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Malcolm Island Preliminary Community Economic Profile

What is this document?
The Malcolm Island Community Economic Profile provides a ‘snap shot’ of the current economic and social conditions on Malcolm Island. This document is meant to share information with residents and other stakeholders about how the community is doing, and to ensure that we have a common understanding of:

- Our region’s current economy
- Economic trends and opportunities that could affect our plans (local, regional, and beyond)
- What assets we already have here on the Island that we can build on (like human resources, natural resources, and time)

The profile pulls together this information from a variety of sources into one place, so that we all have a common understanding of local conditions, trends, threats and opportunities as we get together to discuss our future economic development.

In many cases data is not available for Malcolm Island specifically, so we’ve used anecdotal information from locals and we may have missed some areas altogether. We also expect that some people may disagree with some points. This is fine. We want people to discuss this document and we want to hear from residents about it and the issues it explores.

While this report focuses on Malcolm Island, it also presents some information on Port McNeill and Port Hardy, as some islanders commute to these towns and they have impacts on our local economy.

In summary, this profile seeks to answer the question “How are we doing?” so that we can collectively decide—“Where we want to go?” and “How we get there?”. Ultimately, we hope that this profile helps support and stimulate an educated discussion leading to the creation of an Economic Development Strategy for Malcolm Island.
POPULATION

Population changes are considered good indicators of economic performance. People tend to move to a region for employment opportunities and leave when there are no jobs available. Quality of life and other factors are involved as well.

- We have approximately 613 full-time residents on the island and a further 125 seasonal residents (as estimated by locals).
- Of the full-time residents, there are about 80 children (18 and under).
- **Our population is shrinking**: Malcolm Island’s total population decreased 13% from 2006 to 2011. This was due to a 3% decrease in Sointula and a **37.1% decrease outside of Sointula** (i.e. the rest of the island). Some islanders estimate the population has dropped 40% in the past 20 years or so.
- For context, between 2007 and 2011 Port McNeill lost 4% of its population and Port Hardy grew 5%.
Our population is aging: The proportion of Electoral Area A’s population over the age of 45 years has grown from 47% to 60% between 2001 and 2011. Electoral Area A is not always representative of Malcolm Island, but in this case it appears to confirm what we are seeing on the island.

Electoral Area A Population by Age Group (1996-2011)

EDUCATION

Malcolm Island has a public elementary school and private daycare. The closest secondary school is in Port McNeill.

About 46 kids go to elementary school on Malcolm Island as of January 2014. It’s estimated that at its peak, the school had about 100 students, perhaps 40 years ago. Enrolment shrank down to about 30 students 10 years ago but has been growing again lately.

Electoral Area A has lower education rates than the provincial or regional averages, however, this may not be representative of Malcolm Island.

Malcolm Island makes up about 40% of the population of Electoral Area A. The rest of the population of Electoral Area A is primarily made up of Cormorant Island and four First Nations. It does not include Port McNeill or Port Hardy.
EMPLOYMENT

- Malcolm Island residents make their living in a variety of ways, with many residents self-employed and doing a number of different types of jobs.

- **What do we do?** The following graph summarizes a local effort to estimate the number of Malcolm Island residents employed in major employment categories (both on and off-island). It is preliminary and will be updated after the community survey.

- **In addition to these categories,** Malcolm Island has many other types of employment including: accountants, bookkeepers, consultants, farmers, environmentalists, pharmacists, lawyers, landscapers, yard maintenance, light house keepers, yoga instructors, plumbers, electricians, estheticians, butchers, foster parents, drivers, librarians and postal workers to name a few.

- Many retired people on Malcolm Island still work part time or full time.

- **Where do we work?** In addition to people working in jobs on the island, there are approximately 27 people who commute to work off-island; 31 people who work at camp and 9 people who depend entirely on the internet for work.

- The island relies heavily on non-paid volunteer work but there appears to be a trend towards more paid work and less volunteer work.

- According to residents, the actual number of unemployed people on the island is very low as of 2014, though many people may be underemployed or working in jobs unrelated to their field.

- For comparison, the unemployment rate in Electoral Area A rose from 9% to almost 21% between 1996 and 2011. This is roughly double the regional average and three times the provincial average.
Employment Trends and Projections

- In the Regional District, the greatest job growth from 2001 to 2006 was 110 jobs in professional, scientific and technical services, while the greatest job loss was in the forest sector (-645 jobs).

- The sectors that are expected to have the highest employment growth rates by 2020 for Vancouver Island/Coast region are ‘Health Care and Social Assistance’ and ‘Utilities’ (though this is quite uncertain and depends on government policy).

