

Operating Plan 2010-2011

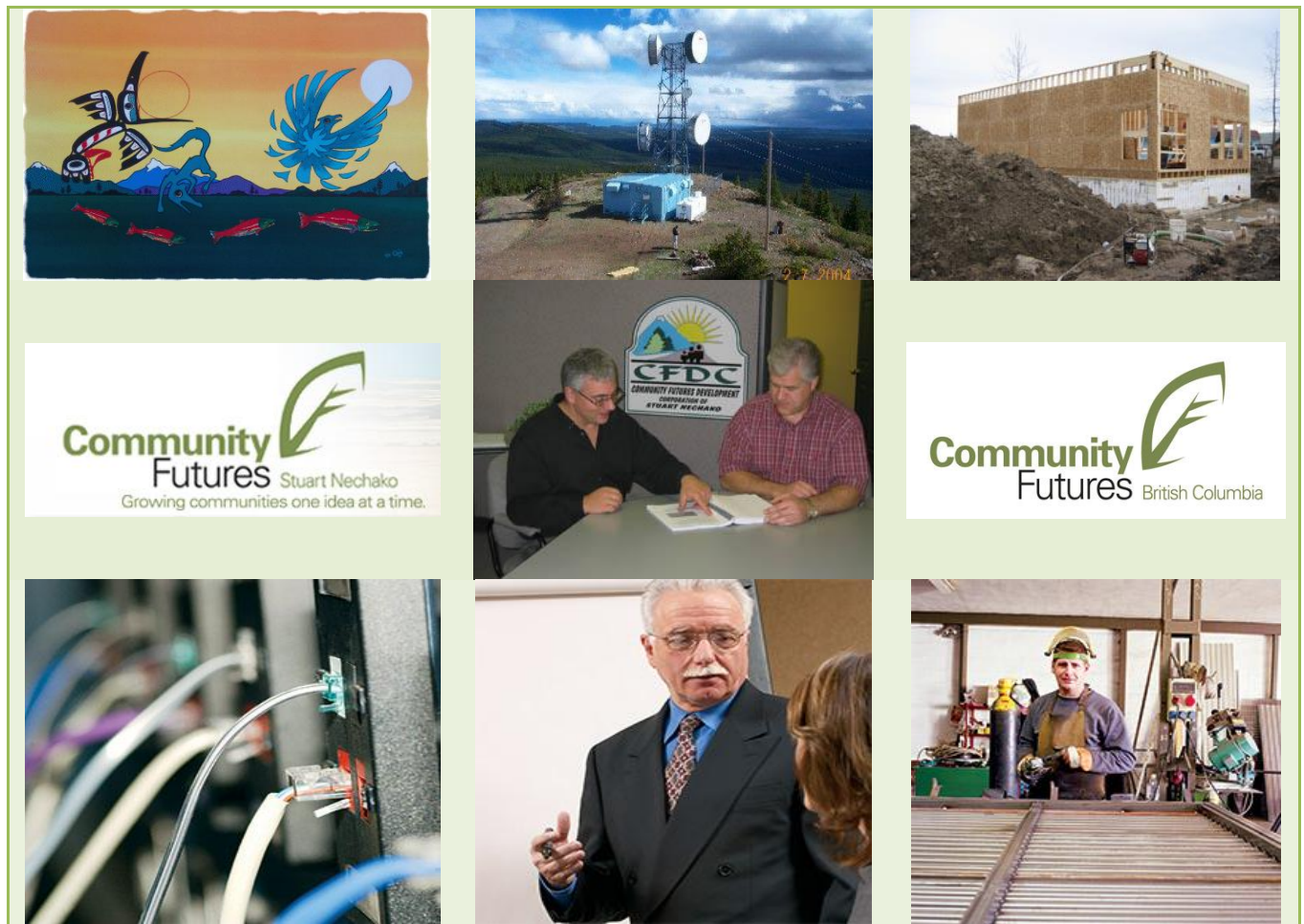
This plan has been approved and submitted by the Board for:

COMMUNITY FUTURES DEVELOPMENT CORPORATION OF STUART NECHAKO

P.O. BOX 1078, VANDERHOOF, BC V0J 3A0

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Plan Submitted to WD on February 1, 2010



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Canada

This plan was submitted to:

Western Economic Diversification

700-333 Seymour Street, Vancouver, BC V6B 5G9

INTRODUCTION TO COMMUNITY FUTURE STUART NECHAKO OPERATING PLAN 2010-2011

The Operating Plan provides Western Economic Diversification (WD) with insight into the goals, accomplishments and local and regional operating realities of our Community Futures Development Corporation – Stuart Nechako and forms the basis for our funding relationship, and provides an action plan for CFSN for the operating year from April 2010 to March 2011.

The Operating Plan is based on a multi-year Strategic Plan with some sections that will be updated annually. All other sections should be updated annually if any changes occur. The 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. The operating plan is submitted annually.

1.0 BASIC INFORMATION (Annual)

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
Manager's Email:	gm@cf-sn.ca
Web site:	http://www.cf-sn.ca
Chairperson:	Mr. George Winter
Address:	52605 Guest Road, Vanderhoof, BC V0J 3A3
Chair's EMail:	gwinter@telus.net

1.2 List of Staff (Annual)

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 (Annual)

Name/Position	Committees	Representation
George Winter, Chair	Executive, Finance, Marketing, Business Loans	Cluculz Lake
Gene Mitran, Vice Chair	Executive, Marketing, Business Loans, Finance	Vanderhoof
John Thobo-Carlsen, Treasurer	Executive and Business Loans, REDI, Seniors, 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

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 is now known as Community Futures Stuart Nechako (CFSN).

