced Education, WorkSafe (BC Sector Labour Market Partnerships

Program), Ministry of Jobs, Economic Recovery and Innovation, Northern Development Investment Trust, Kitimat Valley Education Society, Chambers of Commerce, local First Nations, Western Diversification, Infrastructure Canada, Aboriginal Business Canada, tourism and other industry associations, and commercial banks,

3.6 SWOT Analysis

We developed the following SWOT analysis for the region, taking into consideration both the results of the interviews and surveys and a review of existing reports, data and other documents.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Quality of life • Friendly residents • Stable and growing market • Major industrial projects and regional resources • Less cumbersome regulations • Improving internet / communication / transportation infrastructure 	<ul style="list-style-type: none"> • Size/distribution of the local market (large, sparsely populated region) • Limited diversification • Labour shortages, particularly access to skilled and more highly educated workers • High costs of operations/construction • Access to financing • Limited entrepreneurial base • Need to further improve communication and transportation infrastructure • Low profile of the RDKS/lack of regional branding • “Trailing spouse” challenges • Land claims • Access to affordable commercial/industrial space and affordable land
Opportunities	Threats
<ul style="list-style-type: none"> • To work more closely with Indigenous communities and other centres in the region • To expand the tourism industry • To lever major resource developments planned for the region • To expand the food and agriculture sector • To attract remote workers, digital nomads, and footloose business • To support further development and expansion of local businesses 	<ul style="list-style-type: none"> • Continuing impact of COVID-19 • Increasing competition, particularly from outside of the region (e.g., online sales) • Major developments may further reduce access to labour in some communities • Lack of digitization may result in existing businesses falling farther behind competitors • Aging entrepreneurial base/succession issues

Strengths

- **Quality of life.**

- *Small community lifestyle.* Northwest communities are in close proximity to the natural environment that surrounds them, providing access to outdoor recreation, hunting, fishing and adventure sports. Traffic congestion is virtually non-existent.
 - *Proximity.* Core communities of Kitimat, Terrace, and Prince Rupert are within short driving distances of each other (1-2 hours). Flights to Terrace are affordable relative to other areas of the province.
 - *Affordable housing.* Housing prices in the region are a fraction of the cost of what they are in Vancouver. The living wage is approximately \$18/hr.
 - *Relatively higher median family income than BC.* The median family income for residents residing in the Regional District of Kitimat-Stikine was \$71,742 in 2016 and comparing to British Columbia overall (\$69,995).
- **Friendly communities.** People are friendly and welcoming. Families moving to the region are able to integrate with existing residents in most communities.
 - **A stable and growing market.** The population of the region is projected to grow significantly over the next five years. Over the past year, a majority (66%) of the businesses in the region indicated that over 70% of their revenues are generated from customers or clients based in the region.
 - **Major industrial projects and regional resources.** Northwest communities benefit from several major industrial projects. Existing employers such as Rio Tinto Alcan are major economic drivers. Other largescale projects such as LNG Canada and Pembina would benefit the entire region.
 - **Less cumbersome regulations.** Smaller communities have fewer bureaucratic obstacles than in many other places in BC.
 - **Internet and logistics.** At access can vary across the region, infrastructure is in place that allows residents and workers to connect with the rest of the world, meaning prospective businesses can be competitive with an online and global landscape.

Weaknesses

- **Size and distribution of the local market.** Over half of the surveyed businesses indicated that the size of the local market is relatively small, and it is a challenge for expanding their business operations. The RDKS encompasses a very large, sparsely populated region.
- **Limited diversification.** Fly-in fly-out workers spend limited time and money in the communities. Some communities depend on major industrial projects rather than a diverse economy. Some key informants had concerns about the impacts once these projects are built out.
- **Labour shortages and access to skilled workers and managers.** The region lacks professionals, and specialists in critical areas such as healthcare, education, and social care. Over 80% of the surveyed businesses reported that access to skilled workers is a challenge for

maintaining and expanding their operations. More generally, over 70% of surveyed businesses find that attracting or retaining staff is difficult.