- The sectors that are expected to have the lowest employment growth rates are ‘Construction’, ‘Agriculture’, and ‘Finance, Insurance Real Estate and Leasing’.

Projected Industry Annual Average Employment Growth Rates for Vancouver Island/Coast (2010-2020)

**SERVICE-PRODUCING SECTOR**
- Health Care & Social Assistance: 2.1%
- Other Services: 2.0%
- Transportation & Warehousing: 1.5%
- Accommodation & Food Services:
  - Professional, Scientific & Managerial: 1.1%
  - Public Administration: 0.8%
- Retail & Wholesale Trade: 0.5%
- Educational Services: 0.5%
- Finance, Insurance, Real Estate & Leasing: -0.2%

**GOODS-PRODUCING SECTOR**
- Utilities: 3.2%
- Forestry, Fishing, Mining, Oil & Gas:
  - Manufacturing: -0.1%
  - Agriculture: -0.2%
  - Construction: -0.5%

**INCOME**

- Average income in our Electoral Area did not change from 1995 to 2010, compared to a 20% increase in the Mount Waddington Regional District and a 40% increase provincially.

- We don’t have reliable numbers for income on Malcolm Island.
Transportation:
- B.C. Ferries, water taxi and float plane services connect to Malcolm Island.

- B.C. Ferry service goes to Alert Bay and Port McNeill, year-round seven to eight times a day. The earliest B.C. Ferry service is at 7:55 am on weekdays. This does not allow people to arrive at work in Port Hardy by 9 am, and is considered a significant obstacle for people wishing to commute from Malcolm Island. There is currently an Early Ferry Committee working to address this issue.

- BC Ferries passenger counts from Sointula were shrinking about 6% per year from 2009 to 2012 (July data), however, they grew 6% in 2013 over the previous year. What happened?

- Sointula Harbour is open year-round and provides amenities and moorage for visitors (e.g. electricity, laundry, waste disposal, internet access, bikes).
Physical Characteristics & Infrastructure

Infrastructure:
- Roads are narrow and can be dangerous to walk or bike on due to poor visibility, a few steep grades or narrow shoulders. On the other hand, they are quaint and can be pleasant to drive on.
- Internet connectivity is functional, but broadband capacity continues to be limited and the internet connection is slow (upgrades are in progress and should be completed in 2014).

Housing
- Costs of development in Sointula are higher due to transportation costs for materials.
- Sointula has a relatively significant proportion of unoccupied and seasonal dwellings compared to the rest of the Regional District. Several residents put together the chart on this page based on local knowledge of the 440 or so dwellings on the island.
- Sointula does not have a rental housing shortage, though rents are considered too high by some and may be driving away people who want to rent before they buy.

Dwelling Occupation

- Occupied: 75%
- Unoccupied: 10%
- Seasonal: 15% (not their primary residence)
OVERALL BUSINESS

- There are approximately 80 businesses located on Malcolm Island.

FISHERIES & AQUACULTURE

- Fishing is still a major part of our island's economy, and the regional economy.

- The industry as a whole has seen a decline in the region and across Canada, with high volatility year to year. The chart on the following page shows the volatility in Salmon, as an example.
Approximately 55% of the boats in Sointula harbor are commercial fishing boats.

In 2009, Sointula held 90 commercial fishing licenses in total (of which 52 were salmon). This represents 22% of all licenses in the Regional District.

Malcolm Island is generally not supportive of fish farms, however, they are the largest segment of the marine economy in BC and in the Mount Waddington Regional District.

**Wages and Benefits from the Marine Sectors to Mount Waddington Regional District Economy 2009 (in millions)**

For every additional dollar of direct wages in the marine economy in Mount Waddington Regional District, there is an additional 15% increase in other indirect wages (from indirect suppliers, additional consumer spending, etc.).
Our Economy

FORESTRY

- There are six woodlots on the island and a large portion of the island is covered in woodlots.

- Although there are several mills on the island, there is sometimes a mismatch between the mills and the size and shape of logs coming off the island (meaning that sometimes raw logs must be shipped off the island, and that the mills cannot source enough wood).

- Previous intensive harvesting has depleted the inventory of timber on the island. In 2005, only 18% of the island was covered with mature saleable timber, of which half is protected as Old Growth forest.

- The coastal forestry industry has been in serious decline for the past several years, meaning fewer jobs in the region, and a smaller share of the provincial exports and earnings. With this long-term trend of declining employment, it is predicted that it will decline further and remain a minor economic sector.

ENERGY

- Some Malcolm Island locals already harness renewable energy (such as run-of-river power and solar) for their homes and businesses. There may be potential for more small scale projects that reduce our dependence on external energy.