2.1 Organization Structure and Operations

- Board Structure and Committees**

Our volunteer Board currently consists of six members with room for an additional six. 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).

- **Organizational Structure & Responsibilities**

The current full-time staff compliment at CFSN consists of a five staff who 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.

(1) **General Manager** who reports directly to the Board of Directors and is responsible for overall CF operations;

(2) **Administrative Coordinator** who is responsible for office administration and reception;

(3) **Business Analyst** who is responsible for business development and loans;

(4) **Financial Support Officer** who is responsible for bookkeeping, accounts and budget administration;

(5) **Project Coordinator** who is responsible for CFSN projects, and assists with research projects and business analysis.

In addition, temporary employees and/or sub-contractors are hired to implement specific projects that CFSN initiates. 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.

Office Locations and Coverage of Communities

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.

- **Staff and Board Training Plans**

Training will be provided to staff and board as opportunities become available. 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.

- **Subsidiaries and Related Entities – None**

- ***Committed Long-Term Community and Government 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

- ***Project Partners***

- Omineca Beetle Action Coalition (OBAC)
- Ministry of Small Business
- School District No. 91 – Nechako Lakes
- PullAheadBC
- College of New Caledonia
- Innovations Resource Center
- Junior Achievement
- Royal Bank
- BC Timber Sales (Ministry of Forests and Range)

- ***Funding Partners***

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

- ***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
- Business and Entrepreneurial Skills Training

- ***Staff and Board Training Plans***

The business analyst and project coordinator enrolled in the Community Economic Development Certification Program offered by Simon Fraser University, which started in September 2009. The course runs until May 2010 and is being delivered via video conferencing to 5 remote CF locations in BC. Training will be provided to staff and board as opportunities become available.

Video conferencing equipment in the CF office has proven its worth in providing instructional opportunities. The directors of CF-Fraser Fort George and Stuart Nechako are collaborating to bring 8 training modules to the region. These 8 modules will be covered in two sessions – January 21, 22 & 23 and March 18, 19 & 20.

2.2 Updated Copies of Community Futures Stuart Nechako Policies: Directors, Investment Fund Management, Conflict of Interest

These policies were reported in 2007-08. The next report will be filed in 2012 except where changes are made to the policies.

2.3 Description of Community Futures Stuart Nechako 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 14,860¹ 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%. 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 1991.²

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

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

Figure 2.3.1. Population of the Stuart Nechako Region's Communities and the Regional District Bulkley Nechako

Communities – Urban and Rural Population	(2001)	(2006)	(2008)	% change
Regional District Bulkley Nechako*	40,856	38,243		
* Inc. Indian Reserves Combined Population	3,000	3,117		
Indian Reserve Population as % of total	7.4%	8.2%		
District of Vanderhoof	4,390	4,064		
Electoral Area F "Vanderhoof Rural"	3,384	3,137		
District of Fort St James	1,999	1,355		
Electoral Area C "Fort St James Rural"	1,715	1,665		
Village of Fraser Lake	1,366	1,113		
Electoral Area D "Fraser Lake Rural"	2,108	1,355		
Subtotal Urban & Rural Stuart Nechako	14,962	12,689		
First Nations Communities Total On Reserve	(2001)	(2006)		% change
Nak'azdli First Nation	469	495		
Tl'azt'en First Nation	422	485		
Saik'uz First Nation	413	384		
Takla Lake First Nation	307	375		
Nadleh Whu'ten Nation	200	153		
Stella'ten First Nation	172	186		
Yekooche First Nation	71	93		
Subtotal First Nations On-Reserve	2,054	2,171		
Total Population Stuart Nechako Region including on reserve First Nations	17,016	14,860		-12.67%

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. 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 km² 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."

2.3.2 First Nations Reserves and Population Stats

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 TI'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.

