

Vancouver Island Regional Supply

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VANCOUVER ISLAND
ECONOMIC ALLIANCE

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1. Executive Summary

1.1 Background

The Vancouver Island Economic Alliance (VIEA) has long been instrumental in fostering regional economic development and addressing the unique challenges of Vancouver Island and rural islands region. With a decade of involvement in regional supply chain and goods movement discussions, VIEA has evolved to address not only the transportation of goods but also the intercommunity movement of people. Recognizing the intertwined nature of goods and people transport, VIEA recently expanded its focus through a partnership project aimed at enhancing transportation strategies holistically. The recent partnership that VIEA has entered with Nanaimo Port Authority as they conduct a feasibility study to assess the proposed expansion of Duke Point Terminal exemplifies VIEA's focus on importance of large infrastructure projects that have bearing on the region's supply chains and larger economy.

Rationale for the Study

This study emerges from a critical need to address several core challenges:

- **Supply Chain Gaps:** This study is crucial due to the significant need to address 'first mile' and 'last mile' supply chain gaps that currently hinder efficient access to both domestic and international markets. Local goods producers encounter substantial barriers in cost-effectively delivering their products, which this study aims to identify and mitigate.
- **Economic Challenges:** A key focus of this study is to address the economic challenges that impact both small and large businesses on Vancouver Island. These challenges include limited market access due to inefficient or inadequate transportation infrastructure, and the high costs associated with logistics and distribution. Improving these aspects is essential for enhancing the economic vitality of the region, supporting business expansion, and increasing competitiveness in broader markets.

Objectives of the Study

The overarching objectives of this study are to:

- Develop a comprehensive understanding of the logistics involved in the movement of goods across Vancouver Island, identifying current inefficiencies and potential areas of improvement.
- Engage a wide range of stakeholders, including local businesses, First Nations communities, and governmental bodies, to gather diverse perspectives and data, ensuring the study's recommendations are grounded in community needs and realities.
- Propose innovative, practical solutions that not only address current gaps but also set the stage for greater connectivity through future advancements in regional transportation systems.

This study will help shed light on the pressing challenges facing Vancouver Island's supply chain and economy. By examining the logistics of goods movement and engaging a diverse group of stakeholders, it

identifies key issues and propose realistic, forward-looking solutions. The goal is to guide the region towards initiatives that lead to a more efficient, accessible, and sustainable transportation system that bolsters economic vitality and competitiveness.

1.2 Study Approach

The study, initiated in January 2024, employed a detailed and participative approach. It methodically combined different activities to collect a thorough data set and useful insights relevant to the supply chain and economic dynamics of Vancouver Island.

Methodological Framework:

- I. **Engagement Sessions (Interviews):** Multiple engagement sessions were organized, blending in-person and virtual formats. These sessions were designed to gather firsthand insights from a diverse set of stakeholders, including local businesses, First Nation Communities, government bodies, transportation operators, industry associations and economic development offices. This method aimed to ensure comprehensive regional coverage and inclusive participation from across Vancouver Island and its adjacent rural islands.
- II. **Surveys:** A robust survey mechanism was deployed to complement the insights from the engagement sessions. Targeted surveys reached out to a broad spectrum of participants, aiming to quantify the challenges and opportunities within the island's supply chain and economic landscapes. This approach helped in understanding the breadth of issues and pinpointing specific areas requiring attention.
- III. **Regional Research:** As a foundational component of this study, comprehensive secondary research was conducted to thoroughly understand the various facets of Vancouver Island. This research encompassed an in-depth analysis of the region's economic drivers, demographic profiles, key industries, transportation networks, commodity flows, and prevailing market trends. This methodological step ensured that all subsequent analyses and recommendations are grounded in a well-rounded and accurate portrayal of the region's current status and potential for future development.
- IV. **Review of Existing Studies:** Extensive analyses of previous studies focusing on economic and transportation issues on Vancouver Island were conducted. By examining these past insights, the approach ensured that the current study effectively builds upon existing knowledge, avoiding redundancy and providing a fresh perspective on solutions tailored to current and emerging challenges.

1.3 Key Findings:

1.3.1 Overview of Identified Challenges

Six primary thematic areas encapsulate the critical challenges impacting Vancouver Island's economy and supply chains. These themes, although distinct, are interconnected, demonstrating the complex web of issues that span the economic landscape of the region:

1. **Inefficiencies in Regional Supply Chains:** This theme highlights the limited number of service providers, high transportation costs, reliance on distant ports leading to extended lead times, customs delays, and the lack of supply chain visibility among small businesses.
2. **Missed Opportunities for Collaboration:** Includes challenges such as minimal cooperation among small businesses for transportation, unresolved First Nation land rights impacting economic development, and lack of synergy between industry, academia, and research.
3. **Limited Industrial Development:** Characterized by a shortage of distribution centers which risks supply shortages, heavy dependence on external suppliers for raw materials, an insufficient manufacturing ecosystem, and restricted local production affecting trade balance and economic diversity.
4. **Issues Around Infrastructure and Resources:** Addresses the underutilization and deterioration of rail and road infrastructure, utility capacity constraints that limit business operations and growth, and a shortage of industrial land which stymies economic diversification.
5. **Navigating Regulatory Challenges:** Focuses on the lack of a coherent regional supply chain strategy and the effects of regulatory changes on key sectors, which could impede local employment and drive the need for diversification of the economy.
6. **Need for Regional Branding:** Points to the significant gap in effectively marketing the region's advantages, such as tax benefits and the Foreign Trade Zone, and the lack of branding to attract skilled workers and industries, resulting in missed opportunities.

These interconnected themes lay the foundation for a deeper analysis of specific challenges and their impacts, which are detailed in the following sections of the report. This analysis aids in developing targeted strategies for regional development and improvement that have been subsequently covered in this report.

1.3.2 Overview of Identified Opportunities

The identified opportunities for Vancouver Island's development are grouped into **five thematic** areas. These themes highlight the potential for growth and diversification across various sectors, each offering unique avenues to enhance the region's economic landscape:

- **Theme 1 - Enhance Supply Chains:**
 - a. **Infrastructure Upgrades for Key Transportation Infrastructure:** The island's reliance on few key transportation routes such as Highway 1 Malahat corridor creates traffic and safety concerns that disrupt supply chain efficiency. Investing in infrastructure upgrades of critical transportation corridors can help enhance the efficiency and reliability of goods transportation.
 - b. **Adopting digital technologies for better supply chain visibility:** Implementing digital tools to improve supply chain visibility can help local businesses and other interested parties to get improved insights into larger supply chains.
 - c. **Solutions for supply chain collaboration:** Developing collaborative supply chain solutions can foster stronger partnerships among suppliers, manufacturers, distributors, and retailers. Platforms that enable data sharing, joint planning, and resource optimization can reduce redundancies, streamline operations, and enhance overall supply chain performance for regional businesses.

- d. Alternate short sea shipping supplier: By introducing competition and diversifying logistics options, businesses can benefit from reduced shipping costs, improved reliability, and increased flexibility in managing their supply chains.
- **Theme 2 - Boost Local Economy and Market Reach:**
 - a. Port Expansion: Expanding the Duke Point Terminal can help improve trade and create jobs and strengthen Vancouver Island's role in regional and international commerce.
 - b. Enhanced Online Presence for Island-Based Businesses: Empowering local and First Nation-owned businesses with e-commerce tools, dedicated marketplaces and digital marketing can expand their market reach and drive sales growth.
 - c. Enhanced collaboration among local businesses: Facilitating partnerships and resource-sharing among local businesses will enhance competitiveness, address shared challenges, and unlock new growth opportunities.
- **Theme 3 - Increase Island Attractiveness:**
 - a. Training & Skill Development: Collaboration among businesses, academia, and government for training and skill development can address labor shortages that several businesses are facing.
 - b. Collaborative Clusters Supporting Manufacturing: Creating collaborative clusters among SME manufacturers can promote innovation, share resources, and boost the competitiveness of the island's manufacturing sector, making it a regional hub for specialized industries.
 - c. Develop Local Co-Packing for the Food & Beverage Industry: Establishing local co-packing facilities will reduce reliance on mainland vendors, streamline operations for local producers, and strengthen the island's food and beverage sector
 - d. Develop Value-Added Industries Such as Kitting: Encouraging value-added industries like kitting can support manufacturers beyond the island without the need for large-scale manufacturing investments, creating a sustainable and resource-efficient economic model.
- **Theme 4 - Diversify Economy and Cultivate Innovation:**
 - a. Integrating e-commerce with tourism: Utilizing e-commerce and other digital technologies to local artisans and businesses can sell experiences and products online, extending the economic benefits of tourism beyond physical visits.
 - b. Developing the blue economy: Further investments in ocean and marine technology can harness Vancouver Island's natural assets, fostering innovation in sustainable fisheries, renewable energy, and marine conservation.
 - c. Explore new business opportunities such as electric aviation: Investing in emerging industries like electric aviation positions the island as a leader in green innovation, attracting investments and creating high-value jobs.
 - d. Economic diversification through lessons from other jurisdictions: Adopting strategies from regions like Jeju and Tasmania to promote the island brand and promoting niche products and services can help build a more balanced and resilient economy.
- **Theme 5 - Build Resilience and Manage Risk:**
 - a. Distribution Centers (DCs) for Essential Goods: Establishing strategically located distribution centers will reduce dependence on mainland facilities and improve supply chain efficiency.
 - b. Develop Risk Frameworks & Strategies Tailored to the Island: Creating risk management frameworks specific to the island's unique challenges will help mitigate natural disasters,

supply chain disruptions, and economic shocks, fostering long-term stability and preparedness.

These themes form a strategic blueprint for leveraging Vancouver Island's strengths and addressing its challenges, guiding the region towards sustainable growth and development.

1.3.3 Opportunity Implementation Roadmap

The in-depth evaluation of opportunities, prioritizing them based on their complexity and strategic importance, serves as the groundwork for developing a structured roadmap. This roadmap is not only a strategic guide for implementing the opportunities but also prioritizes them according to a phased timeline that aligns with VIEA's organizational goals and readiness. Opportunities are categorized into short-term, medium-term, and long-term phases, with additional focus on opportunities requiring continued focus over an extended time period.

The opportunities recommended to be pursued in the short term, aim to create a broad and holistic impact across multiple themes. By focusing on collaboration and leveraging existing groundwork, these early-stage efforts can minimize startup challenges while laying a strong foundation for future growth.

Medium and long-term initiatives require comprehensive groundwork, including discussions with stakeholders, infrastructure investments, and policy changes. Enhancing infrastructure, expanding key sectors, and improving supply chain efficiency require thorough planning, feasibility studies, and stakeholder engagement. Strategic phasing ensures that technological advancements are integrated effectively while addressing regulatory challenges.

Continued focus initiatives are essential initiatives that impact various sectors and should be initiated early due to their foundational nature. Given their evolving characteristics, these sector-agnostic initiatives will require ongoing adaptations and updates throughout their implementation.

REGIONAL ANALYSIS

2. Regional Overview

2.1 Introduction and Geographical Overview

Vancouver Island and Surrounding Islands

Located off the southwest coast of British Columbia, Vancouver Island is celebrated for its stunning landscapes and diverse ecosystems. This section delves into the island's geography, highlighting both the natural terrain and the administrative regions, including municipalities regional districts and First Nation Communities. To provide a comprehensive understanding vital for strategic planning and development considerations.

Main Island Geography and Municipalities

Vancouver Island extends approximately 460 kilometers in length and 80 kilometers in width, characterized by its mountainous interior and rugged coastline. The island is home to the Insular Mountains, with the Golden Hinde as its highest peak at 2,195 meters. The diverse landscapes support a variety of ecosystems, from coastal rainforests to alpine environments.

Administratively, Vancouver Island is divided into 7 regional districts and 36 municipalities that govern local affairs and manage resources. Victoria, the provincial capital also known for its vibrant cultural scene and historical significance, is major economic hub along with Nanaimo. The latter has concentration of forestry, construction and other diverse businesses. Other significant municipalities include Port Alberni, Campbell River and Courtenay, each offering unique contributions to the island's economic and social landscape.

Regional districts, such as the Capital Regional District (CRD) and the Alberni-Clayoquot Regional District, play crucial roles in providing regional governance and services, encompassing multiple municipalities and unincorporated areas. These administrative divisions are essential for coordinating development, environmental stewardship, and community services across the island.

Surrounding Islands

Adjacent to Vancouver Island are several smaller islands, each contributing uniquely to the region's biodiversity and cultural tapestry:

- **The Gulf Islands:** Nestled between Vancouver Island and the British Columbia mainland, this archipelago is celebrated for its mild climate, arts communities, and rich Indigenous heritage. Islands such as Salt Spring, Galiano, and Pender offer a blend of natural beauty and cultural experiences.
- **Discovery Islands:** Situated near the northern end of the Salish Sea, these islands are characterized by their untouched wilderness, serving as a haven for outdoor enthusiasts and nature lovers. Quadra and Cortes Islands are highlights for those seeking solitude and adventure.
- **Broughton Archipelago:** A cluster of wild, largely uninhabited islands at the entrance to Knight Inlet. Known for its pristine environments, it's a prime location for wildlife viewing, especially orcas.

2.2 Overview of Regional Economy

Economic Landscape

Vancouver Island, a pivotal region in the British Columbia province of Canada, is characterized by its diverse and dynamic economic landscape. The island, divided into several key regions including the Greater Victoria area, Central Island, North Island, and the West Coast, presents a unique blend of economic activities. The Greater Victoria area, known for its technology sector, also serves as a political and cultural hub. Central Island, with cities like Nanaimo, is notable for its growing retail and service sectors. The North Island, though more sparsely populated, contributes significantly through forestry, mining, and fishing industries. Meanwhile, the West Coast, including towns like Tofino, is famed for its tourism and hospitality sector, drawing visitors to its pristine natural beauty and outdoor activities.

Key economic indicators for Vancouver Island include a robust real estate market, particularly in urban centers like Victoria, driven by both local and international demand. Employment rates across the island vary, with the technology and service sectors in urban areas showing strong growth, while more traditional industries like forestry and fishing face evolving challenges. The GDP of the region, although not isolated from broader provincial and national trends, has been showing positive growth, particularly in technology, healthcare, and education sectors. Infrastructure development, especially in transportation and housing, remains a critical factor for sustaining economic growth and addressing the needs of a diverse population. This multifaceted economic landscape provides a rich context for examining the supply chain dynamics on Vancouver Island.

GDP

Vancouver Island, a significant part of British Columbia's economy, demonstrates a unique economic landscape influenced by its geographical and resource-based characteristics. The island's GDP, estimated at about \$40 billion¹² in 2022, reflects a diverse economic structure. This diversity stems from a mix of traditional and emerging sectors, each contributing uniquely to the island's overall economic output.

The traditional sectors, such as forestry and fishing, have long been the backbone of the island's economy. These industries not only provide direct economic benefits but also support ancillary activities like processing and logistics. The forestry sector, in particular, has been a major contributor to the island's GDP, contributing \$2.2B in 2021, leveraging the vast natural forest resources. The fishing industry, too, remains significant, with the island's coastal location offering abundant marine resources. Emerging sectors like technology and tourism which has long been a traditional economic stronghold are pivotal to the island's GDP. The technology sector, driven by a growing number of startups and established firms, has turned parts of the island, especially the Greater Victoria area, into a tech hub. This sector contributes to the GDP not only through direct economic activities but also by attracting skilled professionals and fostering innovation. Tourism is another critical component of the island's economy, with its natural beauty, cultural heritage, and outdoor recreational activities drawing visitors from around the world. The tourism sector's contribution to

¹ The GDP estimate for Vancouver Island is based on its proportional share in British Columbia's overall economy
<https://www.canada.ca/en/western-economic-diversification/news/2018/09/vancouver-island-receives-foreign-trade-zone-designation.html>

² <https://viea.ca/wp-content/uploads/2019/08/VIEA-FTZ-Point-Announcement.pdf>

the GDP extends beyond direct spending by tourists; it also stimulates growth in the hospitality, retail, and service industries.

Vancouver Island's strategic location as a gateway to the Pacific, positions it as a crucial hub for marine and cargo traffic. This aspect of the island's economy facilitates international trade and commerce, contributing to the GDP through port activities, shipping, and related services. The region's infrastructure, including its transportation networks and educational institutions, further supports economic activities and contributes to the GDP.

In conclusion, the GDP of Vancouver Island reflects a complex and multi-faceted economy. The balance between traditional industries and modern sectors, combined with the island's geographical advantages, creates a dynamic economic environment. This diverse economic base not only defines the current economic status of Vancouver Island but also sets the stage for future growth and development. Understanding these nuances and their contributions to the GDP is vital for a comprehensive view of the island's economic strengths and potential.

Key Statistics and Insights

- **Economic Size and Growth:** Vancouver Island's GDP represented approximately 13-14% of BC's GDP³. This figure is particularly noteworthy given that the island comprises 20% of the province's population, indicating a lower per capita GDP contribution compared to the provincial average.
- **Recent Trends and Projections:** British Columbia experienced a robust GDP growth of 6.2% in 2021, which surpassed its 2019 levels by 3%. Forecasts for the subsequent years projected a growth of 3.6% to 4.2% in 2022 and a moderation to 1.7% to 2.3% in 2023.
- **Sectoral Growth Drivers:** The growth in British Columbia, and by extension Vancouver Island, is attributed to several factors, including an influx of migration boosting housing and service demands, significant construction projects, favorable commodity prices benefiting the resource sectors, and the expansion of digital technologies. Furthermore, the healthcare and public administration sectors have seen expansion, partly driven by the pandemic response; in 2023, same day visits to urgent and primary care centres increased by 46% from the previous year. Initiatives to increase healthcare capacity include a \$60M investment to increase critical care expansion and a new \$1.5B capital project to construct a new community hospital in North Cowichan⁴.
- **Employment Trends:** Employment across various industries on Vancouver Island reflects the dynamic nature of its economy.
 - **Service Sector:** In 2023, Vancouver Island saw changes in employment across various sectors compared to 2022. Health Care and Social Assistance decreased in employment, while Accommodation and Food Services showed strong growth. Slight increases were noted in the Professional, Scientific and Technical Services, as well as Public Administration sectors. Finance, Insurance, Real Estate and Leasing, and Business services also grew, while Information, Culture and Recreation, along with Transportation and Warehousing, saw small declines. Overall, these shifts suggest a dynamic job market responsive to the changing economic landscape.
 - **Goods Producing Sector:** In 2023, the Good Producing Sector on Vancouver Island showed a decline in employment figures compared to 2022 across most sectors. The sectors of

³ <https://www.statista.com/statistics/577563/gdp-of-british-columbia-canada/>

⁴ <http://viha.uberflip.com/i/1512348-island-health-2023-annual-report/37?>

Forestry, Fishing, Mining, Oil and Gas, Construction and Agriculture experienced declines in employment numbers. Overall, these figures reflect a contraction in the traditional sectors, with manufacturing standing out with a modest rise.

- Impact of Work Model Shifts and Tourism: The transition from remote to hybrid work models is reshaping the economic landscape, potentially influencing migration patterns and regional economic impacts. Moreover, the tourism sector, pivotal to Vancouver Island’s economy, is expected to be a key driver for growth through 2023 and beyond, as travel restrictions ease and global travel rebounds

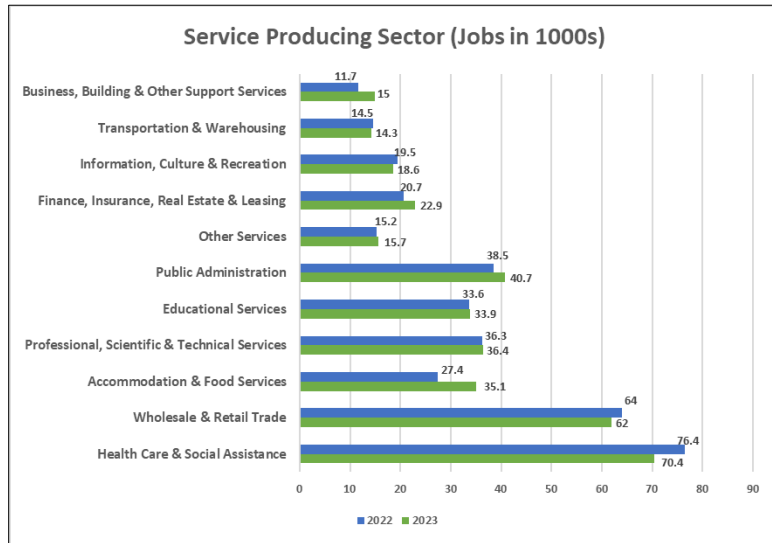


Figure 1: Service Producing Sector Jobs on Vancouver Island

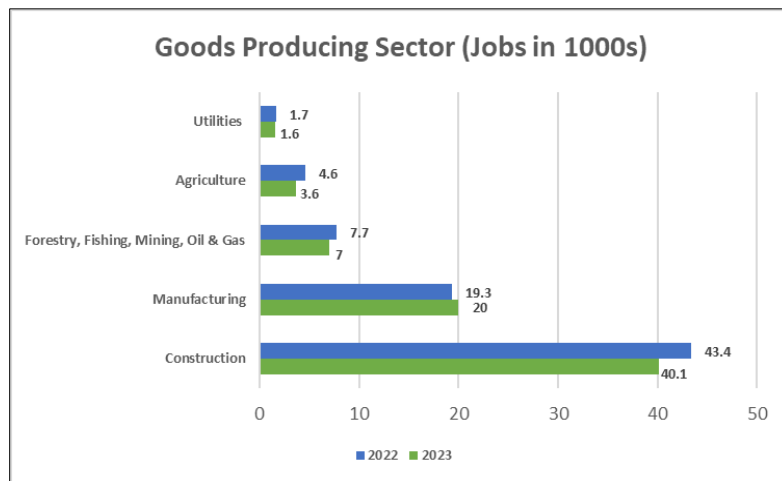


Figure 2: Goods Producing Sector jobs on Vancouver Island

In conclusion, Vancouver Island’s geographical distinction as a hub of diverse ecosystems and cultural heritage, coupled with its strategic administrative organization into municipalities and regional districts, makes it uniquely poised for thoughtful strategic planning and development. The GDP statistics and economic trends of Vancouver Island emphasize the region’s economic resilience and diversification. The blend of traditional and emerging industries not only contributes to the current GDP but also positions Vancouver Island for future economic growth and stability. This adaptability is crucial for long-term economic

sustainability, making the region an attractive prospect for investment and business development. Understanding these GDP-related dynamics is essential for stakeholders, providing insights into the economic strengths and potential of Vancouver Island within the broader British Columbia economy.

2.2 Demographic Profile

Vancouver Island's demographic profile is currently a blend of aging populations, migration trends, and indigenous demographic growth, intricately influencing its socio-economic dynamics. The aging trend is particularly notable, and mirrors broader shifts seen in developed regions, shaping demands in the labor market, consumer habits, and service needs. This demographic evolution is pivotal in defining the island's economic landscape.

Marked by its natural beauty and high quality of life, the region continues to attract a diverse populace. Retirees are drawn to the island for its tranquil and scenic environment, contributing to a growing demand in sectors like healthcare and retirement living. Concurrently, the influx of working professionals, influenced by migration patterns, impacts the housing market, shaping real estate trends and infrastructure demands.

Additionally, the growing indigenous population represents a significant and vital aspect of the island's demographic fabric. This diverse cultural presence not only enriches the social landscape but also influences economic activities, particularly in areas where indigenous communities are predominant.

Key Statistics and Insights

- **Population Dynamics:** The population estimates of the island stand at approx. 916,285 (2023), which was a 3.1 % increase from 2022 numbers. Notably this is the highest year on year percentage increase since 2011⁵.
- **Population Projections:** The population growth for Vancouver Island is expected to continue a positive trend and is only exceeded by Lower Mainland/ South-West Region.
- **Age Group Trends (2011-2021):** Between 2011 and 2021, the proportion of the youth population remained stable at 13-14%, while the working-age group declined from 67% to 62%, and the senior demographic increased significantly from 19% to 25%, illustrating an overall aging trend.
- **Employment Patterns:** The employment rate, which was 55.6% in 2021, experienced a slight rise to 56.8% in the first half of 2022.
 - Labor force growth was driven by migration.
- **Migration and Workforce Development:** The island's labor force has seen growth, primarily fueled by migration. This trend suggests a replenishing of the working-age population, despite the overall aging demographic.
- **Sector-specific Growth:** Different sectors have responded variably to these demographic changes:
 - Healthcare and retirement services are experiencing growth due to the rising senior population.
 - Construction and technology sectors are also expanding, leveraging the influx of skilled professionals through migration⁶.

⁵ <https://www2.gov.bc.ca/gov/content/data/statistics/people-population-community/population/population-estimates>

⁶ <https://viea.ca/wp-content/uploads/2022/11/2022SOTI-Report-WEB-1.pdf>

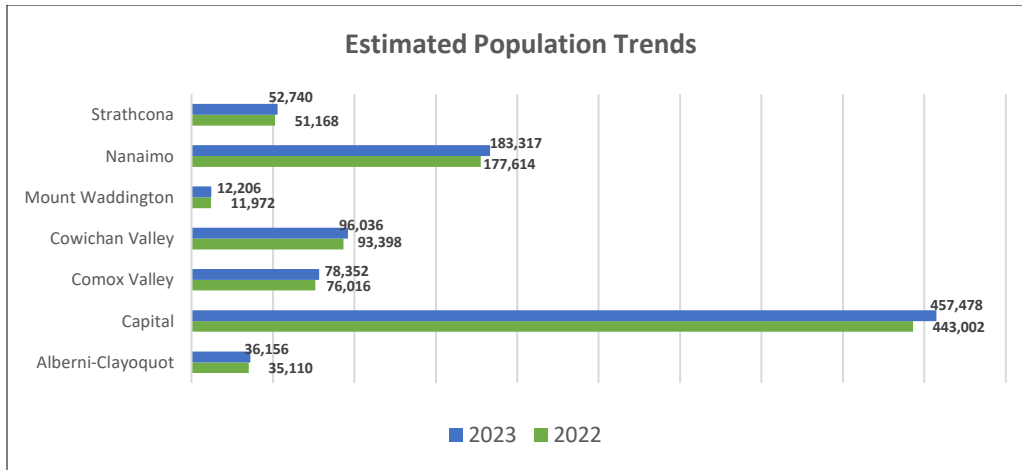


Figure 3: Estimated population by municipal region on Vancouver Island

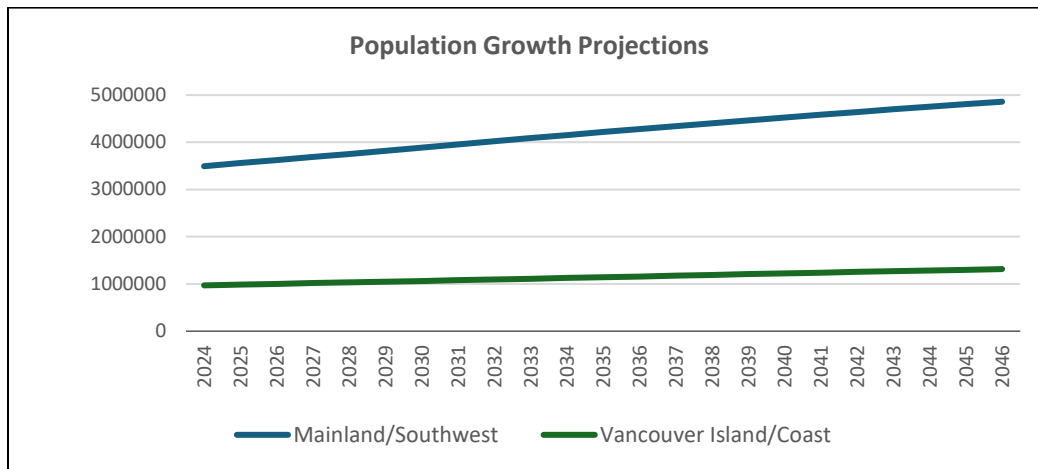


Figure 4: Population Estimates and Projections by B.C. Development Region 1986-2046⁷

- **Indigenous Demographics (2021):** The indigenous population has a unique age structure compared to the non-indigenous population, with a higher proportion of younger individuals. This difference suggests potential areas for targeted social and economic initiatives.

The demographic profile of Vancouver Island underscores the necessity for businesses and policymakers to adapt their strategies to cater to an aging population. The significant senior demographic indicates an expanding market for healthcare, retirement services, and products catering to older adults. Furthermore, the steady influx of working-age individuals through migration provides a vital resource for industries looking to expand, particularly in healthcare and construction. The growth in the labor force, driven by both domestic and international migration, can be leveraged as a strategic asset for industry expansion and economic development.

Moreover, understanding the distinct needs and characteristics of the indigenous population is crucial for inclusive and effective economic and social planning. Given the younger age distribution of the indigenous

⁷ https://www2.gov.bc.ca/assets/gov/data/statistics/people-population-community/population/sustaining_growth_population_demography.pdf

population compared to the non-indigenous demographic, there may be unique opportunities for targeted educational, employment, and social programs.

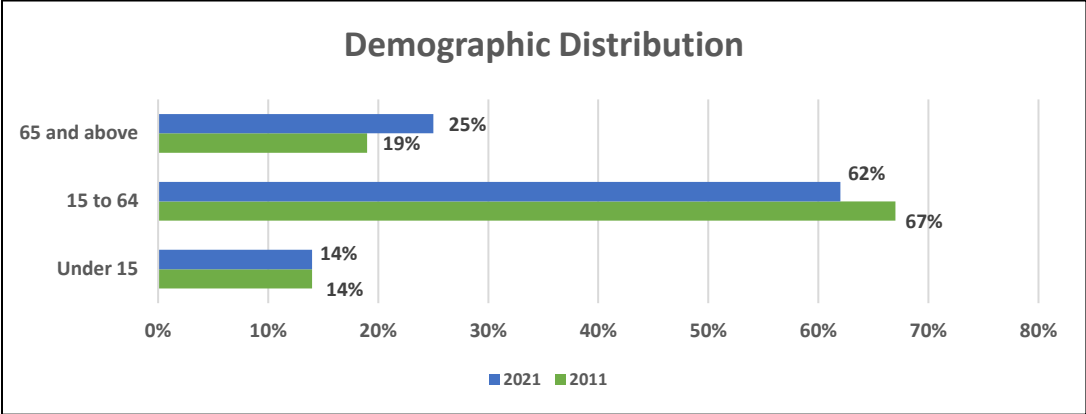


Figure 5: Vancouver Island’s demographic distribution by age group

In summary, Vancouver Island's demographic trends present both challenges and opportunities. Strategic planning that takes into account these demographic shifts is vital for sustainable economic growth and social development in the region. Businesses, investors, and policymakers must consider these trends in their decision-making processes to align with the evolving demographic landscape of the island.

2.3 Industry Profile

Industries like forestry and fishing have long been economic staples, while technology and tourism are gaining prominence. The island's rich natural resources, coupled with a growing technology sector in urban centers like Victoria, create a dynamic economic environment. The region's cultural diversity, including significant Indigenous communities, adds unique aspects to sectors like arts, culture, and tourism.

Key Statistics and Insights

Goods Producing Sector: Here are some key insights from the major goods-producing industries on the island, listed in order of their contribution to the job market, from highest to lowest.

