




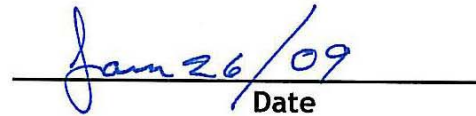
## Operating Plan FY 2009-2010

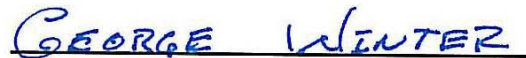
This plan has been approved and submitted  
by the Board for

Community Futures Development Corporation of the Stuart Nechako  
P.O. Box 1078, Vanderhoof, BC V0J 3A0  
Tel: 250-567-5219

*On behalf of the Board*

  
Signature\* Preferably the Chair

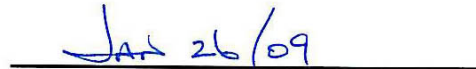
  
Date

  
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Title

*On behalf of the CF Management*

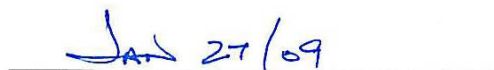
  
Signature\*

  
Date

  
Name (Please print)

  
Title

Date Plan Submitted to WD:



## INTRODUCTION

This Operating Plan provides Western Economic Diversification with insight into the goals, accomplishments and realities of the Community Futures Stuart Nechako based in Vanderhoof, BC. It also forms the basis for our funding relationship with WD, and provides an action plan for our Community Futures organization.

The Operating Plan is based on a multi-year strategic plan with some sections updated annually. CFSN performance indicators are updated annually. The flow is from long-term goals to strategies to short-term activities. Our CF's Strategic Plan sets long-term goals and the Operations Plan gives the short-term strategies to achieve specific accomplishments for the current year.

In addition to the requested Operational Plan for 2009/2010, WD has requested that each CF answer three questions pertinent to WD's renewal discussions and CFSN's answers to these questions are appended to this operational plan in Appendix A: "CFSN's View of New Realities with Regards to Renewal Discussions."

## 1.0 BASIC INFORMATION

### 1.1 BASIC INFORMATION:

CFDC Legal Name: Community Futures Development Corporation of Stuart Nechako  
Mailing Address: PO Box 1078, Vanderhoof, British Columbia, V0J 3A0  
Location Address: 2750 Burrard Avenue, Vanderhoof, BC  
Phone Number: (250) 567-5219  
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General E-Mail: [info@cf-sn.ca](mailto:info@cf-sn.ca)  
Manager's Email: [gm@cf-sn.ca](mailto:gm@cf-sn.ca)  
Web site: <http://www.cf-sn.ca>  
Chairperson: Mr. George Winter  
Chair's Contract Info: 52605 Guest Road, Vanderhoof, BC V0J 3A3 E: [gwinter@telus.net](mailto:gwinter@telus.net)

### 1.2 LIST OF STAFF

Name	Position	Phone	% WD Core
Keith Federink	General Manager	(250) 567-5219	100
Stacy Swanson	Administrative Coordinator	(250) 567-5219	100
Graham Stanley	Business Analyst	(250) 567-5219	100
Janine Payne	Financial Support Officer	(250) 567-5219	100
Barry O'Brien	Project Coordinator	(250) 567-5219	0

### 1.3 BOARD OF DIRECTORS

Name/Position	Committees	Representation
George Winter, Chair	Executive, Finance, Marketing, Business Loans	Cluculz Lake
Gene Mitran, Vice Chair	Executive, Marketing, Business Loans, Progress House, Finance	Vanderhoof
John Thobo-Carlsen, Treasurer	Executive and Business Loans, REDI, Finance	Fort St James
Marjorie Gammond, Secretary	Executive, Marketing, Nechako Watershed Council, Finance	Fort Fraser, Fraser Lake
Mickey Bisanz, Director	Business Loans	Fraser Lake
Dave Wiebe, Director	Agriculture	Vanderhoof
Clarence Lowey, Director	Business Loans, Junior Achievement	Vanderhoof

## 2.0 DESCRIPTION OF ORGANIZATION

Community Futures Development Corporation of Stuart Nechako (CFDC-SN) is a federally incorporated (1995) not-for-profit organization governed by a volunteer Board of Directors made up of representatives from throughout the Stuart-Nechako region. Community Futures have recently undergone a branding planning session and our organization will be now known as Community Futures Stuart Nechako (CFSN).

### 2.1 ORGANIZATION STRUCTURE AND OPERATIONS:

#### 2.1.1 Board Structure and Committees

Our volunteer Board currently consists of seven members with room for an additional five. There are representatives from the communities of Cluculz Lake, Fort Fraser, Fort St. James, Fraser Lake and Vanderhoof. Our Board of Directors meets monthly to determine the overall direction, focus and policies of CFSN.

Our Committees consist of: Business Loans, Personnel, Marketing, Education and Finance. Sub-committees and steering committees are struck from time-to-time to undertake specific projects and initiatives. Our chairperson, members of the Board and business and community volunteers from throughout the region are encouraged to participate on our committees and sub-committees. Our Board Chair and one of our other directors are also appointed members of the Board for the Stuart Nechako Regional Economic Development Society (REDI). As well as, our vice-chairperson has been appointed to the board of Progress House Boutique Manufacturing Incubator - Materials Testing Lab.

#### 2.1.2 Office Locations & Coverage of Committees

From offices in Vanderhoof the staff of CFSN serve the three municipalities of Fort St. James, Fraser Lake and Vanderhoof; the seven First Nations communities of Nad'leh Whuten, Nak'azdli, Saik'uz, Stelat'en, Takla, Tl'azt'en and Yekooche and numerous unincorporated communities throughout the Stuart Nechako Region.

### **2.1.3 Organizational Structure & Responsibilities**

The current full-time staff compliment at CFSN consists of:

- A General Manager who reports directly to the Board of Directors and is responsible for overall CF operations;
- An Administrative Coordinator who is responsible for office administration and reception;
- One Business Analyst who is responsible for business development and loans;
- One Financial Support Officer who is responsible for bookkeeping, accounts and budget administration;
- One Project Coordinator who is responsible for CFSN projects, assists with research projects and business analysis. All staff report directly to the General Manager while implementing action plans, projects and carrying out daily tasks. Full job descriptions for all positions are available upon request.
- In addition, temporary employees and/or sub-contractors are hired to implement specific projects that CFSN initiates and assist where expertise is required. CFSN currently has one such on-call contractor to handle the technical aspects of the website maintenance and another for contract writing as required from time-to-time.

### **2.1.4 Staff and Board Training Plans**

Training will be provided to staff and board as opportunities become available. Having the video conferencing equipment in the CF office will increase instructional opportunities, as well as facilitate peer group dialogue.

Board members and other volunteers see video conferencing as the perfect vehicle for delivering training modules and orientation sessions. They also recognize the potential opportunities to become more involved at a regional level - possibly participating on regional volunteer communities.

### **2.1.5 Subsidiaries and Related Entities - None**

### **2.1.6 Community and Government Partners - "Committed Long Term Partners"**

- Western Economic Diversification Canada (WD)
- Nechako Kitamaat Development Fund Society
- Service Canada
- Stuart Nechako Regional Economic Development Society (REDI)
- Regional District of Bulkley Nechako (Areas C, D & F)
- District of Fort St. James
- Village of Fraser Lake
- District of Vanderhoof
- Vanderhoof Chamber of Commerce
- Fort St James Chamber of Commerce
- Nak'azdli First Nation
- Saik'uz First Nation
- Takla Lake Band
- Tl'azt'en Band
- Yekooche Band
- College of New Caledonia

**2.1.7 Project Partners**

- Progress House
- National Research Council's IRAP Program
- CANMET Energy Technology Centre
- Omineca Beetle Action Coalition (OBAC)
- Saik'uz First Nation
- Ministry of Small Business
- School District No. 91 - Nechako Lakes
- Centre for Applied Renewable Energy
- Cascadia Institute

**2.1.8 Funding Partners**

- Western Economic Diversification Canada (WD)
- Western Economic Diversification Canada (WD) - CEDI funding
- Nechako Kitamaat Development Fund Society

**2.1.9 Services Offered**

- Business Loans Program
- Business Development Counselling
- Regional & Community Economic Development
- Aboriginal Outreach Program
- Community Access Point
- Business Development Library
- Meeting/Training Facilities
- Video Conferencing Facilities

**2.2 CFSN's POLICIES RELATED TO BOARD OF DIRECTORS, INVESTMENT FUND MANAGEMENT, CONFLICT OF INTEREST:**

Reported on in 2007-08 and therefore next report will be filed in 2012 unless changes are made in the interim.