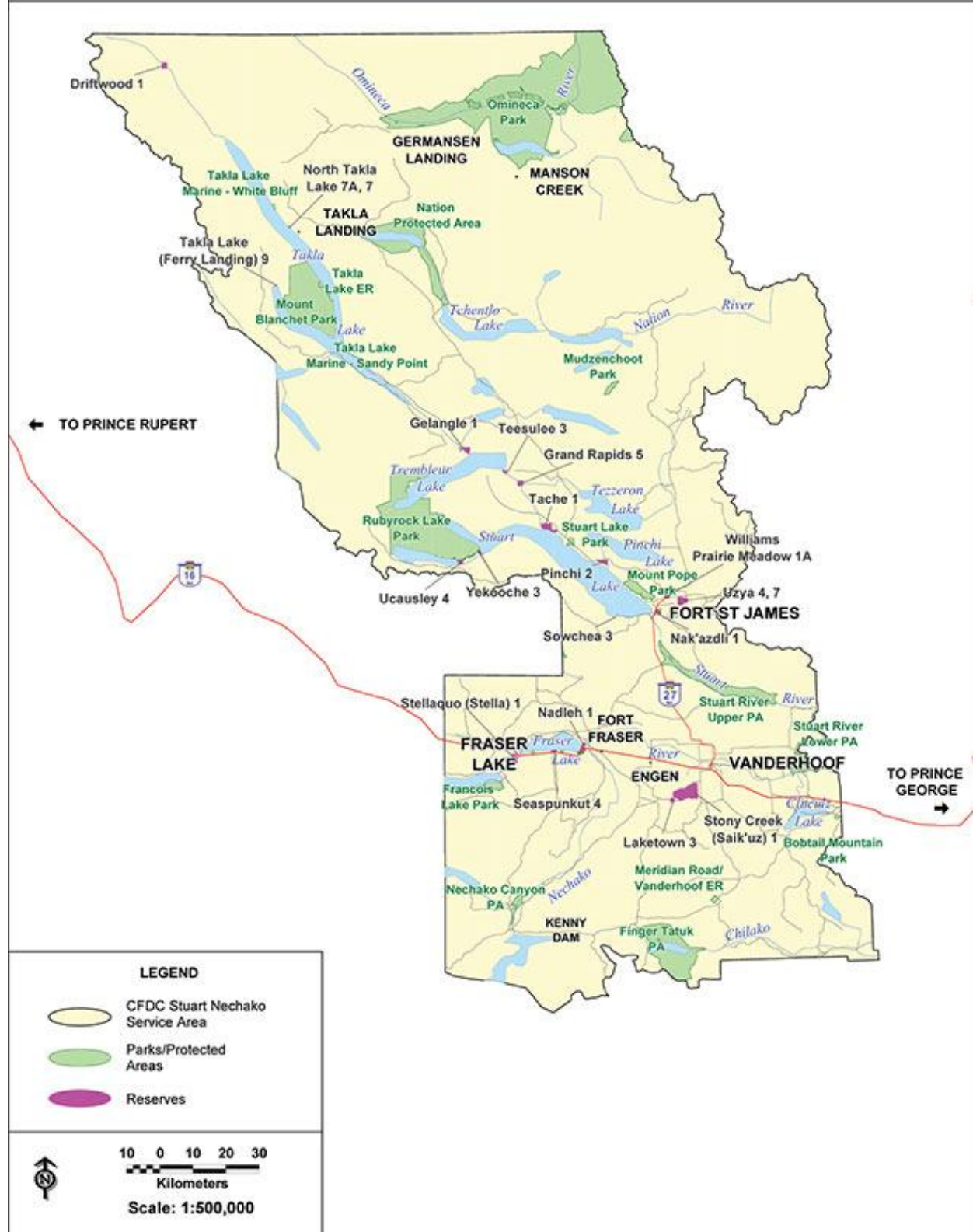
Tl'azt'en Nations (*formerly Stuart-Trembleur*) has 1,399 band members and 485 are living on reserve in 2006, a 13.0% increase in on reserve population from the 422 residents in 2001. Most band members live on the Tache, Nancut and Pinchie reserves, approximately 50 km northwest of Fort St James on the north shore of Stuart Lake (49 reserves on 2,785 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 Tl'azt'en Nation. The main administration offices in Tache, as are the elementary school, daycare, Heat Start, health and RCMP offices. Tl'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. Tl'azt'en Nations 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 bandmembers 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 study³, 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 counselling for the bands as business units themselves is important work for CFSN.

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

CFDC - STUART NECHAKO SERVICE AREA



2.3.3 Description of CFSN's Service Area Industry

Figure 2.3.3. Experienced Labour Force by Primary Industry (2005)

Primary Industry Participation	Vanderhoof	Fort St James	Fraser Lake	Subtotal	%	% BC
Agriculture, Food & Beverage	40	10	0	50	3.52%	3.0%
Logging & Forest Products	495	510	205	1210	85.21%	4.7%
Mining & Mineral Products	55	0	105	160	11.27%	2.0%

From the total number of participants in primary industries in Vanderhoof, Fraser Lake and Fort St James over 85% are involved in logging or forest products manufacturing, 11% are involved in mining and mineral production and 3.5% are employed in agriculture. The final category, agriculture is most likely under represented by employment category, as most farmers in the region would be classified as self-employed or have family members working within a family operation that are not classified as workers.

Business and Investment Activity: According to the *BC Major Projects Inventory*, there were no projects under construction during the fourth quarter to 2008 in the Nechako Development Region (NDR). Projects either in the proposal stage, or on hold, accounted for all investment in the region. A comparison of the fourth quarters of 2007 and 2008 shows that in the Nechako, the total number of projects⁴ increased slightly, from 11 to 12. This suggests that investment confidence had not significantly eroded at the end of 2008, despite events in the financial world. While over \$624 million in projects in the NDR are scheduled to commence construction in 2009, it has played out as expected and these projects were deferred, as investors take a “wait and see” approach.⁵

Preparing for the Economic Recovery. The region's communities have responded with a strategy to locally train and upgrade the local work force by focusing on skills advancement in vocational and technical areas to better ready the work force for new opportunities in mining, tourism, forest products manufacturing and service sectors. This strategy will better position the local labour force to benefit from the anticipated recovery of the economy in the next 2 years. Many projects were funded in the Stuart Nechako region under the Community Economic Development Initiative (CEDI), with just over \$9.3 million invested. CFSN was instrumental in assisting some of the project proponents to secure their funding and was very pleased with the regional uptake of the federal government funding with the majority targeted towards assisting communities mitigating impacts to the industry due to the Mountain Pine Beetle.

