

**Economic Development Issues
for Rural Communities in the Four Western Provinces**

2010 - 2015 - 2020

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March 2009

Canada*West*
F O U N D A T I O N

This paper was prepared by Dr. Roslyn Kunin, Director of the BC office of the Canada West Foundation. It answers the question: what issues are likely to affect economic development in Canada's rural West between now and 2015? Researchers for this project were Nicole Beissner, Lee Gan and Michael Izen. The Canada West foundation thanks Community Futures Pan West for their support of this project.

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Economic Development Issues for Rural Communities in the Four Western Provinces 2010 – 2015 -2020

Executive Summary

The purpose of this report is to identify the economic development issues for the rural areas of the four provinces of Western Canada: Manitoba, Saskatchewan, Alberta and British Columbia (BC), with projections from 2010 - 2015, and as feasible to 2020. This report concentrates on medium to long-term realities in the West and in the global economy. Current financial and economic volatility may delay, but will not negate the trends described here which will be important in the rural West over the next decades and beyond.

The four western provinces have a population of 9,772,500 (2006 Census), of which 20%, or 1,880,580, live in the rural areas, and 21%, or 1,930,870, live in medium-sized communities. The majority of the population, 59%, lives in the large urban areas. The population of the West is expected to grow over the next twelve years, increasing from 9.77 million in 2006 to 10.23 million in 2011, to 10.69 million in 2016, and to 11.15 million in 2021.

Aboriginal people are a key sub-group of the population in the rural West, as they live in the rural areas in larger proportions (44%) than the general population, and those tied to their First Nation are building their community in the rural areas. Aboriginal people are also key because as a group they are younger and growing faster than the general population. There are 701,725 Aboriginal people accounting for 7.1% of the population of the four western provinces, and 3.6% of the total population of Canada, and 59.8% of the total Aboriginal population in Canada.

Immigration does and will play an important role in the rural West. Low birth rates across the country mean that Canada is increasingly reliant on immigration to increase and even maintain the population. Immigration is even more vital in rural areas that not only have natural increases below the replacement level, but also have been experiencing out-migration to urban areas.

The four Western provinces are projected to be the strongest economic performers in Canada over the short-term, with strong projections for 2010 - 2015 - 2020. The rural West is dominated by agriculture, oil and gas, mining, and energy, all with strong national and international growth projections. The increased investments in infrastructure and transportation should result in an increase in extraction, processing, and transportation of goods to regional, national and international markets.

However, the economies in the rural areas of the West are heavily dependent upon natural resources and agricultural commodities, and their ever fluctuating markets. While the provincial economies are growing overall, the resource dependency results in strong fluctuations among communities and regions, with some areas booming and some areas suffering from limited economic opportunities. These fluctuations among regions lead to

further discrepancies of age, employment, and income levels, exacerbating regional differences in rural areas.

The population of Manitoba is expected to grow slowly, with the most growth in or near the urban area. The economy of rural Manitoba is well diversified amongst agriculture, mining, petroleum, hydro, pulp & paper, and manufacturing.

The population of Saskatchewan is projected to decrease slightly over the next twelve years, even though it is projected to have the strongest economy in Canada over the short-term. The rural and provincial economy is driven by agriculture, oil and gas, potash and uranium.

The population of Alberta is expected to grow led by its strong economy based upon its large and well developed oil and gas industry. Alberta also has strong agricultural and processing sectors in rural areas.

The population of BC is also expected to grow, and it too has a diversified economy on the rural areas led by forestry, mining, oil and gas, as well as manufacturing and transportation.

Throughout the West a shortage of skilled labour is expected to impact development, particularly in rural areas, which tends to have less of a labour pool from which to draw skilled workers. Environmental, land use and regulatory issues are also expected to impact the natural resource-based economies of the rural West as global markets are becoming more concerned with environmental impacts.

However, the development and use of technology is seen as a way to address concerns of labour and the environment, and to lead to further economic development opportunities.

While the strongest draw for many of the existing residents to rural communities is the lifestyle – which tends to mean a more traditional way of life with a slower pace, less pressure and more predictability than the dynamic urban lifestyle – the draw to the rural areas for new residents is both lifestyle and economic opportunities. The ability to retain people is tied to the community's ability to provide expected levels of services such as health care, education, social services, retail and convenient transportation options.

Businesses are attracted to rural areas for proximity to the resources, and the availability of inexpensive land with less strenuous zoning and other regulations. More and more, industry is also attracted to affordable and available infrastructure such as water, power, communications and transportation.

While the economies of the rural West are dominated by natural resource extraction, small businesses and entrepreneurship have long been an important component developing and implementing new technologies, as well as providing the support goods and services for the workers, communities, and industries in the rural West.

Economic Development Issues for Rural Communities in the Four Western Provinces

1.0 Introduction

1.1 Project Overview

The purpose of this report is to identify the current economic development issues for the rural areas of the four provinces of Western Canada: Manitoba, Saskatchewan, Alberta and BC, with projections from 2010 - 2015, and as feasible to 2020.

This report presents a summary analysis of the four western provinces by each of the issues described below, then subsequent discussions of each of the four provinces.