**2.3 CFSN's SERVICE AREA:**

**2.3.1 Demographic Information**

The Stuart Nechako is a sub-region of the Regional District of Bulkley Nechako and is home to 14,860<sup>1</sup> people living in small towns, rural settings and remote communities, including seven First Nations. The largest centre is the District of Vanderhoof followed by the District of Fort St James and the Village of Fraser Lake. Prince George - located 97 km east of Vanderhoof - is the regional service centre for post-secondary education, government services and health care. The sub-region of the Regional District of the Bulkley Nechako called the Stuart Nechako, had a population decline of 12.9% from 2001-2006. Without the on reserve First Nation's population figures included, the population decline is one of the highest overall in the province at 15.6%.

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<sup>1</sup> 2006 Census Population Figures compiled from: BC Stats, Indian and Northern Affairs and Statistics Canada.

The other portion of the Regional District Bulkley Nechako (rural and urban) had some population increases in Burns Lake and Granisle and Electoral District E, but five out of six rural regions declined as well as the Town of Smithers (-3.6%), District of Houston (-11.6%) and the Village of Telkwa (-5.5%). Continuing the trend of many decades, between 2001 and 2006 the population has become more urbanised, with 85.4% of the provincial population now living in urban areas, up from 85% in 2001, 82% in 1996 and 80% in 1991.<sup>2</sup>

**Figure 1. Population of the Stuart Nechako Region's Communities and the Regional District Bulkley Nechako**

<b>Communities: Urban and Rural Population</b>	<b>(2001)</b>	<b>(2006)</b>	<b>% change</b>
Regional District Bulkley Nechako*	40,856	38,243	-6.4%
* Inc. Indian Reserves Combined Population	3,000	3,117	+1.04%
Indian Reserve Population as % of total	7.4%	8.2%	-
District of Vanderhoof	4,390	4,064	-7.43%
Electoral Area F "Vanderhoof Rural"	3,384	3,137	-2.9%
District of Fort St James	1,999	1,355	-32.2%
Electoral Area C "Fort St James Rural"	1,715	1,665	-7.3%
Village of Fraser Lake	1,366	1,113	-18.52%
Electoral Area D "Fraser Lake Rural"	2,108	1,355	-19.7%
<b>Subtotal Urban &amp; Rural Stuart Nechako</b>	<b>14,962</b>	<b>12,689</b>	<b>-15.19%</b>
<b>First Nations Communities Total On Reserve</b>	<b>(2001)</b>	<b>(2006)</b>	<b>% change</b>
Nak'azdli First Nation	469	495	+5.5%
Tl'azt'en First Nation	422	485	+13.0%
Saik'uz First Nation	413	384	-7.0%
Takla Lake First Nation	307	375	+22.1%
Nadleh Whu'ten Nation	200	153	-23.5%
Stella'ten First Nation	172	186	+8.1%
Yekooche First Nation	71	93	+31.0%
<b>Subtotal First Nations On-Reserve</b>	<b>2,054</b>	<b>2,171</b>	<b>+0.56%</b>
<b>Total Population Stuart Nechako Region including on reserve First Nations</b>	<b>17,016</b>	<b>14,860</b>	<b>-12.67%</b>

The District of Vanderhoof, with a population 4,064 (2006), is located 97 kilometres west of Prince George at the junction of Highways 16 and 27, and is the main service centre for a wider population including the urban and rural populations of the area, as well as for Fort St James and Fraser Lake residents. The population for 2006 was estimated at more than 4,600 persons by BC Stats (and is reported in the previous annual report). The District declined in population by -7.4% from the 2001 census figures of 4,390.

<sup>2</sup> BC Stats, <http://www.bcstats.gov.bc.ca/data/cen06/c2006hl.asp>.

Vanderhoof is in the heart of the Nechako Valley and straddles the banks of the Nechako River flowing from Kenney Dam to the Fraser River. The landscape is the foundation of the forestry and agriculture industries that have dominated the economy since Vanderhoof's origins in 1926. Canfor's Plateau Mill is located within the boundaries of the district, as are a number of medium to small sawmilling operations and forestry related consulting firms. Vanderhoof is the home to regional government offices, School District 91 administration and the regional St. John Hospital.

**The District of Fort St James** is located on Highway 27 along the southern shores of Stuart Lake and had a population of 1,927 in 2001, and in 2006 was 1,355. This community has seen a decline in population of -29.7%. Fort St James is a service centre for the smaller communities and remote residences scattered through the northern Stuart Nechako area. Fort St James, founded in 1806 as a fur trading post, is the oldest established community west of the Rocky Mountains. The Fort St James National Historic Site commemorates the rich history of the fur trade, western North American exploration and the collaboration with the First Nations traditions and knowledge that is still an important part of the economy today in Fort St James.

**The Village of Fraser Lake** (population 1,113 in 2006), the third largest community in the Stuart-Nechako Region, sits at the southwest end of Fraser Lake. This community has had a population decline of 12.2% since 2001. The economy and population depends heavily on forestry and mining, and, to a lesser degree, on tourism. Placer Dome Canada Limited's Endako Mine (now owned and operated by Thompson Creek Mines Ltd.) has been a significant economic presence since operations began in 1965. The published mine reserves (January 1, 1995) of 117.6 million tonnes are enough for another 14-years mine life. Additional milling and processing services have been offered to Blue Pearl Mining Ltd. as they advance the development of Davidson molybdenum property near Smithers, B.C.

**Cluculz Lake**, just south of Highway 16 and 45 km east of Vanderhoof, lies within the Nechako portion of the Fraser River drainage. This sizable, deep lake is roughly 20 km long, is used by residents and visitors for recreation. Land use within the watershed includes lakeshore development, forestry and agriculture. There are 659 lakeshore lots, of which roughly 460 are known to have summer or permanent residences. The area includes one gated community, one convenience store, one rest stop, however, there is no lakeshore public camping available.

**Fort Fraser** (estimated pop. 950 in 2004) is one of the oldest settlements in British Columbia, located on the Yellowhead Highway, 44 kilometres west of Vanderhoof. The pioneer roots of the area's history date back to the fur trade, with the establishment here of a fur-trading post in 1806 by Simon Fraser. The town was built 4 kilometres east of the original site of Simon Fraser's fort, and is also the site of the last spike of the Grand Trunk Pacific Railway, driven on April 7th, 1914. The celebration is commemorated with a plaque marking the spot, and the railway is now the Winnipeg-Prince Rupert line of Canadian National (CN).

**Manson Creek** (pop. ~ 40) is located in the northern interior of British Columbia, 140 miles (225 km) north of Fort St. James and 125 miles (200 km) northwest of Mackenzie and McLeod Lake. Various deposits of gold placer can be found in the Manson Creek and surrounding area, as well as jade, rhodonite, jasper, and agate.

**Germansen Landing** (pop. ~ 25), located in the Omineca Valley, is approximately a 200-km drive north east of Fort St. James. The community consists of 25 year-round residents who live within a 20-mile stretch of road known as the Germansen Corridor. The Corridor is surrounded by the newly created Omineca Provincial Park.

Electoral Areas D (Fraser Lake Rural), C (Fort St James Rural) and F (Vanderhoof Rural) are three of the seven electoral areas of the Regional District of Bulkley Nechako, and with a land area of 35,419.92 km<sup>2</sup> account for about 48.2% of the total area of the Regional District. The landscape is mainly rugged with expansive forests dotted with lakes and rivers throughout. The lakeshores are home to many of the rural residents as well as second home owners from the region and from other parts of Canada. Agriculture is intensive around Vanderhoof, Fraser Lake and to a lesser degree south of Fort St James. The population of the three electoral rural areas in 2001 was 8,822, and as well these geographical areas incorporate the total First Nations Indian Reserves proper that have 5,194 registered band members (2001).