Agriculture in the region is represented by cattle ranching and continues to be challenged by depressed prices for beef. The long distances livestock have to be transported cause the loss of as much as 300 lbs live weight, resulting in a net loss to the producer. The demographics related to the industry show an aging trend with little activity related to succession. Many older ranchers are permanently reducing their herds. CFSN is working with a local beef producer to develop a farmer direct distribution program under

⁴ BC Ministry of Economic Development, *BC Major Projects Inventory*, December 2008: Proposed, under construction, completed, and on hold.

⁵ 2009 BC Check-Up, Institute of Chartered Accountants of British Columbia, pg. 6.
<http://www.bccheckup.com/bccheckup.php?cat=85>

the name “Little Valley Farm”. Access to certified processing facilities remain a challenge in the development of this supply chain. CFSN will continue to work within the local beef industry on processing and distribution in an effort to stabilize the local industry.

Forestry Operations: Throughout 2008, forestry operations continued to be plagued with temporary layoffs or shut downs in response to reduced demand and price stagnation in forest products. In BC, exports of wood products fell by 18.4% in 2007 and a further 24.5% in 2008. The regions manufacturing industry had its lowest employment level in 10 years, at 5,100. However, steady month-to-month gains resulted in 2,700 more workers being employed in the industry by September 2009. By year end, however, employment dropped back, to 6,900.⁶

These cutbacks in timber volumes took their toll on local logging and trucking contractors, who struggled to reduce overhead costs. However, the logging industry is not completely lost. Other options, such as bio fuels and different ways to manufacture the region’s wood (mountain pine beetle), are currently operationalized. In addition, the federal government’s 26 week Employment Insurance Initiative topped up the wages of many workers employed at mills that moved to a reduced work week.⁷

2009 has been a challenging year for small business in our area. Lumber markets have been soft depressing lumber prices. Lumber prices have appeared to develop a market bottom and as such have shown signs of stability and modest price increases. Lumber production however continues to be curtailed in efforts to match supply and demand within the supply chain. We are aware of continued production curtailments for the wood industry in adjacent regions; however the Stuart Nechako Region has experienced some positive developments in the wood industry.

In the first quarter of 2010, Minister Pat Bell, BC Minister of Forests and Range announced a plan to introduce a new licensing policy that would provide incentives for forest companies to harvest all the timber on a block including wood biomass, suitable for converting to energy. Currently, lower value logs, typical of mountain pine beetle killed stands, remain in the forest to be slash burned. It is anticipated this policy shift, that will result in the granting of “receiving licenses”, an additional annual allowable cut for low value logs to be used for pulp, pellets and other energy uses.

Additionally, a “stand as a whole” pricing strategy will be forthcoming as a result of the new forest policy. The pricing structure will mean forest tenure holders will pay a flat price per area harvested rather than on the amount of wood harvested. It is expected that the pricing will stimulate more complete utilization of the stand and result in more jobs and economic benefit to forest dependent communities. Indications are that the “stand as a whole” pricing system will be initiated in the Cariboo and Vanderhoof regions. The objective of the new policy is to provide stable supply and stable pricing for wood to be used for bio-energy to stimulate capital investment in the bio-energy sector.

⁶ 2009 BC Check-Up, pg. 5.

⁷ 2009 BC Check-Up, pg. 2.

CFSN has noted the following capacity and ability of the region's manufacturing sector to weather the global financial and supply demands at the time of this report in the 3rd quarter of 2010:

- Conifex has added a shift to its sawmill operations, which was formerly owned by the Pope and Talbot Ltd., and currently is the largest single employer in Fort St. James (<http://www.conifex.com>);
- L & M Lumber Co. Ltd., a commodity lumber saw mill based in Vanderhoof, has returned to full operation from a reduced work week;
- Premium Pellet Ltd., a subsidiary of L&M Lumber Ltd. and Nechako Lumber Co Ltd., and operates at full capacity of 140,000 tonnes/year of high grade wood pellets delivered to a global and domestic marketplace in bag and bulk form (<http://www.premiumpellet.com>).
- Canfor 's, Plateau Saw Mill, the largest sawmill in Vanderhoof, has run two shifts throughout the year. (<http://www.canfor.com>).
- The West Fraser Timber Co. Ltd. mill in Fraser Lake has operated without curtailment through the recession and their Chief Forester anecdotally reported that improvements are expected in 2010 there will waves of output and retraction, but the recovery required that will allow commodity manufacturers to output their full production is not expected until 2011. (<http://www.westfraser.com>).
- Log harvesting levels have reached their lowest point but there has been more activity in harvesting wood for chips and energy production that is delivered to northern BC pulp mills (Prince George, BC).

CFSN's role will be to assist clients with financing needs as they adapt their business activities related to the operational efficiencies and adaptations that will be required to harvesting and transportation of woody biomass. Additionally, CFSN anticipates that there will be a need to participate in the investment and financing arrangements of some of the larger bioenergy manufacturing businesses that are expected to evolve in the region.

As the forestry sector continues to reinvent itself, the local small business sector have successfully mobilized to create facilities producing new wood product profiles to serve niche, value-added markets:

- One small business has established two post, rail and wood dowel plants to produce small diameter wood stock for agricultural fencing; and,
- Another small wood pellet operation has started up and is utilizing the waste material from a local remanufacturing facility to make bio-fuel.