Population

- 1) Demographics & Projections
- 2) First Nations & Aboriginal People
- 3) Immigration

Economy

- 1) Economy & Market Changes
- 2) Trade
- 3) Impact of Technology
- 4) Entrepreneurship

Industries

- 1) Agriculture & Commodity Markets
- 2) Forestry
- 1) Energy
- 2) Infrastructure & Transportation
- 3) Manufacturing & Processing
- 4) Mining and Oil & Gas
- 5) Tourism

1.2 Research Methodology

The research methodology for this report combined secondary and primary research. The purpose of the secondary research was to identify existing data and to identify key issues to frame the subsequent survey and interview questions, and to identify the respondents for the primary research. The primary research was a combination of two on-line surveys, and telephone interviews with stakeholders in each province, and with national business, government and academic agencies.

1.2.1 Secondary Research

The secondary research involved a review of related reports, studies, articles, websites and documents, and included a review of key information and statistics from several sources. Sources include:

- Statistics Canada & provincial statistical agencies
- Federal & provincial government agencies
- Academic & research institutions
- Commissioned reports & studies by provincial and national industry associations and other similar organizations

The secondary research served to focus the development of the primary research by identifying key issues requiring further input. Appendix 1 contains a list of secondary sources both reports and websites of key organizations.

1.2.2 Primary Research

Two sets of on-line surveys were developed, tested and implemented for this project. Follow-up telephone interviews were conducted with stakeholders from provinces and sectors in order to supplement the survey data.

Draft Survey Guides were circulated to Community Futures Pan West for input and adjustments. The Survey Guides were then tested with several respondents and revised to ensure they captured the intended data.

The key respondents for the surveys were identified by the research team, Community Futures Pan West, and through the secondary research. The respondents were generally senior representatives from business, industry associations, labour, government, academia, and Aboriginal agencies from each of the four Western provinces and at the national level.

The first on-line survey was developed and tested for industry stakeholders in each of the four Western province and national organizations. Over 200 requests for surveys were sent via e-mail to selected stakeholders with responses from 38. Each respondent was followed up with several e-mail and telephone requests. A further 24 telephone interviews were conducted to supplement the survey responses.

The various stakeholders represented a variety of agencies including:

- Federal & provincial government agencies
- National & provincial industry associations, sector councils & business groups
- Unions & labour organizations
- Academic & research Institutes
- Provincial, regional and local economic development associations
- Aboriginal First Nations organizations

Telephone interviews were requested from representatives of sectors and provinces to ensure an adequate representation of stakeholders across the provinces and sectors being investigated.

The second on-line survey was developed and tested for the various representatives of the Community Futures Development Corporations. Over 100 requests for surveys were sent, and 35 provided responses.

Appendix 2 contains a list of respondents contacted.

1.2.3 Research Context

A note of caution is warranted. The primary research for this study was conducted in the fall of 2008 during a time of great uncertainty in the national and international financial markets, precipitated by a financial crisis in the real estate markets of the United States (US), which spread to most international economies, including Canada. As a result, potential respondents declined participation in the study, and many respondents were reluctant to make predictions of their sector over the short and medium-terms.

1.3 Key Definitions

As most of the quantified data used in this report is from secondary sources, some definitions used of key terms on tables and graphs may alter slightly from the definitions presented below.

For the purposes of this report, definitions of key terms are presented below:

Rural - is defined as specific non-Census Metropolitan Areas (CMAs) in each of the provinces concerned in this study.

Rural West - refers to any areas that are:

- Outside Winnipeg CMA in Manitoba.
- Outside Saskatoon CMA and Regina CMA in Saskatchewan;

- Outside Calgary CMA and Edmonton CMA in Alberta;
- Outside Victoria CMA and Vancouver CMA in British Columbia;

Urban - Statistics Canada defines urban areas as those `determined by a combination of population density (400 per square kilometre), population threshold (1,000), and to a limited degree, land usage and proximity to another urban area (joined by a road link of less than 2 kilometres).'

Census Metropolitan Area (CMA) - Statistics Canada defines a Census Metropolitan Area as one that "is a large urban area, together with adjacent urban and rural areas which have a high degree of economic and social integration with that urban area. CMAs are defined around urban areas that have attained a population threshold of 100,000."

Non Census-Metropolitan-Area (Non-CMA) - refers to any population units outside of a Census Metropolitan Area..

Off-Reserve - An "off-Reserve" population refers to the population of persons with an Aboriginal identity in a province who do not live on-Reserve.

On-Reserve - An "on-Reserve" population is a derived census variable that is captured by using the census subdivision (CSD) type according to criteria established by Indian and Northern Affairs Canada (INAC). On-Reserve population includes all people living in any of eight Census Subdivision (CSD) types legally affiliated with First Nations or Indian Bands, as well as selected CSDs of various other types that are northern communities in Saskatchewan, the Northwest Territories and the Yukon Territory. For 2006 Census, of the more than 2,900 Indian reserves across Canada, there are 1,095 Indian reserves classified as CSDs (including the 43 reserves added for 2006). See www12.statcan.ca/english/census06/reference/dictionary/geo012a.cfm#ref2 for more details.

Short-Term - refers to the period between now and up to year 2010.

Medium-Term - refers to the time period between 2010 and 2015.