The electoral areas, and agriculture lands within municipal boundaries, are defined as "Subdivision A" by Statistics Canada with respect to Agriculture. The Nechako Agriculture region is located at the geographic centre of the Province of British Columbia. It lies within the fertile Nechako Valley encompassing 8.5 million acres (34,619 sq. km) within subdivision "A" in the Bulkley-Nechako Regional District. The agricultural sector according to Statistics Canada Census 1996 covers 295,554 acres deeded, rented or under lease, which represents approximately 3.5% of the total land area of the 8.5 million acres in subdivision "A."

**Nadleh Whut'en First Nation** (*formerly Fraser Lake*), has 391 band members, and their main community is on Nautley Indian Reserve #1, near Fort Fraser, approximately 130 km west of Prince George (seven reserves in total on 969 hectares). The Nadleh Whut'en Band's on reserve population has decreased by 23.5% from 200 members on reserve in 2001, dropping to 153 in 2006. Nadleh Whut'en First Nation is a member of the Carrier Sekani Tribal Council.

**Nak'azdli Band** (*formerly Necoslie*) has 1,560 band members, with 495 living on reserve in 2006, a 5.5% increase from 2001 (469 on reserve). The main community is on Nak'azdli Indian Reserve #1, adjacent to Fort St. James, approximately 45 km northwest of Vanderhoof (total of 16 reserves on 1,458.2 hectares.) Nak'azdli has three major forestry related enterprises, including the Tl'Oh Forest Products, and as many as 12 members that sub-contract to the forest sector. Nak'azdli Band is a member of the Carrier Sekani Tribal Council.

**Saik'uz First Nation** (*formerly Stony Creek*) has 817 band members and the main community is on Stony Creek Indian Reserve #1, approximately 15 km south of Vanderhoof (10 reserves on 3,235.7 hectares). Saik'uz has 384 members living on reserve in 2006, a 7.0% decrease from 2001 (413 members). Saik'uz First Nation has one reserve within the District of Vanderhoof called Noonla Reserve that is adjacent to the CN Rail Line and Highway 16. Saik'uz First Nation is a member of the Carrier Sekani Tribal Council.

**Stellat'en First Nation** (*formerly Stellaquo*) has 370 band members with 186 on reserve in 2006, 8.1% increase from 2001 when 172 lived on reserve. The main community is on Stellaquo (Stella) Indian Reserve #1, at the mouth of the Stellako River, approximately 150 km west of Prince George (total of two reserves on 851.5 hectares.) Stellat'en First Nation is a member of the Carrier Sekani Tribal Council. The Tribal Council head office is located at the administration offices of the Wet'suwet'en First Nation.

**Takla Lake First Nation** has approximately 650 band members and the main community is on North Takla Lake Indian Reserve #7, at Takla Landing on the east shore of Takla Lake, approximately 130 km north of Fort St James (total of 17 reserves on 809.4 hectares). Takla now has 375 members living on reserve, a 22.1% increase in on reserve population from 2001. It was created by the amalgamation of the Takla Lake and Fort Connelly bands in 1959. Takla Lake First Nation is a member of the Carrier Sekani Tribal Council.



TI'azt'en Nations (formerly Stuart-Trembleur) has 1,399 band members and 485 are living on reserve in 2006, a 13.0% increase in on reserve population from the 422 residents in 2001. Most band members live on the Tache, Nancut and Pinchie reserves, approximately 50 km northwest of Fort St. James on the north shore of Stuart Lake (49 reserves on 2,785.7 hectares). The small settlements of Middle River on Trembleur Lake and Grand Rapids, along the Tache River between Stuart Lake and Trembleur Lake also belong to TI'azt'en Nation. The main administrative offices are in Tache, as are the elementary school, daycare, Head Start, health and RCMP offices. TI'azt'en Nation holds Tree Farm License 42 and operates a logging company, *Tanizul Timber*. It manages the John Prince Research Forest jointly with the University of Northern British Columbia. TI'azt'en Nation is a member of the Carrier Sekani Tribal Council.

Yekooche First Nation is based 75 kilometers northwest of Fort St. James, British Columbia at the north end of Stuart Lake on Yekooche reserve and lands (about 6,340 hectares in size). Yekooche is a small community reserve. There are 225 band members of which 93 live on reserve (2006) which is a 31% increase from 71 in 2001. Near to Yekooche are Babine, Cunningham and Whitefish Lakes. The Yekooche First Nation Agreement-In-Principle was officially signed on August 25, 2006.

The Aboriginal Labour Force study<sup>3</sup>, now available on BC Stats, is integral to the CFSN strategic operating planning. With a declining non-Aboriginal population and an increasing (overall) Aboriginal population, based on fertility rates and in-migration to most reserves in the region, the ability to engage and participate in First Nations economic development, business formation and financing, and business counseling for the bands as business units themselves is important work for CFSN.

### 2.3.2 Analysis of the strengths, weaknesses, opportunities and threats of the CFSN area

- Strengths:** The organization's internal strengths are its resource and capabilities that can be used for a basis of developing a collaborative advantage.
- Weaknesses:** The absence of certain strengths may be viewed as internal weaknesses.
- Opportunities:** The external environment analysis may reveal certain new opportunities for growth.
- Threats:** Events/factors/trends in the external environment may present threats to the organization.

#### Strengths and Weaknesses of the Organization

##### Strengths of Organization:

- Staff & Volunteers are approachable and have a broad range of interests
- Staff have time and are available (with access to resources) for clients without expectation of reward
- Strong loan portfolio and asset management
- First Nations relationships include loans, joint projects, business consulting and relationship building
- Good word-of-mouth advertising and networking has encouraged loan volumes, partnership opportunities
- CF network (and WD network) provide excellent information sources and support for CFSN
- Solid relationships with small technology and contractor businesses/entrepreneurs in the area.

<sup>3</sup> Labour Market Characteristics of the Off-Reserve Aboriginal Population in BC,  
<http://www.bcstats.gov.bc.ca/pubs/eet/eet0704.pdf>

- Relevant expertise in business planning and project leadership undertaking activities in mentorship and service for both new and established clients and community orgs
- Capable research staff
- Able to develop partnership with community organizations

**Weaknesses of Organization:**

- Challenges in attracting volunteer new board and advisory committee members with key qualifications/appropriate representation of communities
- Limited budget for travel to conferences and training for board and staff
- CFSN has not communicated service, research and program offering in a broad, inclusive, multiple medium fashion to-date
- Small in-house staff does not have sufficient internal capacity to make up for large deficits in community groups' capacities and institutional inertia, and thus few applications have been generated to optimize current funding opportunities
- The role that CFDC will play in the future of economic development in the Province of BC is in a transitional phase. CFDC is working to define their role in this activity but to date this has not been completed. This has left uncertainty as to the focus CFDC should take. Such uncertainty diminishes the effectiveness of the organization in delivery of programs and services.