While interest in developing trade with China was explored by business in the region, raw log exports from our region does not represent a sustainable value proposition. CFSN did support this interest in the reporting period by hosting a Chinese trade group in partnership with the Canada Export Centre group located in Vancouver. Exploring the possibility of exporting containers of raw logs to China again revealed the challenges the region still faces with logistics and getting our products to market at a competitive price. This again underscores the region's need to be proactive in product development so it can create the value multiples required to justify the high cost of freight.

The Stuart Nechako Region's financial services are provided by two of the major chartered Banks and the Integrus Credit Union, and all investment dealers, are a subsidiary of the three financial institutions. The ability to mobilize local capital in any form, from community bond issues to local investment, in enterprise is undeveloped.

The troubling issue at the present time is the chartered financial institutions' response to the current economic environment. Anecdotal reports from community lenders indicate the banks are taking a cautious view and are adopting new credit analysis paradigms featuring sustainability. While in the long view this may correct poor financial returns for the financial institutions, in the short run liquidity will suffer and financing for new startups will be curtailed from these sources. CFSN has responded to this issue within its means, but lacks the resources to impact this issue on a regional scale. CFSN is developing and piloting alternative financing strategies to address the needs of liquidity and inventory financing in the value-added wood sector with the hope a successful pilot will lead to adopting these methods on a greater scale.

Mining: Opportunities in mining continue to be announced with two copper/gold properties moving to the final stages of government approval. Provincial government employment estimates for these two projects is 3,000 jobs. A molybdenum property is being developed south of Vanderhoof that also shows significant potential. CFSN involvement to date in the mining industry has been minimal however we recognize the potential of this industry and will monitor the progress of this sector as it develops. While direct industry assistance is not anticipated, CFSN will work with the industry's supply chain to ensure the region is in a position to serve the mining industry effectively.

- The proposed Morrison Copper-Gold Mine north of Granisle (\$200 million), is slated to receive approval in 2010 and be operational in 2012.⁸
- Thompson Creek Metals Company Inc., Endako Mine operation located in Fraser Lake has recently announced it will continue with a \$300 million project to upgrade processing facilities.⁹
- Terrane Metals Corp. announced on January 8, 2010 that Mt. Milligan is to proceed to construction, after receiving both provincial and federal environmental approvals.¹⁰

⁸ Pacific Booker web site: http://www.pacificbooker.com/pdf/PBM_Fact_Sheet.pdf

⁹ Thompson Creek Metals Company Inc., "Endako Mine web page"
<http://www.thompsoncreekmetals.com/s/Endako.asp>

¹⁰ Terrane Metals Corp. web site, "January , 2010 News Release,"
<http://www.terranemetals.com/s/NewsReleases.asp?DateRange=2010/01/01...2010/12/31>

2.3.4 Bulkley Nechako Regional SWOT Analysis

Table 2.3.4 Regional SWOT Analysis – Bulkley Nechako/ Nechako Development Region / Stuart Nechako

1. Strengths

- Low costs of living and business taxation
- Geography: rail, road, air, ports
- Well-trained work force in wood manufacturing and related trades
- Base of natural resources
- Potential new forest policy that will drive recovery of more wood for use in bioenergy production
- Investment in mining exploration and mineral processing is expected to increase in the short term
- Base of Agriculture that has the potential to be the foundation for food processing businesses supplying external markets

2. Weaknesses

- Region is under-marketed and not well known as few organizations or businesses have websites
- Stuart Nechako business has limited capacity, experience and confidence in reaching diverse external markets resulting in limited economic diversification
- Historic lack of coordination, collaboration and communication in/from/between the region's many small communities continues
- Local SMEs will be challenged to access capital for start-ups or expansion through traditional institutions
- 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
- Local access to advanced education and technical training remain barriers and contribute to an out flow of potential highly skilled workers and younger population

3. Opportunities for the Stuart Nechako Region

- 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
- 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
- Proposed Milligan Mine (northeast of Fort St James) now in regulatory process could bring opportunities for local subcontractors in specialty trades
- 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
- Lending opportunity for CFSN for business ownership transitions occurring in the region and 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

4. Threats to the Stuart Nechako Regional Economy

- Additional potential primary resource industries (mining or oil/gas) require the right market conditions to attract investment capital for start-up exploration/development
- Lack of access to investment capital particularly in the forestry and agriculture sectors
- Aging population
- Centralized government and institutional decisions make public resources more efficient to be deploy in larger communities
- Impact of lost economic potential from the fall down of harvestable levels of pine beetle affected wood

2.4 Community Accountability

CFSN's operational results were reported and input sought from the public in, at a minimum, one open meeting annually held in the fall of each year.

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

1. CFSN's annual audited financial and annual report in either its 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.
2. A current listing of the names of our organization's Board of Directors.
3. A summary description of our organization's corporate policy with respect to the appointment and/or election of members to its Board.
4. CFSN's operational plan and financials are circulated to Municipal and Band councils in the communities that we serve.