Long-Term - refers to the time period from 2015 to 2020 and beyond.

Entrepreneurship - the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities.

Small Business - a business that is independently owned and operated, with a small number of employees (50 or less in Canada) and relatively low volume of sales. Small businesses are most often privately owned corporations, partnerships, or sole proprietorships.

Self-Employment - the individual pursuit of free enterprise. To be self-employed, an individual is normally highly skilled in a trade or has a niche product or service for their local community. With the creation of the Internet the ability for an individual to become self-employed has increased dramatically. Self-employed people can also be referred to

as a person who works for himself/herself instead of an employer, but drawing income from a trade or business that they operate personally.

Regional Airport - an airport serving traffic within a relatively small or lightly populated geographical area. A regional airport usually does not have customs and immigration facilities to process traffic between countries. In Canada regional airports usually service connections within Canada and some flights to the US. Aircraft using these airports tend to be smaller business jets, private aircraft and regional airliners of both turbo-prop propelled or regional jetliner varieties. These flights usually go a shorter distance to a larger regional hub.

International Airport - An international airport is an airport typically equipped with customs and immigration facilities to handle international flights to and from other countries. Such airports are usually larger, and often feature longer runways and facilities to accommodate the large aircraft commonly used for international or intercontinental travel. International airports often host domestic flights (flights which take place inside only one country) in addition to international flights.

2.0 Overview of the Four Western Provinces

2.1 The Rural West

The four Western provinces of Manitoba, Saskatchewan, Alberta and BC are projected to be the strongest economic performers in Canada over the short-term, with strong projections for 2010 - 2015 - 2020.

However, the economies, and even more specifically the economies in the rural areas of the West are heavily dependent upon natural resources and agricultural commodities, and their ever fluctuating markets. While the provincial economies are growing overall, the resource dependencies result in strong fluctuations among communities.

Small communities tend to be less diversified than urban areas and more subject to the wild fluctuations of boom and bust. The medium and long-term projections for natural resources and agricultural commodities from the West have a strong outlook, and industry has made and is projected to continue to make, significant long-term investments in the rural West to extract, process and transport the commodities to markets. These investments are the foundation of the projected economic growth in the medium-term from 2010 - 2015 - 2020, and will result in significant economic and employment opportunities in the rural West in the medium to long-term. However, the current economic uncertainties of the fall of 2008, may delay some of the activities in the short-term.

While the strongest draw for many of the existing residents to rural communities is the lifestyle – which tends to mean a more traditional way of life with a slower pace, less pressure and more predictability than the dynamic urban lifestyle – the draw to the rural areas for new residents is both lifestyle and economic opportunities. The ability to retain people is tied to the community's ability to provide expected levels of services such as health care, education, social services, retail and convenient transportation options.

Businesses are attracted to rural areas for proximity to the resources, and the availability of inexpensive land with less strenuous zoning and other regulations. More and more, industry is also attracted to affordable and available infrastructure such as water, power, communications and transportation.

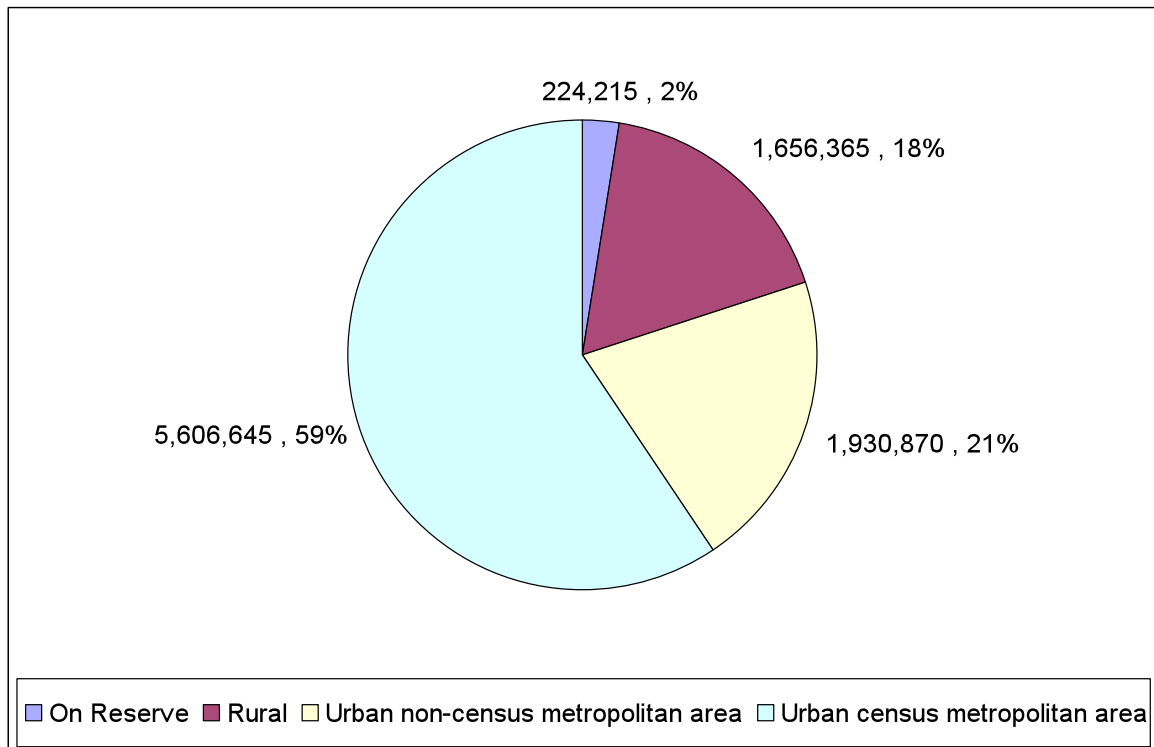
Overall in Canada, there is also a broad movement towards urbanization as people move to the urban areas from the rural areas. As well, new immigrants tend to heavily favour settling in urban areas, even if they come from rural areas in their countries of origin. Even people who move to rural areas, or stay in rural areas, often spend considerable time residing in urban areas for access to education, training and employment opportunities. As the population ages, health services and in particular specialist health services tend to be concentrated in urban areas. These factors strengthen the trend towards further urbanization.