- **High cost of operations and construction.** Approximately 70% of surveyed businesses and key informants indicated that high operating costs is a challenge for maintaining and expanding their business operations. High construction costs were identified as an issue across the region.
- **Access to financing.** According to survey respondents, it is often difficult for an individual to obtain financing for a business. 46% of surveyed businesses reported access to capital or financing is a challenge for their business.
- **Limited entrepreneurial base.** A lack of professional development resources available to existing and potential operators. Over 50% surveyed businesses indicated that there is a lack of business support services in the region. Survey respondents also mentioned that there is a lack of an entrepreneurial mindset in the region.
- **Communication infrastructure.** A majority (60-65%) of surveyed businesses and key informants mentioned that although there is internet infrastructure in place, there is a need for a better and more reliable high-speed internet. A Regional Connectivity Strategy was developed for the RDKS in 2020.
- **Lack of regional branding.** The regional district lacks the regional branding that exists in other areas of the province like the Okanagan, Kootenays, Lower Mainland or Vancouver Island. Most residents do not define themselves as being from Kitimat Stikine.
- **“Trailing spouse” challenges.** Every community in this region suffers from ‘trailing spouse’ issues. New hires move to the region, but their partner or spouse often struggles to find work and integrate with the rest of the community. This puts pressure on the couple to find work elsewhere and they ultimately leave.
- **Unsettled land claims.** No land claims are in place for the large, resource-rich traditional territory of the Tahltan. The land-use plan, signed between the Tahltan Nation and the Government of BC in 2019, will help guide future resource development.
- **Access to affordable commercial/industrial space and affordable land.** Accessibility varies widely from community to community.

Opportunities

- **Work more closely with Indigenous communities and other centres in the region.** There are opportunities to work with Indigenous communities on development projects and other opportunities and issues of common interest. Initiatives such as the Northwest BC Workforce and Resident Attraction Initiative are illustrating the benefits of communities coming together and promoting the border region overall.
- **Expand the tourism industry.** The RDKS features pristine wilderness and natural beauty, a wide range of community heritage sites, hiking and biking trails and other outdoor recreational

opportunities including fishing and hunting. A majority (69%) of key informants identified the tourism sector as a key opportunity for growth going forward.

- **Lever the major developments.** A wide range of major projects, involving substantial investments, have been proposed (and, in some cases, are in process) for the region, such as mines, LNG plants, power projects, and port and terminal expansion. The developments and continued operations can create opportunities for businesses in the region.
- **Expand the food and agriculture sector.** An Agriculture Sector Support Plan was recently completed for the RDKS which recommends actions that could be taken build a resilient, sustainable, and profitable local agricultural sector. Cannabis has been identified as one potential opportunity.
- **Attract remote workers and footloose businesses.** The nature of the pandemic has contributed to a desire, amongst some, to get out of the larger urban areas and into smaller communities. Just as importantly, it has also demonstrated the feasibility of distributed workplace models, in which many staff members workers remotely. As a result, individuals and businesses have become more footloose, able to operate from a much broader range of communities.
- **Support further development and expansion of local businesses.** Increased access to business services and support would help to facilitate that development. The Love Northern BC program encourage purchases at independent locally-owned businesses with an aim to strengthen their competitiveness and retain more dollars in the local economy,

Threats

- **Impact of the COVID-19.** The recent COVID-19 pandemic has had significant economic impacts, which will likely slow the rate of new capital investment at least in the short-term. It also provides a challenge to the local health system. Almost 90% of the businesses surveyed in the region reported that their operations have been impacted by COVID-19. The accommodation, and food and beverage sectors have been most impacted.
- **Increasing competition.** About 40% of the surveyed businesses felt an increasing competition from businesses in the region and 35% from outside the region. Some respondents mentioned that it can be difficult for some as many businesses in the region were there for many years, and most have not experience competition at all.
- **Increasing competition for workers.** As development occurs, retail, service and hospitality sector employers often have to compete against larger employers who can provide higher paying jobs. Employers who cannot keep up with those wages often lose their well-trained employees.
- **Lack of digitalization.** The movement towards online shopping and transactions can put businesses which are slow to digitize at a great competitive disadvantage. Businesses in smaller communities tend to have more limited access to services that can assist them in adopting new technology.

- **Succession issues.** While the relocation risk seems low, the percentage of businesses who indicated that it is at least somewhat likely they will sell (31%) or close (20%) their operations in the region suggests that there is considerable succession risk.