- **Construction:** This industry is a major source of employment, providing 40,100 jobs across residential, commercial, and industrial sectors. The industry depends on a combination of both locally sourced and imported materials such as asphalt, cement, and steel. The current value of all construction related projects on Vancouver Island amounted to \$13.05 B⁸ in Q3 of 2023, which is an increase of 17% from the value of \$11.14 B for the same period in the year before.
- **Manufacturing:**
 - **Pulp and Paper Manufacturing:** Companies such as Paper Excellence and Harmac Pacific contribute significantly to the sector. The three major mills on Vancouver Island have a substantial annual production capacity. Historically, this sector has been pivotal in driving both inbound and outbound freight rail volumes⁹.
 - **Wood Product Manufacturing:** The presence of major companies like Western Forest Products and San Group Global Forestry Products underlines the sector's importance.

⁸ <https://www2.gov.bc.ca/gov/content/employment-business/economic-development/industry/bc-major-projects-inventory>

⁹ <https://www2.gov.bc.ca/assets/gov/driving-and-transportation/reports-and-reference/reports-and-studies/vancouver-island-south-coast/island-rail-corridor/island-rail-corridor-freight-analysis-appendix-d-2022-12-05.pdf>

The island processes a variety of wood species, including Western Red Cedar, Yellow Cedar, Douglas Fir, Hemlock, and Spruce. With 23 lumber mills, many adjacent to the Island Rail Corridor, this sector plays a crucial role in the local economy.

- **Forestry and Logging:** This sector is a significant employer with about 7,700 workers. Within this, 56% are involved in forestry and logging, 25% in wood product manufacturing, and 19% in pulp and paper manufacturing. The industry is mostly driven by private enterprises, with a notable export focus — approximately half of the log output is shipped to international markets, with the rest supplied to local mills.
- **Aquaculture:** Experiencing a decline in production volumes despite an increase in value. This sector faces significant changes, including the phasing out of fish farms and uncertainties in license renewals, impacting employment and production.
- **Agriculture:** Benefiting from a temperate climate, Vancouver Island supports a diverse range of agricultural activities. While some products like grain and feed are imported, the sector is an integral part of the island's economy, albeit facing challenges from real estate prices and an aging workforce.
- **Parts Manufacturing to support Forestry and Wood Based Industry:** The region also hosts a variety of manufacturers that supply essential machinery, equipment, and parts to the forestry, wood, pulp, and paper industries. Logging equipment manufacturers provide advanced machinery like skidders and feller bunchers, while sawmill and lumber mill equipment suppliers offer machinery for processing wood. The pulp and paper industry benefits from specialized machinery suppliers delivering cutting-edge technology and services. Forestry tool suppliers ensure loggers have access to the latest cutting tools and chainsaws, while automation providers optimize industrial operations through control systems. These companies collectively sustain the island's forestry sector, keeping it competitive and productive.

Service Producing Sector: Below are some key insights from the major service-producing industries on the island, listed in order of their contribution to the job market, from highest to lowest.

- **Tourism:** Showing signs of recovery from the pandemic with increasing room rates and ferry traffic. However, challenges persist in hotel occupancy rates and airport traffic compared to pre-pandemic levels.
- **Retail and Wholesale Trade:** A major sector on the island, with consumer goods predominantly delivered by truck and arriving via ferry services. This sector is vital for the island's consumer economy and supply chain.
- **Education:** The education industry on Vancouver Island encompasses a range of educational institutions and services that significantly contribute to economic growth. For example, in 2020, the University of Victoria contributed \$3.3B to in added income to the BC economy through operations spending, research activities, student spending, and more.
- **Arts and Culture:** A robust contributor with a GDP impact of \$6.8 billion in BC¹⁰, this sector spans film, television, video game, and digital media production. It employs an estimated 137,261 people¹¹, including freelancers, and significantly overlaps with tourism, influencing local cultural activities and attractions.

Vancouver Island's industrial sectors reveal a complex and interdependent economic landscape. The traditional sectors like forestry, agriculture, and aquaculture are grappling with market pressures and policy

¹⁰ <https://creativebc.com/sector/>

¹¹ https://drive.google.com/file/d/1P7VezL3GYt_xfGZVbXKBdGoeLR6aUbOp/view

changes, requiring innovative approaches to remain sustainable. Meanwhile, the growth in arts, culture, and tourism sectors signifies the island's evolving economic focus, capitalizing on its natural and cultural assets. For the tech sector, the continuous outpacing of average employment growth indicates a promising area for investment and development.

Understanding the nuanced dynamics of these sectors is critical for effective economic planning and development strategies. Policymakers and business leaders must recognize the unique challenges and opportunities within each sector to drive sustainable economic growth. This comprehensive understanding will be key in navigating the island's future economic trajectory, fostering resilience, and maximizing the potential of Vancouver Island's diverse industrial landscape.

2.4 Commodities

The commodity trade on Vancouver Island is primarily supported by the Ports of Nanaimo and Alberni, each handling specific types of goods vital for the local and international markets. The Port of Nanaimo primarily exports forestry products, including lumber and pulp, and mineral and agricultural products, while importing essential items like consumer goods, construction materials, and vehicles. On the other hand, the Port of Alberni focuses heavily on exporting bulk forest products and additional commodities such as grains and ores. It also imports machinery and consumer goods necessary for local industries and community needs. These ports collectively enhance Vancouver Island's economic connectivity by managing a diverse array of commodities that support both the immediate regional demands and broader trade networks.

Table1: Commodity Volumes: Port of Nanaimo

Cargo Type	2023 Volumes (metric tonnes) ¹²
Logs	1,495,418
Forest Products	1,316,080
Petroleum Products	399,145
Bulk Cargoes	306,491
Containers	239,912
Chemicals	100,440
Other Non-Specific Cargoes	35,681

Table2: Commodity Volumes: Port Alberni

Cargo Type	2023 Volumes (metric tonnes)
Logs	322,513
Fish	7,791
Misc. Cargoes	6,063

Major Commodities:

- Forest Products:**
 The forestry industry remains a cornerstone of Vancouver Island's economy, contributing significantly to employment, economic activity, and export revenues. As of recent data, the forestry

¹² <https://npa.ca/wp-content/uploads/2024/02/Port-of-Nanaimo-Cargo-Volumes-Statistics-2014-2023-Feb-2.pdf>

sector directly and indirectly employs thousands of individuals across the island, playing a crucial role in supporting rural communities. Despite its historical economic importance, the industry is undergoing considerable changes, driven by both market dynamics and regulatory frameworks. In the past two to three years, the industry has faced several challenges, including fluctuating demand in global markets, particularly from the United States and Asia, which are key export destinations. There has been a noticeable shift towards sustainability and value-added products, moving away from raw log exports¹³. This transition is influenced by environmental considerations and the aim to maximize local economic benefits per volume of wood processed. While there has been a gradual decline in logging volumes, there is an increase in value of processed products like specialized wood components and paper products. This reflects a strategic pivot towards higher-value outputs amid global competition and resource limitations.

Regulatory changes have had an impact on the forestry industry. The British Columbia government has implemented stricter regulations concerning land use and logging practices to enhance sustainable forest management and conservation efforts. These regulations include measures to protect old-growth forests and improve the stewardship of forest lands, which have led to operational adjustments for many forestry companies.

Additionally, the provincial government's commitment to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)¹⁴ has reshaped land management practices, requiring more extensive consultations and collaborative planning with First Nations, who have a significant portion of forest lands on Vancouver Island as part of their territories..

Overall, while the forestry industry on Vancouver Island continues to be a vital economic engine, it is in a state of transformation, adapting to new economic realities and stringent environmental and regulatory standards. These adaptations are essential for the long-term sustainability and resilience of the forestry sector in the region.

2. Fisheries and Aquaculture:

In 2020, aquaculture production in British Columbia (BC) showed stable quantities but a decline in value, influenced by several factors. Moving into 2021, although export volumes decreased, the values rose due to supply chain disruptions, including limited container availability and increased transportation costs. Concurrently, the global reopening of restaurants spurred a significant rise in demand and prices for shellfish and finfish, enhancing export values. By 2022, BC's seafood exports surged to \$1.55 billion, marking a 12.0% increase from \$1.38 billion in 2021 and a 19.2% rise from 2020's \$1.3 billion¹⁵, with products reaching 63 countries and 40 US states. However, in the first five months of 2022, the volume of seafood exports from BC fell by 21% year-over-year, while the export value grew by 20%. This volume decline was more pronounced in the shellfish sector, although

¹³ <https://viea.ca/wp-content/uploads/2022/11/2022SOTI-Report-WEB-1.pdf>

¹⁴ <https://news.gov.bc.ca/releases/2022IRR0018-000457>

¹⁵ https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/statistics/industry-and-sector-profiles/fast-stats/fast_stats_2020.pdf

salmon exports saw upward trends. Looking ahead, the prices for both shellfish and salmon are expected to remain robust, driven by rising demand from the United States and Western Europe¹⁶.

3. Energy:

The energy sector on Vancouver Island mainly consists of electricity exports, including a significant portion generated from hydroelectric power due to the island's natural topography¹⁷. The 4 hydroelectric systems with 6 generating stations on Vancouver Island generate approximately 1,900 gigawatt-hours (GWh) annually, constituting roughly 4 percent of BC Hydro's total output of 46,000 GWh. The surplus energy is often exported to the U.S. Pacific Northwest. Moreover, in addition to hydroelectricity there is a growing investment in other renewable energy sources like wind and solar, reflecting a strategic shift towards sustainable energy production¹⁸. This not only supports local energy needs but also opens up export opportunities in the burgeoning global market for green energy.

4. Metals:

Metal mining on Vancouver Island has played a vital role in the island's economy, historically making significant contributions to British Columbia's mining industry. In recent years, however, the scale of metal mining activity has been smaller compared to other regions in the province. Gold mining was a notable part of the island's history, with sporadic continued exploration activities in recent years. For instance, the Nootka Sound Gold project is one of the recent gold exploration initiatives on the island. Copper mining also has a significant historical presence on Vancouver Island. The island has seen numerous copper projects over the years, and copper continues to be a mineral of interest for exploration, as evidenced by NorthIsle Copper and Gold's North Island Project¹⁹, which aims to revive copper and gold mining on the island. In addition to gold and copper, there has also been modest exploration for other metals like zinc and silver on Vancouver Island. Companies such as ArcWest Exploration have been involved in exploration activities in recent years.

5. Minerals:

Mineral exports from Vancouver Island include essential aggregates such as sand, gravel, and crushed stone, which are pivotal for domestic consumption and. The region's geological diversity also supports the mining of precious and semi-precious stones, targeting niche markets. The mineral sector's growth is closely tied to the construction industry, both locally and internationally, and is expected to expand alongside infrastructure development projects.

¹⁶ <https://viea.ca/wp-content/uploads/2022/11/2022SOTI-Report-WEB-1.pdf>

¹⁷ <https://www.bchydro.com/energy-in-bc/operations/our-facilities/vancouver-island.html>

¹⁸ <https://viea.ca/regional-statistic/energy-and-infrastructure/#:~:text=Electricity,generating%20stations%20on%20Vancouver%20Island.>

¹⁹ <https://www.northisle.ca/>

2.5 First Nations Communities

Overview and History

Vancouver Island is home to approximately 50 first nation communities²⁰ grouped into three unique tribal territories: the Coast Salish, Nuuchahnulth, and Kwakiutl²¹. The Vancouver Island and Coast region, known for its varied geography including mountains, fertile farmlands, beaches, ancient forests, rivers, fjords, and island groups, serves as the ancestral lands of several Coast Salish communities. In the northern mainland area near Queen Charlotte Sound, the Heiltsuk, Nuxalk, Wuikinuxv, Gwa'sala-'Nakwaxda'xw, and Da'naxda'xw tribes are located. The Quatsino, Nuuchahnulth, and Kwakwak'awakw groups inhabit the northern and central parts of Vancouver Island, while the southern region is home to the Ditidaht, Pacheedaht, Saanich, Beecher Bay [Scia'new], Malahat, Nanoose [Snaw-naw-as], Songhees, Sooke [T'sou-ke], and Hul'qumi'num tribes²².

The First Nation regions with their rich natural resources supported significant Indigenous populations before becoming key areas for settler colonial expansion. Alongside the Lower Mainland Southwest, these regions saw growth in the forestry industry and population increases, notably in Victoria, which emerged as the capital of British Columbia²³.

Current Economic Drivers

First Nations communities are actively engaged in traditional industries tied to natural resources, and also in the tourism and ecotourism sector²⁴. These latter industries aim to preserve, protect, and highlight the region's exceptional ecological treasures. The traditional industries linked to these natural resources are primarily forestry, fishing and aquaculture, tourism and related cultural enterprises. Additionally, there's significant employment in community administration, health services, cultural enterprises, education, and new ventures in technology and sustainable industries. These employment opportunities often emphasize the importance of aligning economic development with cultural values and environmental sustainability. Owned either by coalitions of aligned Nations or by individual First Nations, development corporations stand as the main entities through which these communities seek and promote sustainable economic growth.

Examples of First Nation Owned Businesses

One of the prominent businesses owned by First Nations on Vancouver Island is the **HFN Group of Businesses**, managed by the Huu-ay-aht First Nations. This group oversees the operation and strategic direction of all businesses owned by the Huu-ay-aht First Nations, encompassing various sectors such as tourism, hospitality, and natural resources, including fisheries and forestry. Additionally, a significant collaboration involving four First Nations on Vancouver Island—the K'omoks, Wei Wai Kai, Wei Wai Kum, and Tlowitsis—has formed a **partnership with Western Forest Products Inc.** This partnership is notable for its scale, involving a 34% ownership stake in a venture that operates over 157,000 hectares of forest and

²⁰In total, there are approximately 50 First Nation communities on Vancouver Island, spanning these and possibly other smaller or less well-known groups. It's important to note that these numbers and groupings might change over time due to various factors, including new agreements, reclassifications, or changes in the communities themselves

²¹ <https://viea.ca/business-living-on-vancouver-island/first-nations/>

^{22,23} <https://www.bcafn.ca/first-nations-bc/vancouver-island-coast>

²⁴ <https://www.welcomebc.ca/Choose-B-C/Explore-British-Columbia/B-C-First-Nations-Indigenous-People>

manages a substantial annual timber volume. This collaboration is viewed as a forward-looking initiative for sustainable and inclusive forest management in British Columbia. Recently, the **Malahat First Nation** has announced that it is partnering with Energy Plug Technologies to establish a significant battery manufacturing facility on their reserve, part of the Malahat Business Park.



Figure 6: First Nation Communities on Vancouver Island²⁵

This Indigenous-led venture will focus on producing lithium-iron-phosphate battery storage products. The project is substantial, aiming to create 100 local manufacturing jobs, including opportunities for Indigenous people, and aligns with the community's economic development goals²⁶.

The economic landscape for First Nations on Vancouver Island vividly illustrates a journey from traditional industries to innovative ventures, encapsulating a blend of heritage and forward-thinking economic strategies.

2.6 Market Trends

The economic fabric of Vancouver Island continues to evolve in line with trends elsewhere. These trends manifest as a spectrum of business dynamics, where the closure of established entities contrasts with the birth of innovative enterprises. This narrative unfolds a comprehensive view of the region's commercial evolution, showcasing how new market entrants capitalize on emerging opportunities, while others navigate the challenges of an ever-shifting economic landscape.

Headwinds

Recent years have seen a fluctuation in the number of business closures on Vancouver Island²⁹. These

²⁵ <https://sogdatacentre.ca/people/first-nations/>
²⁶ <https://energyplug.com/Company/news>

closures have been influenced by a variety of factors, including economic pressures, shifting market demands, and the accelerated pace of digital transformation.

Industries that have traditionally been significant to the island's economy, such as retail, hospitality, and tourism, have faced considerable challenges, exacerbated by the global economic uncertainties and the residual effects of the COVID-19 pandemic. Certain goods producing sectors that rely on forests and live animals have been seeing a decline in terms of employees over the last few years²⁷. The key sectors that have been seeing a reduction in number of employees include fishing, agriculture, forestry and hunting. Fisheries in British Columbia are undergoing significant changes due to license renewal issues and regulations regarding open sea farming²⁸. The BC government has announced new rules for the renewal of salmon farm tenures, effective from June 2022. These regulations may impact fishery-based businesses by necessitating adjustments in operations, potentially leading to increased operational costs and changes in farming practices to meet new environmental standards. The vulnerability of various industries on Vancouver Island has been highlighted by several high-profile business closures:

- Trafigura’s Myra Falls Mine, a significant mining operation, announced closure of its operations in December 2023, reflecting the broader challenges faced by the mining sector in the region. The closure of this mine will lead to over 300 job losses²⁹.
- Another major closure is Paper Excellence Crofton Mill, a key player in the paper industry, which announced an indefinite shutdown in January 2024³⁰ due to operational challenges and adverse market conditions, expected to have a significant impact on local employment and the economy.
- In the aquaculture sector, the BC Salmon Farm operated by Mowi in Discovery Islands closed in 2022³¹ as part of a wider response to new government regulations affecting salmon farms throughout British Columbia, which introduced stricter environmental compliance requirements.
- Additionally, the closure of Very Good Butcher³² in 2023 underscores the difficulties within the specialty food production sector, despite increasing consumer interest in plant-based foods.

These closures illustrate the ongoing struggles and necessary adaptations within key industries on the island. Businesses will need to adapt to these changes, which could include investing in new technologies or changing their operational locations, to comply with the regulations while still maintaining profitability. Further, the Vancouver Island bankruptcy rate has been on the upward trend, reflective of the provincial and national trends.

Table3: Total Number of Business Bankruptcies³³

Region	2021	2022	2023
Canada	1942	2621	3702
British Columbia	49	102	183
Vancouver Island	3	15	23

²⁷ <https://viea.ca/wp-content/uploads/2022/11/2022SOTI-Report-WEB-1.pdf>
²⁸ <https://www.canada.ca/en/fisheries-oceans/news/2022/06/transition-plan-for-open-net-pen-salmon-farming-in-british-columbia.html>
²⁹ <https://www.cheknews.ca/no-longer-financially-viable-myra-falls-mine-to-have-long-term-closure-1182517/>
³⁰ <https://www.cbc.ca/news/canada/british-columbia/vancouver-island-paper-mill-1.7095393>
³¹ <https://www.cbc.ca/news/canada/british-columbia/aquaculture-workers-worry-about-bleak-future-with-the-closing-of-farms-in-the-discovery-islands-1.5898162>
³² <https://vancouverisland.ctvnews.ca/what-happened-to-the-very-good-butchers-plant-based-meat-company-closing-most-b-c-operations-1.5918020>
³³ <https://open.canada.ca/data/en/dataset/4444b25a-cd38-46b8-bfb8-15e5d28ba4e7>

New Areas of Growth

Conversely, the period has also been marked by the emergence of new businesses, signaling resilience and entrepreneurial spirit within the community. Innovations in technology, the shift towards sustainable and green businesses, and the evolving consumer preferences have paved the way for new ventures. These openings are particularly prominent in sectors like technology, ocean and marine technology³⁴, clean energy, and e-commerce, which have shown robust growth potential. The trend towards digitalization has fostered a conducive environment for startups and small businesses, offering opportunities for innovation and market penetration. Moreover, initiatives by local governments and economic development organizations have aimed to support business incubation and attract investment, further stimulating the local business landscape.

Implications and Future Outlook

As Vancouver Island navigates the ebbs and flows of its economic currents, it showcases a compelling tale of adaptation and growth amidst ongoing uncertainties. It underscores the importance of ongoing support for the business community, tailored economic policies, and strategies that foster a conducive environment for sustainable growth and development. The economy of Vancouver Island, that has traditionally been reliant on sectors like forestry, fishing, and mining, is currently undergoing a shift, integrating new trends and branching out into various emerging industries. Historically, the cornerstone of the island's economic foundation, the forestry industry, remains crucial but has expanded to include a stronger focus on sustainable methods and the production of value-added goods. Likewise, the fishing sector is evolving in response to shifts in environmental dynamics and consumer preferences, with an increased commitment to sustainability and the development of aquaculture. In recent times, Vancouver Island has experienced a significant upturn in its technology, tourism, and clean energy industries, signaling a move toward a more varied economic base. Particularly in Victoria, the tech industry³⁵ has flourished, becoming a beacon of innovation and drawing both startups and established companies, thanks to its dynamic ecosystem and community support. Additionally, the trend of remote work has gained significant traction on Vancouver Island, reflecting a broader global shift towards flexible work arrangements. This movement is driven by the island's appealing lifestyle, scenic beauty, and the growing availability of high-speed internet, which makes it an attractive location for professionals seeking a balance between work and quality of life. Businesses and local governments are adapting to this trend by enhancing digital infrastructure, supporting coworking spaces, and fostering communities that appeal to remote workers, thereby contributing to the region's economic diversity and resilience.

Tourism continues to be a vital economic pillar, introducing innovative concepts such as eco-tourism and cultural experiences that capitalize on the island's stunning natural scenery and deep cultural roots. Furthermore, the island is venturing into the clean energy sector, leveraging its rich natural resources to embark on renewable energy initiatives, including wind, hydro, and solar power, in line with worldwide trends toward sustainability. These burgeoning sectors, combined with a growing real estate market and an

³⁴ <https://southislandprosperity.ca/2023/10/05/rising-economy-local-companys-global-impact-in-oceantech/>

³⁵ <https://canadacoast.ca/sleeping-giant-awakes-b-c-coast-seeing-growth-jump-in-ocean-related-businesses/>

emphasis on local business initiatives, are paving the way for a diverse and enduring economic future, fortifying the island's economic stability amid evolving global market conditions.

2.7 Overview of Goods Transportation

Road Transportation

Vancouver Island's major highway corridors include the Trans-Canada Highway (Highway 1), which stretches from Victoria to Nanaimo, and then continues as Highway 19 from Nanaimo to Port Hardy, connecting key communities along the east coast. Highway 4, known as the Alberni Highway and the Pacific Rim Highway, runs from Qualicum Beach to Tofino on the west coast, providing access to the Pacific Rim National Park Reserve. These highways are crucial for transportation, linking various towns, cities, and tourist attractions, facilitating both local commute and tourism. In certain areas, particularly on Highway 1 around Nanaimo, trucks can represent as much as 25 percent of the road traffic, highlighting the highways' significance in freight movement and the local economy.

Below is an overview of the **major highway corridors** on the island³⁶:

- **Highway 1:** Extends from Victoria at the southern end, which is the capital of the island, heading north to Nanaimo, a crucial urban hub, and then links to the mainland through ferry services.
- **Highway 4:** Links the eastern and western shores of Vancouver Island, starting at Qualicum Beach and ending at Tofino/Ucluelet
- **Highway 14:** This highway mainly follows the island's southeastern shoreline. Beginning at the Trans-Canada Highway in Greater Victoria, it stretches westward, acting as the principal conduit to the Sooke, Jordan River, and Port Renfrew communities.
- **Highway 17:** Also known as the Patricia Bay Highway, Highway 17 links Victoria with Sidney and the Swartz Bay Ferry Terminal, offering ferry connections to the mainland and the Gulf Islands. It serves as the primary arterial route connecting the Saanich Peninsula to the Greater Victoria area.
- **Highway 18:** Highway 18 is a short, yet crucial provincial road linking Duncan town with the Lake Cowichan community. It acts as an essential link, facilitating the movement of vehicles between the Cowichan Valley and the lakeside region.
- **Highway 19:** Also known as the Island Highway, this is a major transportation north-south route on Vancouver Island, connecting Nanaimo to Port Hardy
- **Highway 19A:** Commonly known as the Oceanside Route or the Old Island Highway this roadway serves as a detour to the Highway 19. It follows along the eastern coast, past various towns such as Parksville, Qualicum Beach, and Campbell River
- **Highway 28:** Highway 28 on Vancouver Island plays a pivotal role as it stretches from Campbell River to Gold River, serving as an essential artery for local communities, bolstering tourism, and facilitating connectivity to the remote western regions of the island.

³⁶ <https://www.drivebc.ca/>

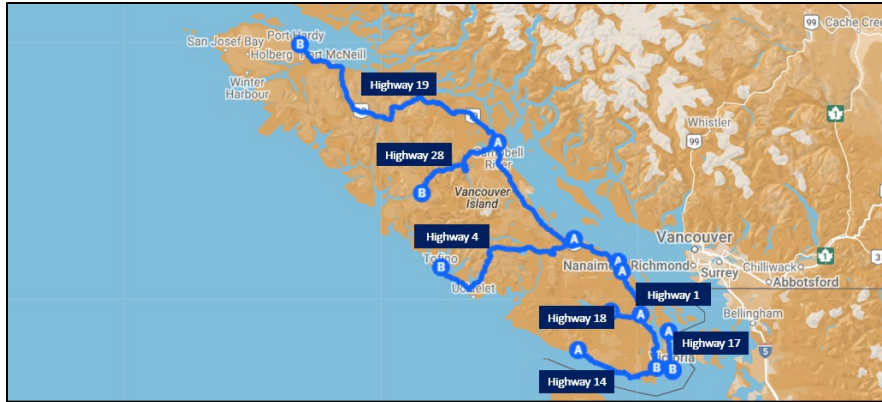


Figure 7: Key Highways

Challenges

One of the major issues recognized for the highway system on Vancouver Island is lack of alternate routes that offer good quality roads without a substantial increase in travel time. Additionally, there is heavy dependency on certain corridors like the Malahat Corridor and Highway 4. The section of Highway 1 that connects Malahat to Duncan is primarily a two-lane highway³⁷ with several sections with lower speed limits across the 45-50 km stretch. This poses challenges for flow of commercial traffic which is primarily tractor trailers.

Recent weather events resulted in closure of the important corridors which caused significant disruption for these key roads. These events have not only highlighted the key role the corridors play in regional transportation but also brought to light the urgent necessity for improved infrastructure resilience and safety enhancements to cope with severe weather phenomena³⁸. Furthermore, the emphasis on improving connectivity, particularly in central regions and along key highways, is identified as vital for the integration of different transportation modes and for boosting the overall efficiency and effectiveness of the transportation network.

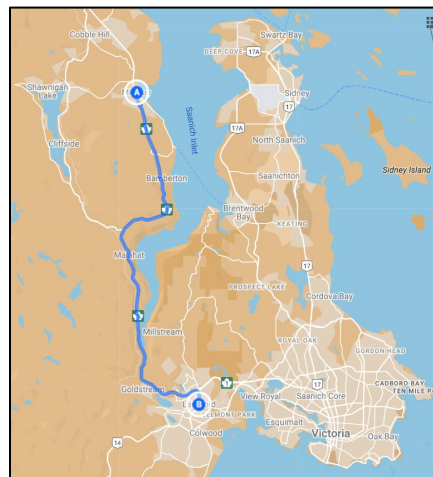


Figure 8: Malahat Corridor - Highway 1

³⁷ <https://www2.gov.bc.ca/gov/content/transportation/transportation-reports-and-reference/reports-studies/vancouver-island/malahat-study-2007>

³⁸ <https://islandcoastaltrust.ca/wp-content/uploads/2023/08/Transportation-What-We-Heard-Report.pdf>

Rail Transportation

The Island Rail Corridor, previously known as the Esquimalt and Nanaimo Railway (EandN), is the main rail infrastructure on Vancouver Island but has been underutilized for the last twenty years. The non-profit, Island Corridor Foundation (ICF) oversees this corridor and holds ownership of the rail assets, which were originally owned by Canadian Pacific Railway (CP) and RailAmerica and were acquired in 2006³⁹. The foundation has contracted out the operation and maintenance of the railway to the Southern Railway of British Columbia (SRY), which conducts its operations on the island as the Southern Railway of Vancouver Island (SVI). Current rail operations on Vancouver Island are limited and centered around Nanaimo, largely due to the poor condition of the existing railway infrastructure. The existing network handles approximately 1,200 carloads annually, with freight operations consisting of commodities like propane, grain, fly ash, and latex. Except for one customer located in northern part of the city that receives direct deliveries of propane by rail, all other railcars managed by SVI are transloaded to trucks at Wellcox Yard. This yard acts as a crucial hub for these operations, providing space for sorting inbound and outbound railcars and serving as a point of transloading into trucks. Freight connectivity to the North American rail network is maintained through Seaspan's rail barge services, which make several sailings per week between the Annacis Rail Marine Terminal on the mainland and Nanaimo. Additional isolated rail networks are present at industrial sites in Harmac and Crofton, which also receive rail barge services.

Infrastructure Overview

1. Victoria Subdivision: This section of the main line extends 139 miles from Victoria to Courtenay, traversing key communities and landscapes. Serves as a vital conduit for potential passenger and freight services, underpinning the economic and transportation framework of the region⁴⁰
2. Port Alberni Subdivision: Covers 39 miles from Parksville to Port Alberni, and historically significant for its freight traffic with potential for revitalization to bolster the corridor's freight handling capabilities⁶.
3. Yards and Terminals: The Wellcox Yard in Nanaimo Acts as the central node for freight operations, facilitating sorting, storing, and transloading activities. It links the Island Rail Corridor with broader North American rail networks through a Seaspan-operated rail barge service, essential for the interchange of commodities. A compact railway yard exists in Port Alberni, presently utilized by the Alberni Pacific Railway to store heritage rail equipment, although it is not employed by SVI for freight rail activities.

Spurs and Industrial Railways: Several rail spur locations are situated along the Island Rail Corridor network, providing direct access to the rail network for current and previous freight rail shippers. Two privately-owned industrial railways, not part of the Island Rail Corridor or under ICF ownership, support freight rail services as well with connection to the North American rail network via rail barge⁶.

Current Challenges and Future Outlook

At present, the restoration of the rail corridor encounters obstacles such as legal disputes and uncertainties in funding, which have hindered its advancement. Any meaningful restoration hinges on incorporating First Nations, recognizing previous land right disputes, and guaranteeing their pivotal involvement in forthcoming

³⁹ <https://www.islandrail.ca/wp-content/uploads/2022/05/Initial-Business-Case-FINAL.pdf>

⁴⁰ <https://www2.gov.bc.ca/assets/gov/driving-and-transportation/reports-and-reference/reports-and-studies/vancouver-island-south-coast/island-rail-corridor/island-rail-corridor-freight-analysis-appendix-d-2022-12-05.pdf>

developments. There is a need to find solutions that harmonizes contemporary transportation demands with historical disputes, striving for an outcome that honors Indigenous rights and promotes sustainable growth in the region. Potential reactivation and optimization of the rail assets could significantly contribute to the economic development of Vancouver Island, providing robust freight movement solutions and enhancing the overall resilience of the transportation network. Additionally, restoration of freight rail service has potential to not only help reduce transportation cost but also reduce GHG emissions.

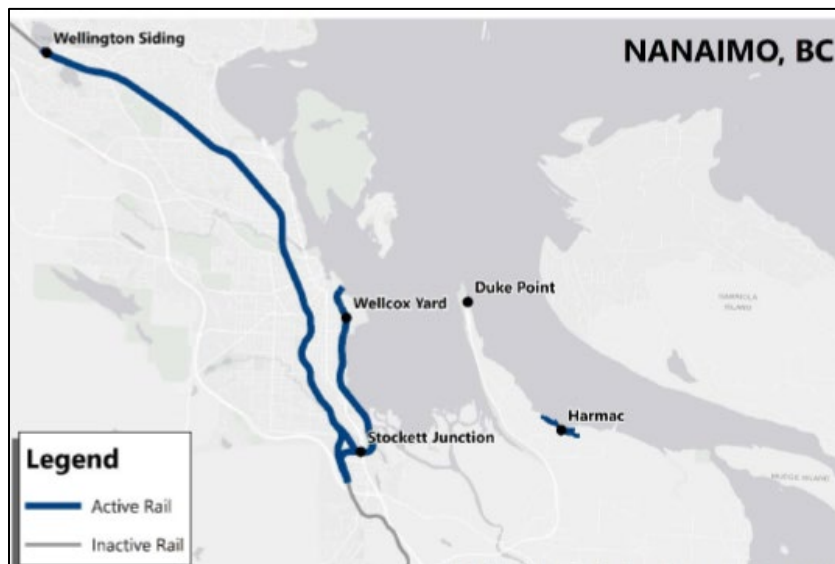


Figure 9: Rail Network on Vancouver Island ⁴¹ **Marine Transportation**

Vancouver Island features a vital maritime infrastructure network, encompassing key ports like Victoria and Nanaimo, crucial for commercial shipping, cruise tourism, and regional economic activities. They handle diverse cargo and tourists from all over the world. The network is further supported by BC Ferries, providing essential links to the mainland and adjacent islands, promoting the movement of people and goods, and showcasing the region's scenic beauty.