This study examines some of the economic factors that are most affecting the economies of the rural West. This section provides an overview of the West as a whole, and the subsequent sections provide details on each of the four Western provinces.

2.2 Population Demographics

The four Western provinces have a total population of 9,772,500 (2006 Census), of which 20%, or 1,880,580, live in the rural areas, and 21%, or 1,930,870, live in medium-sized communities. The majority of the population, 59%, lives in the large urban areas. The figure below shows the location of the population in the four western provinces.

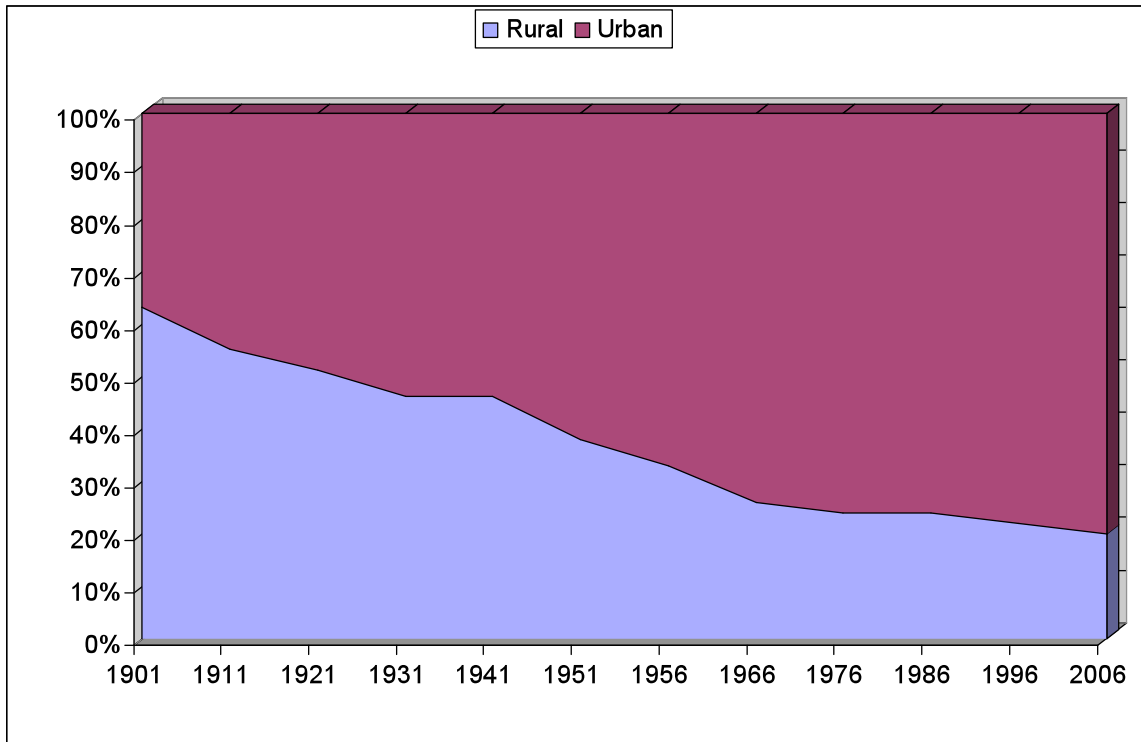
Figure 1: Location of the Population in Western Canada (2006)



(Source: 2006 Census Canada)

The Western provinces, and all of Canada, have seen a dramatic shift in the urbanization of the population over the last one hundred years. In 1901, 63% of the population of Canada lived in rural areas, yet by 1921, 51% lived in rural areas; in 2006, only 20% of Canadians lived in rural areas. The figure below shows the progression of urbanization in Canada.