Table 2.4 Community Accountability

Are your organization's operational results reported and input sought from the public, at a minimum, one open meeting annually (please explain)?	Yes	Board and staff attended Regional Trade Shows in Fort St James and Vanderhoof to obtain public input.
Is the following public information posted on your CF's website and kept current:		
1. Your organization's annual audited financial and annual report in either its 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 to gain access to this public information?	Yes	Operational Plan can be found at: http://www.cf-sn.ca/pdfs/cfsn_ops_plan_2009-2010.pdf Financial Statements can be found at: http://www.cf-sn.ca/pdfs/audited_financial_statement_2009.pdf
2. A current listing of the names of your organization's Board of Directors (addresses and contact information not required)?	Yes	List of Board of Directors: http://www.cf-sn.ca/contacts.php
3. A summary description of your organization's corporate policy with respect to the appointment and/or election of members to its Board?	No	Summary of Policy will be updated in 2010-11 fiscal year
Please describe any efforts to ensure that your CF remains accountable to your community(ies).	No	http://www.cf-sn.ca/ In addition, quarterly reports will be available starting in the first quarter of 2010

3.0 VISION, MISSION AND STRATEGIC GOALS

VISION: *“A robust, diversified economy and healthy sustainable communities.”*

MISSION: 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.

STRATEGIC GOALS: (Refer to Appendix 1 – Attachment “E” Operating Plan for 2010/2011)

1. Community Economic Development

- 1.1. CFSN is actively monitors all economies and identifies regional economic development opportunities.
- 1.2. CFSN works with proponents 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 participants in the community 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 known for generating economic opportunities.

5. Administration & Management

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

6. Other Services

- 6.1. Infrastructure meets the needs of local industry and communities.

4.0 ACCOMPLISHMENTS FOR PREVIOUS FISCAL YEAR

4.1 Review of previous 12-month's activities

CFSN is relevant to community organizations and individuals as evidenced by the number of advisory and information services provided to clients (projecting over 2,000 to date by December 2009) including Aboriginal clients (projecting over 250).

The relevancy has been maintained through focusing on business clients and the development of potential business clients through projects such as Junior Achievement, offering business skills development courses at the community college, loans activity and by breaking new ground and by taking an equity position in a corporation.

In addition, CFSN has become more focused on working with the agriculture and forestry sectors to facilitate the development of value-added wood manufacturing products and meat processing. CFSN remains committed to providing interim administrative and accounting support as required to clients. CFSN staff continues to use the experiences and skills of staff in a team approach to servicing project, business and loan client needs.

4.2 Success stories that demonstrate the benefit to the community that CF serves

Success Story #1: CED Training through Educational Partner for Remote Locations in Northern BC: Haida Gwaii, Nadina, Stuart Nechako, Peace Liard and Cariboo-Chilcotin	
Sector	Community Economic Development Professional Development
Product	Professional education and training through recognized university (SFU)
Type of Assistance	CFSN staff provided the inspiration and technical knowledge to convince SFU that the program could be offered to students at multiple locations by instructors located at a separate location. CFSN recruited other CF offices and students for SFU to deliver the program in Haida Gwaii, Nadina, Stuart Nechako, Peace Liard and Cariboo-Chilcotin.
Benefits to the Client	In early 2009 CFSN initiated an idea to improve local CED training by attempting to have a CED course offered via the newly installed video conferencing equipment. CFSN approached SFU to inquire about offering their Certificate Program for CED Professionals courses via video conferencing to multiple CF locations in remote BC.
Expected Results	The result is accessible high quality skills development for CED professionals located in rural and remote BC (total = 18).

Success Story #2: Delivery of Junior Achievement Program in Schools	
Sector	Middle School Students (Grade 10)
Product	Interactive lessons delivered by volunteer business consultants in collaboration with the classroom teacher.
Type of Assistance	CFSN staff worked with the local schools to educate them about the Junior Achievement program, its objectives and to obtain agreement to run the program. CFSN staff also recruited volunteers from the community who would facilitate each lesson in the classroom and coordinated orientation between volunteers and Junior Achievement personnel.
Benefits to the Client	Economics for Success is designed to encourage students to consider the advantages of remaining in school until they have acquired the knowledge, attitudes and skills to undertake the longer-term goal of a successful career.
Expected Results	The anticipated result was to equip students with necessary life skills, which are taken for granted, through the practical experience of volunteers. Additional benefits were to increase familiarity with CFSN within the community and establish a foundation for a long term relationship with the schools where self employment could be taught as an option to the students.

4.4 Description of CFSN's community involvement for the fiscal year 2009-2010

4.4.1 Community Input into Planning

Garnering community input into the CFSN planning used the following four approaches along a contiguous pathway:

1. Engaging the community in various communication means to inform them that they can be involved in the planning of the CFSN activities and programs;
2. 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;
3. Providing the venue necessary to engage in two-way dialogue about the CFSN planning process; and
4. Offering modes of input that the community stakeholders can access, i.e. email addresses, suggestion boxes, public town hall meetings, open houses, board to board, or board to council meetings, or one-on-one meetings between community members and board members or staff.

4.4.2 Reporting Back to the Community

A commitment to reporting back to the community is part of the operations plan for since 2007/08. This was optimized using several different formats throughout the operating period including:

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

4.4.3 Making financial statements/report 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.

4.4.4 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. This involvement continues at a loan or economic development level and is evidenced in the organization's Economic Development programming.

Recruiting for the board in 2009/10 did not yield significant changes to the board of directors, though the committee attendance for specialized projects (Project House) has significantly increased the interaction of the organization into a broader professional community. This incremental change may increase CFSN's ability to engage in positive recruitment of the coming year.