Major Sea Ports

1. **Port of Nanaimo:** The port of Nanaimo offers comprehensive maritime services with two deep-sea terminals: the Nanaimo Assembly Wharf and the Duke Point Terminal. The Duke Point Terminal, positioned on the Duke Point peninsula along the eastern fringe of the Nanaimo estuary, plays a crucial role in the region's logistics and transportation framework. Equipped with a range of facilities including a barge berth, roll-on/roll-off ramp, a deep-sea berth, and significant crane capacities, it is a pivotal node for containerized freight on Vancouver Island. The planned Phase 2/3 expansion by of Duke Point Terminal aims to significantly boost the terminal's container handling capabilities, further underscoring the need for integrated transport solutions.
2. **Port of Alberni:** The Port Alberni Port Authority operates terminals featuring three berths, offering comprehensive shore services for international and coastal trade. They are engaged in initiatives to enhance their import/export capabilities, particularly focusing on container shipping. The Port of

⁴¹ https://www2.gov.bc.ca/assets/gov/driving-and-transportation/reports-and-reference/reports-and-studies/vancouver-island-south-coast/en-railway/ircca-report-2020/ircca-_summary_report_master_v13.pdf

Alberni primarily handles forest products, including raw logs and lumber. It is tailored to support the forestry industry, which is a significant economic sector in the region.

Other Ports and Key Terminals

Additionally, several other terminals and ports support marine transportation for Vancouver Island as listed below.⁴²

1. **Ogden Point Terminal (Victoria):** The Greater Victoria Harbour Authority manages several terminals in the region, mostly focused on cruise ship operations, with Ogden Point Terminal handling some commercial activity. This terminal supports maritime trade with its four deep-sea berths and 100,000 sq. ft. warehouse, offering services like bunkering, garbage disposal, fresh water supply, and provisioning for efficient cargo operations. The authority, a non-profit entity, oversees various maritime assets, including deep-water berths, marinas, and land properties in Victoria's harbor.
2. **The Seaspan facility at Swartz Bay Terminal (Victoria):** The facility processes some containers daily but often reroutes shipments to larger facilities in Nanaimo due to its limited capacity for container storage.
3. **Campbell River Marine Terminal:** Situated in Menzies Bay, this terminal is a service facility dedicated to the tug and barge community along with associated business sectors. The terminal serves as a logistical hub catering to industries such as forestry/logging, aquaculture, and recreational/fishing lodges across coastal British Columbia
4. **Cowichan Bay Port:** situated on the Saanich Inlet along the southeast coast of Vancouver Island, Canada, specializes in handling break bulk cargo, particularly focusing on the export of lumber. Known as a feeder port, it plays a vital role in facilitating regional trade and logistics, contributing significantly to the area's economic activities.
5. **Port Hardy:** Located at the Northern End of Vancouver Island, Port Hardy serves as a gateway for the movement of goods and people between the island and the mainland, also supports local fishing and aquaculture industries. The port has a sizeable impact on the local through connectivity and resource-based industries, playing a crucial role in regional development.
6. **Port McNeill:** Port McNeill on northeastern Vancouver Island, British Columbia, serves as a critical hub for the region's maritime activities. It primarily supports the forestry, fishing, and aquaculture industries and acts as an essential service and supply base for the northern part of the island. By providing employment and fostering community development, the port enhances economic stability. Its strategic role in connecting northern communities to larger markets is vital for the efficient distribution of local resource.

Air Transportation

Vancouver Island air transportation network is crucial for both passenger mobility and cargo logistics, complementing its maritime services. The island's airports connect it to national and international destinations, facilitating business, tourism, and local commerce.

- **Passenger Mobility:** Essential for daily commuter flights and tourist access to remote areas, air services include international flights at major hubs like Victoria International and specialized routes via seaplanes and helicopters, improving access and travel experiences across the island.

⁴² <https://shippingmatters.ca/about-cos/>

- **Cargo Logistics:** Air transport is crucial for the rapid delivery of high-value and time-sensitive goods, supporting vital industries such as technology and facilitating the export of local products like seafood and crafts to ensure timely market delivery.



Figure 10: Major Ports and Key Harbors

Aircraft Services on Vancouver Island:

Air service network includes not only large aircraft operations at major airports but also extensive use of seaplanes and helicopter services that enhance connectivity, especially to remote areas and smaller communities.

1. **Seaplanes:** Renowned for their efficiency, seaplanes operate out of hubs like Victoria, Nanaimo, and Tofino, providing fast connections essential for tourism and transporting time-sensitive cargo like documents.
2. **Helicopter Services:** Helicopters are pivotal for emergency services, logging, and accessing challenging terrains, and also serve the luxury tourism sector with charter flights and scenic tours.
3. **Large Commercial Planes:** Major airports such as Victoria International and Nanaimo Airport cater to most passenger and cargo traffic. These hubs handle extensive cargo operations, supporting industries by ensuring the swift delivery of perishable and high-value goods.

Major Airports

1. **Victoria International Airport (YYJ):** Located in North Saanich, Victoria International Airport is the largest and busiest airport on Vancouver Island. It provides comprehensive passenger services and cargo facilities. The airport is a critical hub for air freight in the region, handling a variety of cargo that supports local businesses and international trade. Recent expansions include upgraded cargo handling facilities to increase capacity for freight operations, reflecting its growing importance in regional logistics.
2. **Nanaimo Airport (YCD):** Serving as a key node in central Vancouver Island, Nanaimo Airport facilitates both passenger travel and cargo transport. It has seen significant infrastructure

enhancements, including runway extensions to accommodate larger aircraft. This expansion enables increased cargo capacity and improves the airport's capability to handle more direct flights, thereby boosting efficiency for time-sensitive deliveries and business travel.

- 3. Comox Valley Airport (YQQ):** The Comox Valley Airport is essential for connecting the northern part of Vancouver Island to other regions in Canada and select U.S. destinations. Specializing in both passenger services and cargo, the airport supports the movement of seafood and other perishables, critical to the island's aquaculture and agriculture sectors. Investment in cold storage and processing facilities at the airport underscores its role in the export of regional products.

Other Smaller Regional Airports: These airports are vital for intra-island connectivity and support various local industries through tailored air services. The key ones being Campbell River Airport, Port Hardy Airport, Qualicum Airport and Tofino-Long Beach Airport.



Figure 11: Key Airports

2.8 Industrial Land on Vancouver Island

The industrial land landscape on Vancouver Island presents a unique and dynamic segment of the real estate market, reflecting the region's evolving economic base and growing industrial demand. The island's industrial land encompasses a range of uses, from manufacturing and warehousing to distribution and logistics, catering to a broad spectrum of industries.

The Nanaimo and Mid-Vancouver Island region has seen notable changes in its industrial real estate sector, with fluctuations in vacancy rates and increased speculative construction activity. The City of Nanaimo, a key industrial activity zone, exhibited a striking decrease in its industrial vacancy rate, plunging from 2.42% in the third quarter of 2022 to 0.71% in the corresponding quarter of 2023. This figure notably undercuts the vacancy rates seen in Greater Victoria and Vancouver, underscoring Nanaimo's growing prominence in the industrial market landscape. The limited supply has resulted in a significant increase in average asking net rents in the region, rising from \$15.63 per square foot in Q3 2022 to \$20.86 per square foot in Q3 2023. This hike reflects the constrained supply, although rental rates are expected to stabilize as upcoming projects are

completed. For instance, the speculative construction of approximately 331,906 square feet⁴³ of industrial space aims to alleviate some of the current supply challenges. The constriction in vacancy can be primarily attributed to the limited introduction of new industrial spaces into the market. Looking forward, the trajectory of interest rates will invariably impact the sector, particularly concerning investment properties and the purchasing capabilities of owner-users. Despite these financial considerations, the underlying growth momentum in the mid-island region is expected to sustain a bullish outlook among investors and stakeholders in the industrial property market. In the Southern region, the current state of the Greater Victoria industrial property market is one of cautious optimism, characterized by a responsive development pipeline, adjusting rental rates, and a strategic focus on meeting the nuanced demands of the industrial sector.

The industrial market continues to attract significant activity, with notable lease and sales transactions emphasizing the continued appeal of Greater Victoria's industrial spaces⁴⁴.

Industrial construction on Vancouver Island faces notable challenges that require careful navigation. The industry continues to grapple with labor shortages, making it difficult to find experienced workers, which can further increase project timelines and expenses. Stringent environmental regulations add another layer of complexity, particularly in sensitive areas, necessitating meticulous planning and compliance. Furthermore, lengthy and complex permitting processes often result in significant delays, affecting project feasibility and timelines⁴⁵. Given these challenges, strategic planning, robust supply chain management, and adherence to regulatory compliance are crucial for industrial construction projects on Vancouver Island.

Key industrial zones on Vancouver Island

1. Greater Victoria Area
 - a. West Victoria: This zone includes industrial and commercial sectors near Victoria Harbor, focusing on manufacturing, technology, and marine industries.
 - b. Saanich and Sidney: Known for light industrial operations such as high-tech firms, R&D labs, and specialized manufacturing.
2. Mid-Island Region
 - a. Nanaimo: Central industrial hub catering to manufacturing, warehousing, and logistics, benefiting from proximity to major harbors.
 - b. Parksville and Qualicum Beach: Hosts diverse light industrial and manufacturing businesses, strategically located with good transport access.
3. North Island
 - a. Campbell River: Evolving industrial areas traditionally linked to natural resources but now expanding into technology and manufacturing.
 - b. Port Alberni: Transitioning from a forestry base to a broader industrial scope, including manufacturing and export-driven businesses.
4. Specialized Industrial Hubs
 - a. Comox Valley: Diverse sectors like manufacturing, food production, and tech startups, capitalizing on the region's growth.

⁴³ <https://www.collierscanada.com/en-ca/research/nanaimo-and-mid-vancouver-island-industrial-market-report-fall-2023>

⁴⁴ <https://www.collierscanada.com/en-ca/research/victoria-industrial-market-report-2023-q4>

⁴⁵ <https://bccassn.com/wp-content/uploads/2024/02/BCCA-Industry-Survey-2024-Web-Final-V1.pdf>

- b. Cowichan Valley: Mixes traditional and emerging industries, from forestry to clean tech and advanced manufacturing.

Development Trends: Vancouver Island's industrial zones are evolving, with expansions and new developments reflecting the island's economic growth, sustainability goals, and community needs. These zones are vital for supporting both established and new industries, contributing to a resilient and diverse industrial landscape.

2.9 What's on Horizon: Infrastructure Projects and Investments

In examining the economic landscape of Vancouver Island, it becomes evident that the region is on a trajectory of robust growth and diversification, underpinned by a series of strategic investments across various sectors. These forthcoming ventures, ranging from substantial infrastructural projects like the Duke Point Terminal expansion to transformative community developments such as the Cowichan District Hospital replacement, signal a forward-looking momentum. They collectively embody the region's commitment to enhancing its economic resilience, fostering innovation, and ensuring sustainable development. Some noteworthy projects on the horizon are listed below:

1. **Agri-Tech Investments:** The B.C. Centre for Agritech Innovation (BCCAI)⁴⁶ is funding new agritech projects that enhance local food production, create jobs, and develop technologies to build a sustainable food supply in British Columbia. Announced at the 2024 Pacific Agriculture Show, these projects represent a \$2 million investment aimed at addressing key challenges such as soil health and pest management, while promoting Indigenous food sovereignty and agri-tech training.
2. **BC Ferries Fleet Renewal Program:** A significant C\$500 million investment⁴⁷ aimed at renewing the fleet over the next decade, enhancing transportation infrastructure and efficiency.
3. **Business Park Expansions:** Business park expansion projects in Sidney, Comox Valley, Campbell River, Saanich, Duncan and Cowichan Valley reflect a strategic initiative to bolster the region's economic landscape. Envisioned to create a cohesive network of business and industrial parks, this initiative aims to support diverse industries including technology, manufacturing, and professional services, thereby fostering innovation, economic growth, and job creation. Each park is designed to cater to the specific needs of its community while contributing to the overall economic resilience and sustainability of Vancouver Island, promoting a balanced approach to regional development and environmental stewardship.
4. **Hydro's Dam Upgrades:** With around \$1 billion in investments, BC Hydro is aiming to improve the seismic resilience for the John Hart Dam and spillway capacity for the Strathcona Dam. These projects are crucial for the region's energy security and environmental protection. While the John Hart upgrades are expected to be completed by 2029, the Strathcona Dam project is still in planning stage.
5. **Digital Supercluster Initiative:** Part of a larger C\$950 million federal investment⁴⁸, this initiative aims to accelerate the development and application of digital technologies, spur economic growth, enhance competitiveness in the global market, and create jobs across various sectors, driving innovation and technological advancements that benefit industries and communities throughout Vancouver Island and beyond.

⁴⁶ <https://news.gov.bc.ca/releases/2024JEDI0005-000087>

⁴⁷ <https://news.gov.bc.ca/releases/2023MOTI0154-001530>

⁴⁸ <https://news.gov.bc.ca/releases/2017JTT0145-001727>

6. **Duke Point Terminal Expansion:** The Phase 2/3 Duke Point Terminal Expansion is a strategic initiative aimed at enhancing the terminal's capacity and efficiency, supporting Vancouver Island's economic growth. This project focuses on upgrading infrastructure to accommodate larger vessels and increasing cargo volume, thereby improving the terminal's logistics and connectivity.
7. **Global Blue Economy:** The global blue economy encompasses sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystems. It includes investments in various sectors like renewable energy, fisheries, maritime transport, and tourism. The COAST project⁴⁹, aimed at enhancing the ocean technology sector, is part of the Government of Canada's investment exceeding \$8.1 million to innovate in ocean tech, life sciences, and clean energy on Vancouver Island
8. **Manufacturing:** New funding⁵⁰ for Vancouver Island's manufacturing sector will boost advanced manufacturing capabilities, enhance forest sector efficiency, and create sustainable jobs. The BC Manufacturing Jobs Fund is investing \$3.4 million in projects like VMAC Global Technology Inc.'s expansion in Nanaimo, enhancing the region's economic stability and job market.
9. **Sandstone Development (Nanaimo):** The \$2 billion Sandstone development⁵¹ in Nanaimo, planned over two decades, will include around 2,200 residential units, up to 125,000 square feet of commercial space, and possibly 3 million square feet of industrial space. This project, the largest of its kind in the community's history, aims to bolster economic and business growth in southern Nanaimo.

Tofino Tourism Infrastructure Enhancements: Investments in improving tourist facilities, including accommodations, attractions, and eco-tourism initiatives.

2.10 Regional Synopsis

The regional analysis of Vancouver Island reveals a landscape rich with opportunities yet challenged by its unique geographic and economic conditions. The island's diverse ecosystems and strategic administrative divisions underscore its potential for development and need for careful strategic planning. Economic opportunities are buoyed by a mix of traditional sectors and burgeoning industries like technology and tourism, which drive the island's adaptability and growth potential. However, challenges such as transportation bottlenecks and the need for infrastructure improvements highlight the critical areas for investment to enhance regional connectivity and economic resilience. Moreover, the surrounding islands add to the complexity and richness of the region, offering both challenges in integration and opportunities for expanding the biodiversity and cultural tapestry of the area. Overall, understanding these opportunities and challenges is crucial for stakeholders aiming to harness Vancouver Island's potential for sustainable growth and strategic development.

⁴⁹ <https://southislandprosperity.ca/ocean-hub/>

⁵⁰ <https://news.gov.bc.ca/releases/2023JEDI0074-002011>

⁵¹ <https://canada.constructconnect.com/joc/news/projects/2024/01/2b-sandstone-development-in-nanaimo-will-rise-over-two-decades>

IDENTIFIED CHALLENGES

3. Challenges

Building on the regional research and analysis of Vancouver Island, including its intricate supply chains, transportation infrastructure, and economic landscape, we now turn our focus to the prevailing challenges that impact doing business in this unique region. The following discussion delves into the various hurdles that stakeholders frequently encounter, illuminating the complexities intertwined with the island’s logistical, economic, and demographic frameworks.

The challenges highlighted herein stem from a range of factors, from the physical constraints of the island's geography to the evolving market dynamics that influence its industries and sectors. This examination provides crucial insights into the barriers that must be navigated to enhance operational efficiency and foster sustainable growth within the region’s economic ecosystem.

The analysis of challenges faced by Vancouver Island is organized into six interconnected thematic areas, each highlighting specific issues that collectively shape the region's economic and logistical landscape.

3.1 Challenges Themes

Challenges Themes	
Inefficiencies in Regional Supply Chains	Supply chain issues stemming from lack of sufficient transportation operators, and limited visibility into supply chains etc. translate into bottlenecks that cause inefficiencies
Missed Opportunities for Collaboration	Missed opportunities in capitalizing on synergies through improved collaboration across sectors and organizations leads to sub-optimal results and inequitable growth
Impact of Limited Industrial Development	Lack of sufficient industrial development, particularly in goods manufacturing industries, hampers economic growth and leads to reliance on offshore suppliers, further deepening Vancouver Island's supply chain vulnerabilities
Infrastructure and Resource Limitations	Limited infrastructure development and constrained resources across transportation, utilities, land and labour hinder optimal economic growth on Vancouver Island, leading to restricted industry expansion.
Regulatory Shifts	Evolving regulations and policy changes are leading to disruptions in traditional industries such as forestry and fisheries as the industries try to maintain competitiveness and compliance
Gaps in Promoting the Regional Brand	Insufficient marketing and awareness of Vancouver Island's unique advantages, hinders its appeal to potential workers and industries

While each of the above themes encompass a variety of challenges impeding the region, they are closely interlinked; for instance, supply chain inefficiencies, such as limited transportation options, directly raise costs and extend shipping times, impacting industrial development and economic health. Infrastructure issues also crucially affect business efficiency and cost structures, key for understanding industrial growth

and regulatory challenges. To better understand the implications and potential strategies for addressing these issues, the next section delves into each challenge in detail, exploring their roots, current impact, and the broader context that frames them:

3.1.1 Inefficiencies in Regional Supply Chains

The regional supply chains on Vancouver Island are characterized by inefficiencies arising from a limited number of transportation operators, high transportation costs, extended shipping lead times, customs delays, and limited supply chain visibility. These factors combine to create significant bottlenecks that increase operational costs and reduce the adaptability and efficiency of the local economy.

1. Limited Number of Transportation Operators

Vancouver Island's geographical characteristics make it heavily reliant on short sea shipping for connectivity with the mainland. However, this critical transport route is dominated by only two main operators: Seaspam and BC Ferries, with the latter primarily serving passenger transportation needs. This poses significant challenges for the regional economy, affecting everything from transportation costs to service options. The high transportation costs directly impact the bottom line of businesses that depend on these services for importing materials and exporting goods. This issue gets exacerbated during peak tourist season that typically ranges from summer to early fall, causing service delays due to capacity constraints on services operated by BC Ferries.

The dominance of two players in this essential service creates a bottleneck in the regional supply chain, making the entire economic ecosystem vulnerable to any operational hiccups or policy changes from these providers. Addressing this issue is vital not only for reducing transportation costs but also for enhancing the overall resilience and efficiency of Vancouver Island's supply chain.

2. High Transportation Costs

Business on the island incur high transportation costs driven by a confluence of factors. The extra transportation leg of the short sea shipping route to/from the mainland is one of the major driving factors. Remote community locations necessitate even longer and more complex logistics routes, increasing the transportation complexities further. Additionally, the limited competition amongst transportation operators impacts the prices charged. Vancouver island's limited goods production further results in high rates of empty backhauls to the mainland: vehicles/containers often return to the mainland without cargo, a cost inefficiency that businesses must absorb. This directly impacts the profitability of existing businesses and also impedes new businesses from setting operations locally.

3. Extended Shipping Lead Times

Extended shipping lead times are a significant logistical challenge for Vancouver Island businesses. Local ports do not receive direct calls from shipping lines, necessitating that cargo be routed through Vancouver, which adds extra day(s) to shipping schedules. One of the interview participants representing a medical devices company mentioned that the additional day(s) is a logistical constraint they have adapted to, but it remains a significant factor in their overall supply chain efficiency, particularly given the urgency often required in their projects. Additionally, some industries such as "big box" retailers receive containerized shipments from international suppliers at the port in Vancouver and then route them eastwards to consolidation facilities in Calgary before bringing them back west to the island, further prolonging delivery times. Compounding these issues,

poor conditions of key infrastructural elements like the Malahat corridor lead to frequent traffic disruptions, exacerbating delays. Collectively, these factors significantly impair the efficiency of local supply chains and reduce the competitiveness of island businesses in markets where prompt delivery is essential for customer satisfaction and business success.

4. Customs Delays

Businesses on the island depend on customs clearance services in Vancouver due to the lack of necessary CBSA facilities locally. This reliance on the congested Vancouver port worsens the customs clearance process, resulting in significant delays that directly affect the supply chains of local businesses.

Furthermore, many small businesses on the island face additional challenges due to their lack of resources and expertise in managing global supply chains. Without dedicated logistics teams or the support of experienced customs brokers, these businesses struggle with the complexity of the customs process.

5. Limited Supply Chain Visibility

The study revealed poor visibility into supply chains as a major obstacle for companies and other relevant players on Vancouver Island. This lack of visibility manifests as limited insights into key supply chain elements such as transportation lanes (pre-defined routes used by transportation companies), distribution facilities, and other logistics resources.

The absence of a mechanism to gain insights into these important resources and logistical elements complicates the overall logistics management with numerous interdependent processes. These factors affect the ability to plan, collaborate, and respond effectively to market demands and disruptions. This challenge is a crucial barrier to the overall operational efficiency and scalability of island-based businesses.

The compounded effect of these challenges necessitates strategic intervention to enhance competitiveness and efficiency. This could include regulatory changes to encourage new entrants and increase competition, as well as investments in technology to improve visibility and responsiveness in the supply chain.

3.1.2 Missed Opportunities for Collaboration

Collaboration across Vancouver Island's economic sectors is hampered by lack of structured cooperation, complex historical issues with First Nation land rights, and a lack of synergy between various sectors. These factors collectively impede optimal logistics management, economic inclusivity, and innovation, leading to inefficiencies and missed economic opportunities.

1. Minimal Collaboration to Tap into Shared Resources

Currently, many businesses operate without formal mechanisms or advanced tools that facilitate efficient collaboration, relying instead on ad-hoc and informal methods of coordination. This limited collaboration is exemplified as missed opportunities for freight consolidation and load-sharing, which can help reduce transportation costs and enhance overall logistic efficiencies. Some businesses counter this through ad-hoc measures as revealed by a food business delivering to the lower mainland, that has developed informal partnerships with other local businesses to load their freight on backhauls. While this method provides a temporary solution, it lacks the scalability and reliability that formalized tools and software could offer. Similarly, participants in remote areas like Tofino

have mentioned collaborating informally with other businesses to coordinate on transportation routes.

This lack of collaboration and the resultant inefficiencies not only lead to higher operational costs but also reduce the agility of businesses to respond to market changes and opportunities. This absence of structured collaboration results in missed opportunities beyond just transportation, affecting areas such as resource sharing, joint marketing efforts, and collective procurement.

2. Challenges Stemming from Inequitable Development: Missed Opportunities in Collaborating with First Nations

Historical disparities in development present nuanced challenges for First Nation communities on Vancouver Island, subtly influencing both regional economic progress and the inclusiveness of supply chains. In several industries such as forestry and fisheries, these communities have been confined primarily to early stages of supply chains, focusing largely on raw material extraction with minimal involvement in further processing or manufacturing. This limited participation restricts their access to the full economic benefits of their resources and reduces their influence over the final products. Additionally, the use of First Nation lands for less profitable purposes curtails the economic potential of these assets. Successfully addressing these issues of inequitable development is essential not only for the prosperity of First Nation communities but also for improving the overall competitiveness of Vancouver Island's economy.

3. Lack of Synergy Between Sectors

The absence of active collaboration among industry, academia, government, and communities on Vancouver Island is a barrier to converting innovative research into practical, market-ready solutions. This lack of synergy leads to misalignments between educational programs and industry demands, contributing to a skills gap that stifles local business innovation and growth. The study revealed instances of this mismatch in computer science programs at local educational institutes to meet the industry needs. This disconnect not only hampers technological progress but also reduces the region's attractiveness to businesses and investors, potentially impeding economic growth and technological development on the island.

The lack of structured collaboration across Vancouver Island hampers its economic and technological potential. This absence of synergy, especially affecting First Nations communities and the alignment between education and industry, escalates costs and restricts business agility. For improved competitiveness and a dynamic economic environment, sustained collaboration across all sectors is crucial. Addressing these gaps is essential for regional growth and inclusivity.

3.1.3 Impact of Limited Industrial Development

The study uncovered several constraints around industrial development on Vancouver Island, which notably restricts the region's economic resilience and growth potential. These manifest across various critical aspects, impacting everything from local supply chains to the ability to attract and sustain new industries.

1. Shortage of Distribution Centers

Vancouver Island lacks sufficient number of distribution centers (DCs), particularly larger facilities for carrying food and other necessities. This shortage has led to a dependency on mainland distribution centers, as highlighted by the recent closure of a major retailer's distribution center in Errington, which now relies on replenishment from a DC on the Vancouver mainland. This scarcity compels

reliance on mainland distribution centers, making local supply chains vulnerable, especially during disruptions like ferry cancellations or bad weather. Such reliance not only risks critical shortages - some communities have faced situations where only a three-day food supply was available - but also necessitates maintaining higher safety stocks.

2. **Dependency on Mainland/International Suppliers**

The island's heavy dependence on mainland and international suppliers for raw materials and other essentials introduces substantial risks and inefficiencies to its supply chains. This reliance extends lead times, complicates logistics, and inflates costs, weakening the competitive position of local businesses against those with direct access to supplies and streamlined operations. Additionally, this dependency leaves island businesses vulnerable to disruptions, from transport strikes to global supply chain issues.

3. **Lack of a Manufacturing Ecosystem**

Vancouver Island lacks a robust manufacturing ecosystem to support the local industries. This is a barrier to economic diversification and growth.

Participant Quote: Trucking

"The inevitability is that we're not going to get an equal on island off island load plan unless we get into a lot more consumable type of manufacturing on Vancouver Island."

Without a network of local suppliers, maintenance companies, logistics, and warehousing services, the island struggles to attract and maintain manufacturing operations, making it less appealing for potential investments. This gap not only limits job creation and sector development but also restricts the island's participation in more advanced

industrial activities.

4. **Limited Goods Production**

Vancouver Island grapples with a notable deficiency in its goods production sector, a problem that extends deep into the fabric of its economic and logistical systems. This limitation is vividly illustrated by the island's reliance on a narrow range of manufacturing related exports, predominantly commodities such as forest products. Historically reliant on industries such as forestry, the island has seen a contraction in these sectors, further diminishing its manufacturing output. This lack of substantial goods production not only impacts the ability to generate mass employment opportunities, which are crucial for regional economic health, but also affects the broader economic structure and efficiency of local supply chains.

In summary, the limited industrial development on Vancouver Island creates significant barriers to its economic resilience and growth. These challenges restrict the region's ability to attract investments and diversify economically. Strategic initiatives focused on enhancing infrastructure and broadening industrial capabilities are crucial for boosting the island's economic stability and fostering sustainable development.

3.1.4 **Infrastructure and Resource Limitations**

The study has uncovered multiple infrastructure limitations on Vancouver Island that are impeding the region's logistical efficiency and economic development. These challenges, ranging from underutilized transportation systems to constrained utility capacities, highlight the critical need for infrastructure enhancements to support future growth and resilience.

1. Underutilized Rail Infrastructure

The rail network which actively contributed to island's robust transportation system has seen a notable decline. This underutilization has shifted the burden to road freight, leading to increased greenhouse gas emissions and exacerbated road congestion as also highlighted in some other regional studies⁵². The lack of an active rail service not only impacts the environment but also reduces the competitiveness of sectors like manufacturing and agriculture, which would benefit from more cost-effective and extensive shipping options.

2. Aging Road Infrastructure

Vancouver Island's aging road infrastructure poses significant challenges, particularly in its critical highway corridors, which are heavily relied upon for both local commuting and commercial transport. The Malahat section of Highway 1 that is crucial to connectivity between Nanaimo and Victoria, two major economic centers, has been identified as having several deficiencies. This key corridor experiences frequent unplanned closures caused by accidents and weather disruptions⁵³. The issues get exacerbated due to lack of alternate routes. Additionally, several sections have only one lane traffic flow and low speed limits, further creating bottlenecks to the flow of traffic. Similar issues also plague the roads connecting Port Alberni on the west to the port in Nanaimo. These aging roads, are particularly vulnerable during natural events like heavy rainfall, resulting in frequent isolations of communities and disruptions in the movement of goods. The deteriorating conditions lead to increased travel times, higher vehicle maintenance costs, and reduced supply chain efficiency.

3. Utility Constraints

Utility infrastructure on Vancouver Island is an area of concern, particularly regarding the limitations in power and supply, which pose crucial barriers to scaling up industrial and economic activities on

Participant Quote: Economic Development Office

"It would be really hard to grow manufacturing or any industrial industry to large scale on the island because we don't have enough gas and electricity."

the island. In 2023, BC Hydro, typically a net exporter of power, had to import approximately 10,000 gigawatt hours of electricity for the province⁵⁴ - about a fifth of the province's energy needs. This significant shift was largely attributed to droughts that severely impacted the region's water levels and reduced hydroelectric generation. The dependency on external power sources and vulnerability to extreme weather events highlight the urgent need for developing a robust and autonomous energy infrastructure. Such infrastructure is vital to support industrial growth and ensure economic stability on the island.

4. Shortage of Industrial Land

The region has been experiencing shortages in availability of industrial land in key economic centers. While this issue is particularly pronounced in Victoria, Nanaimo while currently slightly better off, is also on a trajectory where it could soon face similar constraints. This scarcity poses substantial challenges to economic diversification and the establishment of new businesses, thereby

⁵² <https://www2.gov.bc.ca/assets/gov/driving-and-transportation/reports-and-reference/reports-and-studies/vancouver-island-south-coast/island-rail-corridor/island-rail-corridor-freight-analysis-appendix-d-2022-12-05.pdf>

⁵³ https://www2.gov.bc.ca/assets/gov/driving-and-transportation/reports-and-reference/reports-and-studies/vancouver-island-south-coast/south-island-transportation/south_island_transportation_strategy_technical_report_no1_-_transportation_snapshot_-_final.pdf

⁵⁴ <https://www.cbc.ca/news/canada/british-columbia/bc-electric-rate-changes-as-province-imports-power-1.7065802>

constraining the region's overall economic development. This land scarcity restricts economic diversification and limits the region's capacity to attract a wide range of industries, crucial for a balanced and resilient economy.

5. Labor Shortages and Skill Misalignment

Labour availability on Vancouver Island is widespread problem across industries. Businesses are grappling with a labor market misalignment, where the available workforce's skillsets do not meet the market demands. This mismatch is impeding business growth, reducing productivity, and complicating efforts to attract and retain industries that are critical for the region's economic diversification and sustainability.