Figure 2: Rural-Urban Population Split – Canada (1901 – 2006)



(Source: Statistics Canada)

2.2.1 Population Projections

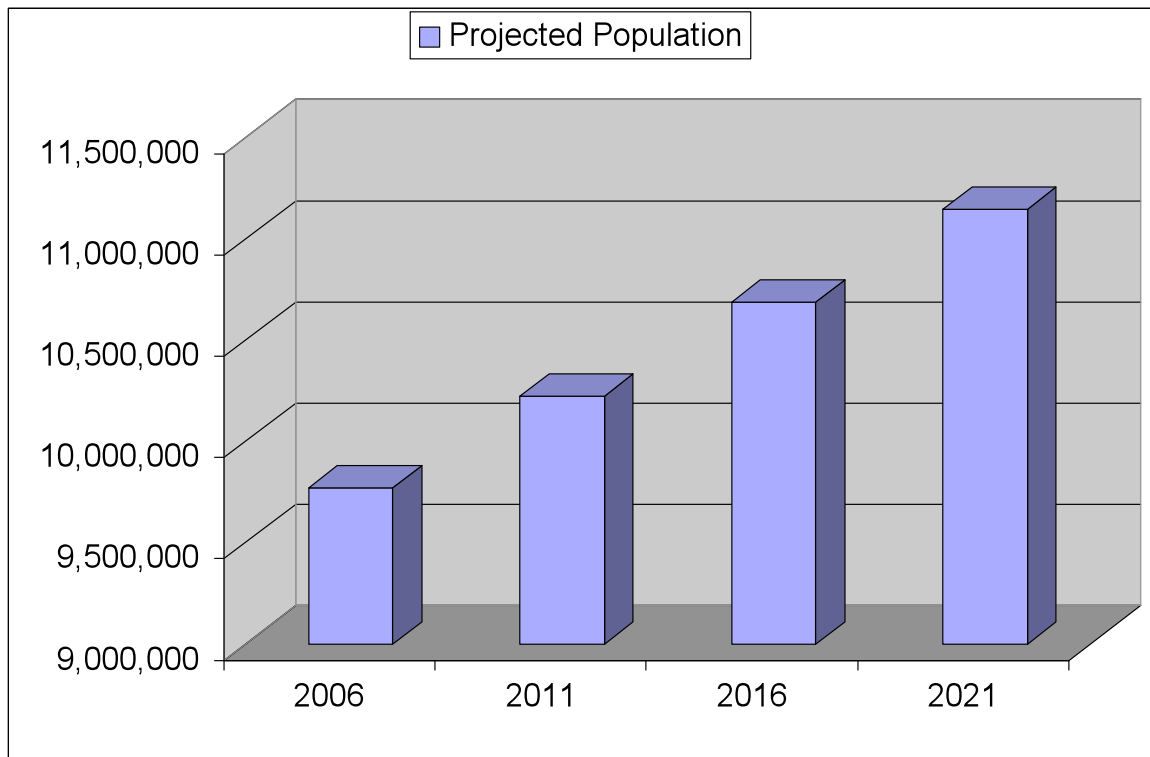
The population of the West is expected to grow over the next twelve years, increasing to over 11 million people by 2021. The table and graph below show the expected growth in population. The West expects to attract new immigrants as well as people from other parts of Canada attracted to the economic opportunities.

Figure 3: Projected Population in the West (2006)

Year	Projected Population	Change
2006	9,772,500	-
2011	10,225,000	+ 4.63% (2006 - 2011)
2016	10,688,200	+ 4.53% (2011 – 2016)
2021	11,147,400	+ 4.30% (2016 – 2021)

(Source: Statistics Canada)

Figure 4: Projected Population Growth in the West (2006 - 2021)



(Source: www.statcan.ca/english/freepub/91-520-XIE/00105/tablesectionlist.htm)

The communities of the rural West are vulnerable to the boom-bust cycles of the natural resource sectors. The West contains some of the greatest increases and decreases in population among medium and small-sized communities in Canada. While these communities are affected by the economic opportunities overall, they are more susceptible to one or two large local operations, which can significantly affect employment opportunities for the region.

Over the past Census period (2001 – 2006), thirteen of the twenty-five fastest growing medium-sized municipalities, and eight of the twenty-five fastest growing small municipalities in Canada are in the rural West. See the two tables below.

Figure 5: Mid-Size Urban Centres with the Fastest Population Growth (2001-2006)

Municipality	2001	2006	Change (2001 – 2006)
Okotoks, Alberta	11,689	17,145	46.7%
Wood Buffalo, Alberta	42,581	52,643	23.6%
Grande Prairie, Alberta	58,787	71,868	22.3%
Red Deer, Alberta	67,829	82,772	22.0%
Lloydminster, Alberta & Saskatchewan	23,964	27,023	12.8%
Canmore, Alberta	10,792	12,039	+ 11.6%
Medicine Hat, Alberta	61,735	68,822	+ 11.5%
Chilliwack, British Columbia	74,003	80,892	+ 9.3%
Fort St. John, British Columbia	23,007	25,136	+ 9.3%
Parksville, British Columbia	24,285	26,518	+ 9.2%
Lethbridge, Alberta	87,388	95,196	+ 8.9%
Courtenay, British Columbia	45,205	49,214	+ 8.9%
Nanaimo, British Columbia	85,664	92,361	+ 7.8%
Vernon, British Columbia	51,530	55,418	+ 7.5%

(Source: www12.statcan.ca/english/census06/analysis/popdwell/tables/table6.htm)

Figure 6: Small Towns & Rural Communities with the Fastest Population Growth (2001-2006)