Efforts will be made to recruit one additional board member with specific expertise necessary to fulfill the organization's strategic plan. It is felt that the number and magnitude of projects to be undertaken in the next period with a limited number of staff resource requires the assistance of a larger roster of active volunteers. Deployment of such a large resource will help the organization in engaging and communicating the communities.

The 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.

Table 4.4.4 Volunteer Positions Held by CF-SN Board of Directors

Organization Name	Community and/or Region Served	Position Held
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 Recreational Association	Cluculz Lake	Director
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
Fraser Lake Water Front Committee	Fraser Lake	Volunteer
Fraser Lake Industrial Site Planning Committee	Fraser Lake	Volunteer
Integris Credit Union	Vanderhoof, Fort St James, Prince George	Corporate Secretary
Integris Credit Union	Vanderhoof, Fort St James, Prince George	Member – Investment/ Lending Committee
Integris Credit Union	Vanderhoof, Fort St James, Prince George	Audit Committee
Integris 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 Region	Director
Omineca Pastoral Charge	Vanderhoof	Treasury
Prince George Recreation Association	Prince George	Chair
Vanderhoof Fall Fair	Vanderhoof	Organizing Committee

5.0 CORE SERVICES, OBJECTIVES, PRIORITIES & ACTIVITIES FOR FISCAL YEAR 2010-2011

5.1 CFSN's Strategic Goals 2010-2011

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 2008/09 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 got underway in 2007/08 and will continue to be implemented in 2010/2011.

5.3 Strategies / activities that CFSN employs to support the social economy and social economy enterprises.

CFSN has positioned itself to develop co-op models for the benefit of clients; however, no proponent of a coop has come forward with a need for the service. A project has been started by the Vanderhoof Community Living Society to develop handcrafted paper and paper products as a social enterprise. CFSN has been working with the group to develop the business plan and will assist in seeking financing for the enterprise.

5.4 Planned Projects and Priorities for 2010/2011

	Planned Project or Initiative	Brief Description
1	Facilitating Regional Organizations' Effectiveness	Omineca Beetle Action Coalition asked for assistance from 3 CF's for the purpose of providing input on how the CF's could coordinate its efforts to assist OBAC and regional governments in implementing its organizational strategies. Progress has been made in terms of a deeper partnership with OBAC acknowledging CF as the interface between the partners. Going forward, we now need to develop our capacity to be able to innovate and create initiatives and projects that will move the OBAC strategies forward.
2	Trade	<p>CFSN has acknowledged that it must gather baseline information from regional businesses so that CFSN can assist in developing regional trade and finance. The plan, through the marketing committee work, is to develop and conduct survey's that assess the type of products (goods and services) that local businesses have difficulty acquiring. The strategy will be to find gaps in supply and identify opportunities for new local business activity to meet the needs of existing business. It is expected the information that is gather will be completed in the first quarter of 2010-11 and that the information will be used to assist future clients over a 2-3 year period.</p> <p>In addition to product development Community Futures Stuart Nechako has identified building the capacity to bring innovation to market in a timely and cost effective manner as an essential element to successful results in product development. CFSN has expressed an ongoing commitment to the establishment of a regional and national domestic trade network that would be effective in supporting domestic producers. For fiscal 2010- 2011 the following three initiatives will be implemented in support of our long-term goal:</p> <ul style="list-style-type: none"> • In partnership with the Innovation Resource Centre, Prince George, to create an event that brings local products and production capabilities to the attention of the region's distributors and retailers. • To work with regional retailers and distributors to build a network of showroom and display space for the purpose of providing a base to test market products. The ability to test market products is essential to a plan to successfully progress from innovation to commercialization from a product development point of view. • To educate consumers on the benefits to purchasing locally produced goods and present new products to the consumer through "Buy local products" campaigns.

3	Facilitating Access to Skilled Workers	In response to demographics and the need for a more highly skilled workforce as a foundation for building economic benefit, CFSN would like to enhance the capacity of regional employers to recruit and retain skilled workers. CFSN will work with educational and partners with expertise in human resources to develop and implement initiatives to enhance the capacity of business to recruit and retain skilled workers.
4	Capacity Development /Entrepreneurial and Business Skills Development	CFSN will continue with the successes of the last fiscal by facilitating the delivery of Junior Achievement in School District No. 91 Secondary Schools (Grade 8-12); also business start-up course material delivery for the College of New Caledonia. CFSN will continue to deliver one-week business courses designed to cover the basics of starting or acquiring a business. The course has been offered in Fort. St. James and Vanderhoof as part of a larger program offered by the College of New Caledonia to enhance the skills of experienced workers who are transitioning to new careers. Should the CNC be offering the same or similar courses, it is the intention of CFSN to offer similar or modified versions of the program.
5	Innovation in Product Development (see notes below)	To create and maintain a support network that empowers innovative product development by individuals and businesses.
6	Finance (see notes below)	Community Futures Stuart Nechako believes it is essential that the organization enter a dialogue with the region's financial institutions to create confidence in the region's ability to transition to a sustainable economic footing.

5.4.5 Innovation in Product Development (notes)

The business community of the Stuart Nechako region faces the challenge of replacing declining margins and revenues with new products and services at improved margins. This need has been described by Western Diversification as follows:

"In an increasingly competitive global economy, we must become better at turning our world-class knowledge into marketable goods and services. We must be more entrepreneurial and responsive to customer needs, whether they originate down the street or on the other side of the ocean. And we must pick our paths."