Participant Quote: Transportation Business

"Labor availability is a significant challenge, given the island's demographic trends. The labor market on the island does not readily support large-scale industrial operations, partly because many residents are retirees and the area does not attract a young workforce looking for employment in logistics

This difficulty also highlights a broader issue across traditional sectors, where attracting young talent is becoming increasingly problematic. Retaining skilled labor is also a significant challenge, as many qualified workers leave the island due to limited career opportunities. Moreover, many local training programs and educational institutions have not fully adapted to the evolving technological advancements and skill requirements of modern industries.

This impacts the overall economic health of the island by restricting productivity and innovation. Industries that cannot find adequate local talent may face delays, reduced output, and increased costs from having to recruit from outside the region or invest heavily in training.

The infrastructure and key resource challenges on Vancouver Island are multifaceted, affecting transportation, energy supply, labor and land availability, all of which are crucial for sustainable economic development. Addressing these limitations through strategic infrastructure investments and planning is essential to enhancing the island's economic resilience, supporting industrial growth, and improving the overall quality of life for its residents.

3.1.5 Regulatory and Policy Challenges

Regulatory shifts and policy related gaps are having far reaching consequences, impacting key sectors and the broader economic landscape. These changes, crucial for addressing environmental and resource management concerns, nonetheless pose direct challenges to operational continuity and economic stability.

1. Lack of a Coherent Supply Chain Strategy

Vancouver Island's economic vitality is significantly hampered by a lack of a coherent, region-specific supply chain strategy. This deficiency impedes operational coordination and resilience across the island's diverse industries, which in turn negatively impacts the competitive edge and growth potential of businesses operating in the region. The interviews revealed concerns amongst local businesses about the absence of a unified

Participant Quote: Distribution Business

"The biggest challenge, the business on the island. Is the lack of a coherent transport strategy"

approach to addressing the unique logistical and infrastructural challenges that affect the island's supply chains. The geographic location of Vancouver Island, coupled with its dependence on limited transportation links to the mainland and other regions, necessitates a tailored strategy that considers these specific circumstances. Without such a strategy, the region struggles to optimize its logistics operations, resulting in inefficiencies and increased costs. Moreover, the current lack of strategic coordination among businesses, government entities, and other stakeholders leads to fragmented supply chain management practices.

2. Impact of Regulatory Shifts

Vancouver Island's traditional economic mainstays, notably the forestry and fisheries sectors, are currently navigating through a turbulent period marked by significant regulatory shifts and policy changes. These changes, which include the ban on open-net salmon farming and amendments to the Forest and Range Practices Act (affecting forestry practices), pose profound risks to local employment and the overall economic stability of the region. As revealed in the regional analysis, there have been recent closures of some key farms and forestry related operations on the island. The regulatory environment for these sectors is tightening in response to environmental concerns and the sustainable management of natural resources. While these changes are aimed at protecting ecosystems and ensuring long-term environmental health, they have immediate and disruptive impacts on the industries that have historically been pillars of the island's economy. The ban on open-net salmon farming, for instance, directly affects numerous operations across the island, leading to job losses and economic downturns in communities heavily reliant on aquaculture. As these industries adjust to the new regulatory frameworks, the potential for decreased production raises concerns over job security for workers and economic activities in related sectors.

The ongoing regulatory shifts underscore the urgent need for economic diversification on Vancouver Island. Reliance on sectors vulnerable to such changes makes the local economy particularly susceptible to policy-driven disruptions. Without a broader array of economic activities, the island's economy faces significant risks of instability and contraction.

3.1.6 Gaps in Regional Branding and Communication

Vancouver Island's branding and communication efforts are currently facing several gaps, hindering the region's ability to fully capitalize on its unique advantages and attract investment and talent. These gaps affect both the perception and the practical utilization of the island's offerings, impacting economic growth and diversification.

1. Underutilized Local Advantages

It was uncovered during the study that there is a critical underutilization of local advantages such as the Foreign Trade Zone (FTZ) status and various governmental incentives, including tax benefits for hiring interns. These advantages, which are designed to spur economic development, remain largely unknown and under-used by local businesses. The lack of effective promotion and support for the FTZ program has resulted in its underperformance, reflecting a broader issue of inadequate government backing in maximizing these incentives. This underutilization not only restricts current business growth but also diminishes the island's capacity to attract new industries and investments that are crucial for economic strengthening and diversification.

2. Limited branding/marketing around attractiveness of Vancouver Island for workers and industries

Vancouver Island also struggles with limited branding and marketing efforts that fail to effectively showcase the region as an appealing destination for skilled workers and industries. Despite its natural beauty and quality of life, the island's potential as a prime location for attracting top talent and innovative companies is not being fully communicated to the outside world. This deficiency in a cohesive and compelling branding strategy leads to missed opportunities, as potential investors and businesses remain unaware of the financial and logistical benefits the island offers. Consequently, these advantages go underutilized, further impeding regional growth and diversification.

Addressing the gaps in regional branding and communication is essential for Vancouver Island to harness its full potential. Effective strategies to promote local advantages and a robust branding campaign are critical to attracting the necessary human resources and business investments. By enhancing these efforts, the island can better position itself as a desirable location for both living and doing business, fostering greater economic growth and resilience.

3.2 Challenges Synopsis

The findings and in-depth analysis offer insights into the complex challenges that stakeholders on Vancouver Island face in navigating the region's intricate supply chains, transportation infrastructure, and economic landscape. These challenges are deeply interwoven with the island's logistical, economic, and demographic realities and are influenced by a variety of factors including geographic constraints and dynamic market conditions.

These issues highlight the critical barriers that must be addressed to boost operational efficiency and encourage sustainable economic growth. As we move into exploring potential strategies in the following sections, it is crucial to keep in mind the interconnected nature of these challenges and the collective effort required to overcome them. The path forward should involve not just mitigating immediate logistical or infrastructural issues but also building a resilient economic framework that can adapt to future challenges and opportunities.

INSIGHTS FROM OTHER REGIONS

4. Looking Beyond: Global Insights

In the pursuit of enhancing Vancouver Island’s economic strategies and addressing its noted challenges, it becomes essential to look beyond local borders for broader perspectives and proven solutions. Considering the myriad challenges facing the region’s supply chains and economy, regions with comparable geographic and economic attributes can serve as benchmarks. Regions worth studying are those with similarities in geographical characteristics, economic structure, and traditional reliance on sectors such as tourism and resource-based industries. Additionally, regions worth studying must demonstrate a history of innovative solutions to challenges similar to those faced by Vancouver Island, particularly in the realms of supply chain, economic diversification, and sustainable development.

The island states of Tasmania in Australia and Jeju in South Korea stand out in particular. These regions match up to Vancouver Island in terms of analogous geographical features, economic configurations, and logistical considerations, making them ideal counterparts for assessing supply chain frameworks, economic development, and diversification strategies in insular environments.

Tasmania shares a similar geographical and demographic profile with Vancouver Island, offering a pertinent comparison for understanding the dynamics of island economies. Its experiences with economic development, environmental sustainability, and supply chain management in the context of geographic isolation provide valuable insights into potential strategies that could be applied to Vancouver Island. Jeju is recognized for its innovative approaches to economic diversification, tourism, and sustainability, operating within a semi-autonomous governance framework. Its success in these fields, achieved despite or perhaps because of its insular nature, presents a compelling case study for Vancouver Island, especially in leveraging unique geographic attributes for economic advantage. Additionally, Bali, Indonesia provides some excellent lessons in implementing modern technology-based solutions to optimize the tourism potential.

A holistic approach for this regional comparison enables extraction of valuable lessons on enhancing economic resilience, diversifying industries, and improving supply chain efficiencies. A well-rounded view that integrates global successes into local practices, is key to ensure that strategic recommendations for Vancouver Island are informed by a comprehensive understanding of what works in comparable regions.

4.1 Cross-Regional Comparison

Regional Overview			
	Tasmania, Australia	Jeju, South Korea	Bali, Indonesia
	Located off the southern coast of Australia, Tasmania has a population of 573,000 as of 2022-23. The region boasts a GDP of \$38.58 billion AUD, reflecting its diverse economic activities that include goods production, service provision, and logistics, connecting	Jeju Island, off South Korea's southern coast, supports a population of 677,057 and generates a GDP of 21 trillion KRW as of 2022. Known for leveraging its natural resources, Jeju has become a leader in sustainable development and green energy, contributing	Bali, an island province of Indonesia, is renowned for its cultural heritage and natural beauty. With a GDP of 245.2 trillion Indonesian Rupiah as of 2022 and a population exceeding 4.37 million, Bali's economy thrives through tourism and agriculture, among other sectors.

	effectively with both mainland Australia and international markets.	significantly to its economic prosperity.	
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Goods Producing Industry			
	Tasmania, Australia	Jeju, South Korea	Bali, Indonesia
Agriculture	Prominent sectors include dairy farming and viticulture.	Dominated by specialty crops, especially citrus fruits like the Hallabong.	Predominantly focused on rice, coffee, and a variety of tropical fruits, supporting both local consumption and export markets.
Aquaculture	Tasmania’s aquaculture sector thrives on diversification and sustainable practices, focusing on high-value products like premium seafood for global markets.	Jeju focuses on premium seafood, including abalone and sea cucumber, capitalizing on the island’s clean marine environments.	Capitalizing on its coastline, seafood industry in Bali has produce such as shrimp and various fish species.
Manufacturing	Manufacturing is primarily composed of food and beverages, wood and paper products, textiles and machinery for agriculture and mining sector.	Small scale manufacturing industry focused on production of cosmetics derived from local ingredients like Jeju green tea and volcanic clay, and food products.	Similar to Jeju, only light manufacturing exists in Bali focused on production of goods such as garments and leather products.
Other Industries	Forestry and Timber: Tasmania utilizes its extensive woodlands to supply both domestic and international markets. Mining and Renewable Energy: Includes the extraction of minerals and the development of hydropower resources, contributing to Tasmania's diversified industrial base.	Renewable Energy: Actively expanding in wind and solar power sectors, with initiatives aimed at leveraging Jeju’s natural resources to support its goal of becoming carbon-neutral	Handicrafts: Renowned for intricate handicrafts, including textiles (like Batik and Ikat), woodcarving, and jewelry, primarily driven by the local artisan community.

Service Industry			
	Tasmania, Australia	Jeju, South Korea	Bali, Indonesia
Tourism	Tourism is a major component of the service sector in all three regions, with Tasmania's natural landscapes and cultural heritage, Jeju's scenic beaches and volcanic attractions, and Bali's renowned beaches and diverse cultural offerings drawing millions of visitors annually.		
Healthcare and Wellness	Focuses on community-based health services and eco-wellness retreats, leveraging its pristine natural environment to promote health and wellness	Emphasizes innovative health technologies and wellness tourism, utilizing its clean air and natural landscapes to enhance health offerings	Combines traditional healing practices with modern wellness tourism, creating a holistic approach that attracts visitors globally for health and rejuvenation
Other	In Tasmania, the economy benefits from robust educational institutions that contribute to community development, alongside a retail sector that meets the diverse needs of its population, enhancing the state's economic vitality	Jeju's education system supports the local economy by attracting both resident and international students, while its retail sector caters to the needs of residents and tourists alike, offering everything from local crafts to international brands	Bali boasts a vibrant retail environment with a mix of local handicrafts, designer boutiques, and markets, complemented by a dynamic entertainment and nightlife scene that enriches its status as a diverse tourist destination.

Logistics and Supply Chains			
	Tasmania, Australia	Jeju, South Korea	Bali, Indonesia
Air Transportation	Tasmania is served by several airports, including Hobart International Airport, facilitating both domestic and international flights which are crucial for connecting the island to global markets and supporting its tourism industry.	Jeju International Airport, one of the busiest in South Korea, plays a vital role in tourism and economic development, handling numerous domestic and international flights daily	Ngurah Rai International Airport, Bali's primary airport, is essential for tourism, serving as the main gateway for international visitors and promoting cultural and economic exchanges
Marine Transportation	Major ports include the Port of Hobart and	Jeju has several ports with ferry services	The Port of Benoa and other smaller ports

	Devonport, with regular ferry services connecting to the Australian mainland, supporting both passenger travel and freight movements essential for the island's trade.	linking to the Korean Peninsula, facilitating the transport of goods and passengers which are integral to its economic and tourist sectors.	handle a significant amount of marine traffic; ferry services connect Bali to neighboring Indonesian islands, boosting trade and tourism.
Road Transportation	The region has a well-maintained road network that supports the local economy by facilitating the movement of goods and tourists throughout the island.	Roads in Jeju are crucial for the daily commute and tourist activities, with well-developed infrastructure supporting easy access to its numerous attractions.	Bali's roads are vital for tourism and local commerce, connecting all major tourist spots and supporting the island's economy.
Rail Transportation	Rail transportation is limited across the three regions, apart from Tasmania that has some freight rail services for industries like mining and agriculture		

4.2 Expanding on Regional Success Across the world

4.1.1 Tasmania's Pathway to Prosperity

Tasmania stands as a compelling example of how geographically isolated regions can transform inherent challenges into strategic advantages. By leveraging unique natural resources, strong global branding, and collaborative infrastructural investments, Tasmania has crafted a resilient and dynamic economy. Tasmania's success, offering valuable lessons on harnessing local strengths and fostering sustainable growth through proactive and inclusive economic planning.



Figure 12: Tasmania, Australia

Economic Diversification and Niche Market Innovation:

Tasmania's economic success is built on a foundation of diversification and the development of niche markets that leverage the island's unique natural and cultural resources:

- **Agricultural and Aquacultural Diversification:** Tasmania has strategically diversified its agriculture and aquaculture sectors, focusing on high-value, sustainable practices that enhance product quality and marketability. This includes premium seafood and specialty dairy products tailored for both domestic and international markets.
- **Branding and Global Positioning:** The global success of Tasmanian wine, whisky, and wool has been driven by strong branding efforts that emphasize the unique qualities of these products, derived from the region's pristine environment. This effective branding has established Tasmania as a symbol of quality and purity on the international stage.
- **Renewable Energy Leadership:** A leader in renewable energy, particularly hydropower, Tasmania has effectively used its natural resources to support sustainable economic growth. This focus not only reinforces Tasmania's green brand but also contributes significantly to its energy independence and sustainability goals.

Collaborative Infrastructure and Supply Chain Enhancement:

Tasmania's approach to infrastructure and supply chain management involves extensive collaboration across public and private sectors, enhancing its logistical capabilities and economic resilience:

- **Public-Private Collaboration:** Tasmania has successfully utilized public-private collaboration to enhance its logistical infrastructure, with notable projects like the Brighton Transport Hub and the expansion of Hobart Airport. These partnerships have facilitated significant improvements in transportation and distribution systems, critical for the island's connectivity and economic growth.
- **Sector-Specific Alliances:** Strong alliances in key sectors such as agriculture and aquaculture have fostered innovation and market expansion. These collaborations between businesses, research institutions, and government agencies have been crucial in driving forward Tasmania's economic sectors.
- **Supply Chain Diversification and Technological Advancement:** Tasmania has adopted advanced technologies and diversified its supply sources and markets to build resilient supply chains. These strategies include integrating real-time tracking systems, advanced warehousing solutions, and robust logistics planning that accommodate diverse market demands and logistical challenges.
- **Community Involvement and Crisis Preparedness:** Emphasizing community engagement and proactive crisis planning, Tasmania has enhanced its supply chain resilience. This approach involves local stakeholders in emergency planning and management processes, ensuring that the community and economy can withstand and recover from disruptions effectively.

Through these focused economic strategies and advanced supply chain management practices, Tasmania has not only navigated its geographic isolation but has also turned it into a competitive advantage, setting a benchmark for other regions with similar characteristics. This comprehensive model of economic and logistical innovation is a testament to Tasmania's proactive and forward-thinking approach to regional development.

4.1.2 Jeju Island: A Model of Sustainable Success and Innovation

Jeju Island presents a remarkable case study in transforming natural endowments into sustainable economic strengths. Jeju has effectively leveraged its geographical isolation as an opportunity for distinctive economic development and robust supply chain innovations. By integrating its tourism appeal with pioneering green energy initiatives and smart technological investments, Jeju has not only enhanced its global stature but also fortified its local economic foundations.



Figure 13: Jeju Island, South Korea

Economic Innovations:

Jeju Island's economic landscape has been shaped by its strategic focus on leveraging its unique geographic and cultural assets to foster a dynamic and sustainable economy. Here are the key components that have contributed to Jeju's economic success.

- **Tourism-Led Growth:** Jeju's stunning natural scenery and rich cultural heritage have made it a premier tourist destination. Tourism not only directly contributes to the island's revenue but also stimulates secondary economic activities in hospitality, retail, and the burgeoning beauty products industry, which capitalizes on Jeju's unique natural ingredients.
- **Green Energy Initiatives:** Committed to sustainable development, Jeju has embraced renewable energy, with significant investments in solar and wind power. These initiatives help reduce the island's carbon footprint and bolster its reputation as a leader in ecological conservation.
- **Beauty and Wellness Industry:** Leveraging its pristine environment, Jeju has developed a thriving beauty industry, known for skincare products that use local natural elements like volcanic clay and green tea. This sector not only complements the island's tourism but also exports high-quality products worldwide.

- **Technological Advancement:** Jeju has proactively invested in technology to overcome the challenges of its isolated location. Innovations in smart city technology and e-governance have not only enhanced administrative efficiencies but also improved residents' quality of life, making Jeju a model of a modern, connected community.

Supply Chain Successes:

Jeju's supply chain strategies have been crucial in supporting its economic initiatives, ensuring that the benefits of growth are sustained and resilient to external pressures.

- **Integrated Transport Infrastructure:** Jeju's well-developed airport and seaport facilities have been key to its ability to manage the high volume of tourist flow and transport goods efficiently. These hubs facilitate extensive domestic and international connections, supporting the island's trade and mobility.
- **Local Production and Distribution Networks:** With a focus on self-sufficiency, Jeju has developed robust local production systems, particularly in agriculture and aquaculture. These industries are supported by a network of local distribution centers that ensure fresh produce reaches consumers quickly and efficiently.
- **Supply Chain Resilience:** Jeju has implemented advanced logistics and disaster preparedness strategies that enhance its supply chain resilience. This is particularly important for an island vulnerable to natural disasters, ensuring that critical supplies and services remain uninterrupted.
- **Public-Private Collaboration:** Jeju has also effectively used public-private collaboration to expand its logistics capabilities, including the development of its transport infrastructure and technological innovations in supply chain management. These partnerships have facilitated growth and adaptation in response to evolving economic and environmental challenges.

Jeju's economic and supply chain strategies showcase a successful integration of natural advantages with innovative, sustainable practices. By prioritizing tourism, green energy, and technological advancements, alongside developing a resilient and efficient supply chain, Jeju has established a model of development that other island economies could look to replicate.

4.1.3 Integrating E-Commerce with Tourism: A Case Study from Bali

Bali's approach to integrating tourism with e-commerce has transformed the traditional tourist experience into an enduring economic driver that supports local artisans and preserves cultural heritage. This innovative model leverages the synergy between on-site tourism and continuous online engagement, creating a sustainable tourism economy that extends beyond physical visits.



Figure 14: Bali, Indonesia

Innovative Visitor Engagement:

- **Showcasing Local Artisans and Products:** Bali provides immersive experiences by showcasing local artisans at work. Tourists witness firsthand the crafting of traditional items like textiles, pottery, and sculptures, deepening their appreciation and connection to Balinese culture.
- **Immediate Online Engagement:** Artisan locations are equipped with digital tools like QR codes and informational brochures that link directly to online purchasing platforms. This setup enables tourists to engage with and purchase authentic Balinese products instantly, enhancing the convenience and extending the impact of their visit.

Sustained Engagement Post-Visit:

- **Continued Online Purchases:** Bali's strategy allows tourists to continue engaging with local businesses long after their visit. Through e-commerce platforms, visitors can reorder products or explore new items from Bali's artisans, maintaining a connection with the culture and supporting the economy remotely.
- **Custom Orders and Shipping:** Tourists have the option to customize their orders or purchase additional items not carried during their visit, with the convenience of direct shipping to their homes. This personalized shopping experience greatly enhances customer satisfaction and loyalty.

Digital Connectivity and Marketing:

- **Social Media Integration:** Tourists are encouraged to share their experiences and purchases on social media, which amplifies the visibility of Balinese brands and crafts globally and attracts future visitors through authentic, user-generated content.
- **Targeted Advertising:** Utilizing data analytics, Bali's businesses engage in targeted advertising that reminds previous visitors of their experiences and introduces new products, encouraging repeat engagement and ongoing patronage.

Cultural Preservation and Economic Impact:

- **Sustainable Economic Growth:** This e-commerce model provides consistent revenue streams that support local communities, ensuring economic stability even when tourism faces downtrends.
- **Preservation of Local Crafts:** Opening global markets for local crafts through online sales helps preserve traditional practices and supports artisans, encouraging the continuation and evolution of Bali's rich cultural heritage.

This model not only enriches the tourism experience but also fosters long-term relationships between Bali and its international visitors, setting a benchmark for how tourism destinations can sustainably capitalize on their cultural and natural assets.

4.2 Lessons for Vancouver Island: Embracing Regional Success Models

The successful strategies from Tasmania, Jeju Island, and Bali provide several insights into shaping Vancouver Island's future by tailoring the initiatives in a way that reflects its unique geographic, economic, and cultural context.

Economic Diversification through Niche Markets

- **Identifying and Developing Niche Markets:** Vancouver Island can leverage its unique geographic and cultural attributes to create high-value products, such as artisanal crafts, organic produce, and specialty seafood, for global markets.
- **Enhancing Branding and Global Positioning:** Use the 'Vancouver Island' brand to emphasize sustainability, quality, and uniqueness, particularly in international markets.

2. Collaborative Approach to Infrastructure and Supply Chain Enhancement

- **Building Sector-Specific Alliances:** Facilitate collaboration between universities, industry, and government to foster innovation and expand market access, particularly in sectors like technology and sustainable tourism.
- **Enhancing Supply Chain Resilience:** Diversify supply sources and adopt advanced technology solutions to build resilient supply chains capable of withstanding economic and environmental disruptions.
- **Collaborative Development:** To fully harness the potential of Vancouver Island's diverse resources and stakeholders, it should adopt a community-centric collaboration model. This model should prioritize inclusive engagement processes that involve a wide array of community members, including local businesses, civic groups, environmental organizations, and importantly, the First Nations. This is key for projects like the Duke Point Terminal expansion, which have potential to improve transportation and distribution systems essential for economic growth.

3. Sustainable Development and Green Initiatives

- **Expand Sustainable Tourism and Renewable Energy:** Develop eco-friendly tourism that highlights the island's unique landscapes and cultural heritage, drawing inspiration from Jeju's approach, and increase investments in renewable energy sources like wind and solar power to aim for carbon neutrality.

- Cultivate Specialty Agricultural Products: Promote unique agricultural and seafood products using sustainability and strong branding to establish niche markets.

4. Technological Advancements and Community Engagement

- Leverage Technology and Innovation: Foster partnerships between businesses, academia, and government to drive innovation in key economic sectors. Implement digital tools to enhance the tourism experience and market reach, similar to Bali's integration of tourism and e-commerce.
- Strengthen Community Engagement: Involve local communities in tourism and sustainability efforts to ensure broad-based benefits and foster a resilient local economy.

5. Strategic Global Positioning and Marketing

- Develop Strategic Alliances: Form strategic partnerships to expand market access and promote Vancouver Island's offerings on the global stage, drawing on successful market expansion strategies from Jeju.
- Digital Connectivity and Marketing: Enhance online engagement through e-commerce platforms, social media integration, and targeted advertising to maintain ongoing relationships with international visitors and buyers.

Considerations for Implementation

- Adaptation to Local Context: Ensure that strategies are customized to fit Vancouver Island's specific environmental, cultural, and economic conditions.
- Community and Stakeholder Involvement: Actively involve local communities and stakeholders in the planning and implementation processes to align initiatives with local needs and aspirations.
- Sustainability and Environmental Responsibility: Prioritize sustainable practices and minimize environmental impact in all projects and initiatives.
- Economic Feasibility and Impact Assessment: Establish clear metrics for assessing economic impact and success, ensuring long-term viability and adaptability of strategies.

By carefully adapting these lessons from Tasmania, Jeju Island, and Bali, Vancouver Island can create a robust framework for sustainable economic development and enhanced supply chain resilience. This strategic approach will not only address current challenges but also position Vancouver Island for future prosperity and global competitiveness.

OPPORTUNITIES

5. Opportunities

Based on input from interviews and surveys, several opportunities were identified and organized into five key thematic areas. These were additionally enriched through analytical comparisons with other regions (*Looking Beyond: Global Insights*), including Tasmania (Australia), Jeju (South Korea), and Bali (Indonesia). Insights from analysis of Vancouver Island’s demographics and economy were also utilized to further develop these opportunities. This comprehensive synthesis not only highlights potential pathways for addressing current challenges but also underscores proactive strategies that could capitalize on Vancouver Island’s unique assets for sustainable growth.

5.1 Opportunity Themes

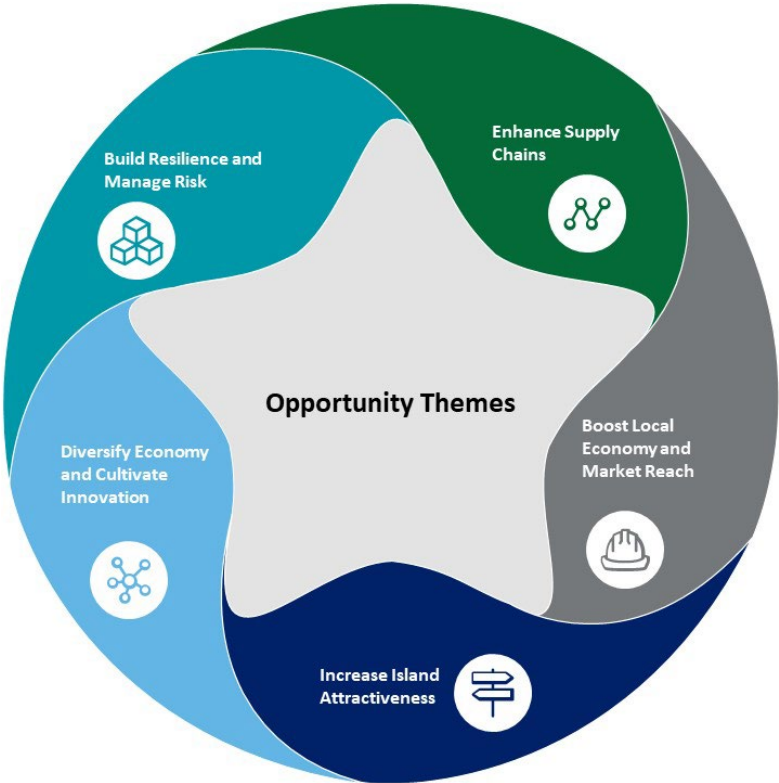


Figure 15: Opportunity Themes

5.11 Enhance Supply Chains

Several issues impacting the efficiency of supply chains on Vancouver Island were identified during the study. These issues have a direct impact on local businesses and limits local businesses competitiveness. Participants have pinpointed opportunities that focus on strengthening current supply chains which are vital for supporting the island's key industries and consumer markets. The aim is to ensure a robust and responsive supply network that can overcome these challenges and provide a more stable economic environment for businesses to thrive.

Opportunity	Description
Infrastructure Upgrade for Key Highway Corridors	<ul style="list-style-type: none"> • Heavy reliance on limited highway corridors, like the Malahat on Highway 1, causes traffic bottlenecks, safety concerns, and vulnerability to disruptions, impacting economic activities and supply chain efficiency. • Upgrading highways by enhancing the capacity and developing alternate routes can enhance traffic flow, safety, and resilience, leading to improved operational efficiency and reduced transportation delays.
Solution(s) for Supply Chain Visibility	<ul style="list-style-type: none"> • Limited supply chain visibility on Vancouver Island hampers operational efficiency and increased cost. • Adopting digital technologies to aid supply chain visibility can provide real-time data access, improving decision-making and supply chain resilience. • The solution will aim to solve common problems such as load sharing, empty backhaul, etc.
Solution(s) for Supply Chain Collaboration	<ul style="list-style-type: none"> • The absence of a formal mechanism for collaboration amongst local businesses results in missed opportunities for demand pooling and efficient utilization of shared transportation and logistics infrastructure. • A digital collaboration platform could enable efficient information exchange and sharing of relevant transportation and logistics resources among businesses, enhancing supply chain efficiency and scalability.
Alternate Short Sea Shipping Supplier	<ul style="list-style-type: none"> • The dominance of only two companies on Vancouver Island's short sea shipping routes restricts competition, limiting cost savings and service flexibility. Introducing alternative carriers could provide more economical and adaptable shipping solutions. • Increased carrier competition could lead to lower shipping rates and improved service diversity, boosting economic activity, creating jobs, and enhancing supply chain resilience.

These strategic measures aim to enhance Vancouver Island’s supply chain while building resiliency, which will contribute to overall economic health and preparedness to meet both current and future challenges.

5.12 Boost Local Economy and Market Reach

There is a need to expand Vancouver Island's economic capabilities by enhancing local market access and promoting broader commercial outreach, thereby bolstering the island's economic foundation through strategic developments and collaborations. This is highlighted through the four key opportunities.

Opportunity	Description
Duke Point Expansion	<ul style="list-style-type: none"> • Vancouver Island's reliance on the Port of Vancouver due to lack of direct calls from shipping lines and missing CBSA clearance capabilities lead to logistical inefficiencies. • The Phase 2/3 expansion of Duke Point Terminal as well as locating the required CBSA facilities has potential to enhance the region's economy and logistics. Increased capacity and upgraded infrastructure will accommodate more cargo ships, bolstering the terminal's role in trade and creating jobs locally.
E-Commerce Platforms Catering to Island Based Small/Medium, and FN Owned Businesses	<ul style="list-style-type: none"> • Small and medium enterprises (SMEs) and First Nations (FN) owned businesses on Vancouver Island currently face challenges in accessing broader markets due to limited digital marketplace presence. • Establishing a specialized e-commerce platform can address this issue by offering a dedicated space for showcasing and selling local goods. This can not only enhance the market reach of Vancouver Island's unique and diverse products but also support the economic empowerment of SMEs and FN-owned businesses by connecting them with a wider domestic/international customer. There is also an opportunity to enhance the presence on already established large scale platforms like Amazon.
Collaboration amongst Local Businesses to Increase Revenues, Outreach, Optimize Supply Chains and Operations	<ul style="list-style-type: none"> • Local businesses on Vancouver Island often operate in isolation, limiting their ability to leverage collective strengths for growth. By enhancing collaboration, these businesses can reduce operational challenges and work towards mutual support and resource sharing. • Building on the efforts of organizations such as VIEA or similar organizations, there is potential to further drive cooperative initiatives. Such initiatives should aim to pool resources, streamline efficiencies, and cultivate a tightly knit business community poised to tackle challenges and capitalize on opportunities.

These strategic initiatives aim to enhance the economic vitality of Vancouver Island by focusing on enhancing port capabilities, developing specialized e-commerce platforms, and fostering business collaborations, collectively extending market reach and optimizing operations.

5.13 Increase Island Attractiveness

Several issues within the economic and logistical landscape of Vancouver Island highlight why certain sectors remain underdeveloped, impacting the region's attractiveness as a business location. By addressing these foundational gaps in the economy and supply chains, there is an opportunity to enhance the island's

attractiveness as a support base for businesses and innovation. Initiatives that improve infrastructure and services, support value-added industries and workforce development can help make the island a more compelling and competitive place for doing business.