Municipality	2001	2006	Change (2001 – 2006)
Sylvan Lake, Alberta	7,503	10,208	+ 36.1%
Strathmore, Alberta	7,621	10,225	+ 34.2%
Stanley, Manitoba	5,122	6,367	+ 24.3%
Lakeland County, Alberta	5,306	6,365	+ 20.0%
Steinbach, Manitoba	9,227	11,066	+ 19.9%
Foothills No 31, Alberta	16,602	19,736	+ 18.9%
Winkler, Manitoba	7,943	9,106	+ 14.6%
Lacombe, Alberta	9,384	10,742	+ 14.5%

* Adjacent to the Mid-Size Centre of Nanaimo

(Source: www12.statcan.ca/english/census06/analysis/popdwell/tables/table9.htm)

Alternatively, nine of the top twenty-five medium-sized and eight small-sized municipalities in Canada with the fastest decline in population are also in the rural West. See the two tables below.

Figure 7: Mid-Size Urban Centres with the Fastest Population Decline (2001-2006)

Municipality	2001	2006	Change (2002 – 2006)
Kitimat, British Columbia	10,285	8,987	- 12.6%
Prince Rupert, British Columbia	15,302	13,392	- 12.5%
Quesnel, British Columbia	24,426	22,449	- 8.1%
Terrace, British Columbia	19,980	18,581	- 7.0%
Williams Lake, British Columbia	19,768	18,760	- 5.1%
North Battleford, Saskatchewan	18,590	17,765	- 4.4%
Prince George, British Columbia	85,035	83,225	- 2.1%
Prince Albert, Saskatchewan	41,460	40,766	- 1.7%
Estevan, Saskatchewan	11,297	11,135	- 1.4%

(Source: www12.statcan.ca/english/census06/analysis/popdwell/tables/table7.htm)

Figure 8: Small Towns & Rural Communities with the Fastest Population Decline (2001-2006)

Municipality	2001	2006	Change (2001 – 2006)
Crowsnest Pass, Alberta	6,262	5,749	- 8.2%
Bulkley-Nechako, British Columbia	5,696	5,290	- 7.1%
Flin Flon, Manitoba	6,000	5,594	- 6.8%
Melfort, Saskatchewan	5,559	5,192	- 6.6%
Banff, Alberta	7,135	6,700	- 6.1%
Kimberley, British Columbia	6,484	6,139	- 5.3%
Trail, British Columbia	7,575	7,237	- 4.5%
Castlegar, British Columbia	7,585	7,259	- 4.3%

(Source: www12.statcan.ca/english/census06/analysis/popdwell/tables/table10.htm)

2.2.2 First Nations & Aboriginal People

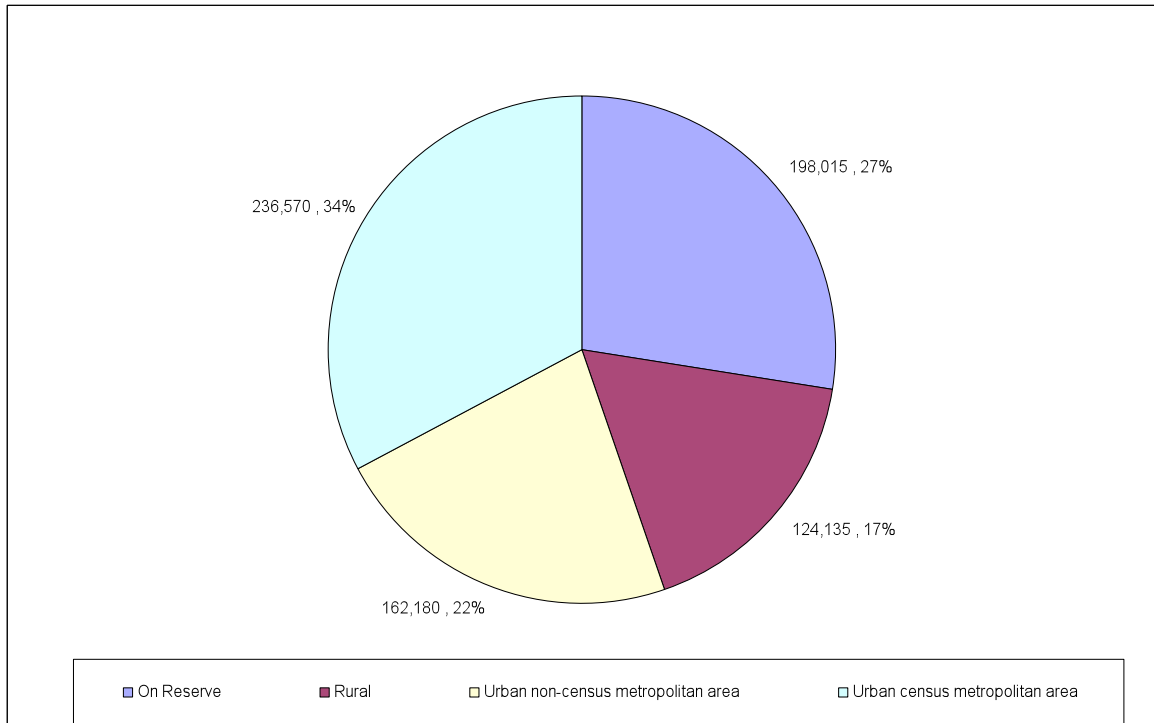
Aboriginal people are a key sub-group of the population in the rural West. Aboriginal people live in the rural areas in larger proportions than the general population, and those tied to their First Nation are building their community in the rural areas.