**Opportunities and Threats in External Environment**

**Opportunities in External Environment**

- New market opportunities for the changed forest landscape, including - bioenergy from wood pellets, charcoal, forest litter, which CFSN individuals understand and can assist companies w/ base research
- Agri-industry in the support of developing marketing systems and cooperatives
- Shipping opportunities now include Port of Prince Rupert in conjunction w/ Prince George intermodal service - CFSN could assist w/ coordinating small manufacturers to share logistics/transport costs
- Prince George airport expansion and Vanderhoof Airport improvements create new opportunities for air cargo products (agri-food or technology)
- Proposed Milligan Mine (northeast of Fort St James) now in regulatory process could bring opportunities for local subcontractors in speciality trades
- Lending opportunity for CFSN for business ownership transitions occurring in the region
- Inexpensive property for commercial development can enable new business opportunities
- CFSN could act as communication, business start-up, economic development hub of region, and aid challenged contractors/farmers in communicating with majors and/or each other
- Government procurement provides opportunities for the development of manufacturing and value added enterprises
- CFSN could act as investment catalyst, in conjunction with others like Northern Trust, BDC, so that SMEs can access capital necessary for growth, diversification
- Unconventional oil and gas opportunities exist in the Nechako Basin could be developed when the \$/barrel of oil rises in the future or North American demand warrant

**Threats in External Environment:**

- Regional dependency on softwood lumber manufacturing (largest employer) facing historic loss of customer base/capital market tightening
- Agriculture sector locally largely subsistence farming, further challenged by distance to market and uncoordinated marketing efforts
- Additional potential primary resource industries (mining or oil/gas) require the right market

conditions to attract investment capital for start-up exploration/development

- Region is under-marketed and not well known as few organizations or businesses have websites
- Historic lack of coordination, collaboration and communication in/from/between the region's communities continues
- Local SMEs will be challenged to access capital for start-ups or expansion through traditional institutions

### **2.3.3 Stuart Nechako Synopsis for 2008**

2008 has been a year where attention has been dominated by the financial crisis in the United States which started with the collapse of the sub prime mortgage market. The resultant shrinking of the home building industry has had severe consequences on the region's communities. Reducing lumber production due to the falling of demand in the US has led to layoffs and mill closures affecting many communities in North Central BC.

In our region, the community that has taken the worst hit to date has been Fort St. James, which has seen the prospects of at least one of its closed mills reopening all but evaporate.

The deepening financial crisis is currently rippling through the economy leading to a lessening of both Trust and Confidence. We believe this is a most troubling situation and the consequence of which may be an abandoning of the principles of collaboration as a viable path to the development of sustainable regional economies. Without the promotion and establishment of a collaborative approach, the successful development of value chains relating to emerging industries may become in doubt.

Infrastructure issues continue to provide challenges to economic sustainability as problems relating to logistics remain an obstacle to many regional producers and businesses. The current rail transport arrangements do not meet the needs of SMEs along the Hwy. 16 corridor and a lack of access to rail transport has become an insurmountable obstacle for some small producers. While the Gateway project may have provided benefits to the Port of Prince Rupert and the inland city of Prince George, it is hard to ascertain whether the rural communities in between will receive any benefit.

Our research confirms that there are no scheduled rail stops between Prince George and Prince Rupert. There is also no indication that there will be any stops in the future. The spur rail line from Prince George to points north of Fort St. James, which provides a cost savings to the region's mills in the transport of raw logs to the mill sites when used, remains effectively idle. This infrastructure is presently not in regular use as it does not fit into the rail operator's operating plans. The result is more truck traffic on local roads and a higher cost of operation for the region's mills.

Additionally, this spur line could be used to service some remote First Nations communities that are located along this route.

Capital projects from wood processors and other resource industries that traditionally support the metal and construction trades have either been completed or the projects are being deferred. Exceptions are the Thomson Minerals project in Fraser Lake expanding molybdenum production. Thomson Mineral's project has benefited some area fabricators, but work orders from this source are starting to wind down. The Rio Tinto project may have some positive impact in our region, in the future, but at time of writing the smelter upgrade has been post-poned. The slowdown being experienced has not led to layoffs as of yet, but participants in the trades are becoming concerned that they may face shutdowns in the future.

Log harvesting contractors and allied activities (such as log hauling) are facing increasingly difficult operating conditions. This year the major lumber company in the area amended its contract policy in which it now only pays for logs as they are delivered to the mill and cross the scales. This policy includes contractors working on the company's own forest licenses. The company also dictates how many loads an individual logging contractor can deliver to the mill in a given week. The company's revised payment policy effectively off-loads the responsibility of financing the work-in-progress portion of the log harvesting activity onto the individual SME, as well as determining the level of cash that a company will have available to them to operate. In short, the SMEs working for the company are being cash starved in the interests of the major company maintaining a solid cash position. This is leading to a migration from the log harvesting industry by some operators and a lack of interest in pursuing logging as a viable career choice by youth. We can see this may lead to a permanent reduced capacity in the forest industry in the future. While some may express the opinion that this situation may be desirable overall, a reduction in confidence in the forest based industries may have unanticipated adverse effects on the population trends and economy of the region.

The recent municipal elections have increased the public's engagement on the economy with many voices coming forward to express concerns. The economy was considered by all the candidates as the top issue of the day. The local elections yielded the election of three new mayors for the region's three main communities and many new councillors.

## **2.4 COMMUNITY ACCOUNTABILITY**

CFSN's operational results were reported and input sought from the interested public through a distribution of the Operation Plan and financial reports.

The following public information is posted on our public web page and kept current:

- CFSN's annual audited financial and annual report in either it's entirety or in a summary format or, at a minimum, a notice is posted on the partner's public website with information on the process the public may follow in order to gain access to this public information.
- A current listing of the names of our organization's Board of Directors.
- A summary description of our organization's corporate policy with respect to the appointment and/or election of members to its Board.
- CFSN's operational plan and financials are circulated to Municipal and Band councils in the communities that we serve.
- Looking for ways to increase the level of participation by the public, CFSN continue to work to improve our web presence for the development of the region. CFSN will research best practises globally and will establish a comprehensive plan of public web communication within the Stuart Nechako region.

For example, refer to the following website: <http://www.warwickshireleader.net>.

## **3.0 VISION**

### **3.1 Mission, Vision and Strategic Goals**

As a regional organization that facilitates and supports community development, we will:

- Help start and grow businesses.
- Foster community economic development initiatives.
- Nurture skill development and employment opportunities.

#### **1. Community Economic Development**

- 1.1. CFSN actively monitors all economies and identifies regional economic development opportunities.
- 1.2. CFSN works with the various industry sectors in the region to advance CED opportunities.
- 1.3. CFSN actively works in the region on the long-term transition to a post-mountain pine beetle economy.

#### **2. Investment Fund**

- 2.1. All clients in our service region have local access to a broad range of capital sources.

#### **3. Business Services**

- 3.1. Provide financial management and business administration skill development information to clients.
- 3.2. Be a leader in business development in the region.

#### **4. Marketing & Visibility**

- 4.1. CFSN is the “top of mind” organization for business and economic development support and assistance.

#### **5. Administration & Management**

- 5.1. Regular communications with the CFs in northern BC.
- 5.2. Staff and Board have the necessary skills and competencies to fulfill their roles effectively.
- 5.3. Diversified program funding ensures the long term viability of business services to our region.
- 5.4. Strategic plan development and review process is continual.

#### **6. Other Services**

- 6.1. Infrastructure in the region meets the need of the local industry and the communities.

*See Appendix 1 - Operating Plan for 2008/09 for further details of the Mission, Vision and Strategic Goals*

## **4.0 ACCOMPLISHMENTS FOR PREVIOUS FISCAL YEAR**

Please describe your CF's community involvement for the previous fiscal year i.e. 2008/2009

### **4.1 Community Input into Planning**

Garnering community input into the CFSN planning used the following four approaches:

- Engaging the community in various communication means to inform them that they can be involved in the planning of the CFSN activities and programs;
- Providing the information necessary so that the publics can knowledgeably engage in the planning process either by the website, from the office or by email;
- Providing the venue necessary to engage in two-way dialogue about the CFSN planning process; and
- Offering modes of input that the community stakeholders can access, i.e. email addresses, one-on-one meetings between community members and board members or staff and delivery of reports and other written materials.

### **4.2 Reporting Back to the Community**

A commitment to reporting back to the community is part of the operations plan for 2008/09 and will continue in 2009/10. This was optimized using several different formats throughout the operating period including:

- At least one open house
- Printed report available for download from website
- Copies of report available for pick-up from CFSN office.
- Circulation of operating plan to all Band and Municipal offices.
- Comments on the plans will be welcomed by telephone, suggestion boxes, fillable form on the website, editorials in local newspapers and on the website.
- Board members attending other community events and providing information on Community Futures activities

### **4.3 Making Financial Statements/Reports Available to the Community**

- Printed report available for download from website
- Copies of report available for pick-up from CFSN office.
- Circulation of operating plan to all Band and Municipal offices.