Opportunity	Description
Training and Skill Development	<ul style="list-style-type: none"> • Labor shortages and skill gaps challenge several local businesses, necessitating robust skill development initiatives. • Collaborative efforts between academia and industry can align training with evolving economic needs, equipping the workforce for future challenges and ensuring Vancouver Island's economic vitality. • This initiative should target small business owners lacking essential business acumen and companies in need of employees with technical skills that match the demands of a competitive market, including proficiency in digital tools. Additionally, businesses aiming to advance up the value chain will benefit from skills needed to match their evolving pathways. These areas were identified as key gaps in the recent study, highlighting the critical need for enhanced training and skills development in these sectors.
Collaborative Clusters for SME Manufacturing	<ul style="list-style-type: none"> • The manufacturing sector faces gaps in the larger industry ecosystem, notably in integration and collaboration among firms, suppliers, and other players. This hampers innovation, efficiency, and market reach for SMEs, limiting the overall growth potential of the manufacturing sector. • Creating a cluster with concentration of manufacturing companies, inter-connected businesses, research bodies, and support groups can boost the local economy. This approach enhances SME competitiveness through shared R&D, marketing efforts, and market access, addressing challenges of operating solo. Further, existing initiatives such as Canada's Advanced Manufacturing Cluster⁵⁵, spearheaded by Next Generation Manufacturing Canada (NGen) could be leveraged for related initiatives. Through NGen, SMEs can access advanced manufacturing technologies and expertise, fostering a cooperative environment that is conducive to innovative growth and scalability within the manufacturing sector.

⁵⁵ <https://ised-isde.canada.ca/site/global-innovation-clusters/en/canadas-advanced-manufacturing-cluster>

<p>Value Added Industries - Co Packing</p>	<ul style="list-style-type: none"> • The lack of local co-packing services in Vancouver Island's Food and Beverage sector results in businesses handling such activities in-house or outsourced from the mainland, leading to logistical challenges, extra costs as well as the businesses deploying resources away from their core-competencies. • Establishing co-pack services locally addresses this gap, streamlining operations and allowing companies to concentrate on their primary value-adding activities. • The primary beneficiary of such services would be the F&B sector that has a preponderance on the island, however other small business with co-pack demand would gain from such services in close proximity as well.
<p>Value Added Industries – Kitting</p>	<ul style="list-style-type: none"> • Limited manufacturing on Vancouver Island impedes economic growth and creation of mass jobs. Considering the high cost of developing advanced manufacturing, establishing a kitting industry emerges as a strategic alternative. • Kitting, which involves assembling related parts into ready-to-assemble kits or subassemblies for larger systems, offers a low-capital pathway to stimulate the local economy, create jobs, and improve supply chain efficiency. This initiative can lay the groundwork for future manufacturing expansion with minimal initial investment. • The kitting services has potential to benefit marine technology, electronics, and aeronautics sectors on Vancouver Island. Additionally, there is an opportunity to develop this offering for manufacturers located on the lower mainland who lack affordable industrial space to perform kitting services locally.

Participant Quote: Medical Technology Business

"I think if you have a cluster of the same suppliers with ease to work on the island, I think we all could benefit"

By concentrating on training and skill development, fostering manufacturing clusters, and expanding value-added services like co-packing and kitting, these initiatives collectively work to enhance Vancouver Island's allure as a prime location for business. These strategic efforts are aimed at not only bolstering the operational capabilities of local industries but also fostering a more dynamic and collaborative business ecosystem. Ultimately, these

initiatives have potential to drive economic growth and innovation, positioning Vancouver Island as an increasingly attractive destination for both new and established businesses.

5.14 Diversify Economy and Cultivate Innovation

Vancouver Island's economy has traditionally been concentrated around a few key sectors such as tourism, forestry and aquaculture, posing risks due to potential regulatory changes and market shifts. To mitigate risk, there is a need to diversify and infuse innovation across other sectors. Opportunities have been identified through participant consultations and comparative analysis, which highlight the importance of embracing new business opportunities. This strategic focus is designed to foster sustainable growth and enhance the region's resilience against economic fluctuations.

Opportunity	Description
Explore New Business Avenues: Integrate E-Commerce with Tourism Experience	<ul style="list-style-type: none"> • The lack of integration between tourism and e-commerce on Vancouver Island restricts local businesses from fully capitalizing on the area's substantial tourist traffic. • Inspired by successful models like Bali, there's potential to merge physical and digital experiences, allowing tourists to seamlessly purchase local products and services during and post-visit. This could involve leveraging digital technologies to personalize shopping experiences that align with the tourist's preferences and itinerary, enhancing engagement through storytelling tied to tourism.
Explore New business Avenues: Blue Economy: Ocean and Marine Technology	<ul style="list-style-type: none"> • Regulatory shifts challenging traditional aquaculture on Vancouver Island highlight a need for adaptation and economic revitalization. • Capitalizing on the island's rich marine biodiversity and coastline, there's an opportunity to transform the marine sector through marine technology innovations. Focusing on eco-friendly equipment, renewable energy, sustainable aquaculture, and cutting-edge technology like AI and robotics for exploration, can pave the way for sustainable growth and a robust blue economy
Explore New business Avenues: Electric Planes	<ul style="list-style-type: none"> • The unique geography of the island, with its short-haul routes to the mainland and numerous intra-island connections, presents an opportunity for pioneering the electric aviation sector. • Initiatives by leaders like Sealand Aviation in Campbell River highlight the sector's potential. Developing this industry could diversify the local economy and position Vancouver Island as a leader in sustainable aviation, capitalizing on its geographical benefits.
Diversification of Economy: Lessons from Other Regions (Tasmania-AU/Jeju-KR)	<ul style="list-style-type: none"> • The reliance of Vancouver Island's economy on sectors like forestry, fisheries, and tourism presents a risk of volatility and limits sustainable growth. • Learning from Tasmania and Jeju, which have cultivated and marketed niche products—Tasmania with its wool, wine, and whiskey, and Jeju with its beauty and cosmetics industry - Vancouver Island can

	<p>identify the unique differential products unique and representative of the island. Developing and promoting its own unique products can not only offer new revenue streams but also enhance the island's brand on a global scale, driving economic resilience and growth by tapping into specialized markets.</p>
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By exploring new business avenues and adopting successful global strategies, these opportunities aim to enhance economic versatility and foster sustainable development.

5.15 Build Resilience and Manage Risk

Vancouver Island's dependence on the Lower Mainland and beyond for essential goods was identified as a critical vulnerability during disruptive events, with some communities finding they had only three days' worth of essential supplies. This exposes the urgent need for strategies that build resilience. Dedicated to strengthening the island's ability to withstand and recover from such challenges, following initiatives are focused on constructing robust infrastructure and implementing comprehensive risk management strategies.

Opportunity	Description
<p>Distribution Centers to Serve the Island</p>	<ul style="list-style-type: none"> • The scarcity of large-scale and specialized distribution centers (DCs) on Vancouver Island creates a logistical bottleneck, forcing reliance on mainland-based facilities. • Establishing a mix of local distribution centers (DCs) on Vancouver Island—including public warehouses, temperature-controlled facilities, and niche-specific facilities—addresses the island's logistical needs, reduces reliance on mainland facilities, and enhances operational efficiency. These diverse types of DCs can cater to a broad range of products and requirements, ensuring more tailored and efficient distribution services across the island. • Development of such benefits could directly benefit large grocery chains that are increasingly dependent on replenishments from DCs on lower mainland, local food industry requiring specific storage conditions, and ecommerce businesses
<p>Developing Island-Specific Risk Management Frameworks</p>	<ul style="list-style-type: none"> • Vancouver Island's economy and supply chains have been repeatedly tested by disruptive events such as forest fires, closure of key highways (Highway 1 and 4), and the recent global health crisis, revealing significant vulnerabilities. These disruptions not only lead to shortages of essential goods and isolation of remote communities, but also impact tourism, which is a key economic driver for the region. • To address this, developing comprehensive risk management frameworks tailored to the island is crucial. These frameworks should systematically

	identify, assess, and prioritize risks to enhance the island's resilience and ensure continuity against future challenges. Implementing this will require the collaborative support of multiple parties, including government agencies, local businesses, and community stakeholders.
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These initiatives are designed to ensure a stable and secure environment, enhancing distribution capabilities, and developing comprehensive risk management strategies to maintain continuity in the face of adversities.

5.2 Opportunity Evaluation

To effectively assess and prioritize each opportunity, an evaluation framework was employed, based on two main criteria: **alignment to VIEA’s strategic goals** and **implementation complexity**. This approach not only facilitates a thorough assessment of potential initiatives but also prioritizes them based on their strategic importance and feasibility. This prioritization is crucial for crafting a clear and actionable implementation roadmap, focusing resources on opportunities that offer the most significant potential impact.

5.2.1 Evaluation Criteria:

1. **Alignment to VIEA’s Strategic Goals:** This criterion examines how well each opportunity aligns with the overall strategic objectives of VIEA’s development plans for the region with individual levers drawn from VIEA’s vision for development of the island. These levers extend beyond mere economic objectives, emphasizing inclusion and sustainability. This measure assesses whether each initiative can contribute not just to economic growth but also how well it aligns with the larger goals of sustainability and inclusive development, making it a suitable yardstick for evaluating potential opportunities.

#	Levers for Alignment to VIEA’s Strategic Goals	Description
1	Economic Diversification	Opportunities that contribute to a diverse and sustainable economy for Vancouver Island and the Rural Islands
2	Economic Opportunity Creation	Initiatives that lead to the creation of economic opportunities and improve prospects for a vital Island economy
3	Collaboration and Partnership	Projects that emphasize collaboration, uniting leaders to solve problems and pursue opportunities.
4	Inclusion and Equity	Opportunities that promote equity, diversity, and inclusion, ensuring economic prosperity is accessible to all
5	Resilience and Sustainability	Initiatives that support economic stability, vibrancy, and the sustainable use of natural resources.
6	Community and Environmental Health	Projects that recognize the interdependence of a vital Island economy with healthy communities and a thriving environment.
7	Engagement and Dialogue	Opportunities that foster meaningful dialogue and build trusting relationships for positive change.

8	Reconciliation with Indigenous Communities	Projects committed to working respectfully with Indigenous communities to pursue strategic economic opportunities and partnerships.
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The evaluation of identified opportunities was conducted through workshops and consultations with key VIEA stakeholders.

Scoring the Opportunities on Alignment to VIEA’s Strategic Goals: Identified opportunities were assessed across the eight levers, each representing a key aspect of VIEA’s strategic objectives. The opportunities were scored on a Likert scale based on their degree of alignment as high, medium, or low. This categorization helps prioritize initiatives that are closely aligned with VIEA’s strategic goals for the region.

2. **Complexity:** This criterion assesses the challenges associated with executing each opportunity, taking into account factors like required investments, technological dependencies, regulatory hurdles, and the necessary timeframe for execution.

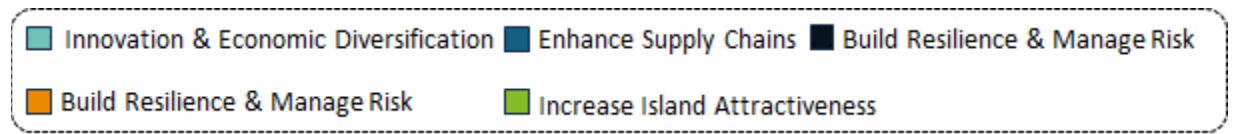
#	Complexity Levers	Description
1	Policy and Change Management	Complexity introduced by necessary policy or regulatory adjustments and the extent of change management required in terms of operational shifts and adjustments with respect to involved parties
2	Expected Duration	Expected implementation timeline, highlighting the complexity with longer project timelines
3	Infrastructure Development	Examines the demand for physical and technological infrastructure, including integration with existing systems
4	Skillset Development	Degree of training and skill development needed, distinguishing between projects that demand extensive upskilling and those with minimal training needs
5	Funding Requirement	Identifies the financial resources needed, considering both initial investment and ongoing costs, and explores options for funding acquisition

Scoring the Opportunities on Complexity: To effectively assess the practical challenges associated with the opportunities, they were evaluated against the five complexity levers listed above. Opportunities were scored on a three-tier system - high, medium, and low complexity. High complexity indicates significant challenges requiring substantial effort and strategic planning; medium complexity denotes manageable challenges with careful planning; and low complexity suggests minimal challenges, enabling easier implementation with existing resources. This structured scoring system aids in understanding feasibility and aligning resource allocation with the most promising and manageable projects.

This two way review ensures that the selected initiatives not only align with strategic goals but are also realistically implementable, paving the way for a structured and effective roadmap towards enhancing Vancouver Island's economic and social fabric.

5.2.2 Opportunity Plot

Figure 16: Opportunity Plot



Opportunity List

1. Infrastructure upgrade for Highway 1	9. Value Added Industries - Co Packing
2. Solution(s) for supply chain visibility	10. Value Added Industries - Kitting
3. Solution(s) for supply chain collaboration	11. E-Commerce platforms catering to Island based small/medium, and FN businesses
4. DCs to serve the island	12. Collaboration amongst local businesses
5. Alternate short sea shipping suppliers	13. Integrate e-comm with tourism
6. Nanaimo port expansion as an opportunity	14. Blue Economy: Ocean and Marine Tech
7. Training and skill development	15. Aviation Innovation
8. Collaborative Clusters for SME manufacturing	16. Developing Supply Chain risk management frameworks

DETAILED OPPORTUNITY EXAMINATION

6. Detailed Opportunity Examination

Building on the initial overview of the opportunities, it is important to comprehensively evaluate each one of them individually, emphasizing their unique potential and strategic fit within the broader context. The opportunities need to be analyzed for their full potential and strategic fit relative to each other. The detailed assessment considers the potential benefits and key considerations for implementation. This in-depth examination is crucial for aligning the strategic objectives with practical execution plans, ensuring that each opportunity is not only feasible but also poised to significantly contribute to our overarching goals. This understanding enables a more informed decision-making process that is vital for the region's future growth and success.

6.1 Opportunity 1: Highway Upgrades

Upgrading highway capacity and developing alternate routes to alleviate bottlenecks, enhance safety, and improve resilience, boosting economic activities and supply chain efficiency.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Reduction in Congestion-Related Costs: By expanding critical one-lane sections and improving the overall road design, the upgraded highways can significantly reduce congestion and associated fuel consumption. • Enhanced Supply Chain Reliability: Improved highway infrastructure directly contributes to more reliable supply chains by minimizing delays caused by congestion or road conditions, thus ensuring timely delivery of goods. • Enhanced Traffic Flow and Safety: Addressing the narrow, steep stretches of the Malahat, which currently support a speed limit of 70 km/h and witness significant congestion, will facilitate smoother traffic flow and potentially increase speed limits safely. • Increased Economic Activity: Improved highway infrastructure will make the surrounding regions more accessible and attractive for business operations and tourism. • Improved Supply Chain Efficiency: The Malahat serves as a vital artery for the movement of goods between the mid-Island and the Capital Region. Upgrades to this highway will enhance the reliability of delivery schedules, crucial for businesses that depend on just-in-time delivery models. <p>Freeing Land for Other Development: Realignment of roads and efficient design could potentially lead to increased land for other infrastructure projects</p>	<ul style="list-style-type: none"> • Capital investments/Economic Feasibility: Ensuring project viability through rigorous financial planning and analysis. • Existing Upgrades: In-progress/planned highway projects need to be considered to ensure coordination and optimize resources.⁵⁶ • Land Acquisition and First Nation Concerns: Procuring required lands and respecting Indigenous rights and interests. • Regulatory Approvals and Permitting Process: Receiving necessary permits.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Government (Ministry of Transportation and infrastructure) • Local Businesses • First Nation Communities • Other Local Communities

Overall Complexity: High	Overall Alignment to VIEA's Strategy: Medium
<p>Policy and Change Management:</p> <p>Low Medium High</p>	<p>Aligns with 4 Strategic Levers</p> <ol style="list-style-type: none"> 1. Economic Opportunity Creation 2. Collaboration and Partnership 3. Resilience and Sustainability 4. Community and Environmental Health
<p>Expected Duration:</p> <p>Low Medium High</p>	
<p>Infrastructure Development:</p> <p>Low Medium High</p>	
<p>Skillsset Development:</p> <p>Low Medium High</p>	
<p>Funding Requirement:</p> <p>Low Medium High</p>	
<p>Other Factors:</p> <p>Low Medium High</p>	

⁵⁶ <https://www2.gov.bc.ca/gov/content/transportation-projects/other-transportation-projects/malahat-safety-improvements>

6.2 Opportunity 2: Solution(s) for supply chain visibility

Adopting digital technologies to enhance real-time data access across supply chains on Vancouver Island, improving operational efficiency and decision-making.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Enhanced Operational Efficiency: Such solutions can provide real-time access to critical data points like transportation operators, commonly used lanes (pre-defined transportation routes), and inventory levels. e.g., seafood exporters could use these technologies to monitor product conditions and logistics in real-time thereby reducing spoilages. • Optimized Load Consolidation: Digital tools can provide real-time data on available trailer and container capacities, enabling businesses to consolidate loads efficiently e.g., small businesses with partial loads could merge shipments, reducing transportation costs by maximizing the use of space and resources. • Data-Driven Decision Making: Real-time insights facilitate quick, informed decisions on load management and route planning, enhancing the strategic deployment of logistics resources such as delivery vans, cross dock facilities etc. • Reduced Costs: Enhanced visibility can help identify inefficiencies and bottlenecks in the supply chain, leading to cost reductions in areas such as inventory holding, logistics, and wasted resources. 	<ul style="list-style-type: none"> • Technical Capabilities: Defining capabilities, data types and storage needs, and access requirements. • Technology Integration and Compatibility: Ensuring seamless integration with existing systems and platforms. • Initial Implementation Costs: Assessing required upfront investments. • Scalability: Planning for future expansion to accommodate growing business needs. • Training and Change Management: Preparing for new processes
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Port Authorities • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: Medium
Policy and Change Management: Low Medium High	Aligns with 3 Strategic Levers 1. Collaboration and Partnership 2. Resilience and Sustainability 3. Community and Environmental Health
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.3 Opportunity 3: Solution(s) for supply chain collaboration

Developing a digital platform to facilitate efficient sharing of transportation and logistics resources among local businesses, enhancing scalability and supply chain efficiency.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Reduced Costs Through Synergies: The platform can facilitate structured collaboration, like shared logistics services or collective procurement strategies, to uncover cost-saving opportunities. Small businesses in remote areas like the Gulf Islands, limited by current transportation options, can efficiently share transportation routes. This enhances load management and reduces travel and delivery costs. • Enhanced Resilience: By pooling infrastructural and logistical resources, businesses can better withstand and quickly recover from disruptions such as ferry delays or operational limitations at local facilities. • Scalability and Flexibility in Operations: With a digital platform, collaborations can be dynamically scaled to meet changing needs, allowing businesses to respond flexibly to fluctuations in demand or operational challenges. 	<ul style="list-style-type: none"> • Alignment of Goals and Strategies: Ensuring all parties share a unified vision for success. • Investment in Collaboration Tools: Securing funds for advanced technologies that facilitate partnership. • Data Sharing and Intellectual Property: Balancing transparency with the protection of sensitive information • Organizational Stewardship: Ensuring there is a facilitating body driving collaboration efforts amongst local businesses and other entities.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses including transportation companies across all modes. • Port Authorities • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA’s Strategy: Medium
Policy and Change Management: Low High 	Aligns with 4 Strategic Levers 1. Economic Opportunity Creation 2. Collaboration and Partnership 3. Resilience and Sustainability 4. Engagement and Dialogue
Expected Duration: Low High 	
Infrastructure Development: Low High 	
Skillset Development: Low High 	
Funding Requirement: Low High 	

6.4 Opportunity 4: Distribution Centers to serve the island

Establishing a mix of local distribution centers (DCs) on Vancouver Island including public warehouses, temperature-controlled facilities, and niche-specific facilities, reducing reliance on mainland facilities and enhancing operational efficiency.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Reduced Costs and Improved Efficiency: Local DCs can cut transportation costs for major grocery chains that are dependent on mainland facilities dependency on mainland facilities, ensuring faster and more cost-effective replenishment. • Enhanced Economic Growth: Positive effect on the local economy through job creation which is much needed considering island’s growing population. • Increased Support for Local Businesses: Specialized distribution services could provide local businesses with the logistical support needed to expand their operations and enter new markets. • Enhanced Resilience: Establishing local DCs helps mitigate the impact of disruptions, considering that most communities on the island only have a three-day supply of fresh food in emergencies. Grocery chains could use these facilities to maintain a steady supply of essentials for local communities. • Improved Environmental Benefits: Shorter transportation routes and more efficient logistics could lead to reduced carbon emissions, aligning with sustainability goals. 	<ul style="list-style-type: none"> • Location and Infrastructure: Identifying optimal locations for these DCs. • Investment and Financing: Securing the necessary investment. • Market Demand Analysis: Conducting thorough research to ensure there is sufficient demand to justify the development of such DCs. • Financial Viability: Balancing the high initial investment costs against potential long-term benefits. • Transportation Networks: Relies on robust and reliable transportation networks.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • VIEA • Impacted parties in Agricultural sector • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA’s Strategy: Medium
Policy and Change Management: Low Medium High	Aligns with 4 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Resilience and Sustainability
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.5 Opportunity 5: Alternate short sea shipping supplier(s) to increase competition

Introducing additional short sea shipping carriers to the existing duo of service providers can increase competition, build resilience, potentially lowering shipping rates and improving service diversity, thereby boosting the local economy.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • More Competitive Pricing: With more carriers in the market, competition could drive down shipping rates, directly benefiting local businesses by reducing their logistics expenses. This could help level the playing field for smaller enterprises that currently struggle with high shipping costs. • Boost To Service Diversity and Flexibility: Alternative carriers might offer varied service options, including faster transit times, and specialized cargo handling capabilities, catering to diverse business needs. • Increased Service Frequency: Additional short shipping carriers can help access through additional sailings especially for remote islands that have limited sailings especially for shipping dangerous goods. • Potential for Economic Stimulus: The entry of new shipping carriers could stimulate economic activity, create jobs, and encourage investment in maritime and port infrastructure on Vancouver Island and the lower mainland. • Better Resilience and Reliability: A broader range of shipping options enhances the resilience of the supply chain, reducing the risk of disruptions and ensuring more reliable transportation for businesses. 	<ul style="list-style-type: none"> • Capital Investment: Securing necessary investments. • Regulatory and Licensing Requirements: Navigating complex regulatory environments. • Infrastructure and Port Access: Ensuring adequate access to port facilities on both sides of the Salish Sea • Dialogue and Engagement: Engaging with local businesses, communities, and industry players. • Market Entry Barriers: Setting up initial operations. • Strategic Partnerships: Forming partnerships with port authorities, logistics companies, and local businesses
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Provincial/Federal Government • Port Authorities • VIEA

Overall Complexity: High	Overall Alignment to VIEA's Strategy: Low
Policy and Change Management: Low Medium High	Aligns with 3 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Resilience and Sustainability
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	

Funding Requirement:		
Low	Medium	High

6.6 Opportunity 6: Role of port expansion as an opportunity

Expanding Duke Point Terminal to increase capacity and accommodate more cargo ships as well as having local CBSA services, enhancing the port’s role in trade.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Increased Trade Capacity: Expanding the terminal can accommodate larger vessels and more diverse cargo, boosting trade volumes. • Improved Lead Times: Local CBSA services can result in direct calls for shipping lines thus reducing transit times in addition to faster custom clearance by reducing the reliance on the congested facilities in Vancouver. • Economic Growth: The expansion can spur local economic growth by creating jobs, increasing local investment, and enhancing the overall economic vitality of the region. • Enhanced Supply Chain Efficiency: Improved terminal infrastructure and capacity can lead to more efficient supply chains for businesses across Vancouver Island. • Strategic Connectivity: Enhanced terminal capabilities and direct shipping services can position the island as a key player in the global supply chain, attracting international trade opportunities. 	<ul style="list-style-type: none"> • Environmental Impact: Assessing potential negative effects on local ecosystems. • Community Engagement: Involving local communities in the planning process. • Funding and Investment: Securing the necessary capital. • Regulatory Approvals: Receiving necessary governmental permissions. • Infrastructure Integration: Aligning with existing transportation and utility networks.
	Key Parties Impacted / Consulted

Overall Complexity: High	Overall Alignment to VIEA’s Strategy: High
Policy and Change Management: Low Medium High	Aligns with 6 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability 6. Reconciliation with Indigenous Communities
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillsset Development: Low Medium High	
Funding Requirement: Low Medium High	
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6.7 Opportunity 7: Training and skill development: collaboration between businesses, government and academia

Collaborating between businesses, government, and academia to address labor shortages and skill gaps, aligning training with economic needs, and ensuring the region's economic vitality.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Enhanced Workforce Competitiveness: Equipping workers with current and emerging skills, such as digital technologies and e-commerce, is key to keep local workforce competitive and capable of adapting to evolving market demands. Additionally, targeted training for small business owners can help bridge the gap in desired business acumen as identified during the study. • Economic Resilience: A skilled workforce boosts productivity and innovation, which is key to keeping the economy stable and growing. This is really important for Vancouver Island, where many businesses face challenges due to labor shortages. • Attracting Investment: A region known for its skilled labor pool is more attractive to existing businesses looking to expand and potential investors seeking a capable workforce, thus fostering economic development and job creation. • Reduced Unemployment Rates: By aligning training programs with the needs of industries, the initiative helps lower unemployment rates, as workers are more likely to possess the skills required for available jobs. • Future-proofing the Economy: Preparing the workforce for future demands, including technological advancements and green initiatives. 	<ul style="list-style-type: none"> • Alignment with Industry Needs: Aligning with market demands. • Accessibility and Inclusivity: Ensuring equitable training opportunities for diverse populations. • Quality and Relevance of Training: Maintaining high standards that translate into real-world applicability. • Funding and Resources: Securing sufficient financial support. • Engagement from Businesses: Cultivating active participation from the business community. • Government Support and Policy: Leading stewardship efforts to align academia and business community.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Provincial Government • Academic Institutions

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 5 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.8 Opportunity 8: Collaborative Clusters for SME manufacturing

Establishing a concentrated cluster of interconnected businesses and support groups to enhance SME competitiveness through shared R&D and market access.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Enhanced Competitiveness: By pooling resources and knowledge, SMEs can achieve economies of scale, reduce costs, and enhance their competitiveness both domestically and internationally. • Accelerated Innovation: Facilitate the exchange of ideas and technologies, spurring innovation and the development of new products and services, which can lead to market expansion and diversification. • Attracting Investment: A collaborative manufacturing ecosystem can attract more investment from both public and private sources, funding new projects, and infrastructure, and encouraging the growth of ancillary businesses. • Creation of Jobs: The ensuing growth can lead to the creation of high-quality jobs, contributing to employment growth and economic stability. • Improved Supply Chain Resilience: Building a dense network of suppliers and manufacturers enhances supply chain resilience, reducing vulnerability to external disruptions by localizing production and supply chains. • Access to Markets: Being part of a cluster can give SMEs better access to markets, including opportunities for joint ventures and partnerships that might otherwise be out of reach for individual companies. 	<ul style="list-style-type: none"> • Dialogue and Engagement: Requires active collaboration amongst various players. • Infrastructure and Logistics: Developing physical and logistical framework. • Coordination Challenges: Aligning multiple interests of multiple parties impacted. • Funding and Financial Sustainability: Planning for initial and ongoing investment for cluster activities • Government Policies and Incentives: Leveraging required support mechanisms.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Provincial Government • Academic Institutions • VIEA

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: <div style="display: flex; justify-content: space-between;"> Low Medium High </div>	Aligns with 6 Strategic Levers <ol style="list-style-type: none"> 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability 6. Reconciliation with Indigenous Communities
Expected Duration: <div style="display: flex; justify-content: space-between;"> Low Medium High </div>	
Infrastructure Development: <div style="display: flex; justify-content: space-between;"> Low Medium High </div>	
Skillset Development: <div style="display: flex; justify-content: space-between;"> Low Medium High </div>	
Funding Requirement: <div style="display: flex; justify-content: space-between;"> Low Medium High </div>	
<div style="display: flex; justify-content: space-between;"> Low Medium High </div>	

6.9 Opportunity 9: Value Added Industries - Co Packing

Establishing local co-packing services to support operations for the food and beverage (F&B) sector, allowing companies to focus on their core activities and reduce reliance on co-pack vendors on mainland.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Reduction in Costs: Food and Beverage businesses that currently depend on co-pack vendors in the lower mainland can cut transportation costs by switching to local vendors. • Efficiency of Operations: By outsourcing packaging to specialized local providers, F&B businesses can achieve higher operational efficiency and focus on their core competencies. • Improved Supply Chain Resilience: Reducing dependence on off island co-pack services providers will have positive impact on the regional supply chain resilience. • Better Market Responsiveness: Faster turnaround times for packaging can improve market responsiveness, enabling companies to meet consumer demands more effectively. • Boost to Sustainability: Localizing co-pack services can reduce the carbon footprint associated with transportation, aligning with growing consumer demand for sustainable business practices. 	<ul style="list-style-type: none"> • Associated Supplier Networks: Cultivating robust partnerships for consistent material supply. • F&B Industry Engagement: Engaging relevant players in food and beverage for tailored service offerings. • Skilled Workforce: Accessing talent adept in co-packing operations and safety standards. • Logistical Connectivity: Ensuring efficient transportation links for seamless product distribution.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses (F&B) • Potential Co-Pack Service Providers • VIEA • Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 5 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.10 Opportunity 10: Value Added Industries - Kitting

Promoting the kitting industry to develop value added industry on the island, creating jobs and improving economic diversification.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Diversification of the Economic Base: Establishing a niche in value-added services contributes to the diversification of the region's economic base, reducing dependency on traditional industries. • Creation of Jobs: Kitting creates jobs in warehousing, logistics, and assembly. Although it's less labor-intensive than full manufacturing, it still provides essential employment opportunities. This is especially relevant for Vancouver Island's marine tech, electronics, and aeronautics sectors, and can also serve industries on the lower mainland in BC. • Better Businesses Attractiveness: By offering kitting services, Vancouver Island can attract further domestic and international investment. This value-added service makes the region more appealing to businesses seeking efficient, localized supply chain solutions, potentially supported by tax incentives for setting up on the island. • Potential for Increased Exports: Developing kitting operations on the island can help boost export of high value sub-assemblies from the island. • Optimization of Supply Chain: Local kitting services can help companies optimize their supply chains by reducing lead times, lowering shipping costs, and improving inventory management. 	<ul style="list-style-type: none"> • Market Demand and Customer Needs: Identifying customer requirements and market size. • Operational Infrastructure: Establishing required facilities and systems. • Skilled Workforce: ensuring access to employees with necessary skillset. • Market Competition: Assessing the competitive landscape and differentiators. • Supplier Relationships and larger logistics network: Building strong links for supply chain reliability and expansion.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Potential Kitting Service Providers • VIEA • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 5 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillsset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.11 Opportunity 11: E-Commerce platforms catering to Island based small/medium, and FN owned businesses

Establishing a specialized e-commerce platform to enhance market reach for local SMEs and FN-owned businesses such as arts and craft, supporting economic empowerment.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Increased Visibility: Providing a platform for local and FN-owned businesses to showcase their products to a broader audience beyond Vancouver Island. • Market Expansion: Facilitating access to national and international markets, thereby helping businesses expand their customer base and increase sales. • Empowerment of Communities: Empowering FN-owned and local SMEs by providing them with digital tools and resources to grow their businesses in the digital economy. • Sustainable Economic Development: Supporting the growth of the local economy in a sustainable manner by promoting locally produced goods, which can contribute to job creation and economic resilience. • Cultural Promotion: Offering a unique opportunity to promote and preserve the cultural heritage of First Nations through the wider dissemination of their arts, crafts, and products. • Enhanced Tourism: A thriving market for locally produced goods can have a positive effect on tourism by building a strong brand value for the region. 	<ul style="list-style-type: none"> • Digital Literacy and Support: Offering training/support to sellers. • Marketing and Branding: Emphasizing uniqueness of regional products and the cultural significance of FN-owned businesses. • Market Competition: Assessing and accounting for the competitive landscape of e-comm with established players. • Supply Chain Challenges: Managing logistics and fulfillment options (warehouses and DCs) • Partnerships: Collaborating and onboarding local businesses • Technology Solution Provider: Identifying appropriate service provider.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Tech/Software Companies • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 5 Strategic Levers 1. Economic Opportunity Creation 2. Collaboration and Partnership 3. Inclusion and Equity 4. Resilience and Sustainability 5. Reconciliation with Indigenous Communities
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.12 Opportunity 12: Collaboration amongst local businesses to increase revenues, outreach, optimize supply chains and operations

Enhancing collaboration to leverage collective strengths, reduce operational challenges, and support mutual growth and resource sharing.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Reduction of Costs: By sharing resources and services, businesses can achieve economies of scale, which lowers costs for everyone involved. This approach is particularly beneficial for smaller businesses and First Nation enterprises that may otherwise face higher operational expenses due to limited access to resources. • Innovation and Knowledge Sharing: Collaborative environments foster innovation by facilitating the exchange of ideas and best practices among businesses. • Expansion of Markets: Joint marketing initiatives and shared sales channels can help businesses reach new customers and markets more effectively. • Strengthened Supply Chains: Collaboration among businesses can lead to more resilient and responsive supply chains, reducing vulnerabilities to disruptions. • Development of Larger Community: By fostering a cooperative business ecosystem, the entire region benefits, enhancing its economic health and sustainability. Such a unified approach increases the island's appeal to investors, attracts talent, and encourages new businesses to set up shop, further boosting economic growth and diversity. 	<ul style="list-style-type: none"> • Collaboration Readiness: Willingness of businesses to engage in these efforts as well as identifying potential barriers to collaboration. • Structured Framework for Collaboration: Planning for governance structures, shared goals, and operational guidelines • Value Proposition: Articulating the benefits to businesses. • Diverse Participation: Ensuring the initiative is inclusive across various sectors/sizes including First Nations-owned enterprises. • Organizational Stewardship: Ensuring there is a facilitating body driving collaboration efforts
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Port Authorities • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 6 Strategic Levers <ol style="list-style-type: none"> 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability 6. Engagement and Dialogue
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

6.13 Opportunity 13: Explore new business avenues: Integrate e-commerce with tourism experience

Merging physical and digital shopping experiences for tourists, enhancing engagement through personalized shopping tied to tourism storytelling.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Opportunity for Local Businesses: Allowing tourists to continue engaging with and purchasing from local businesses even after returning home, thereby expanding the customer base and increasing sales. • Enhanced Tourist Experience: Providing tourists with a convenient way to discover and purchase local crafts, products, and experiences, thereby enriching their visit and encouraging repeat visits. • Potential for Cross Selling and Up Selling: Increasing sales for a wider range of local businesses through cross selling and up selling opportunities. • Promotion of Local Culture: Leveraging e-commerce to promote the unique cultural heritage and products of Vancouver Island, enhancing cultural appreciation and support for local artisans. • Sustainable Development of Tourism: Encouraging sustainable tourism practices by promoting local products and experiences, which can lead to more responsible consumer behavior among tourists. 	<ul style="list-style-type: none"> • User Experience: Designing an engaging digital platform. • Local Business Inclusion: Including a wide range of local businesses. • Technology Infrastructure: Building robust technology infrastructure. • Sustainability Concerns: Balancing increased consumerism with environmental and cultural sustainability • Digital Security and Data Privacy Considerations: Building robust data privacy measures • Pricing Considerations/Competition: Accounting for risks of price wars • Marketing and Promotion: Marketing efforts for such tailored experiences is a key success factor.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Tech/Software Solution Providers • First Nation Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 6 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability 6. Reconciliation with Indigenous Communities
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	
(Empty row for visual consistency)	

6.14 Opportunity 14: Explore New business avenues: Blue Economy: Ocean and Marine Technology

Leveraging the full potential of the marine sector through development of sustainable technologies and innovations in marine and ocean tech, fostering a robust blue economy.






Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Diversification of Economy: Expanding into ocean and marine technology opens new avenues for economic growth, broadening the economic base beyond traditional sectors. This not only adds resilience but also leverages existing research strengths from local institutions like the University of Victoria(Marine Technology Centre) to spur further innovation. • Promotion of Research and Development: The initiative has the potential of second order effects such as enhanced R&D which could be an engine for export growth. • Creation of Jobs: The growth of the Blue Economy can lead to the creation of high-quality jobs in research and development, engineering, marine biology, and environmental sciences, among others. • Environmental Sustainability: Emphasizing sustainable practices in marine industries can help preserve the ocean's health and biodiversity, ensuring long-term ecological balance and resource availability. • Innovation and Global Leadership: Investing in marine technology positions Vancouver Island as a leader in ocean innovation, attracting international partnerships and investments. • Potential to Develop Knowledge Economy: this development can be an opportunity to build a knowledge economy through exchange of ideas and thought leadership 	<ul style="list-style-type: none"> • Environmental Impact: Prioritizing the preservation of marine ecosystems while pursuing economic activities. • Access to Talent and Skills Development: Developing workforce to match the required skills. • Global Competition: Navigating international competition. • Collaborative Networks: Building strong networks between academia, industry, government, and Indigenous communities. • First Nation Engagement: Ensuring indigenous communities are engaged since marine based economy is their mainstay.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Provincial Government • Port Authorities • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: High	Overall Alignment to VIEA's Strategy: Medium
Policy and Change Management: Low Medium High 	Aligns with 4 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Resilience and Sustainability
Expected Duration: Low Medium High 	
Infrastructure Development: Low Medium High 	
Skillset Development: Low Medium High 	
Funding Requirement: Low Medium High 	

6.15 Opportunity 15: Explore New business avenues: Aviation Innovation

Developing the electric aviation sector to leverage region’s unique geographical advantages, with potential to position it as a leader in sustainable aviation.






Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Innovation in Thought Leadership: Vancouver Island's early adoption of electric planes, exemplified by Sealand Flight, has potential to position it as a leader in green aviation technologies. This pioneering move is poised to draw investments and drive further innovations within the aerospace sector, solidifying the island's reputation as a center for sustainable aviation development • Environmental Sustainability: Drastically reducing greenhouse gas emissions and contributing to cleaner air and a healthier environment. • Job Creation: Substantial job creation benefits across several sectors such as manufacturing, maintenance, R&D, infrastructure development, education and training etc. • Boost to Tourism: Enhanced and more affordable air connectivity provided by electric planes could lead to an increase in tourism, benefiting the local economy. • Efficiency of Operations: Lower maintenance and operating costs associated with electric propulsion could lead to more affordable air travel for passengers. 	<ul style="list-style-type: none"> • Technological Viability and Safety: Ensuring the reliability and safety through rigorous testing and certification. • Infrastructure Requirements: Developing the necessary infrastructure. • Regulatory Approval: Navigating the complex regulatory environment. • Financial Viability: High initial investments in technology development • Advancements in Battery Technology: Heavy dependence on breakthroughs in battery technology. • Larger Ecosystem: Presence of other players in proximity: technology providers, maintenance etc.
	Key Parties Impacted / Consulted

Overall Complexity: High	Overall Alignment to VIEA’s Strategy: Medium
Policy and Change Management: Low Medium High 	Aligns with 4 Strategic Levers 1. Economic Diversification 2. Economic Opportunity Creation 3. Resilience and Sustainability 4. Community and Environmental Health
Expected Duration: Low Medium High 	
Infrastructure Development: Low Medium High 	
Skillset Development: Low Medium High 	
Funding Requirement: Low Medium High 	

6.16 Opportunity 16: Developing comprehensive risk management frameworks

Tailoring risk management strategies to the specific challenges of the island, enhancing resilience against disruptions and ensuring continuity.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Enhanced Supply Chain Resilience: Strengthened ability to withstand and recover from disruptions. • Improved Economic Stability: By minimizing the impact of disruptions on businesses and communities, risk management frameworks contribute to the overall economic stability of the region. • Better Business Continuity: Strategic planning and preparedness enable businesses to maintain operations during adverse events, protecting jobs and local economies. • Boost to Environmental Sustainability: Incorporating environmental risks into management frameworks helps protect the region's natural resources and ecosystems. • Better Investor Confidence: Demonstrating a proactive approach to risk management can enhance investor confidence in the region's businesses and infrastructure projects. 	<ul style="list-style-type: none"> • Dialogue and Engagement: Involving a broad spectrum of impacted parties, including businesses, government agencies and communities. • Risk Identification and Analysis: Conducting thorough assessments. • Technology Integration: Leveraging advanced technologies for risk monitoring, data analysis, and communication. • Government Support and Regulation: Regulatory support and possibly incentives from government bodies
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Provincial Government • Port Authorities • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: Medium	Overall Alignment to VIEA's Strategy: Medium
Policy and Change Management: Low Medium High 	Aligns with 4 Strategic Levers 1. Collaboration and Partnership 2. Inclusion and Equity 3. Resilience and Sustainability 4. Community and Environmental Health
Expected Duration: Low Medium High 	
Infrastructure Development: Low Medium High 	
Skillset Development: Low Medium High 	
Funding Requirement: Low Medium High 	

6.17 Opportunity 17: Diversification of economy: lessons from other regions

Drawing inspiration from regions like Tasmania and Jeju to develop unique products and markets, enhancing economic resilience and promoting global brand recognition for Vancouver Island.

Potential Benefits	Key Considerations
<ul style="list-style-type: none"> • Resilience to Economic Fluctuations: A diversified economy is less vulnerable to downturns in any single sector, ensuring more stable employment and income levels. • Job Creation and Talent Attraction: Growth in new sectors creates high-value job opportunities, attracting and retaining talent on the island. • Sustainable Development: Emphasizing sectors that promote environmental sustainability aligns with global trends and local values, contributing to long-term ecological and economic health. • Improved Innovation and Competitiveness: Investing in high-growth sectors fosters innovation, enhancing the region's competitiveness on a national and global scale. • Enhanced Quality of Life: Economic growth and diversification contribute to higher living standards, improved public services, and a vibrant cultural scene 	<ul style="list-style-type: none"> • Sector Selection: Identifying industries with growth potential that align with Vancouver Island's unique geographic, cultural, and economic characteristics. • Skill Development and Education: equipping the workforce required skills. • Infrastructure and Connectivity: Upgrading physical and digital infrastructure to support new industries. • Displacement of Traditional Industries: Rapid shifts towards new industries could disrupt traditional sectors reliant on them.
	Key Parties Impacted / Consulted
	<ul style="list-style-type: none"> • Local Businesses • Provincial Government • Port Authorities • First Nation Communities • VIEA • Other Local Communities

Overall Complexity: High	Overall Alignment to VIEA's Strategy: High
Policy and Change Management: Low Medium High	Aligns with 5 Strategic Levers <ol style="list-style-type: none"> 1. Economic Diversification 2. Economic Opportunity Creation 3. Collaboration and Partnership 4. Inclusion and Equity 5. Resilience and Sustainability
Expected Duration: Low Medium High	
Infrastructure Development: Low Medium High	
Skillset Development: Low Medium High	
Funding Requirement: Low Medium High	

This comprehensive evaluation across multiple parameters, allows a holistic understanding of the opportunities along with their potential benefits and the strategic alignment with VIEA's long-term objectives. This analysis lays the groundwork for informed decision-making that could propel growth and efficiency improvements for the impacted parties. It is important to consider the risks and dependencies proactively in devising strategies that mitigate risks while maximizing the potential for success. Additionally, the execution plan has to account for all parties potentially impacted by these opportunities. Understanding their perspectives and needs ensures that our approaches are inclusive and considerate, fostering a supportive environment for implementation.

ROADMAP

7. Opportunity Roadmap

The evaluation of various opportunities - grounded on their complexity and alignment to VIEA's strategic goals is imperative to outline a structured roadmap for their pursuit. This roadmap is intended to not only serve as a strategic guide to operationalizing these opportunities but also prioritize them in a timeline that aligns with VIEA's organizational goals and readiness. A phased approach is recommended to initiate these opportunities, categorizing them into short-term, medium-term, and long-term phases, with an additional focus on foundational opportunities that require sustained attention over time.

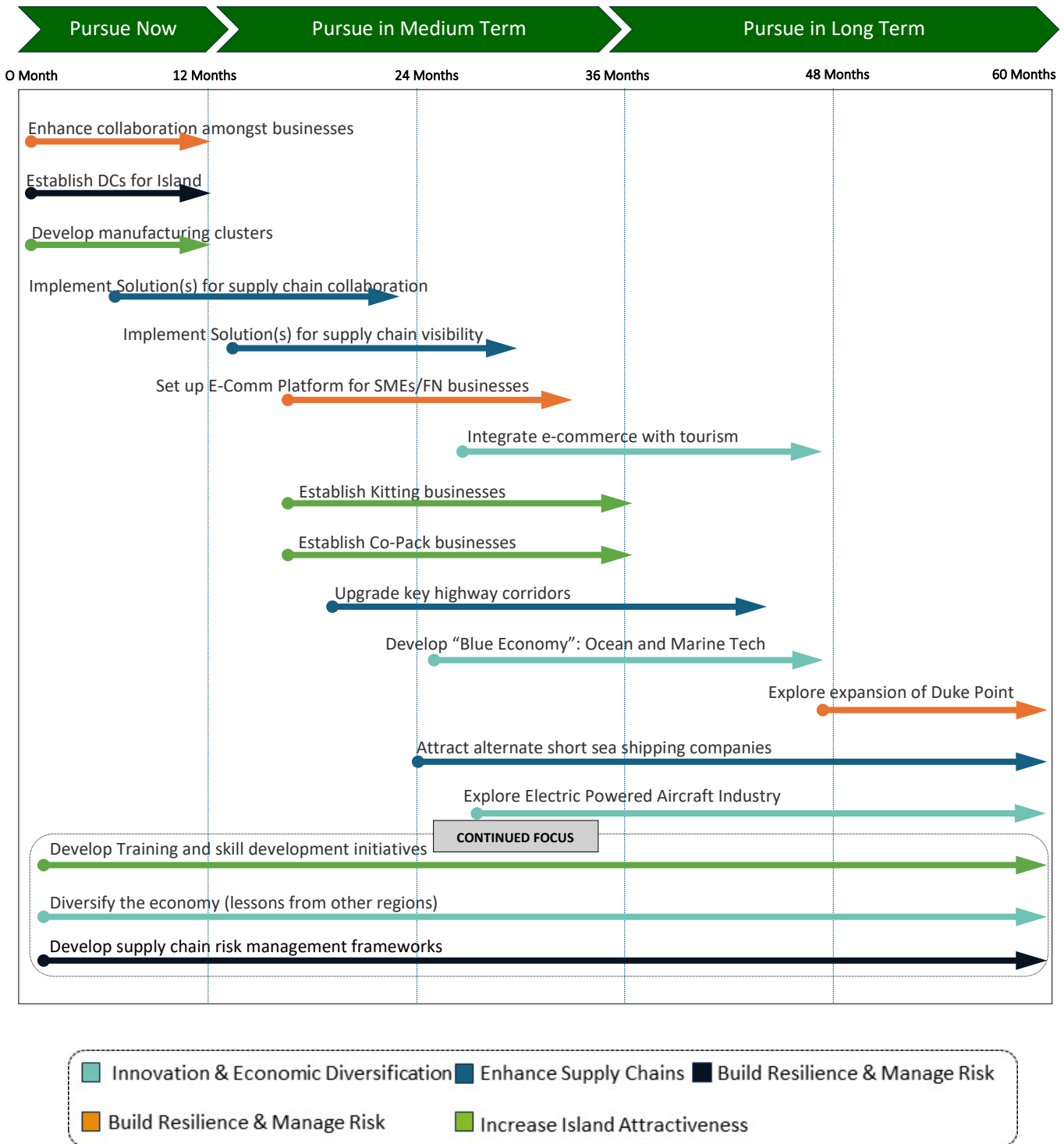
Strategic Phasing of Opportunities for Roadmap Development

The organization of opportunities into different temporal phases - short-term (0-12 months), medium-term (12-36 months), and long-term (36 months and beyond) is driven by several strategic considerations:

- **Resource Allocation:** Prioritizing opportunities based on the immediacy of their implementation is key to efficient allocation of resources—be it financial, human, or technological. By doing so, expected gains can be achieved without compromising the groundwork for future strategic initiatives.
- **Capital and Funding Requirements:** Assessing the financial needs of each opportunity is essential for strategic planning. This includes determining the capital needed for initial investments and sustained operations. Certain opportunities that involve significant infrastructure changes could require funding from government sources, while others could be budgeted internally. Gaining a clear understanding of these financial requirements is critical to secure necessary funds and ensure that financial limitations do not hinder the advancement of these strategic initiatives.
- **Market Dynamics:** The phased approach allows remaining flexible and responsive to the ever-evolving market conditions. Opportunities prioritized for the short term are those that align with current market demands and organizational readiness, thereby enabling quick wins that can bolster our market position and financial stability.
- **Impact:** Each phase corresponds to the impact of the opportunities. Short-term opportunities often involve less complexity and quicker implementation, providing immediate benefits. Medium and long-term opportunities, typically more complex, require meticulous planning and gradual integration into current operational realities, aiming for a significant strategic impact over time.
- **Interdependencies between Opportunities:** Identifying and managing the interdependencies among different opportunities is vital. Understanding how various projects influence one another can help in coordinating efforts and timing, ensuring that the progression of one opportunity enhances, rather than impedes, the success of others.
- **Building Foundational Capabilities:** Some opportunities are categorized under "Continued Focus." These are foundational and transformative in nature, necessitating initiation in the short term but requiring ongoing adaptation and evolution. Their implementation is influenced by continuous assessments of economic realities and operational feedback, ensuring they remain aligned with organizational objectives and external environmental factors.

It is essential to acknowledge that while this roadmap provides a structured approach to opportunity pursuit, the exact timelines for each project will necessitate further quantitative and feasibility analysis. Factors such as fluctuations in economic conditions, advancements in technology, regulatory shifts, and market volatilities

are pivotal in shaping the progression at which opportunities are actualized. Therefore, this roadmap is to be viewed as a dynamic guide that may require adjustments moving forward ensuring the larger strategic objectives are met with agility and responsiveness to external changes.



Opportunity Sequencing

To ensure a strategic and effective rollout of these initiatives, the opportunity execution roadmap is segmented into short-term, medium and long-term, and continuous focus categories. Each category is tailored to meet specific strategic goals and operational readiness, balancing immediate impacts with sustainable long-term development.

Short Term Initiatives:

Multiple initiatives are recommended for commencement within the first year to ensure a broad and holistic impact across multiple opportunity themes:

- Due to its role in the success of other initiatives, particularly the ones aimed at enhancing supply chain visibility and market reach, the initiative to **enhance collaboration** amongst businesses is recommended to be started early. Additionally, by leveraging VIEA's existing groundwork in this area, the startup efforts are relatively lower.
- Establishing SME manufacturing clusters early is pivotal to initiatives that impact attractiveness of the region as a place for doing businesses value-added industries.
- Early establishment of Distribution Centers (DCs) is advised due to their medium complexity and essential role in boosting regional resilience.

Medium and Long-Term Initiatives:

Medium and long-term initiatives are critical to the sustained growth and resilience of regional supply chains. Given their scope and potential impact, these projects are slated for later execution to ensure thorough preparation and community alignment. These initiatives involve more comprehensive groundwork, discussions with business communities, infrastructure investments, and policy changes, thus are recommended for later stages:

- Infrastructure and technological enhancements related projects such as upgrading key highway corridors, exploring the expansion of Duke Point, and implementing solutions for enhanced supply chain visibility require extensive feasibility studies, substantial infrastructure investments, and discussions with businesses and wider communities, including First Nations.
- Initiatives such as setting up an e-commerce platform for local businesses, economic diversification through development of new sectors and attracting alternative short sea shipping companies have been strategically phased. This approach facilitates the integration of technological advancements and addressing complexities like developing a business case and navigating policy changes.

Continued Focus Initiatives:

Continued focus initiatives are essential, long-term projects that are broadly applicable across various sectors.

- **Foundational Impact Across Sectors:** These initiatives are crucial as they lay the groundwork for long-term development and are relevant across various industries. Their broad applicability ensures that multiple sectors can benefit simultaneously, promoting comprehensive regional growth.

- Need for Early Implementation: Due to their foundational nature, it is strategic to begin these initiatives early. Starting early allows for the gradual integration of these practices into the regional economy and helps establish robust frameworks that support other specific projects.
- Requirement for Ongoing Adaptation: The progression of these initiatives is heavily influenced by external factors that determine their critical path. Along their implementation journey, decision points may arise that necessitate restructuring and readjustment to align with evolving realities, ensuring that the initiatives continue to meet the region's needs effectively.

This approach acknowledges the necessity of these initiatives in building a resilient and adaptive economic environment that can withstand and capitalize on global and local changes over an extended period.

7. Next Steps and Execution Considerations

Building on the execution timelines in the implementation roadmap, there are **eight opportunities** that require initiation of necessary groundwork to operationalize the roadmap. These selected opportunities represent a tactical mix of initiatives with short-term impact, building of foundational capabilities and sustained advancements, emphasizing their critical role in the immediate strengthening of Vancouver Island's economic and supply chain structures. Prioritizing these opportunities enables targeted allocation of resources and a concentrated effort to achieve measurable and impactful outcomes quickly.



Figure 16: Opportunities to pursue first

Next Steps and Key Considerations

Below, is an outline of the next steps and considerations for each initiative, aiming to provide a straightforward path for initiating and sustaining progress. This approach is designed to ensure that each opportunity is implemented thoughtfully and strategically, aligning with the broader objectives for growth and improvement.

#	Opportunity	Next Steps & Key Considerations
1.	Enhance collaboration amongst businesses	<ul style="list-style-type: none"> Identify target businesses/industry associations that will be part of the collaboration platform Establish objectives and clearly defined outcomes Set up steering committee composing a diverse group of representatives along with modalities of collaborating Develop a collaboration framework with due consideration to governance structure, and operational processes
2.	Establish DCs for Island	<ul style="list-style-type: none"> Create business case to attract potential investors Identify potential sites by evaluating accessibility, proximity to key transport routes, and local zoning laws Shortlist target sectors e.g. retail chains, essentials etc.
3.	Develop manufacturing clusters	<ul style="list-style-type: none"> Formulate a clear definition of cluster membership and benefits. Organize industry meetups to foster relationships and identify mutual needs and opportunities for collaboration Address potential competitive concerns among businesses
4.	Solution(s) for supply chain collaboration	<ul style="list-style-type: none"> Outline functional requirements and end users Assess existing databases and portal that can be leveraged Vendor selection
5.	Solution(s) for supply chain visibility	<ul style="list-style-type: none"> Outline functional requirements and end users Identify the solution to use for supply chain visibility e.g. BI dashboards, Apps, Control Towers etc. Define functional requirements Vendor selection
6.	Training & skill development initiatives	<ul style="list-style-type: none"> Outline the gaps in skillsets across key businesses impacted by the skill mismatch Establish partnership with local educational institutions to develop curriculum Identify any subsidies or incentive programs earmarked by federal/provincial governments
7.	Diversify the economy (lessons from other regions)	<ul style="list-style-type: none"> Align on new target areas/sectors to develop as well as existing sectors with potential to develop higher echelons of the value chains

		<ul style="list-style-type: none"> • Due diligence on factors such as availability of local resources, existing infrastructure, and market demand • Assess the long-term economic impact of diversifying into new areas, including potential job creation and economic stability
8.	Island specific supply chain risk management framework	<ul style="list-style-type: none"> • Establish a risk management committee composing of representatives from key industries, local government, and other relevant entities • Engage the broader community in the risk management process to enhance resilience • Perform a detailed risk assessment to identify and prioritize risks based on their likelihood and potential impact with due consideration to the regional realities

General Steps Across All Projects

- Central Coordination Hub: Establishing a central hub (project management office) to oversee the execution across all categories, ensuring consistency and synergy.
- Performance Measurement: Deploying a detailed performance measurement framework to track outcomes against predefined KPIs, enabling data-driven decisions.
- Risk Assessment and Mitigation: Regularly updating risk assessments to reflect current realities of projects and develop strategies to proactively address potential risks.
- Budget Management: Implement stringent budgeting processes to ensure financial resources are efficiently allocated and managed throughout the project lifecycles. This includes regular budget reviews and adjustments in response to project demands and unforeseen challenges.
- Team Composition and Roles: Carefully define the composition of project teams based on the skills required for each initiative. Clearly delineate roles and responsibilities to enhance accountability and streamline the execution of tasks.
- Cross-Project Communication: Facilitate regular communication across projects to share insights, challenges, and best practices. This cross-pollination of ideas and experiences will enhance problem-solving and innovation across the board.

This comprehensive execution strategy ensures precise management of each project, addressing dynamic requirements and leading to successful outcomes aligned with long-term strategic goals.

APPENDIX

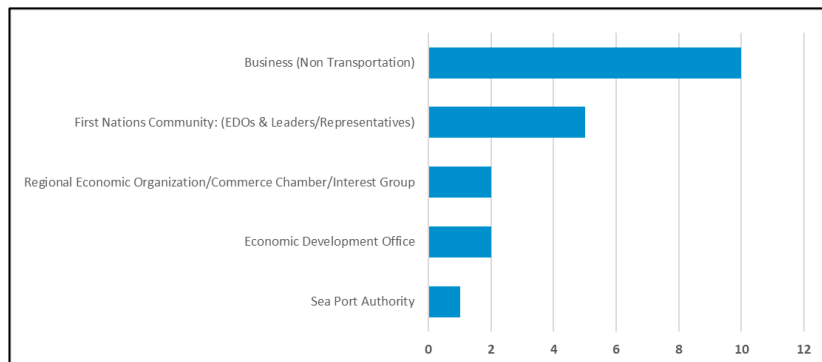
8. Appendices

8.1 Survey

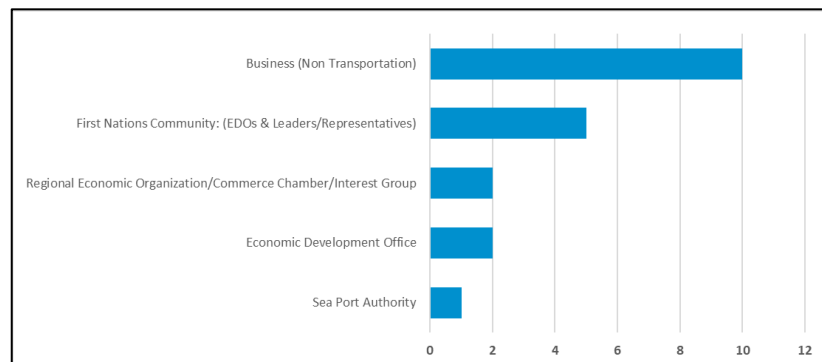
This section of the report presents the findings from a comprehensive survey designed to gather insights on the challenges faced across the local economy and supply chains on Vancouver Island. The survey incorporated a range of questions, from multiple-choice to detailed open-ended responses, to capture a broad spectrum of experiences and perspectives. Respondents included a diverse group of stakeholders such as local businesses from various sectors, First Nation communities, chambers of commerce, economic development offices, port authorities, and transportation companies. The objective was to obtain a holistic view of the barriers and opportunities within the region's economic and logistical frameworks, which are crucial for informing future development and policy-making initiatives. This feedback was instrumental in understanding the interconnected aspects of the local economy and enhancing the effectiveness of supply chain operations across the island.

8.1.1 Key Findings

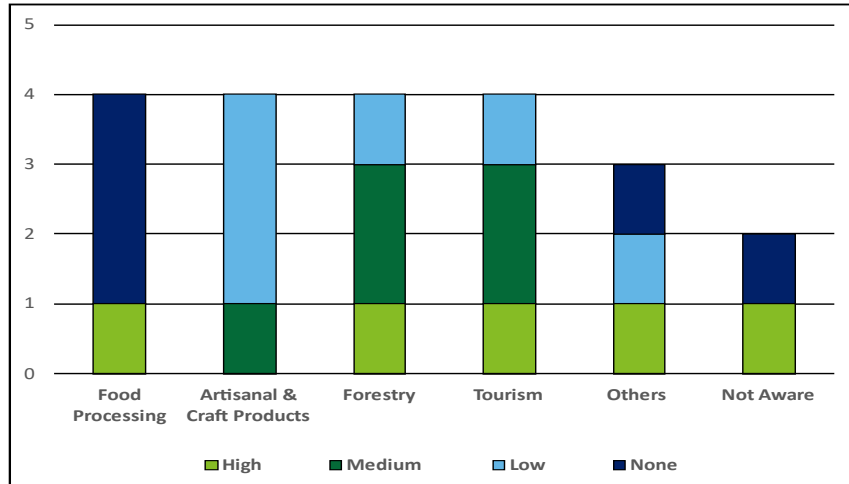
1. What group do you represent?