4.
THE BRE PLAN

4.1 Situational Analysis

Although sometimes overlooked in economic development strategies, the primary driver of economic growth in most communities is the existing business base. The purpose of a BRE program is to retain and encourage the expansion of that business base. It commonly does so by:

- Creating a strong on-going channel of communication between the business community, government, and other key intermediaries;
- Utilizing that channel to better understand the key opportunities and issues that may be impacting on the willingness and ability of businesses to maintain and expand their business operations in the region; and
- Promoting business retention and expansion by facilitating access to needed support and assistance. An organization such as the RDKS may facilitate that, for example, by serving referring businesses to various sources of assistance, advocating on their behalf, and delivering services, information, training or other support.

The most appropriate design for a BRE is very much a function of the region served. For example, a different strategy is needed to serve the RDKS than, for example, Nanaimo. In designing a BRE Plan for the RKDS, it is very important to keep in mind that:

- *The RKDS is very large but sparsely populated.* Business walks are a common action item outlined in BRE plans. However, business walks would be a much less effective strategy in the RKDS than in more densely populated regions because of the distance between centres, the limited storefront presence of businesses in RDKS communities (business walks tend to be most effective for retail businesses and less effective for some other sectors), and the high percentage of home-based businesses.
- *The profile of the RDKS is low.* One of the challenges that we faced in completing the survey is that local residents tend to identify more with their community (e.g., Hazelton) or the broader region (e.g., North West BC) than the RDKS. This likely increases the level of effort that will be required to build a strong communication channel between the RDKS and local businesses.
- *Economic conditions and economic drivers vary widely across the region.* As such, it is unlikely that “one-size fits all” economic initiatives will be effective for all communities.
- *Relocation risk generally appears to be low.* People may be willing to move within the community or region but seem unlikely to leave the region overall for business reasons. As the population ages, a more significant issue is likely to be succession.
- *Access to business support services is low throughout much of the region.* While there are a range of supports services available within the region (e.g., Community Futures, chambers, Export Navigator, economic development, education and training), most of the target businesses

are not able to access business support services locally, tend to be less familiar with the services that are available, and are less likely to travel to receive services. This increases the importance of having a conduit between the businesses and support services and being able to deliver services remotely. One benefit of the pandemic has been an acceleration in remote delivery.

- *BRE is only one component of an effective economic development strategy.* The activities associated with the BRE Plan need to be closely coordinated with other economic development strategies and initiatives ongoing in the region including the workforce and resident attraction, skills training, tourism marketing and agriculture development initiatives.

Given these characteristics, the RDKS needs to build and maintain strong relationships with businesses in the region as well as with business development organizations and communities in and near the region. That includes building stronger relationships with Indigenous communities.

Wherever possible, the RDKS should participate in joint initiatives with nearby communities and regions. The WARA project is an example of such a cooperative initiative. It is important to consider that the RDKS is not so much competing with other nearby regions as it is competing against other regions in and outside of BC. Developments within one region within the North West BC provides some benefits to all regions.

4.2 Objectives of the BRE Program

The objectives of the BRE Program are twofold:

3. **To develop a strong on-going channel of communication between the business community and the RDKS.** The objective is to position the RDKS as a first point of contact for businesses considering expansion or experiencing difficulties in maintaining operations; and
4. **To facilitate access to needed support and assistance needed by the businesses.** As a first point of contact, the RDKS will need to:
 - Serve as pathfinder, identifying business needs and referring them to appropriate sources of assistance. That requires keeping up to date with the sources of assistance available;
 - Advocate on behalf of businesses with the RDKS, provincial government, federal government, business intermediaries and other organizations as warranted;
 - Work to fill gaps in services, information, training or other support as needed.

4.3 Recommended Actions

- **Develop a renewed Terms of Reference for the BRE Committee.** The Terms of Reference should define the composition and structure of the BRE committee, how often it meets, and its role in terms of advising the EDO and RDKS on the BRE strategy and implementation.

Members should be expected to play an active role in championing and supporting implementation of the BRE plan in their respective communities and organizations.