### **4.4 Make-up of Board as a Reflection of the Communities that it Serves**

The board currently serves the communities it represents, and sectors and community excepting for First Nations representation. Through our efforts of promoting the establishment of First Nations Economic Development Corporations, we anticipate a greater dialogue with First Nations regardless of the make-up of our board of directors. This involvement continues at a loan or economic development level and is evidenced in the organization's Economic Development programming.

CFSN was successful in recruiting an additional board member with interests primarily in youth activities. This has resulted in recruiting several additional volunteers who will participate in

delivering the Junior Achievement Program throughout the School District #91 region. It remains the objective of our organization to continue with its plan of recruiting the assistance of a large roster of active volunteers. Deployment of such a resource appears to be helping the organization in engaging and communicating with communities and the various community Groups.

With respect to our reach into the region, board and staff are active in the following organizations and therefore via other relationships increase our service to organizations that reflect our community as a whole.

Here is the scope of the CFSN's director's involvement in other community/regional/provincial/national business and community organizations:

Organization Name	Community and/or Region Served	Position Held by CF-SN Director
BC Breeders & Feeders Association: Nechako Bred Heifer Program	Stuart Nechako Region	Director
BC Sheep Federation	British Columbia	Member
Canadian Boxing Federation	Canada / British Columbia	President
Chamber of Commerce	Vanderhoof, Fraser Lake, Fort St James	Member
CIAM Christian Radio	Vanderhoof	Fund Raising Director
Cluculz Lake Community Association	Cluculz Lake	Director
Cluculz Lake & Region Provincial Liberal Party	Cluculz Lake region	Coordinator
College of New Caledonia - Flight Training Feasibility Study	Vanderhoof	Committee Member
Draft Horse Association of BC	British Columbia	Director - Secretary
Fort Fraser Livestock Association	Fort Fraser	Member
Fraser Lake & District Historical Society	Fraser Lake	Board Member
Integrus Credit Union	Vanderhoof, Fort St James, Prince George	Corporate Secretary
Integrus Credit Union	Vanderhoof, Fort St James, Prince George	Member - Investment/Lending Committee
Integrus Credit Union	Vanderhoof, Fort St James, Prince George	Audit Committee
Integrus Credit Union	Vanderhoof Region	Advisory Council Board
Kinsmen Club	Vanderhoof	Member
Nechako Kitamaat Development Fund Society	Nechako River communities	Director
Nechako Valley Regional Cattlemen's Association	Regional	Alternate Director
Nechako Watershed Council	Nechako River Basic	Director
Omineca Pastoral Charge	Vanderhoof	Treasury
Omineca Golf Club	Vanderhoof	Youth Golf Instructor

## **5.0 CORE SERVICES, OBJECTIVES, PRIORITIES & ACTIVITIES FOR 2009/2010**

This section provides your plan for the coming year.

### **5.1 Community Futures Development Corporation of Stuart-Nechako ANNUAL OPERATIONS PLAN FISCAL YEAR 2009/10 - Short Term Projects**

For each of our strategic goals, we have identified the objectives (strategies to achieve goals) and supporting activities (short term projects) in columns 3, 4, 5 of Attachment "E".

Targets and indicators used to evaluate the projects. The following areas are covered for the 2009/2010 Fiscal Year: (Found in Attachment "E"):

- Core service area(s) (repeat for each goal as necessary) - Column 1
- Strategic goals - Column 2
- Long term/short term strategy - Column 3
- Short term activities (annual update) - Column 4
- Targets/Indicators - Column 5
- Evaluation /Measurement (if applicable) - Column 6
- Target groups if applicable - Column 7

### **5.2 Inclusivity**

Promoting the inclusion and participation of all community members fully and effectively in the local and regional Socio-Economic Development is a core value of CFSN. Where applicable, we have identified strategies targeted at exclusive sectors that we provide (e.g. First Nations, Women, Youth, Disabled Entrepreneurs, Francophones, Social Enterprise clients, and others that are identified from time to time). Our plans for board member development to include these groups and better represent our communities that we serve are underway and will continue to be implemented during **2009/2010**

### **5.3 Please describe any strategies/activities that your CF may employ to support the social economy and social economy enterprises.**

CFSN will use its resources to assist development of social enterprise in the areas of business planning and finance. CFSN has specifically been requested to:

- Assist in the development of a feasibility plan to study a vegetable growing cooperative utilizing greenhouse production in Fort St. James
- Assist in the development of feasibility study for alternative energy cooperative in Vanderhoof
- Assist in the establishment of an economic development cooperative with First Nations stakeholders
- Assist in the establishment of a value-added wood manufacturing cooperative proposed by a group of local manufacturers. The cooperative would operate as a producer supported organization supplying raw log inventory to a group of processors in the specification that each producer requires. The resulting efficiencies are expected to lead to higher productivity and a lower cost of inputs into the respective operations. CF will assist as requested in the areas of facilitation in the establishment of the cooperative and in structuring a financing program so the organization can provide inventory financing to the members.



## **5.4 Planned projects and priorities for 2009/2010**

### **5.4.1 Assisting OBAC with implementation:**

A recent development over the past few years is the establishment of quasi government organizations which represent partnerships between local government and the Province. These organizations are established as the local response to the Pine Beetle Epidemic.

The Omineca Beetle Action Coalition (OBAC) is an example of this type of organization. OBAC's own description of their purpose:

*"The Omineca Beetle Action Coalition was established in September 2005 with an initial funding trust of \$800,000 from the provincial government. The trust will enable the communities of Highway 16 west region to coordinate their response to the challenges and seize opportunities created by the bark beetle epidemic. A coalition led by and accountable to local communities and the provincial government, working with First Nations, all sectors and levels of government is well positioned to address these challenges and to create a bright future."*

OBAC has completed four of its planned 12 strategies relating to the way forward to a sustainable post Pine Beetle era in the OBAC region. As these strategies are announced and proceed to the implementation phase, we see a great need for the support of the OBAC initiatives and are positioning ourselves to assist OBAC in implementation.

Supporting OBAC in the implementation of the regional strategies as they are published. The current strategies include Infrastructure, Alternative Energy, Mining and Wood Fibre use. As the remaining strategies are developed, we will work with OBAC to provide our services as required. For further information on OBAC's strategies view <http://www.ominecoalition.ca/>.

### **5.4.2 Inter-regional Trade and Finance:**

Proposing an initiative to develop inter regional trade exchanges, linking the businesses of the province into a network that can empower individual businesses and groupings to develop greater market scale and diversity in their operations. This would include working with all available enabling organizations to develop value chains that provide a variety of opportunities to BC small business and expanding to encompass the entire Pacific Northwest.

CFSN acknowledges the challenges faced in accessing investment capital and work in progress financing and will work with stakeholders to develop progressive financing options for innovators, manufacturers and their products. CFSN proposes to work to develop a comprehensive group of financing strategies to address the capital needs of SMEs.

### **5.4.3 Promoting the principle of collaborative advantage:**

The case for working together to achieve prosperity is being made across the Globe and is being presented as an essential element of responsible management. Through workshops and developing examples through individual projects, CFSN will make the case for using this method throughout the Stuart Nechako Region. In working with its partners, CFSN will expand the promotion of collaborative advantage to Northern BC and beyond.

As part of CFSN's strategy to promote collaborative advantage, CFSN will assume the role of cooperative developer / facilitator as circumstances dictate. In the case of the referenced projects, CFSN will support the planning meeting processes, assist in the development of feasibility studies and other activities relating to the development but not operation of the cooperative.

#### **5.4.4 Government Procurement**

CFSN views strategic use of government procurement as an economic development tool as one of the necessary aspects of an effective economic transition. Government contracts and orders provide a base for SME development and expansion that is reliable and certain, the conditions required for business to confidently move into new fields.