2. What business are you engaged in?

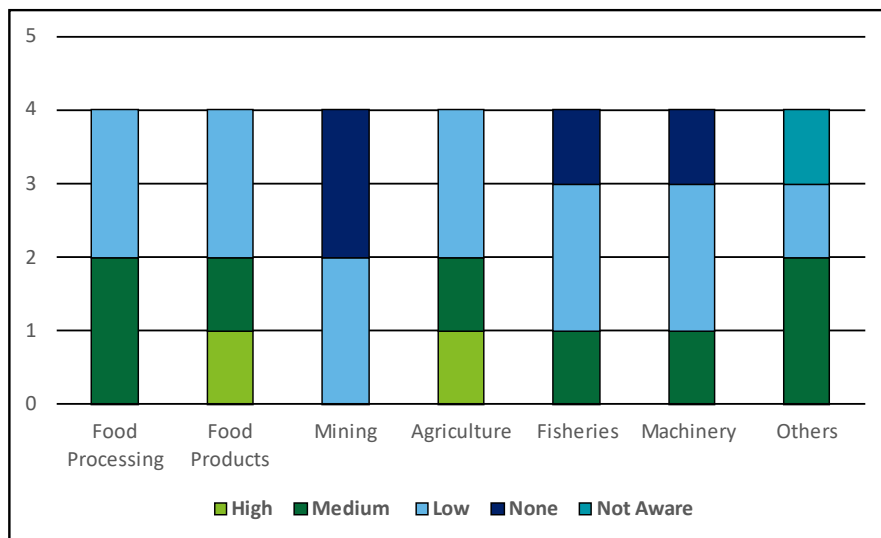


3. For each industry category listed below, please indicate the prevalence of first nations owned

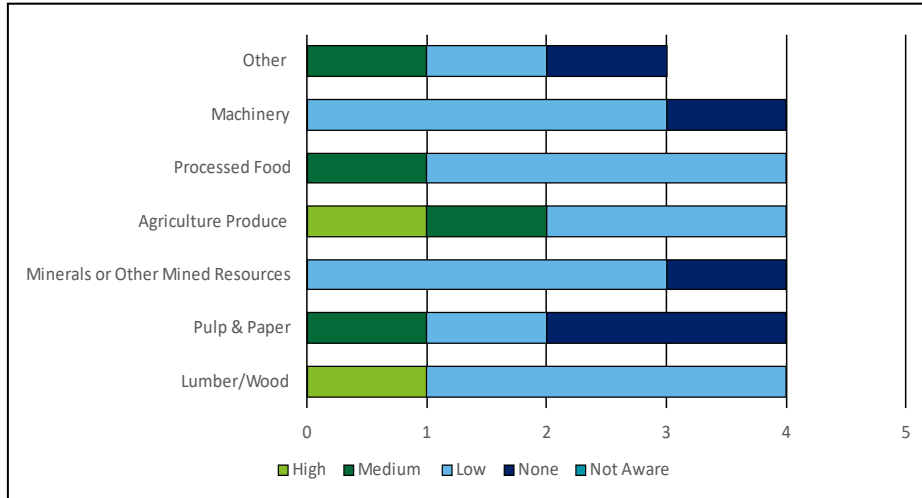


businesses in your community on the following scale: None(0 businesses), Low (1-10 businesses), Medium (10-20 businesses), High (greater than 20 businesses)

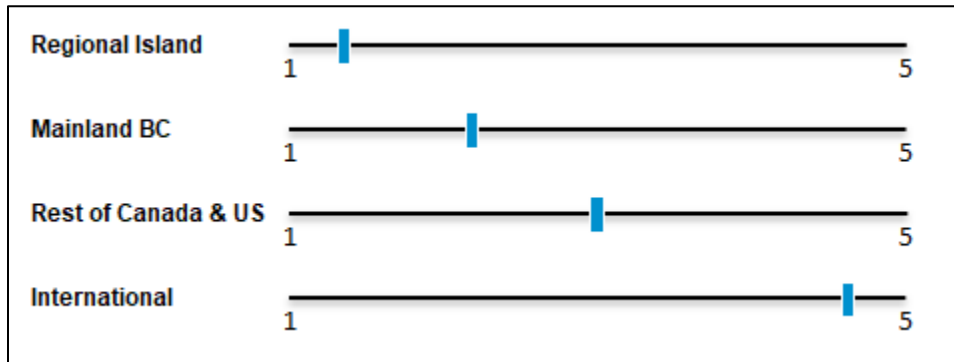
4. For each industry category listed below, please indicate the prevalence of major goods producing industries in your region: None(0 businesses), Low (1-50 businesses), Medium (50-100 businesses), High (greater than 100 businesses)



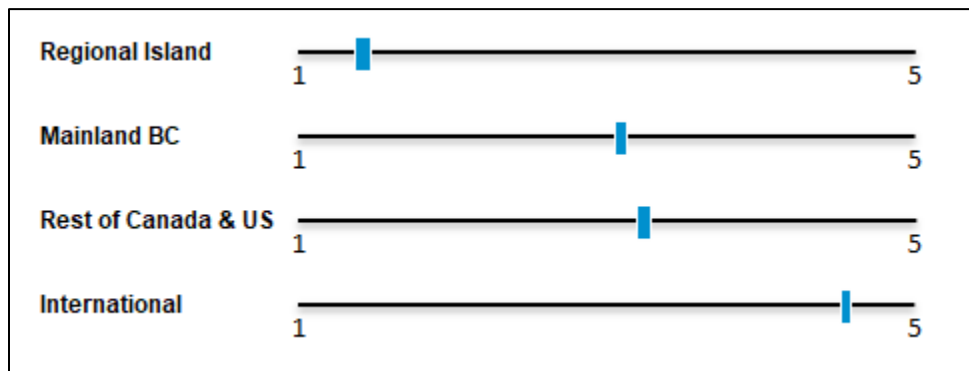
5. For each category listed below, please indicate the commodities that businesses in your region produce: None (0 businesses), Low (1-50 businesses), Medium (50-100 businesses), High (greater than 100 businesses)



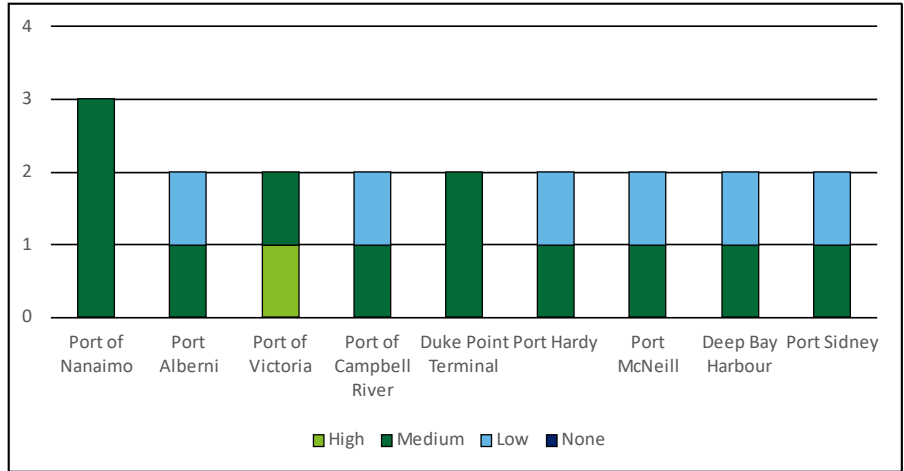
6. Rank the regions below based on where most of your customers are located, with 1 indicating the most revenue and 5 the least.



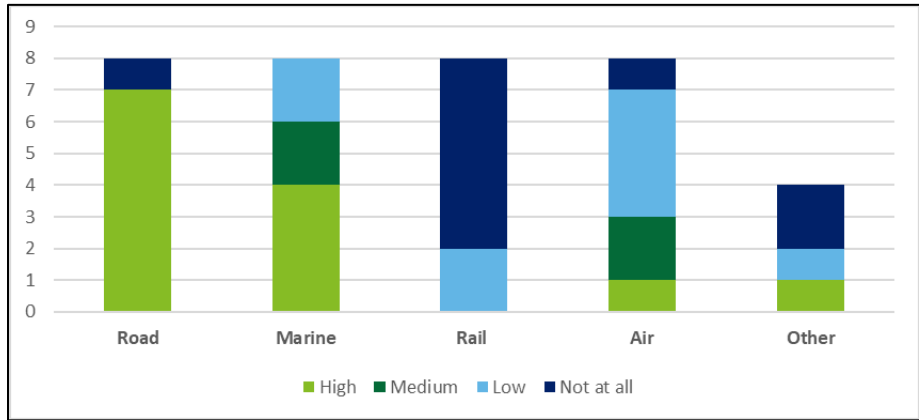
7. Rank the regions below according to how much you rely on your suppliers and vendors you source from. Put the region with the most suppliers you depend on as number 1, and the one with the least as number 5.



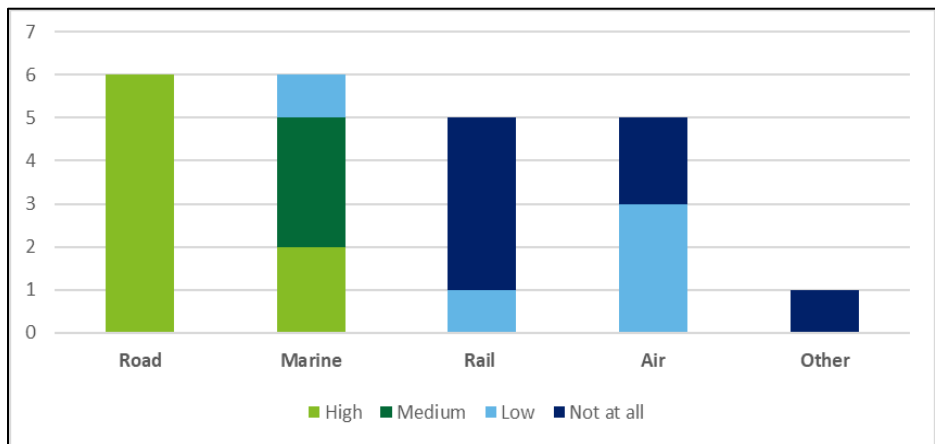
8. For each island port listed below, please indicate the dependence of businesses owned by members of your community.



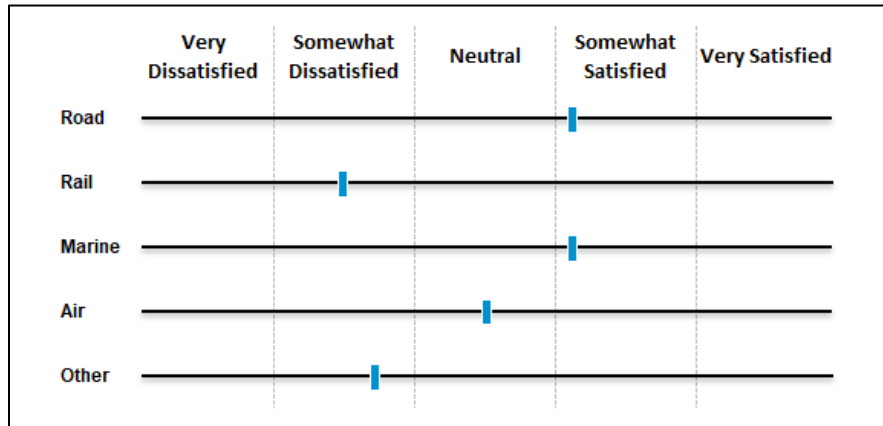
9. For the transportation modes listed below, please indicate the dependence on each for REGIONAL GOODS transportation by business owners in your community. Regional transportation implies movement of goods within Vancouver Island.



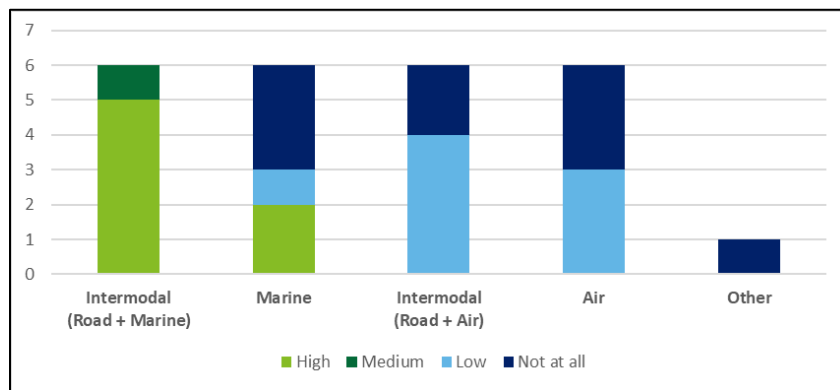
10. For the transportation modes listed below, please indicate the dependence on each for REGIONAL GOODS transportation by your business. Regional transportation implies movement of goods within Vancouver Island.



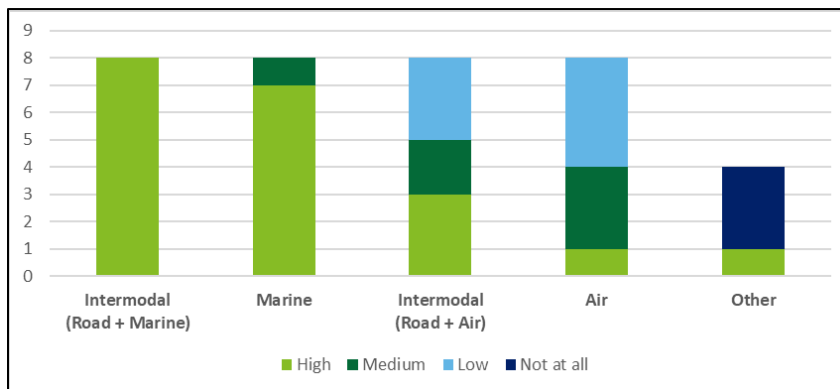
11. How would you rate the overall REGIONAL GOODS transportation on the island across all transportation modes? Regional transportation implies movement of goods within Vancouver Island



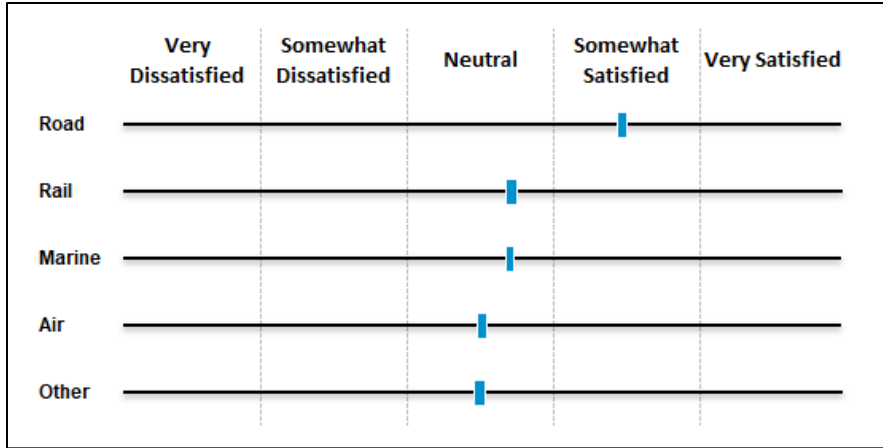
12. For the transportation modes listed below, please indicate the dependence on each for GOODS transportation to/from the island by your business.



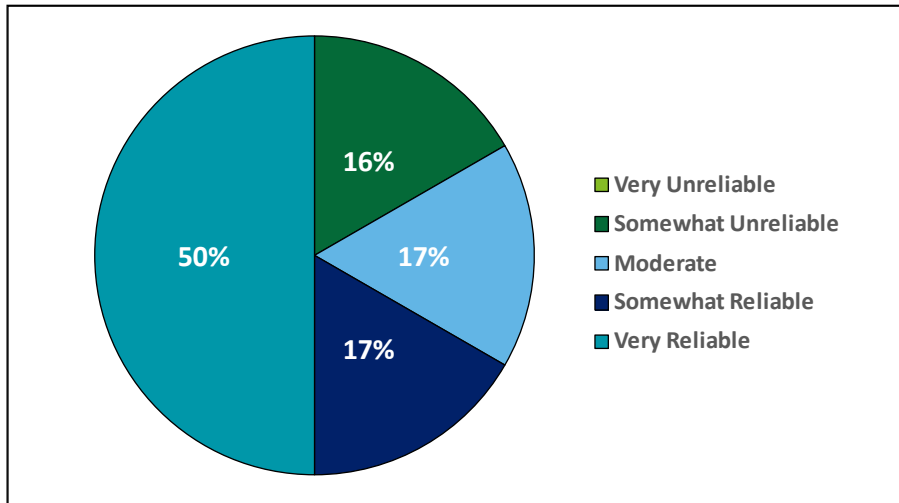
13. For the transportation modes listed below, please indicate the dependence on each for GOODS transportation to/from the island by business owners in your community



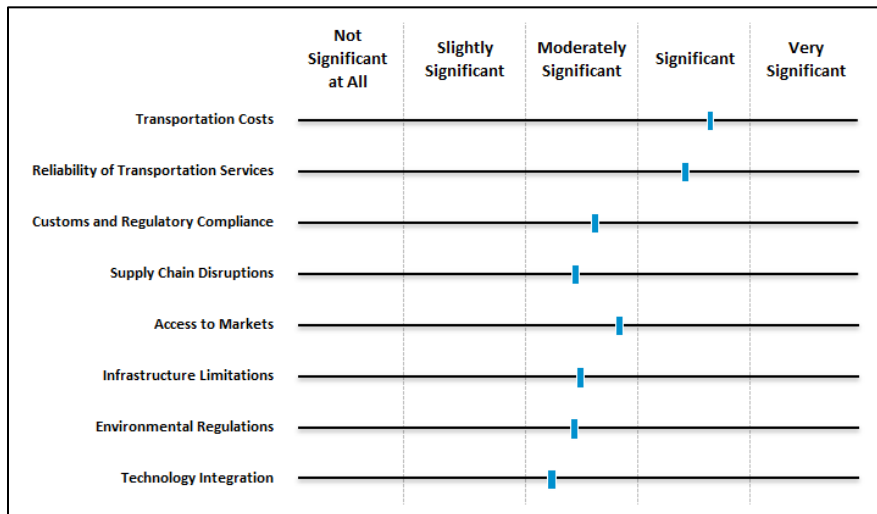
14. How would you rate the overall GOODS transportation to/from the island across all transportation modes.



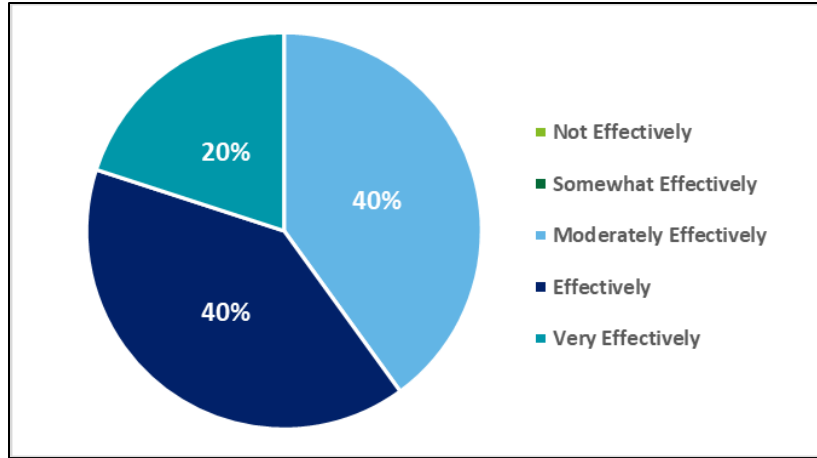
15. How would you rate the reliability of your supply chain in meeting your business needs



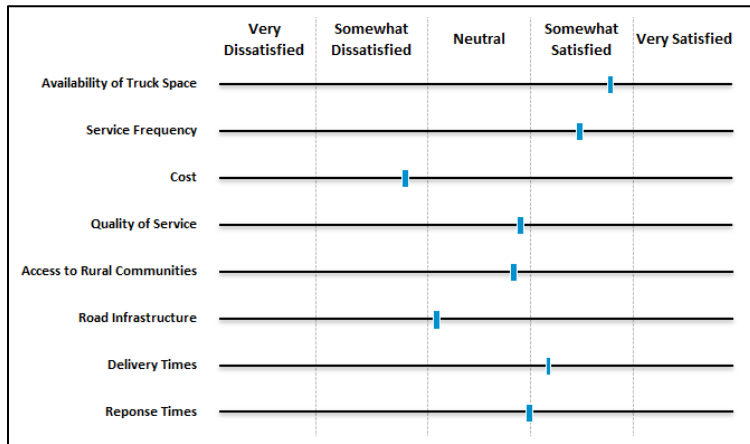
16. Considering your experience, how significant are the following logistics challenges?



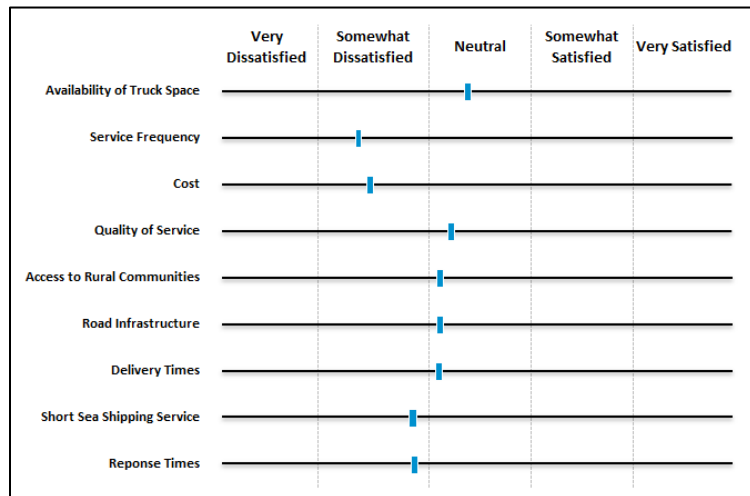
17. How effectively has your business adapted to logistics challenges over the past few years?



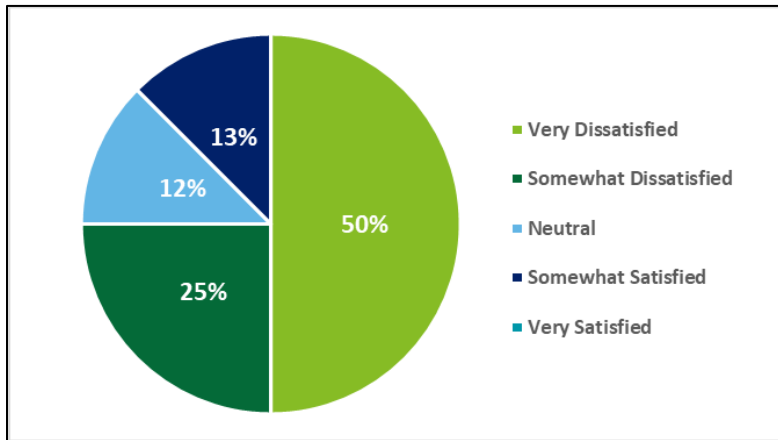
18. For each of the following factors related to the transportation of goods via road, please indicate your level of satisfaction



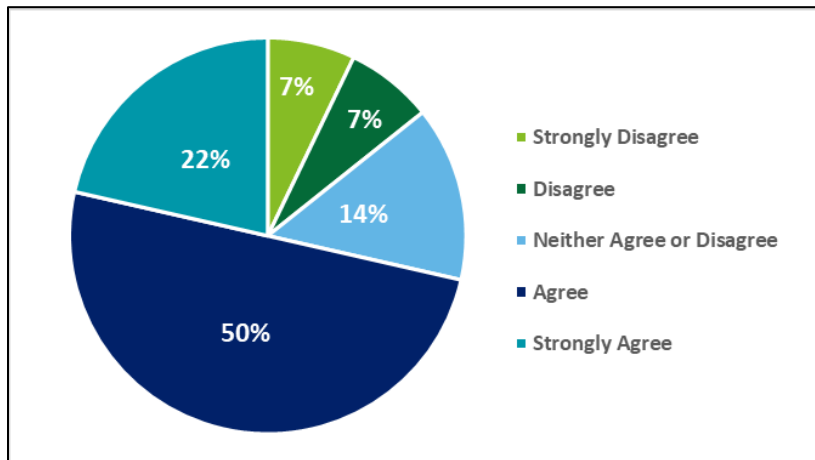
19. For each of the following factors related to the transportation of goods via water (ocean and river), please indicate your level of satisfaction.



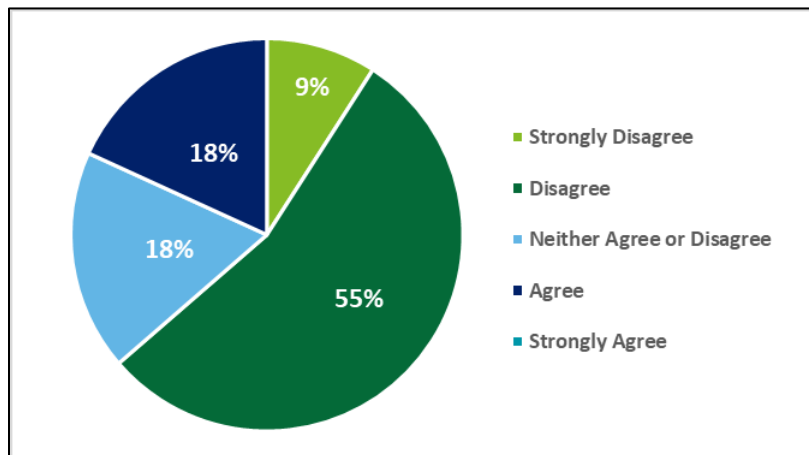
20. How would you rate the overall PUBLIC transportation on the island across all transportation modes.



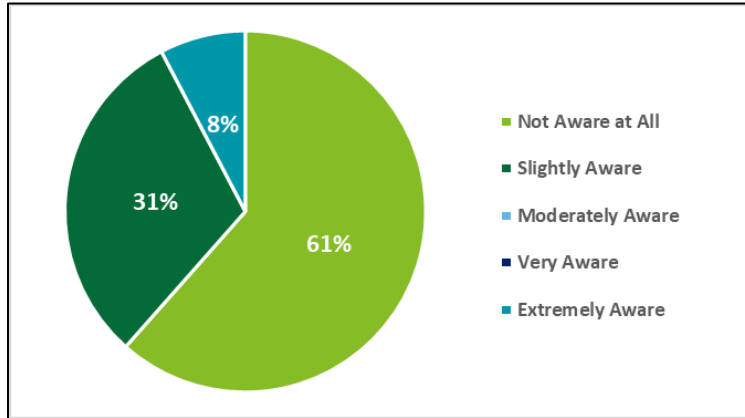
21. Please rate your agreement with the following statement: Vancouver Island is an attractive location for starting or expanding a business.



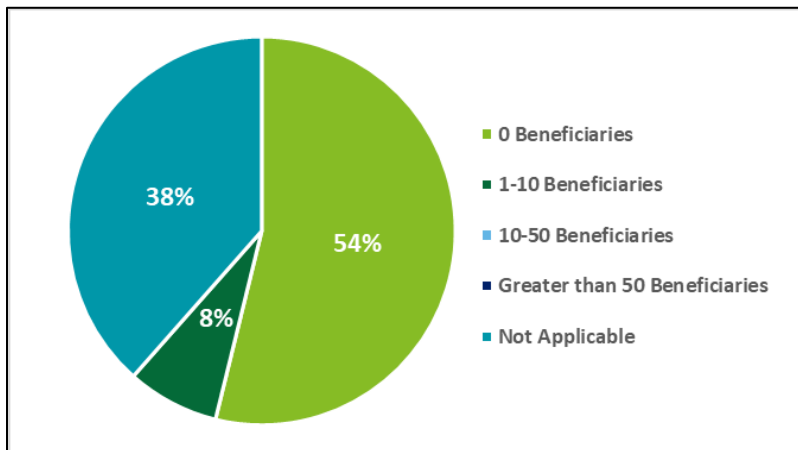
22. Based on your experience or knowledge, please rate your agreement with the following statement: 'There is an adequate availability of skilled labor on Vancouver Island'



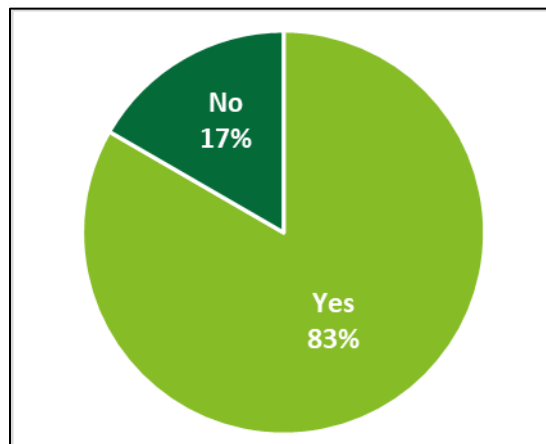
23. Can you quantify the awareness level of Vancouver Island's FTZ (Foreign Trade Zone) status & its benefits to relevant business owners in your community?



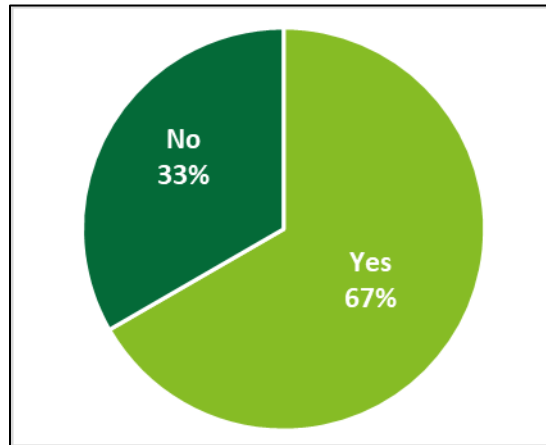
24. Can you quantify the number of businesses in your community who have actively benefitted from the FTZ (Foreign Trade Zone)



25. Do you see potential in collaborating with other businesses in the region to find opportunities e.g., better bargaining power to get cargo space and competitive rates. Please indicate others if applicable



26. Does your business have online presence in terms of your own ecommerce website and/or presence on an online marketplace?



27. How has the geographical distribution of your customers changed in the last five years?

#	Response
1.	"No"
2.	"More customers in Washington State and USA. Less customers in Central Canada"
3.	Very little. We run a regional Vancouver Island branch that supports the Vancouver Island and Gulf Islands.
4.	"The geographical distribution of our customer base has not changed (Vancouver Island and surrounding Islands) however the increase of population and migration to the Island is having a positive impact on our business"
5.	"We are now distributing Nation wide and anticipate the 'rest of Canada' distribution to increase a lot in the next year."

28. The wording of this question is hard to understand. Dependent on the services of the port or the port dependent on their business?

#	Response
1.	"No idea, sorry. The South Island Transportation Strategy Snapshot notes that the Victoria port is often beyond capacity which necessitates use of the port facilities at Nanaimo then the goods need to be trucked south over TCH and Malahat."

29. What are some challenges business owners face when importing or exporting goods from/to international markets

#	Response
1.	" Timing , many of our most valuable products must be kept alive."
2.	" Cost of transportation increases production or end product costs."
3.	"length of time and availability "
4.	" Container services for export do not accommodate 'less than full container' users . Thus, outside of forest products, very little is exported by barge or ship. This"

	gap inhibits potential for more assembly/manufacturing/food production and processing. With importing, businesses report that it costs as much to have something shipped to the island from Vancouver as it does to have it shipped from Europe or Asia to Vancouver. "
5.	"lack of rail service, road congestion, construction, obstruction, Workforce "
6.	" cost "
7.	"Don't know how to get products into national or international markets. Construction industry particularly vulnerable to business disruption when the item isn't available on Gabriola Island. No truck 'runners' currently, so have to use Courier that doesn't know the businesses well or doesn't understand the intricacies of the industry needs. Also a high degree of vulnerability to sectors such as construction or any mobile business when there are cellphone dead spots in the community (about half the island does not have cell reception). Agriculture brought in on the ferry for food/beverage industry is also costly and dependent on non-local sources.
8.	"My biggest challenge is Canada Customs and related delays in importation due to documentation requirements/changes. Once a shipment is called into customs it doesn't matter if the goods are perishable/delicate, there is no chance of communicating with a person. We have lost dried fruit products due to delays in customs inspections and the goods sitting in the heat. In fact we had to discontinue the importation of dried fruits (not grown in Canada) due to this loss. The added costs from a customs inspection is HUGE , often equal to the cost of shipping from the country of origin, thus doubling my importation costs. In twenty years of importing we have never had an 'issue' with anything being 'found' in our shipments and yet we still routinely are required to have our products inspected, resulting in these huge costs and delays. The cost of shipping is prohibitive as is, particularly fuel surcharges.
9.	"We do not directly export to international markets
10.	"Associated costs and determining what is available and the quality of product.
11.	"We are updating our strategic plan, and one of they key challenges our consultants have identified is transportation costs . Here's what they wrote: "For Cowichan businesses, being on an island comes with some disadvantages. For example, there are higher business costs due to the transportation and logistics needs. This can apply to any inputs such as equipment and supplies coming from off-island, as well as increased costs for moving goods to the rest of Canada and export markets. Costs are incurred in the form of direct expenditures, time and logistical requirements. As the regional economy transitions to a service base this disadvantage may diminish somewhat. Even so there will continue to be an incremental cost borne by local business that produce or manufacture goods for off-island markets."