- **Develop and implement a primarily digital communications program that is designed to build strong relationships with the business community in the region.** The objective is to raise the profile of the RDKS and more specifically the EDO, such that the RDKS becomes positioned as the “go to” resource or first point of contact for businesses considering expansion or experiencing difficulties in maintaining operations. That will require:
 - Continuing to collect and compile contact information for businesses in the region. There is no business license information available.
 - Developing a schedule (e.g., monthly) regarding the distribution of content marketing materials to businesses in the region. Special distributions can be added to the schedule as needed in response to emerging opportunities, issues or crisis.
 - Developing quality content marketing materials. We recommend that standard templates and branding be developed, perhaps using software such as Canva or Venngage. The content marketing materials would provide information on a range of topics of particular interest to businesses such as recent developments in the region, policy and regulatory changes, funding opportunities, and business opportunities. The materials could also promote local services, products, and upcoming events and provide sponsorship opportunities. The content marketing pieces both inform businesses about important developments and drive them to the RDKS/EDO as a point of contact for further information.
 - Distribute the materials by email as well as through social media and the website. The digital campaign could be completed by press releases, earned media and attendance at regional events
- **Meet with businesses in each community at least once a year.** The meetings should involve the EDO, the BRE Committee member for that community, and possibly other champions. A limited business walk could be implemented in some communities (e.g., in Hazelton). However, given the nature of the communities and the nature of the business in the region, group sessions are going to be a more effective way to get the pulse of the local business community, discuss opportunities and challenges that local businesses may be facing, and encourage businesses to follow-up with the EDO or local representatives. Ideally, at least some sessions would be in-person, but many could be virtual (particularly in the coming year).
- **Conduct periodic pulse surveys of the business community.** The concept of pulse survey would be to obtain quick but limited input from the business community on issues of particular interest at the time. The surveys both help to drive traffic and can help inform decisions. Longer-form surveys, such as that performed as part of this study, could be

undertaken every two years to track differences in businesses and the economic climate over time.

- **Work to strengthen relationships and coordinate activities with Indigenous communities and other neighboring communities.** The impact of the economic development activities will benefit from improving coordination and better leveraging resources across communities.
- **Document both the qualitative and quantitative information coming out of the BRE sessions.** Both macro information on key opportunities, challenges and trends as well as business specific information should be documented. For the business specific information, we recommend that the RDKS establish a simple CRM system (perhaps in Excel or a non-code database like Knack), which can manage contact lists, track interactions related to specific businesses, and identify red flag and green flag businesses on an on-going rolling basis.
- **Respond quickly to enquiries or requests for assistance from businesses.** When dealing with at-risk businesses, it will be important to identify actions that can be taken to mitigate the impact and work with key stakeholders to retain businesses and key employees in the community. On the expansion side, the EDO function could serve as a concierge service to support businesses navigating complex development and building processes, as well as a pathfinder referring business to other sources of assistance (e.g., referral to sources of funding, business incentives, or assistance in recruiting workers). Some municipalities have effectively addressed similar issues through establishing a “virtual” business hub within the office, a welcoming and collaborative first point of contact for business start-ups, relocations, expansions, investors, property owners, leasing agents, and others. The easier it is for businesses to navigate processes and obtain assistance, the greater the likelihood that the business will be sustained and grow over time. It may also be useful to have the BRE Committee, EDO or other group review proposed new bylaws, policies or plans by applying an economic lens to assess how the changes are likely to impact on the local business climate.
- **Advocate for change.** The EDO function can act as a conduit between the businesses, the RDKS, business intermediaries and the provincial and federal government. For example, the RDKS can advocate for major infrastructure projects, resource developments, licensing, permitting and regulatory changes, and funding for proposed initiatives. They can encourage government and others to increase access to services or address local issues that negatively impact on the business climate.
- **Maintain strong connections with business intermediaries and support services available to businesses in the community.** It will be important to keep up-to-date on changing programs and services. The RDKS can play an important role in educating businesses about available services and support which are relevant to their needs, informing intermediaries about the needs of local businesses in the region, and bringing the parties together.

- **Seek out funding to implement the BRE program and also support the development and implementation of initiatives to fill gaps in the available programming.** The challenge is to turn the business intelligence gained through the BRE research into value added services and programs that will help businesses. The research identified a wide range potential gaps including the need for:
 - Succession programs;
 - Webinars, training and assistance related to digitization, marketing, social media, health & safety, and business development;
 - Assistance in talent attraction;
 - Entrepreneurial development, business planning and incubation programs;
 - Expanding Love Northern BC (a buy local program) into areas not currently covered by the program; and
 - Programming or events specifically designed to educate local businesses about upcoming opportunities associated with major developments in the region.

The primary target sector for BRE in the short to medium term is tourism and to a lesser extent retail and agriculture. Tourism is the sector that has been most impacted by COVID-19 and also a sector which represents an area of significant potential growth for the region. As travel rebounds, the tourism sector can be supported through the regional tourism marketing efforts. The provincial government has also committed significant funding for supporting the sector and struck a provincial task force to provide recommendations; the report was delivered on December 9th and the RDKS should monitor upcoming decisions regarding how the funding will be allocated and how it could be used to support tourism in the region.