Aboriginal people are also key because as a group they are younger and growing faster than the general population. The key working age cohorts of the Aboriginal population are in their prime working age, in contrast to the non-Aboriginal population which has the largest cohorts nearing retirement age.

There are 701,725 Aboriginal people accounting for 7.1% of the population of the four western provinces, and 3.6% of the total population of Canada, and 59.8% of the total Aboriginal population in Canada.

Aboriginal people live in rural areas in far greater proportions than the general population, 44% live in rural areas and/or on-Reserve, while only 34% live in urban areas in the West. See the figure below. (Note that several reserve communities are within large and medium-sized urban areas.)

Figure 9: Location of the Aboriginal Population in Western Canada (2006)



(Source: 2006 Census Canada)

The Aboriginal population in Canada and each of the Western provinces is significantly younger and growing faster than the non-Aboriginal population. In particular, the population has large proportions of people under 19 years old, and between the ages of 25 and 54 years old. The table and graph below show that Alberta has the youngest population of working age Aboriginal people in the West and that BC has the oldest.

The Aboriginal population in the Western provinces, including First Nations and the Métis people, is expected to grow much faster than the general population and be much younger over the short and medium term. While the population has had lower levels of education and employment, these outcomes are improving.

Many industries are looking at Aboriginal people as a local source of skilled and semi-skilled labour, as the largest cohorts are in the prime working age, and many Aboriginal people prefer to remain located in rural areas.

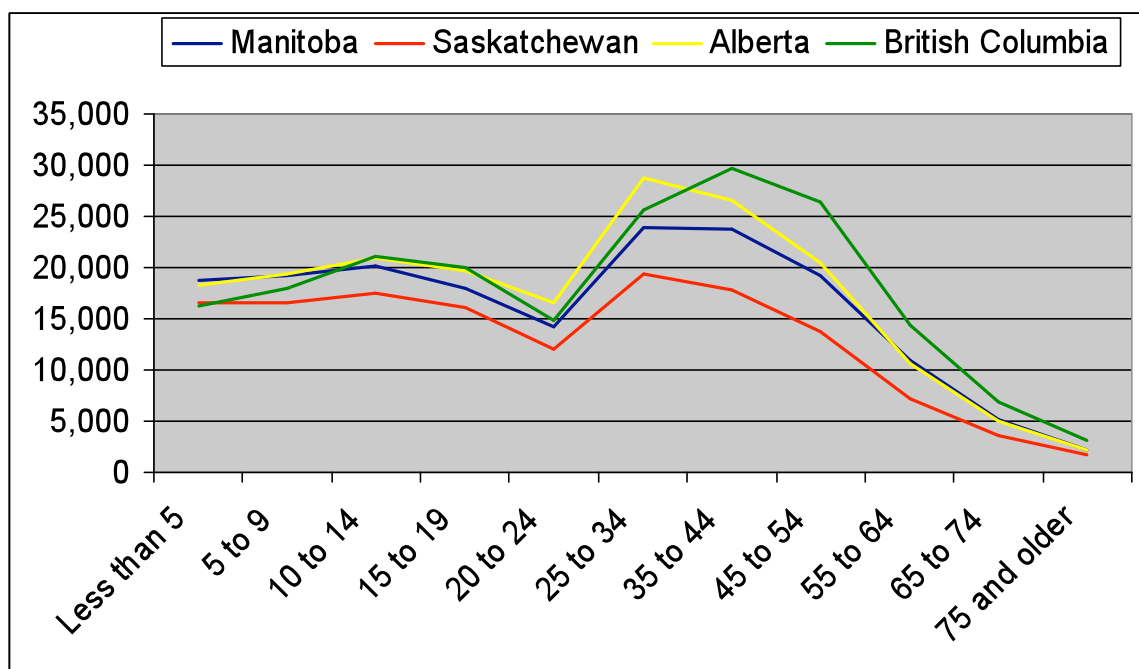
However, First Nations remain under the *Indian Act* which restricts and regulates business relationships, financing and land use.

Figure 10: Aboriginal Population by Age Group by Province (2006)

Age Group	Manitoba	Saskatchewan	Alberta	British Columbia
Less than 5	18,815	16,585	18,325	16,195
5 to 9	19,180	16,515	19,325	18,010
10 to 14	20,200	17,495	20,960	21,050
15 to 19	17,915	16,110	19,650	19,940
20 to 24	14,250	11,975	16,545	14,870
25 to 34	23,830	19,350	28,745	25,610
35 to 44	23,720	17,825	26,530	29,615
45 to 54	19,220	13,685	20,435	26,425
55 to 64	10,940	7,110	10,700	14,420
65 to 74	5,140	3,520	4,960	6,840
75 & older	2,200	1,715	2,170	3,090
Total	175,395	141,890	188,365	196,075

(Source: Statistics Canada www40.statcan.ca/101/cst01/demo40c.htm)

Figure 11: Graph Aboriginal Population by Age Group by Province (2006)



(Source: Statistics Canada www40.statcan.ca/101/cst01/demo40c.htm)

Factors That Effect the Rural West

- Aboriginal people need access to lines of personal financial services, as there are huge gaps in First Nations communities and equity is a challenge. Financial services

- are needed to start and grow businesses. There is a need for business support, education, awareness, and access to capital.
- Commodity prices are key economic drivers for rural economies. Aboriginal enterprises are heavily focussed on commodities. Hydro dams in the north are big opportunities for individuals, communities, and businesses. Most other large business operations are resource related.
 - Lower levels of education limit opportunities for many Aboriginal people. Urban migration of Aboriginal people is a big factor in limiting services and opportunities for those remaining in rural areas.