- Larger scale projects (i.e. selling power back to BC Hydro) could be possible if an energy source exists. Although BC Hydro has a streamlined process for smaller renewable energy projects, it can still require significant research and time.

AGRICULTURE

- Several high-value agricultural operations exist or have existed on the island (raspberries, greenhouse, wasabi), and there may be the potential for more.

- There is a small patch of Agricultural Land Reserve east of Sointula.

- Some islanders have said that the island has an excellent year round growing climate and could support more specialty agriculture.
There is increasing interest locally and globally in local and specialty food production, although it can be difficult and/or expensive to meet requirements for food safety and certification (e.g. organic).

Vancouver Island in general is a high-cost operating area for agriculture, with high transportation costs, especially coming from more remote areas like Malcolm Island.

The Vancouver Island Region is working on a regional agriculture plan, with objectives to improve conditions for agriculture in the Vancouver Island/Coast region.

Work in agriculture is often low-paid, seasonal and physically demanding. This can make it difficult to attract labour.

TOURISM

There are about 100 accommodation beds on Malcolm Island.

A number of small businesses cater to tourism on the island, though it is highly seasonal.

Malcolm Island mostly sees tourists for sport-fishing and marine wildlife viewing. Cultural tourism, adventure tourism, nature-based and marine (sea kayaking & scuba diving) are all compatible with Malcolm Island’s tourism assets.

Malcolm Island’s remote location limits tourism opportunities, and may necessitate working with other regional partners to attract tourists jointly (example, attracting boaters to the region). On the flip side, its remote location also draws a certain market segment seeking “off the beaten path” experiences.

Trends and projections

- Slow growth for tourism on Vancouver Island and the coast is predicted.

- However, some sub-sectors are still growing. For example, the marine mammal viewing sector of the BC tourism sector grew at a rate of 4.2% per year from 1998 to 2009.
Regional boat traffic seems to be increasing. The Town of Port McNeill Harbour experienced a 3% to 5% annual increase in vessel traffic (commercial and recreational) from 2008-2012. Malcolm Island harbour statistics are being investigated.

There were about 35% more visitors to the Port McNeill Visitor centre in 2012 than in 2008 (which is partially due to a new location). Generally speaking though, visitor centre numbers are declining as more tourists book and find information online.

HEALTH CARE AND SOCIAL SERVICES

- Malcolm Island has a health centre with off-island doctors and an on-island nurse.
- Malcolm Island Seniors Housing Society provides eight subsidized one-bedroom units in Sointula.
- Malcolm Island has several alternative healing practitioners.
- There will be a growing demand for health care as the population ages: 18% of Vancouver Island residents are seniors, and this number is expected to double in the next 20 years.
- There may be more opportunities in private health care related services going forward.

CONSTRUCTION

- Anecdotally construction workers on the island are busy and are not leaving for lack of jobs. One local construction company estimated that 80% of their work was on the island.
- New construction may be slow due to slow or no population growth and a current stock of available houses, but there may be a continued market for renovations and handymen and women.
Our Economy

RETAIL, WHOLESALE & MANUFACTURING

- Malcolm Island retailers (such as the co-op) are losing sales to shops in Port McNeill, Port Hardy and to big box stores and therefore having to cut back on hours. In some cases this may be due to lower prices, or people just wanting an excuse to get off-island.

- Retiree population and tourism help fuel retail, bringing additional money into the local economy. However, many tourists and part time residents bring their own supplies and groceries.

- Internet shopping is a threat to bricks and mortar retail, and could impact sales of non-perishable goods.

ARTS AND CULTURE

- The Island has a wealth of creative skills, musicians and artists. There are annual art festivals, and other cultural events (such as “Culture Shock”).

- It is not clear what portion of the local economy is related to the arts and culture industry.

- Arts and Culture contribute to island quality of life, which has indirect economic impacts by impacting tourism and attracting residents.

RETIREMENT RELATED

Most retirement related services are already included in other sections (retail, health care) but it is worth taking a look at some of the opportunities and considerations of servicing retirees.

- Malcolm Island, and all of Vancouver Island, has seen increased interest from aging baby boomers looking for a place to retire (full-time or part-time).

- Older retirees may have health care needs that cannot currently be met on the island (or are only available in limited form). This could limit retiree migration.

- Lack of transit options on the island may present a problem for seniors that no longer drive.
Bibliography

Locally produced statistics were derived from preliminary meetings with industry and interest groups on Malcolm Island in December 2013, as well as the efforts of Economic Development Steering Committee members in January 2014.

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Specific sources for specific statistics are available on request. They were not included as footnotes in the report in order to aid with readability.