**6.0 PERFORMANCE INDICATORS 2009-2010**

**6.1 Performance Targets Reflect Minimum (or better) as Entered into the PMT  
 (and covers 6.3 from plan template- Minimum Performance Standards)**

CFSN 2009/10 Proposed Performance Targets/Budgets	Targets 09/10
1 # Activities improving leadership and/or expertise	10
2 # Instances facilitating community involvement	1
3 # Partnerships developed/maintained	12
4 # Advisory services provided to clients	400
5 # Training sessions delivered	5
6 # Training session participants	20
7 # Volunteers leveraged	40
8 # Volunteer hours leveraged	500
9 # Loans Approved	10
9A # of EDP loans separately	0
10 \$ Loans Approved	1,000,000
10A \$ Value of EDP loans separately	0
11 # Instances of increased community stability	2
12 # Instances of increased capacity in community organizations	5
13 # Jobs created/maintained/expanded	50
14 # Enhanced community service or facilities	2

**Notes for above:**

- # Loans approved (note both Total Investment Fund and Repayable EDP Investment Fund):
  - # Loans to new businesses and other investments approved where initial disbursements made
  - + # Loans to existing businesses and other investments approved where initial disbursements made
- \$ Value of all loans and other investments approved where initial disbursement made (note both Total Investment Fund and Repayable EDP Investment Fund)

**6.2 Community Economic Development:**

Within the context of implementation, CFSN intends to achieve (2) instances of support. CFSN will assist in the development of at least one cooperative in 2009/2010.

**6.2.1. OBAC Implementation**

OBAC has stated that the implementation of the strategies developed through their public process will be conducted in partnership with organizations and local governments.

- Creating and maintaining a data base and service point for the region’s industries that have an interest in serving the mining and oil and gas sectors. This is a gap identified in the Mining Strategy and it is one that OBAC specifically identified.

- Establishing incubators to assist in the establishment of new businesses, which utilize wood in different ways than the traditional dimensional lumber. This implementation opportunity was specifically identified by OBAC as one area that CFSN could assist in the implementation of the Wood Fibre Use strategy.

## **6.2.2. Inter-Regional Trade and Finance:**

### **6.2.2.1. Showroom Network**

The first phase would be to champion a program to establish product showrooms in participating offices of the Community Futures network, then to other partners in the EDABC and Western Canada. Once the first phase of the network is established, the second phase would be to invite economic development organizations across Alaska and the north western US to participate in an expanded program.

### **6.2.2.2 Market Support to the Inter Regional Trade Network**

While global opportunities to take advantage of the cumulative economic assets of Northern BC are evident, the region is left without the capacity to develop the value chains that would be required to take maximum advantage.

Consider these recent scenarios;

Due to the uncertainty caused by volatile oil prices, a barge towing operation on the Mississippi River would like to convert a number of its tugs to bio fuel power as long as the system is sustainable.

Could we take advantage of this?

The United Nations has a program to subsidize the production of cooking fuel for the third world. Currently the dominant cooking fuel is charcoal. Their reasoning for this program is their wish to take the pressure off areas of the world that face desertification due to the scavenging for organic material to be used as fuel.

Could we use our forest residue to make cooking fuel for the third world and could we build a sustainable value chain for this project in negotiation with the UN?

Carbon composite textile manufacturing is an emerging industry of the 21st Century. Used currently in aircraft production, there is growing interest in utilizing these composites in automobile production to reduce the weight of vehicles.

Can we create a value chain from wood residue to carbon composite production in concert with the auto industry to provide more fuel efficient cars?

A third world country has need of a gasifier or other technology to utilize rice husks in the production of rotary power for irrigation pumps.

Can we design a solution to this problem?

These are examples of some projects where CFSN may work in concert with local stakeholders to fill identified needs and work to build a value chain of the appropriate scale to meet the need.

**Inter Regional Network - Green Industry Development:**

- Take advantage of senior government policies relating to green energy initiatives to create a sustainable boutique manufacturing base in Northern BC which has the capacity and equipment / services available to it to allow for timely and cost effective innovation.
- Leverage the opportunities presented by marketing the products of the proposed bio-fuels appliance manufacturing base, namely green energy production solutions, to wider and eventually global markets in the interest of industry sustainability.
- In partnership with Progress House, provide a resource to Northern Communities wherein various approaches to green energy production could be offered, with an informed presentation of the pros and cons of each method, taking into account the subject region's biomass characteristics, to assist the communities in making an informed decision of which system best suits their needs for not only electrical / heat applications, but also the larger issues of biomass use.
- Ensure qualified operators and service personnel are available for the green energy industry. Bio Fuel appliances for the most part are essentially boilers and require operators that meet the applicable industry standards. Ensuring sufficient qualified employees are available is crucial for success of the green energy strategy.
- Champion the development of emerging industries; such as wastewater treatment so that Northern BC becomes a lead supplier of environment inspired industrial technologies

**Inter Regional Trade Network - Industrial Value Chain Development**

Through the introduction of the Greater Prince George Manufacturer's Initiative by Progress House, the "Trust and Confidence Initiative" will promote the concept of collaborative advantage to the region's metal shops, creating a value chain via the "*Prototyping - Parts Making - Fitting and Assembly - Distributor / User.*"

- The various subscribers will be tied together through the use of an Internet based order and specification system. Such a system will provide for rapid prototyping and production capacity in line with the emerging requirements of the region.
- The subscribers will operate in a multi function / multi product environment where need and providing industrial solutions will drive the network. As the network will have prototyping capacity, it will be able to reinvent itself in terms of product offerings on an ongoing basis.

**APPENDIX A: “CF-SN’s View of New Realities with Regards to Renewal Discussions.”**

**QUESTION #1: Are there new realities or factors within your local economies which have occurred that we should take into consideration as part of our renewal discussions?**

In addition to the effects of the Pine Beetle Epidemic and the global economic slowdown, the region is creating a number of new methods in the manner in which these issues are being addressed. Since 2005, the local governments representing the region of the highway 16 corridor have taken the approach that they wish to participate in deciding on the manner of response to the Mountain Pine Beetle Epidemic. The result was the establishment of the Omineca Beetle Action Coalition (OBAC). OBAC has been directed to research and develop regional strategies in response to the needs of the region. To date, 5 of the 12 strategies to be developed have been released. Community Futures Stuart Nechako (CFSN) was invited to provide input into 2 of these strategies, Alternative Energy and Infrastructure.

As the strategies are now being announced the implementation phase of OBAC’s program will start shortly after the beginning of the New Year. In our relationship with OBAC, we see assisting with the implementation of the OBAC strategies as being one of our main focuses in the next few years. We have been asked to consider assisting in the establishment and operation of business incubators, working to develop information exchanges for mining interests looking to contact local suppliers and other communication and organizational support tasks.

In addition to OBAC, the local communities and regional district have increased their respective capacities by increasing their staffs to include Economic Development Officers (EDOs). While these positions perform grant application writing, they also work with their respective elected representatives to develop economic planning and answer inquiries from business interests. Community Futures Stuart Nechako has provided support to these EDOs through working on joint projects and providing assistance upon their request.

The College of New Caledonia (CNC) has changed its focus also in response to the conditions in the region. Commencing in 2006, they started offering skills training for trades such as carpentry and plumbing. In addition CNC is working to develop greater interaction between themselves and the business community. CFSN has been working with the college in partnering in the presentation of business education programs, including a partnership to offer an “*Ideas to Commercialization*” lecture and workshop series. CFSN has been asked to assist the Fort St. James campus in presenting a small business preparation course.

While the above comments deal with the response to economic transition by some regional institutions, business interests have been slow to engage in any initiatives. Credit and access to finance by the region’s small businesses continues to be tight with local lending institutions taking a conservative view to credit requests.

Capital projects from wood processors and other resource industries that traditionally support the metal and construction trades have either been completed or the projects are being deferred. Exceptions are the Thomson Minerals project in Fraser Lake expanding molybdenum production and Rio Tinto Alcan’s smelter project for Kitimat. Thomson Creek Mineral’s project has benefited some area fabricators, but work orders from this source are starting to wind down. The Rio Tinto project may have some impact in our region in the future, but at present the project has been placed on hold. The slowdown has led to layoffs being experienced as of January 2009. The prospects for the upcoming year for these industrial sectors are considered poor with further layoffs to come.