30. What impact do the inadequacies of current goods transportation system have on businesses in your community

#	Response
1.	"Limits our ability to generate profits in remote areas without enormous scale
2.	"Increased costs

3.	"The cost of importing inhibits investment and profitability. The connection/service gaps prevent access to containers except for large companies who export commodities.
4.	"quality and quantity of inventory, cost, time
5.	" Delays in service when they have to stop work, and make a run to Nanaimo or elsewhere. Bringing over equipment when they need it for the day. Cost increases to the client. Cell reception also hugely impactful. Couriers can't reach the businesses if they are at a site that doesn't have cell reception, and business owners have to drive to another part of the island to make a call to order something or do other business.
6.	"Lack of alternate road routes creates delays for both the delivery of goods and the ability of customers to access in a timely manner
7.	"Limited and inconsistent service levels for movement of goods to and from the region.
8.	" Higher cost of doing business. Less likely to import/export from off island

31. What impact do the inadequacies of current goods transportation have on people of your community e.g. availability of food, medicines & other essentials

#	Response
1.	"Extreme challenges. We have been forced to rely of charitable helicopter services in the past to deliver medicines."
2.	"If someone does not own a car then it is very difficult to travel for food, medical appointments and other services."
3.	"Because of these gaps in access and affordability , goods production on Vancouver Island is inhibited which prevents our economy from growing and diversifying while also forcing us to import just about everything we need . This makes the Island and its one million people especially vulnerable to supply chain disruptions and unable to achieve an adequate level of resiliency. "
4.	"supply chain is erratic at times due to weather, mechanical issues, staffing
5.	"Again our highway system on Vancouver Island is inadequate . Weather events and or accidents can shut things down with no alternatives creating deficits in availability and timing"
6.	"All of the above plus the ability to mobilize and succeed in business due to high cost and limited supply of service. "
7.	"Availability is fine except when there is an emergency situation, in which case the Island is vulnerable, especially remote communities. While there is availability, when costs increase due to increased transportation costs, this impacts affordability pf necessities, particularly food."

32. What are some opportunity areas or improvement ideas around supporting goods transportation in the region

#	Response
1.	"Increase the frequency of the ferry on the northern route. "
2.	"We need efficient, accessible containerization services so that SMEs can take advantage of export markets with volumes 'less than full container'. We need large footprint industrial lands in close proximity to short-sea, trans-ocean and

	<p>rail services. We need trucking coordination to reduce 'dead-heading' throughout the Island. For instance, a food distributor sends refrigerated trucks north, south and west on the Island delivering to hotels, resorts and restaurants, returning empty. Another transportation company catering to the fisheries industry sends empty refrigerated trucks north and west to collect product from aqua farms for export. Both the expense and carbon footprint could be reduced significantly with better coordination of resources. Similarly, a large percentage of press-treated lumber produced in Langley uses lumber produced on Vancouver Island. Thus, lumber is shipped to Langley, treated and then treated lumber destined for the Island market is returned. If a treatment facility existed on the Island, transportation time and cost could be reduced by more than 50%. etc... "</p>
3.	"LRT, commuter ferries"
4.	"Having specialized couriers for business sectors, such as construction. Apps that make ordering/pick up/delivery easy and accessible. "
5.	" alternate routes for 19 and 4. dedicated truck only lanes"
6.	"Establishment of a transportation hub that includes First Nations in partnership with industry experts to solve the problems. "
7.	"Reduce reliance on outside inputs by sourcing goods locally"

33. What impact do the inadequacies of current public transportation system have on members of your community?

#	Response
1.	"Very challenging to make it to medical and dental appointments. "
2.	"Quality of life is reduced and an inequity exists between those who have and those who have not. It disproportionality affects Indigenous people and low income earners. "
3.	"How much time do you have?! Because BC Transit operates at a regional district level, transportation between RDs is either very inefficient or non-existent. On top of this, the RDs have continued to focus on rural service that is infrequent and inefficient rather than develop a streamlined, inter-regional service (North/South)that could be fed by smaller vehicles operating essentially east/west spurs. The focus on trying to make public transit accessible to everyone makes it useless to the majority of people. Added to this, we continue to over invest in rubber tire transportation of cargo and private automobiles - learning nothing from decades of examples in major metropolitan areas that continuous expansion of highways NEVER solves traffic problems. Passenger rail continues to be an over-looked and under-valued opportunity on Vancouver Island while government continues to pour money into improving and expanding highways. If we make it easy to drive and hard to use transit, it's pretty easy to predict what people will choose. This is unsustainable and electric vehicles are not the answer. People will soon be protesting lithium mining and renewed investment in nuclear power plants as the now protest oil and gas. "
4.	"creates perceived reliance on single occupant vehicles creating high traffic congestion, long commute times, GHG emissions, quality of life"

5.	“We have a community bus. This helps people who work in Nanaimo get to the ferry. It also helps people who can't afford a car to use a car and not have to hitchhike. However, our roads are not well suited for long term bus use. “
6.	“Access to major centres is limited creating issues for travel to education centres and purchasing beyond immediate community“
7.	“Lack of support to move people to and from communities in a cost effective and efficient manner. “
8.	<p>“There are significant gaps in public transportation at the interregional level. For example, independent local governments are needing to find partnerships with each other to fund and provide basic interregional public transportation. At the local level, this could result in a local government having to shift priority away from their local service or vice versa.</p> <p>From the customer perspective, this can present a service that is not integrated with local service or provided with supportive amenities (e.g. washrooms and transfers to local services or transfers to other interregional services such as between Nanaimo - Duncan - Victoria).</p> <p>We have heard through recent studies that interregional intermodal transportation is a particular area for more rural, smaller or remote communities.</p> <p>https://islandcoastaltrust.ca/wp-content/uploads/2023/08/Transportation-What-We-Heard-Report.pdf.</p> <p>For local road public transportation, we have heard that inadequate public transit can be difficult for employment (if route frequency and span does not support work scheduling employees cannot get to work); later evening and weekend service is typically desired by employers (restaurants) to provide an alternative mode of transportation for staff and customers.</p> <p>Incurs additional costs for university and college students travelling by car or by carpool instead of public transit.</p> <p>Higher GHG emissions, more traffic and congestion on roads, which can be a detriment to commercial traffic mobility and reliability (see South Island Transportation Strategy). “</p>

34. What are some opportunity areas or improvement ideas around supporting public transportation in the region

#	Response
1.	“direct ferry to Vancouver“
2.	“Regular bus service "down Island" would be beneficial. “
3.	“1. Create an inter-regional public transportation 'spinal' service (express buses connecting Victoria to Campbell River) allowing each RD to figure out how best to connect to the access nodes established at strategic highway intersections. 2. Invest in the rail corridor to progressively re-establish

	passenger rail (Phase I - Duncan/Victoria. Phase II - Nanaimo/Victoria. Phase III - Port Alberni/Parksville. Phase III - Courtenay/Victoria. 3. Stop improving/expanding highways to make it easier for people to drive cars. For instance, the what (\$40-50 mil?) spent on the MacKenzie interchange has relieved congestion in and out of Victoria for the time-being. It has also made it easier for people to live outside of central Victoria and commute. Before long, traffic congestion will resume. More carbon/more congestion. This is not a solution. “
4.	“LRT, Express coach lanes, on demand transit“
5.	“Our island is dependent on tourism, and attracts the cyclist community. Our roads are unfortunately highly dangerous for cyclists and drivers because there isn't separated active transportation lanes. This could be a huge asset to our tourism sector if we had proper and aesthetically pleasing cycling experiences in our community. Also BC Transit has not supported our community bus, and we use our own tax dollars to fund the bus. It is on a minimalist non-profit budget and requires infrastructure, digital, and administrative upgrades. “
6.	“Create a backbone system to link all communities on VI with smaller intra-community systems“
7.	“Establish a public transportation hub in support of transporting people throughout the regions. “
8.	“Increased funding and support for interregional transit, and local transit services. More coordination between modes. “

35. Can you highlight 1-5 proposed future projects e.g. infrastructure upgrades, new businesses planning to set operations or any other projects that would help the regional economy

#	Response
1.	“Northern route ferry expansion. A direct link to Vancouver would enable export of many products and improve productivity of the central and north coast regions. “
2.	“ (I don't know if any of these are proposed, but, these are needed for success.) 1. FTZVI has potential to be very beneficial BUT it is not supported by the Government of Canada as it should be. 2. We seem to have the large infrastructure pieces needed, but we lack the smaller connecting pieces to make them work such as a means for SMEs to access container services . 3. The lack of trucking information and the subsequent lack of trucking coordination needs to be addressed. 4. We need large footprint industrial land convenient to port/airport/rail facilities to support the warehousing/assembly/manufacturing that would be possible if our end-to-end transportation services were seamless. 5. We need to provincial government to revise their food production quota system to enable investment on Vancouver Island so as to geographically diversify food production in BC for greater resiliency. “
4.	“DP World container port expansion“
5.	“Rail would have a significant positive impact at so many levels including the transportation of goods, tourism and the ability to commute up and down the Island with less reliance on roads, which face many closures and bottlenecks

	and will require huge infrastructure and capital cost to continue to operate them and expand them to meet our growing populations numbers. “
6.	“ Cell phone tower at the South end of Gabriola Island would also benefit Decoursey, Ruxton, and Valdez Island. - There is no marinas on the north end of Gabriola Island, the closest to Nanaimo and most highly populated area. The south end marina is overcrowded. A north end marina would greatly improve tourism opportunities and business on Gabriola, as well as emergency infrastructure for getting good to Gabriola, or people off in a crisis. “
7.	“1. creation of commercial goods only barging to lower mainland 2. government assistance with fuel surcharges 3. ombudsperson for customs and regulatory issues for businesses“
8.	“Alternate Routes Intercommunity connections for public transit improved and reliable ferry system dedicated goods transport lanes“
9.	“Alternate Routes Intercommunity connections for public transit improved and reliable ferry system dedicated goods transport lanes“
10.	“Net zero waste, clean energy food security and housing development initiatives. “
11.	“Malahat Film Studio and battery factory Cowichan District Hospital Replacement project Cowichan Secondary School Replacement project North Cowichan Industrial Land Servicing Expansion of modular housing companies Advances in clean tech around water use and aquifer protection/recharge“

36. What are some opportunity areas or ideas that can help collaborate movement of passengers with movement of cargo?

#	Response
1.	“Infrastructure investment in Ports, roads and distribution centers across the island. Using the island as a container hub for the West Coast and Canada. “

37. Do you have concerns around the existing rail, road & sea port infrastructure that overlaps with First Nation Community lands - YES (add comments if applicable)

#	Response
1.	“Decision-making at every level is now inclusive of First Nation sovereign objectives. Thus, development decisions and processes are complex. “
2.	“a fair collaboration for Nations is imperative“
3.	“Lets stop talking about rail north of the Malahat When Highways cut through FN Reserves there needs to be provisions to connect all of the Reserve lands with overpasses or full intersections“

4.	“Infringement on FN peoples by imposing a railway infrastructure, which still exist is wrong and as such these First Nations should be compensated. “
5.	“We understand that some First Nations may have concerns with the location of rail infrastructure on their lands. Concerns need to be addressed or alternative routes identified. “

38. How do you view the current state of economic development within your First Nation community, and what are your thoughts on how it impacts the region overall? Please feel free to share any insights, experiences, or suggestions you have regarding this topic

#	Response
1.	“Our economy is well developed but not diverse, therefore it is not particularly resilient. The lack of transportation means we can only focus on producing certain goods. Our community delivers many millions of dollars of value to the region annually and does not see many of the benefits. “
2.	“Economic development for First Nations will benefit the entire north island.
3.	“Current state of Economic Development is positive with a lot of initiatives still to follow. The Nation's projects are and will continue to have a positive impact on the community around them through the provision of housing and goods and services that otherwise would not exist. “
4.	“The current state of the economy in the region is fairly stable, but could use a boost of resources to develop energy infrastructure in support socio-economic needs in this regard. “

8.2 Summary of past studies

Study 1: Island Coastal Inter-Community Transportation Study by MNP

Study Description and Objectives	The Island Coastal Inter-Community Transportation Study aimed to investigate the state of passenger transportation connections between communities on Vancouver Island, the Sunshine Coast, and parts of Coastal B.C. The study collected input from approximately 1,200 participants through online surveys and in-person engagement sessions. The key findings of the study revealed several challenges with transportation services, including gaps and lack of service, high costs, low connectivity between transportation modes, and insufficient infrastructure and safety measures. Participants emphasized the need for transformative change in transportation governance, community partnerships, government support, and the promotion of active and alternative transportation. The study also provided recommendations and proposals for addressing the identified challenges and improving transportation options between communities.
Regions Studied	Vancouver Island, the Sunshine Coast, and Coastal BC Communities
Method of Engagement	In-person and online engagement sessions, a public survey, document research, phone interviews, and surveying. Participants were invited to provide feedback and share their concerns, challenges, and recommendations regarding transportation services in the Island Coastal region.

<p>Barriers and Challenges</p>	<p>The study on the Island Coastal Inter-Community Transportation identifies several challenges and barriers to inter-community transportation in the region. These challenges include a lack of convenient, frequent, and reliable transportation options, high costs of transportation, low connectivity between modes of transportation, and insufficient infrastructure and safety measures. Participants in the study expressed concerns about the lack of accessible transportation options, especially for medical appointments, and the impact of adverse weather conditions on transportation services. The discontinuation or limitation of regional bus services has also negatively impacted small and rural communities.</p> <p>Transportation service providers face challenges in recruiting and retaining labour or volunteers, as well as regulatory and legislative barriers, seasonal volatility, and capital and operating costs. Underfunding airports is also a concern, limiting inter-community passenger transportation via the aviation industry. Other challenges identified include:</p> <ul style="list-style-type: none"> • Limited flights and destinations. • The lack of taxis and ride-hailing services. • Difficulties for K-12 students in accessing extracurricular activities. • The impact of climate change and emergencies on transportation infrastructure. • Changes in community composition and the labour market. <p>The study recommends a transformative shift in transportation governance, a collaboration between multiple layers of government and sectors, a common fare system, and increased government support for transportation service providers. Participants also emphasized the need for community-based partnerships, government support for active and alternative transportation, and improved infrastructure for bicycles and other active transportation modes. The revitalization of rail corridors for passenger transportation and cargo is supported as a secondary route in case of emergencies or highway closures.</p>
<p>Opportunities and Recommendations</p>	<p>The study identifies opportunities to enhance transportation services, including establishing an inter-regional transportation authority for coordination. It suggests improving information sharing, integrating passenger and cargo transportation, and coordinating ride-hailing and car-share programs. Better governance and policy are highlighted, with a focus on community partnerships and government support. Increased funding for service providers would enhance affordability and availability. Solutions are inclusive, covering active and alternative transportation, safe routes, direct community connections, and improved communication systems. Tailored options for rural areas are recommended. Furthermore, funding boosts and fare subsidies aim to reduce user costs and ensure accessibility for all community members.</p>
<p>Next Steps</p>	<p>The Island Coastal Inter-Community Transportation Study's next steps involve creating a capacity fund and offering financial support for initiatives. Its findings will guide future regional policies and investments. The study stresses ongoing collaboration among transportation providers, government, and communities to tackle challenges and enhance inter-community transport. It suggests continuous</p>

	engagement, monitoring, and evaluation of services to meet resident and visitor needs effectively.
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Study 2a: State of the Island Economic Report 2022 by VIEA

Report Overview	<p>The 2022 report provides a comprehensive overview of Vancouver Island's economy, covering macroeconomic indicators, infrastructure, development, business environment, investment attraction, population, labor force, and various industries. It aims to provide insights and data to inform decision-making and promote sustainable economic growth on Vancouver Island. The report acknowledges the progress made in controlling the COVID-19 pandemic but highlights the impact of ongoing travel restrictions on the tourism sector. The rise in inflation and interest rates have also affected the real estate and labor markets. Economic growth is expected to continue but at a slower pace, with the recovery of tourism and immigration supporting growth. The report also discusses the housing market, with low inventory levels and increased demand leading to higher prices.</p>
Barriers and Challenges	<p>The report reveals a complex landscape characterized by anticipated economic deceleration in the coming years. This slowdown is attributed to ongoing travel restrictions hindering the recovery of key sectors like tourism and hospitality, alongside the impacts of rising inflation and interest rates on the real estate and labor markets. Amidst these challenges, uncertainties loom regarding future demand for goods and services as the pandemic's effects gradually recede, underscoring the need for adaptive economic strategies.</p> <p>Housing affordability emerges as a critical concern driven by population growth, which has fueled increased demand and consequent price hikes. However, the inability of housing supply to match this growth has resulted in diminishing affordability and constrained inventory levels, posing challenges for both residents and policymakers.</p> <p>Labor shortages persist across vital sectors such as healthcare, hospitality, and transportation, despite a surge in job vacancies compared to pre-pandemic levels. This dichotomy highlights the complexities of the current labor market, where employers struggle to find suitably qualified candidates amidst a shifting economic landscape.</p> <p>Infrastructure development remains a focal point for sustaining economic growth, with ongoing projects ranging from educational facilities to affordable housing initiatives. Nevertheless, challenges posed by rising interest rates are dampening investment prospects, complicating efforts to address critical infrastructure needs. Additionally, the report underscores the imperative of addressing climate change, social equity, and economic sustainability in the post-pandemic era, advocating for enhanced data and understanding of economic equity to inform targeted interventions and policy initiatives.</p>
Opportunities and Recommendations	<p>In 2021, Vancouver Island's tourism recovery was hindered by travel restrictions despite global economic rebounds. Net migration boosted housing demand,</p>

	<p>impacting affordability. Government stimulus and rising inflation led to Bank of Canada interest rate hikes in 2022, cooling real estate and labor markets. Economic growth is expected to continue, albeit at a moderated pace.</p> <p>The report emphasizes innovative strategies to enhance the Agricultural Land Reserve, sustainability, and Indigenous business engagement. It highlights in-migration and tourism's role in sustaining economic momentum and urges infrastructure investment and expansion in high tech, manufacturing, aquaculture, agriculture, and forestry. Challenges and opportunities in the education sector, including attracting international students, are addressed, emphasizing climate change mitigation and social equity.</p> <p>Low housing inventory and high demand due to increased savings, remote work, and low rates are noted. While sales softened after interest rate hikes, a significant correction isn't expected soon due to population growth and supply constraints, potentially boosting rental market activity and rates.</p>
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Study 2b: State of the Island Economic Report 2023 Dashboard

<p>Dashboard Overview</p>	<p>The State of the Island Economic Dashboard examines Vancouver Island's economic trends, noting Canada's moderated growth in 2023 due to factors like rising interest rates and reduced export demand. British Columbia faced similar challenges, including a strike at the Port of Vancouver. Unique dynamics on Vancouver Island include slow population growth and uncertainty in sectors like aquaculture and forestry due to regulatory changes.</p> <p>Despite this, tourism thrived while other sectors struggled with employment and production declines. Job vacancies, particularly in accommodation and food services, highlighted ongoing staffing issues. Population shifts impacted demographics and economic development, while declines in agriculture and forestry were influenced by workforce aging and market conditions.</p> <p>Housing prices fluctuated, driven by strong demand from population growth. The report emphasizes ongoing economic complexities and recommends targeted policy interventions for sustainable growth and sector-specific challenges.</p>
<p>Key Takeaways</p>	<ul style="list-style-type: none"> • Economic Challenges: Regulatory changes and market uncertainties in sectors like aquaculture and forestry pose threats to employment and production. Rising interest rates and inflation dampen consumer spending and investment, impacting industries such as real estate and construction. Demographic shifts, including an aging population and declining labor force participation rates, present long-term challenges for economic sustainability. • Sectoral Dynamics: Despite challenges, sectors like tourism show resilience, with opportunities for job creation and revenue generation. However, other industries, such as agriculture and forestry, face employment declines due to market conditions and regulatory pressures.

	<ul style="list-style-type: none"> • Housing Market: Fluctuations in housing prices and limited supply underscore affordability concerns, necessitating measures to address construction costs and housing availability. • Policy Recommendations: The report underscores the importance of targeted policy interventions to address structural barriers and capitalize on emerging opportunities. Recommendations include promoting sustainable practices, investing in skills training, and fostering collaboration between stakeholders to drive economic diversification and resilience.
<p>Barriers and Challenges</p>	<p>The dashboard identifies several challenges and barriers on Vancouver Island, which reflect a complex economic landscape. Sectors such as forestry and aquaculture face uncertainties due to regulatory changes and market conditions. These uncertainties may have implications for employment and production in the long run. For example, the phasing out of fish farms in the Discovery Islands has led to job losses and a decline in long-term investments in aquaculture.</p> <p>The forestry sector has faced challenges due to low lumber prices, fiber supply issues, and reduced demand for housing construction. These challenges contribute to employment declines and economic uncertainties in key industries.</p> <p>Consumer spending and business investment may be impacted by rising interest rates and inflation, which can have negative effects on the real estate and construction sectors. Housing affordability concerns persist, particularly due to high construction costs and limited housing supply. These challenges could potentially impede economic growth and exacerbate social inequalities.</p> <p>Demographic shifts, such as an aging population and declining labor force participation rates, pose long-term challenges to workforce availability and economic productivity. As a result, targeted policy interventions may be necessary to address these structural barriers.</p>
<p>Opportunities and Recommendations</p>	<p>One noteworthy opportunity is the steady recovery of the tourism sector, which has the potential to create jobs and generate revenue. To further strengthen this vital industry, stakeholders can capitalize on regional travel trends and improve tourism infrastructure. The report also recommends utilizing the region's population growth to increase labor force participation and address workforce shortages. Investing in skills training and educational programs tailored to emerging industries can improve employment prospects and encourage economic diversification.</p> <p>Promoting sustainable practices in sectors such as agriculture and forestry can enhance competitiveness while reducing environmental impacts. Encouraging innovation and technology adoption across industries can drive productivity gains and support long-term economic sustainability. Additionally, effective policies and initiatives to address identified challenges and seize emerging opportunities require collaboration between government, industry, and community stakeholders. This collaboration is crucial for ensuring a resilient and inclusive economic future for Vancouver Island.</p>

Study 3a: Island Rail Corridor Freight Analysis

<p>Study Description and Objectives</p>	<p>The Island Rail Corridor, formerly the Esquimalt and Nanaimo Railway (EandN), has been underutilized but is seen as vital for trade. Managed by the Island Corridor Foundation (ICF) since 2006, its potential as a trade conduit is being reevaluated. A study by HDR Corporation for the British Columbia Ministry of Transportation and Infrastructure (MoTI) assesses freight rail transportation along the corridor, involving stakeholder input. The report identifies realistic benchmarks for freight traffic over five years, highlighting opportunities for reduced truck trips and emissions through rail transport. Establishing a rail connection to Duke Point is seen as strategically important for sustainability. The analysis suggests the corridor could handle 4,500 to 11,400 carloads annually, potentially diverting 10,400 to 25,570 truckloads and saving 1,741 to 3,636 metric tonnes of greenhouse gas emissions yearly. This highlights the corridor's potential to enhance sustainability and economic efficiency on Vancouver Island.</p>
<p>Regions Studied</p>	<p>Island Rail Corridor, Vancouver Island Freight Transportation Network,</p>
<p>Barriers and Challenges</p>	<p>The report outlines key challenges facing freight transportation along the Island Rail Corridor in British Columbia. These challenges include limited track capacity, necessitating upgrades to accommodate increased freight volumes. Additionally, the absence of intermodal facilities hampers efficient goods transfer between rail and other transportation modes, while coordination issues between rail and other modes disrupt seamless freight movement.</p> <p>Poor rail infrastructure condition further compounds challenges, demanding significant rehabilitation and maintenance for reliable transportation. Shippers face hurdles due to limited direct rail access, which increases costs and complexity in short-haul freight transportation. Concerns over railcar availability, particularly for specific commodities, may require the acquisition and maintenance of a dedicated fleet.</p> <p>Cost competitiveness is crucial, with rail transportation costs compared to trucking and maritime shipping being a significant consideration for shippers. To attract and sustain freight volumes, competitive pricing and service are essential. Moreover, substantial capital investment is imperative for track rehabilitation, capacity expansion, and facility development along the corridor. The study also acknowledges the uncertainty surrounding future demand, emphasizing the need for careful consideration of industry growth and competitiveness with other transportation modes.</p>
<p>Opportunities and Recommendations</p>	<p>The study highlights the Island Rail Corridor's potential to handle 4,500 to 11,400 annual carloads, reducing truck traffic and greenhouse gas emissions. Shifting to rail offers fuel efficiency, less congestion, and lower maintenance costs. Maintaining the corridor is vital for resiliency, offering an alternative during highway disruptions. Recommendations include enhancing infrastructure and collaborating with the Island Corridor Foundation for growth opportunities,</p>

	<p>requiring stakeholder engagement. Improved rail service could stimulate economic development.</p> <p>Consolidating rail barge slips could boost efficiency, while new intermodal facilities would support container transportation. Transload facilities along the corridor would reduce reliance on costly dedicated ones. The study stresses infrastructure upgrades, stakeholder involvement, and strategic planning to ensure long-term viability and capitalize on increased freight transportation prospects.</p>
Next Steps	<p>The study proposes a phased plan to upgrade the Island Rail Corridor, starting with track rehabilitation to a Class 2 standard, followed by speed and weight capacity increases. Ongoing stakeholder engagement is vital for success, aiding communication, feedback, and opportunity identification. Procuring a fleet of railcars for intra-island freight movement is suggested. Various commodities, like forest products, are identified for potential shipments, with estimated volumes based on feedback. Connecting Duke Point to the corridor is emphasized for economic growth. Reintroducing rail service is expected to improve transportation efficiency, particularly for forest products to the Lower Mainland, aiming to optimize freight transportation potential and enhance infrastructure.</p>

Study 3b: Island Rail Corridor Engagement Summary Report 2022

Study Description and Objectives	<p>The Island Rail Corridor engagement summaries provide insights into the engagement processes with First Nations and stakeholders. The First Nations engagement aimed to understand interests, opportunities, and funding possibilities for the corridor. It involved meetings with nine First Nations, correspondence with six Nations, and discussions with municipal/regional governments and stakeholders. Themes emerged regarding open dialogue, limited interest in rail service restoration, economic opportunities, land acquisition concerns, and legal challenges' impacts.</p> <p>The stakeholders' summary outlines their vision for the corridor, potential challenges, and opportunities, including its use for transportation or other purposes. It discusses the corridor's current state, upgrade costs, and considerations for active transportation development. Both summaries stress commitment to an inclusive process, mention potential funding sources, and highlight ongoing engagement efforts with relevant parties. The Federal Court of Appeal will determine public interest and funding for the corridor, with the Ministry of Transportation and Infrastructure and the Island Corridor Foundation actively engaging with stakeholders to shape the corridor's future.</p>
Regions Studied	<p>Island Rail Corridor, Vancouver Island Freight Transportation Network</p>
Barriers and Challenges	<p>The Island Rail Corridor (IRC) discussions focus on open dialogue and relationship-building among stakeholders. While some First Nations communities express reservations due to potential impacts, there's recognition of economic development opportunities. Legal challenges and past land acquisitions delay</p>

	<p>planning, prompting consideration of alternate land uses. Formal consultation is needed to address Indigenous rights concerns, with attention to community health, safety, and environmental impacts. Preferences for non-rail transportation vary, from commuter transit to green corridors, with emphasis on utility services for First Nations.</p> <p>Immediate priorities include Highway 1 and Galloping Goose corridors, with municipalities prioritizing active transportation. BC Transit targets West Shore communities and considers emergency routes. Port Alberni sees heritage rail potential. Autonomous freight vehicles are considered for long-term freight needs. Communities aim to reduce car dependence, with plans for densification and trails along the IRC. IRC reinstatement may not immediately affect population or traffic but is seen as a utility corridor for services like sewer, water, and telecommunications, with targets set for reducing vehicle travel.</p>
Opportunities and Recommendations	<p>Due to uncertainty about the Island Rail Corridor's (IRC) future, communities and regional districts currently do not heavily consider it in land use decisions, but recognize its potential for housing demand and tourism if developed. The growing use of electronic bikes for active transportation to work could increase IRC's appeal as an alternative corridor. Some agencies suggest redirecting taxpayer funds from highway maintenance to cleaner transportation initiatives. Key areas like the Six Mile Road/Island Highway intersection could support additional transit and bike infrastructure. Certain communities are reserving space for potential future rail crossings. Potential funding sources include community and district support, grants for active transportation, provincial highway funds reallocation, and private sector investment in rail freight expansion.</p>
Next Steps	<p>The feedback documented in this engagement summary report will be shared with the Government of Canada and other decision-makers before the March 14, 2023, deadline set by the Federal Court of Appeal to determine public interest and funding for the corridor. Additionally, further technical analysis on the potential demand for freight service and the economic value of alternatives to the Malahat Highway and other congested points along the corridor will be included in the assessment.</p>

Study 4: South Island Transportation Strategy

Strategy Report Summary	<p>The South Island Transportation Strategy aims to enhance transportation systems across Southern Vancouver Island, focusing on inter-regional travel and considering diverse travel modes. It incorporates input from Indigenous, local, regional, and provincial plans to identify investment priorities and partnerships for integrated transportation improvements over the next decade. The strategy outlines various projects, including highway safety enhancements, cycling infrastructure, and transit services, emphasizing the promotion of active transportation modes like walking, cycling, and transit. It underscores the significance of gateways, such as airports and ferry terminals, in facilitating people and goods movement and discusses challenges like population growth and connectivity needs. Additionally, it highlights goals like sustainability and</p>
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	<p>connectivity improvement through integrated planning and stakeholder collaboration. The strategy aims to transform transportation in the region by prioritizing safety, reliability, and sustainability while promoting active transportation options and fostering vibrant communities.</p>
<p>Barriers and Challenges</p>	<p>The South Island Transportation Strategy acknowledges significant barriers within the existing transportation network, including limited public transit options, accessibility challenges, highway congestion, high collision rates, unreliable travel times, and inadequate connectivity between communities. To address these issues, the strategy proposes investments in infrastructure, enhanced transit services, improved active transportation options, and integrated transportation hubs. It emphasizes the importance of incorporating land use, housing, and economic development into transportation planning.</p> <p>Crafted through consultations with Indigenous communities, local and regional governments, and transportation authorities, the strategy emphasizes partnership and collaboration. It aligns with Indigenous, local, regional, and provincial plans, showcasing an innovative approach tailored to the region's challenges.</p> <p>The strategy focuses on bolstering connectivity and community cohesion by improving links between different travel modes and inter-community connections. It prioritizes enhancing accessibility for all residents and promoting economic opportunities. Recognizing the role of mobility hubs, intermodal nodes, and gateways, the strategy aims to improve access and connectivity for various transportation modes. Collaboration among stakeholders is crucial for realizing the strategy's objectives and fostering a seamless, efficient, and sustainable transportation system in the South Island.</p>
<p>Opportunities and Recommendations</p>	<p>The report outlines strategies to improve the Highway 17 corridor, aiming to construct grade-separated interchanges, transit queue jump lanes, and service road connections. Six interchanges are planned to enhance safety and transit efficiency, with proposals for bus-on-shoulder lanes over a 24.3 km section to ease congestion. It details improvements and costs for both Highway 17 and Highway 14, including turn lanes and widening sections, to reduce travel times, emissions, and address mobility challenges. The report also suggests enhancing the Mill Bay - Brentwood Bay ferry service, estimating costs for terminal upgrades and vessel replacements. It aligns with the South Island Transportation Strategy, emphasizing collaboration among stakeholders and government levels to achieve sustainable, resilient, and equitable transportation solutions, considering projected ridership and traffic forecasts for 2038.</p>
<p>Next Steps</p>	<p>The strategy outlines the next steps to enhance transportation options and infrastructure, integrate transportation and development planning, and promote economic development and affordable housing. Safety improvements, active transportation networks, and transit priority treatments are highlighted. Land use, housing, and economic growth should be integrated with transportation investment, alongside transportation demand management initiatives and expansion of mobility hubs, intermodal nodes, and gateways. Potential initiatives such as ferry services, rail services, and park-and-ride facilities are suggested to</p>

	<p>promote sustainable transportation choices and reduce greenhouse gas emissions. Improving accessibility, amenities, and services and addressing challenges associated with mobility hubs and intermodal nodes are also key focus areas.</p>
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