With respect to retail, the primary focus should be on extending the Love Northern BC program and examining ways to improve the digital presence of retail and other operators in the region. A strategy to promote development of agriculture in the region has been developed and approved by the RDKS. Over the medium to longer-term, an important priority is to monitor opportunities that arise from major developments occurring the region, educating local businesses about the opportunities that creates, and educating purchasers about products and services that can be purchased from local businesses.

4.4 Performance Measurement and Tracking

The RDKS reports annually on the progress made in implementing the economic development strategy. That reporting process would benefit from the development of a more formal performance measurement strategy. As one component within the strategy, the indicators used to assess the performance of the BRE should be defined within the umbrella of the overall performance measurement strategy.

Within the framework, the BRE should be assessed primarily in terms of its impact in the short-term. As such, key indicators should be established to report on the progress made in terms of both objectives: the progress made in developing an on-going channel of communication between

the business community and the RDKS; and the progress made in facilitating access to support and assistance needed by the businesses.

Objective	Indicators
Develop a strong on-going channel of communication between the business community and the RDKS	<ul style="list-style-type: none"> • Content pieces developed • Level of distribution/bounce rates/subscriptions • Reach and click rates • Businesses met with in person/virtually • Events attended • Website analytics
Facilitate access to needed support and assistance needed by the businesses	<ul style="list-style-type: none"> • Number and type of enquiries received from businesses • Number of referrals made by target • Numbers of referrals received by source

This data will be tracked and reported by the RDKS, using social media and website analytics, mailing list software and CRM data.

Input indicators (e.g., staff times, source of funding, expenditures on economic development, and volunteer time) and medium and longer-term indicators related to business investment and permitting data, changes in the number of active businesses, and changes in employment, unemployment rates and household income, should be tracked as part of reviewing the context for and evaluating the impact of the overall economic development strategy. The biennial survey should be used to track changes in the economic outlook, constraints to development and business characteristics over time.

4.5 Sources of Funding

The primary source of funding to implement the BRE program is expected to be the Economic Development Capacity Building program offered by the Northern Development Investment Trust. The program provides a grant of up to \$50,000 each calendar year to pursue economic development activities. The grant can be used to support implementation of economic development activities including activities identified in a BRE Plan.

Other sources of funding may be available for specific initiatives including infrastructure development and building stronger connection with First Nations.

- The Community Economic Recovery Infrastructure Program provides fully-funded provincial grants to support economic resilience, tourism, heritage, and urban and rural economic development projects in communities impacted by COVID-19. Under the Community Economic Recovery Infrastructure Program (CERIP), the Province is committing up to \$90 million to support community economic resilience, tourism, heritage, and urban and rural economic development projects. Eligible applicants can receive a one-time, 100% funded provincial grant to support four key streams: Community Economic Resilience; Destination Development; Unique Heritage Infrastructure; and Rural Economic Recovery (RER). RER is

focused on helping rural Indigenous and non-Indigenous communities accelerate their recovery from COVID-19 through community-led projects, including projects that support the retention and expansion of existing local businesses. Proposed projects must be created with the following economic recovery objectives in mind:

- Develop/expand infrastructure to support business growth for key rural economic sectors such as agriculture, natural resource development, and technology development
 - Assist rural businesses in adapting to the post-COVID landscape by redefining delivery mechanisms, increasing e-commerce, and developing new business opportunities
 - Bring together key stakeholders to identify solutions and opportunities in the current economic situation
 - The RER funding stream has up to \$20 million to distribute among successful applicants. Applicants can receive a grant up to a maximum of \$1 million.
- The Community to Community (C2C) Forum Funding which helps local governments and First Nations connect and build relationships. The Ministry of Municipal Affairs and Housing supports C2C through funds provided to the Union of BC Municipalities, which administers the program with the support of the First Nations Summit. The program is also supported by federal funding which typically matches the provincial contribution. This funding helps neighbouring local governments and First Nations to jointly host forums to discuss common issues, challenges and mutual opportunities for the benefit of their communities.

Other sources of funding may be available for multi-regional projects focus on specific opportunities or issues (e.g. tourism marketing, labour market studies, business digitization, export development, and worker and resident attraction).