Log harvesting contractors and allied activities (such as log hauling) are facing increasingly difficult operating conditions. The major lumber company in the area only pays for logs as they are delivered to the mill and cross the scales. This policy includes contractors working on the company's own forest licenses. The company also dictates how many loads an individual logging contractor can deliver to the mill in a given week. The company's payment policy effectively off loads the responsibility of financing the work-in-progress portion of the log harvesting activity onto the individual SME, as well as determining the level of cash that a company will have available to them to operate. In short, the SMEs working for the company are being cash starved in the interests of the major company maintaining a solid cash position. This is leading to a migration from the log harvesting industry by some operators and a lack of interest in pursuing logging as a viable career choice by youth. We can see this may lead to a permanent reduced capacity in the forest industry in the future. While some may express the opinion that this situation may be desirable overall, a reduction in confidence in the forest based industries may have unanticipated adverse effects on the population trends and economy of the region.

With respect to rail infrastructure and service, the following quote from OBAC in their November 2008 Integrated Regional Infrastructure Strategy;

"There has been a history of conflict between shippers and CN Rail. Regional rail shippers claim poor service and high shipping costs. Many believe that CN does not provide the services and shipping rates that would be available in a competitive environment. The forest Products Association of Canada estimated in 2007, railways charged \$345 more per carload than would have been the case if a reasonable level of competition was in place."

This situation has been the experience of some of our local businesses in their dealing with CN Rail. In one instance that we are aware of a pellet supply company was unable to fill an order for wood pellets to North Korean customers due to a lack of availability of rail and ship transport at an affordable price. In this instance, the carload price quoted was \$ 745 per carload more than shipping out of Vancouver. This priced the project out of contention.

Prices for the region's agricultural products have remained at approx. the same levels for 5 years. While prices have not risen, costs have increased in line with inflation causing all profit margins for the sector to come under pressure. The operators that have managed to maintain a viable operation have done so by adjusting their operating scale upwards. Increasing herd sizes may not be viable for all operators as not everyone is in a financial position to make the investment in land and inventory required. Distance to market continues to be an obstacle for many producers as livestock is shipped to Alberta for processing. There are a number of small scale projects to increase the region's slaughtering capacity, but while these projects serve local needs, their throughput capacity is too small to support the local livestock industry. The resulting lower prices and high costs of shipping to market has led to herd reductions in the region.

Forage feeds have been grown in the region for many years and due to droughts in Alberta, have realized a good return for the effort. As the droughts have now subsided, forage prices in the region have dropped and as herds have been reduced, demand may be permanently reduced. This has left forage growers looking for new markets for their products. This may require the establishment of a dryer / pellet processor or some other processing facility.

At this time participants in the agricultural sector are very concerned about their individual financial circumstance, however they are not ready to form groups to address their processing needs. CFSN has worked with several groups attempting to support regional agriculture and will continue to pursue opportunities as they present themselves.

**Please note:** CFSN has been invited to work with the local MLA, John Rustad, towards the formation of a group to market beef grown in Northern BC into the Lower Mainland. If BC grown beef were used for provincial consumption, the domestic beef industry would only account for approx. 20% of provincial consumption.

CFSN also recognizes many small scale producers of manufactured products lack the necessary capital to market their products throughout the province, and without such market exposure these businesses may fail. CFSN will propose the establishment of product databases attached to economic development offices throughout the province to provide marketing assistance to BC's SMEs.

**QUESTION #2: Are there operational realities (e.g. informatics, succession planning, cost factors etc.) that we should take into consideration as part of our renewal discussions?**

CFSN has worked to take advantage of the technology made available. Internet Forums privately keyed are used for loan application approvals between BLC Committee meetings and to keep Board and Staff informed. Video conferencing will be used in the near future to deliver CED Certificate courses provided by SFU. BC Agriculture recently used video conferencing in a number of locations to deliver a two day workshop recently where the course was taught from CFSN. We see this as a growing use for video conferencing.

The Stuart Nechako Region, while sparsely populated, occupies approx. 54,000 sq. km. Serving the area effectively within the existing travel budget is difficult. Diverse requests made of CFSN require knowledgeable, experienced personnel who require little supervision. To obtain/ retain such experience it is necessary to provide competitive salaries and benefits.

Normal core operating costs and services continue to increase which place pressure on operating funding. Meeting budget commitments results in turning aside projects requiring significant support. CFSN has taken the view to be proactive in our region with respect to business lending. This has left the organization with insufficient investment funds to meet our future requirements.

**QUESTION #3: Are the needs in your community changing and, if so, is the program able to respond?**

When asked the question, "Is the program able to respond?", we recognize the program itself is extremely comprehensive and the short term focus is adjusted depending on the circumstances on the landscape.

Letter from WD to BC Community Futures Nov. 2, 2006:

- "the importance of promoting greater economic diversification and strategic sector development in the West through a focus on economic policies and activities that support knowledge-based industries, R&D and commercialization, and value added production."
- "the need to improve business competitiveness and productivity to better position Western Canada to compete globally for markets, investment and skills"

From Western Economic Diversification Canada: Report on Plans and Priorities 2007-2008

"Western Canada and Canada more generally, represent comparatively small and high-cost economies and markets within a global marketplace that is witnessing the rise of significant new and low-cost competitors from several regions of the world. As a trade dependent region, western



Canadian businesses are facing new challenges in remaining competitive and securing access to international markets.

This leaves Western Canada's business structure vulnerable to competitive pressures and the emergence of new commercial practices and trends in the global economy. These include outsourcing, corporate concentration through mergers and acquisitions, and intense competition for domestic and export markets, investment and skilled labour.

Statistics Canada research concludes that the slower rate of diffusion of best-practise technology in Canada is the primary reason for Canada's declining productivity in the past twenty years. This is especially true of Western Canada, where, with the exception of Alberta, the growth in manufacturing excellence has not kept pace with other regions of the country. Canada's focus on technology commercialization has meant limited resources for increasing productivity and competitiveness of manufacturers and exporters.

Addressing these challenges by ensuring that western Canadian industry is able to take advantage of new opportunities in high-growth markets requires an aggressive strategy to develop a more competitive, productive and expanded business sector in Western Canada. This strategy must help western Canadian industry and R&D organizations to secure and expand their position in US markets, to identify and access niche markets and become part of global supply chains within the rapidly growing Asia-Pacific market. Development of a strategy to improve international competitiveness and strengthen trade and economic corridors of importance to the West is a priority for WD for 2007-2008."

We see the program identifies the economic conditions quite accurately and sets priorities in keeping with the needs on the landscape. Accordingly, CFSN monitors the communications from Western Diversification closely to ensure our activities are in line with the current thinking of our chief funder to ensure our actions remain relevant and work towards an integrated response to the economic challenges facing business in the Stuart Nechako Region.

CFSN opportunities and initiatives to respond to the new conditions on the regional economic landscape:

#### **A. OBAC Implementation**

OBAC has stated that the implementation of the strategies developed through their public process will be conducted in partnership with organizations and local governments.

Creating and maintaining a data base and service point for the region's industries that have an interest in serving the mining and oil and gas sectors. This is a gap identified in the Mining Strategy and it is one that OBAC specifically identified.

Establishing incubators to assist in the establishment of new businesses which utilize wood in different ways than the traditional dimensional lumber. This implementation opportunity was specifically identified by OBAC as one area that CFSN could assist in the implementation of the Wood Fibre Use strategy.

#### **B. Inter-Regional CF Trade and Finance:**

##### **Product Database**

The first phase would be to champion a program to establish a product database with the assistance of participating offices of the Community Futures network. The purpose of the database is to catalogue products produced in BC to assist participating SMEs in broadening their market reach

throughout the Province and to introduce BC made products to markets in the Asian Pacific region. The initiative would start with northern CF offices, move to include all Cfs and then expand to include all members of the EDABC.

### **C. Market Support to the Inter Regional CF Trade Network**

While global opportunities to take advantage of the cumulative economic assets of Northern BC are evident, the region is left without the capacity to develop the value chains that would be required to take maximum advantage.