However, WD acknowledges that *"western Canadian economies are challenged to position themselves competitively so they can benefit from new and emerging export opportunities."*

One of the challenges that small community economies face is a gap in their capacity to develop and bring new products and innovations to the marketplace. Long reliant on contract work, local businesses

have not been structured to develop new products as part of their operations. Several business people in the area have stated that if you could tell them what to produce, they can figure out how to produce it. The ability to commercialize and merchandise an innovation is the capacity gap they're missing. In other cases, the effort and resources required to establish a market in sufficient scale to sustain production is prohibitive.

CFSN recognizes the pressing need to induce activities relating to the development of a revised product catalogue for North Central BC in the interests of maintaining gross margins in the face of higher operating and freight costs. CFSN's approach to the issue is to create and maintain a support network that empowers the process of product development. Activities proposed to achieve the organization's goals:

1. To create product development meetings to bring community skills in design and craft into partnership with the community's production assets. Examples of this type of collaboration may be the combination of First Nation and local art and design incorporated into the production of wood building components, such as doors, to establish new design offerings for the market.
2. To explore new product development by introducing new marketing skills and techniques to the community's business base through seminars and workshops.
3. To engage economic development professionals and organizations in the product development process, educating the organizations on the need for supporting product development activity.
4. To engage the region's economic development funding agencies in understanding the economic benefits of product and innovation development. This would include establishing creative financing programs to assist in bringing new products to market.
5. To establish a program to create product prototypes using the unused manufacturing capacity in the area. Capital investment in manufacturing equipment to prototype products is unnecessary due to the available production capacity that already exists. Utilizing existing production capacity on an outsourced basis lowers the cost of product prototyping while providing the opportunity for business partnerships around the product to develop.
6. To work with local educators to promote and encourage innovation and collaboration to the community's youth.
7. To work with existing business on their product development and merchandising activities. This would include assisting business in creating merchandising programs for new products, workshops and further skill development for business owners.

5.4.6 Finance (notes)

In response to our changing economic landscape Community Futures Stuart Nechako has recognized the changing opinion of the financial community with respect to lending practices. With cash flow decreasing, many local small businesses are faced with challenges in servicing their debts. The lending institutions are starting to take a hard line with respect to the renewal of credit, moving to evaluate credit renewals in terms of hard ratio analysis.

This change in credit management comes at a time when the balance sheets of many area businesses have been under pressure for several years of successive losses. Hard assets, primarily real estate owned by the creditors, have been used to support these credit lines over the past several years, thus there is little equity to leverage to raise capital for business transition strategies for many small operators.

It is Community Futures Stuart Nechako's position that while most analysis focuses on the empirical measurements of the economy, the abstract forces, such as credit granting policies and trade arrangements have begun to play a greater role in whether orderly economic transition can be achieved.

A lack in confidence by the financial industry in a community's ability to develop sustainability in their local economy could have significant consequences and restrict the community's ability to respond to its economic challenges. We have already seen the local financial institutions reduce the loan to value ratio used to qualify mortgage proposals and are aware of internal credit quality reviews that are putting forward concepts such as "organic revenue". Organic revenue can be described as calculating cash flow and other operating ratios discounting depreciation, gains from sale of assets and other non operational revenue sources. Adopting this credit management practice may lead to stronger balance sheets over time, however in the short term many businesses are ill-equipped to respond to these changes in their access to credit.

To achieve this goal CFSN will pursue the following initiatives during the next reporting period:

- Work to establish programs that educate business owners to understand and adapt to the changes in credit policy
- Work to create loan partnerships that allow local financial institutions to participate in new opportunities within their revised credit granting criteria.
- Create interest among the financial institutions in community economic development through dialogue and joint initiatives. This initiative includes engaging local industry professionals in a dialogue regarding economic development in the region.
- Research and develop alternative finance and investment strategies that will support overall wealth creation.

5.5 REDI applications that are planned or will be submitted.

CFSN has no REDI projects to report for the previous fiscal year 2009-2010 or the upcoming fiscal year of 2010-2011.

6.0 PERFORMANCE INDICATORS (Annual)

6.1 Community Economic Development:

In addition to the overall numeric targets requested for Community Economic Development (CED) please describe CED initiatives planned for the coming year and their measurable results.

CED Initiative		Description
1	Example: Log Merchandising Centre	<ul style="list-style-type: none"> A group of local sawmillers and loggers requested support from CFSN to support the establishment of a log merchandizing centre in the region, and specifically to development the financing program for the log inventory coming in to the merchandising centre and for log inventory delivered to area mills. The intent is to run a pilot prior to March, 2010. The operation of which will lead to best practices using this financing method.
		Measurable Results
		This alternative financing scheme will provide ongoing support to the operations of the log centre, increasing the small business access to fibre. As the financing scheme can also be used to finance inventory through the sawmilling process, the impact is to lower the capital required to enter the wood processing industry due to the reduction of capital required for inventory.

6.2 Minimum Performance Standards:

In an ongoing effort to enhance overall performance and performance reporting, we will pay particular attention to the following key performance measures which are directly linked to the key goals of the Community Futures Program and for which core funding is provided:

- # Business advisory services provided to clients
- # Training sessions delivered
- # Clients trained
- # Loans approved
- \$ Loans approved