Consider these recent scenarios: Due to the uncertainty caused by volatile oil prices, a barge towing operation on the Mississippi River would like to convert a number of its tugs to bio fuel power as long as the system is sustainable.

Could we take advantage of this?

The United Nations has a program to subsidize the production of cooking fuel for the third world. Currently the dominant cooking fuel is charcoal. Their reasoning for this program is their wish to take the pressure off areas of the world that face desertification due to the scavenging for organic material to be used as fuel.

Could we use our forest residue to make cooking fuel for the third world and could we build a sustainable value chain for this project in negotiation with the UN?

Carbon composite textile manufacturing is an emerging industry of the 21st Century. Used currently in aircraft production, there is growing interest in utilizing these composites in automobile production to reduce the weight of vehicles.

Can we create a value chain from wood residue to carbon composite production in concert with the auto industry to provide more fuel efficient cars?

A third world country has need of a gasifier or other technology to utilize rice husks in the production of rotary power for irrigation pumps.

Can we design a solution to this problem?

These are examples of some projects where CFSN may work in concert with local stakeholders to fill identified needs and work to build a value chain of the appropriate scale to meet the need.

### **D. Inter Regional CF Network - Green Industry Development:**

- Take advantage of senior government policies relating to green energy initiatives to create a sustainable boutique manufacturing base in Northern BC which has the capacity and equipment / services available to it to allow for timely and cost effective innovation.
- Leverage the opportunities presented by marketing the products of the proposed bio-fuels appliance manufacturing base, namely green energy production solutions, to wider and eventually global markets in the interest of industry sustainability.
- In partnership with other CF offices, provide a resource to Northern Communities wherein various approaches to green energy production could be offered, with an informed presentation of the pros and cons of each method, taking into account the subject region's biomass characteristics, to assist the communities in making an informed decision of which

system best suits their needs for not only electrical / heat applications, but also the larger issues of biomass use.

- Ensure qualified operators and service personnel are available for the green energy industry. Bio Fuel appliances for the most part are essentially boilers and require operators that meet the applicable industry standards. Ensuring sufficient qualified employees are available is crucial for success of the green energy strategy.
- Champion the development of emerging industries, such as wastewater treatment so that Northern BC becomes a lead supplier of environment inspired industrial technologies.

#### **E. Inter Regional CF Trade Network - Industrial Value Chain Development**

Through the introduction of the Greater Prince George Manufacturer's Initiative, CFSN will promote the concept of collaborative advantage to the region's metal shops, creating a value chain as follows:

##### ***Identified Need - Prototyping - Parts Making - Fitting and Assembly - Distributor / User***

- The various subscribers will be tied together through the use of an internet based order and specification system. Such a system will provide for rapid prototyping and production capacity in line with the emerging requirements of the region.
- The subscribers will operate in a multi function / multi product environment where need and providing industrial solutions will drive the network. As the network will have prototyping capacity, it will be able to reinvent itself in terms of product offerings on an ongoing basis.

Financing options in development currently are:

- **Production Backed Investments**

CFSN promotes the concept of the development of Production Backed Investments. These investment vehicles, in various forms based on application, provide funds to complete projects and produce goods to order. The essential purpose of this family of investments is to provide work in progress funding to empower SMEs to participate in value chain production and collaborative projects.

On a discount system, value is paid upon the individual SME's completion of their portion of the work, providing liquidity for work completed. As capital is not pooled in net trade accounts, it flows directly in proportion to the rate of production / completion. Such a discount flow system will amplify the effectiveness of capital deployed as once the project is finished and the interim funding repatriated, it can be redeployed to the next task.

Utilizing this method will achieve an additional benefit in as much as the financing institution/ investor will achieve increased yields as the efficiency of the value chain is improved, hence "finance" has a direct stake in assisting the participants in becoming more efficient.

- **Research into the unregulated use (under 50 subscribers) of limited partnerships as a value chain project financing vehicle.**

One of the challenges facing successful value chain development is the equitable distribution of the profits of the project. Why would a businessperson participate in a collaborative project if there was not an expectation of equitable return? Trying to achieve this through price negotiation will lead to disparities for the participants as value added multiples increase with the components which are more specialized.

An example of this is the differing value multiples for the participants in the current lumber industry; and the resultant margins experienced from log harvester to moulder /finisher. Utilization of limited partnerships as an investment vehicle or production backed investment may provide a solution to this problem in some instances.

As this concept is in the research stage, the role played by CFSN in the ongoing operation of any resultant program is undetermined.

- **Assist SMEs in getting access to public finance**

A recent development in public financing opportunities is the development of the CNQ national exchange. This junior stock exchange is well suited for small cap projects, in which category most green industrial opportunities lie.

CFSN's role will be in the compliance area, assisting companies in becoming "market ready".  
<http://www.gopublicincanada.com/news-cnsx-rebrands.html>

As an economic development corporation, CFSN will not express any opinion on the relative merits or investment viability of a given SME.

- **The establishment of a delivery agent network for community bond issues**

A review of the offerings of the Municipal Finance Authority reveal that community bond issues can be developed and used as an alternative source of financing for civic projects. The obstacle is the lack of a delivery agency system to distribute the bond offerings.

CFSN will work with the BC Community Futures network or other non profit economic development groups to create a proposal for the establishment of a delivery agency network for Community Bond issues.

What do you see as your major challenges in the future?

The case for working together to achieve prosperity is being made across the Globe and is being presented as an essential element of responsible management. Through workshops and developing examples through individual projects, CFSN will promote the case for using this method throughout the Stuart Nechako Region. The major challenge to our success in this initiative is maintaining and developing Trust and Confidence.

Trust as it relates to the health of the economy

Recent academic writings on supply management have identified Trust as part of the components, which are required to develop a sustainable, and efficient value chain.

<http://www.managementlogs.com/2004/06/trust-factors-in-scm.html>

“Trust is a critical factor fostering commitment among SC partners. The presence of trust improves measurably the chance of successful SC performance. A lack of trust among SC partners often results in inefficient and ineffective performance as the transaction costs (verification, inspections and certifications of their trading partners) mount.”

<http://www.allbusiness.com/professional-scientific/management-consulting/147916-1.html>

“Successful supply chain performance is based on a high level of trust and a strong commitment among [supply chain](#) partners. Effective supply chain planning based on shared information and trust among partners is an essential requirement for successful supply chain management.”

[http://www.sciencedirect.com/science?\\_ob=ArticleURL&\\_udi=B6VB7-4K8SC75-1&\\_user=10&\\_rdoc=1&\\_fmt=&\\_orig=search&\\_sort=d&view=c&\\_acct=C000050221&\\_version=1&\\_urlVersion=0&\\_userid=10&md5=df3706988a5b09901b6ee00a3da59595](http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6VB7-4K8SC75-1&_user=10&_rdoc=1&_fmt=&_orig=search&_sort=d&view=c&_acct=C000050221&_version=1&_urlVersion=0&_userid=10&md5=df3706988a5b09901b6ee00a3da59595)

“Strategic supply chains serve as a potential source of competitive advantage for firms. The ability of a strategy supply chain to engender cultural competitiveness, or joint entrepreneurship and learning aimed at filling market gaps, is a key path through which a strategic supply chain may become a competitive advantage. A balance of trust and power within the supply chain offsets uncertainty and risks associated with the behaviours underlying cultural competitiveness. Using a multi-theoretic perspective, we discuss four strategies that firms use to balance a climate of trust and power in a strategic supply chain. Identifying an authority, generating a common supply chain identity, utilizing boundary spanning ties, and providing procedural and interactive justice are the strategies we discuss.”

As stated above, CFSN has a great interest in pursuing value chain development; the concept of several businesses working together to achieve prosperity. CFSN has taken this approach as the organization recognizes that successful economic transition will result from the success of local businesses developing markets which start domestically and grow and products which use indigenous materials.

Such initiatives rely on the trust and confidence of the respective participants in the value chain. Much is written about the operation of value chains under the description “supply chain management”, but fewer best practices are available on how to bring people together in projects of commercial collaboration. CFSN attempted to respond to this issue through the development of “The Practice of Syndication” workshop and in promoting syndication as an operating method within the Community Futures network.