2.2.3 Immigration

Immigration makes an important contribution to the Canadian economy. It is estimated that by 2011, immigration will account for all of Canada's labour force growth. New immigrants to Canada have tended to settle in three major metropolitan centres: Toronto, Montreal, and Vancouver. Together, new immigrants to these three metropolises account for about three-quarters of all new comers.

In recent years, the provinces have developed new immigration strategies in order to help deal with changing demographic trends, such as low birth rates, death rates and the ageing baby-boom population. The provinces are working with the federal department of Citizenship and Immigration Canada to develop programs to allow for more immigrants, especially those with the right skill sets, to come to Canada.

One of the important tools to fast track skilled immigrants to the province is the Provincial Nominee Program, in which the provincial government works with employers to select individuals who wish to settle in and contribute to the province and to speed up the visa application process.

The rural West faces even more challenges in future economic growth as their economies are dependent upon resources which are cyclical in nature, and as a result their population base can also fluctuate, in addition to the fact that the population is ageing rapidly. Strong economic growth over the past five years all across the four Western provinces has created serious labour shortages, especially in mid-sized and small communities. Many communities have come to realize that immigrants should be a vital part of community economic development strategies.

To this end, communities along with each of the Western provinces' governments have developed, or started to develop, pro-active measures to recruit and retain immigrants to smaller communities outside major cities. The table below shows the number of immigrants who settled in urban and non-urban areas in each of the four Western provinces, between 2003 and 2007.

Figure 12: Number of Immigrants in Western Provinces

Areas	2003	2004	2005	2006	2007
Winnipeg	5,144	5,910	6,186	7,697	8,472
Other Manitoba	1,359	1,516	1,910	2,350	2,483
Manitoba	6,503	7,426	8,096	10,047	10,955
Regina	562	656	630	821	904
Saskatoon	631	802	832	1,154	1,618
Other Saskatchewan	475	484	646	749	995
Saskatchewan	1,668	1,942	2,108	2,724	3,517
Lethbridge	169	177	228	268	279
Calgary	9,267	9,448	11,186	11,823	11,239
Red Deer	203	254	322	293	567
Edmonton	4,810	5,056	6,016	6,436	6,535
Other Alberta	1,384	1,539	1,652	1,896	2,237
Alberta	15,833	16,474	19,404	20,716	20,857
Kelowna	304	312	367	403	531
Kamloops	102	127	120	176	165
Chilliwack	104	153	169	167	189
Abbotsford	1,201	904	1,317	1,387	1,305
Vancouver	30,782	32,700	39,498	36,273	32,920
Victoria	950	1,069	1,205	1,265	1,270
Nanaimo	176	173	220	210	284
Prince George	105	141	150	152	142
Other BC	1,507	1,448	1,724	2,051	2,135
BC	35,231	37,027	44,770	42,084	38,941

(Source: Citizenship and Immigration Canada)

Between 2006 and 2007, the rural cities that experienced large increases in the number of immigrants include: Red Deer, Alberta (94%); Nanaimo, BC (35%); Kelowna, BC (32%); and Chilliwack, BC (13%).

Details of specific measures taken up by each province will be further described in each of the provincial reports in the next sections.

2.3 The Economy of the Rural West

The economy of the rural West is dependent upon natural resources and agricultural commodities supported by regional strengths in manufacturing, transportation, and tourism.

Factors That Effect the Rural West

- The current economic climate is volatile with expected slow growth or recession in most industrialized countries.
- While Canada, and in particular the Western provinces, are expected to be the strongest of the industrialized countries, short-term growth is still expected to be slow. The strongest areas are energy, mining and agri-food production.
- Youth capacity building and training is needed to address the urbanization of young people from rural areas. Keeping rural schools open is a significant method to keep the youth in the rural areas.
- Suggestions by stakeholders have been made to undertake a Community Economic Development approach rather than just an economic development approach to grow and enhance rural communities.
- Labour shortages, an ageing population, and rural/urban migration are significant issues that will slow the potential growth of the rural West. The current and projected shortage of skilled labour is affecting the schedule of projects, and generating an increase in the use of technology.
- Labour market shortages are more pronounced in rural areas for the professions, the skilled trades, and for skilled and semi-skilled workers. Some provinces and even communities are targeting specific countries for both permanent and temporary workers.
- There are fewer services in the rural areas, and more of a concentration of services in the urban areas.

2.3.1 Trade

Trade both across Canada and internationally is essential for the economies of the rural West, as they produce an abundance of natural resources shipped in raw and processed forms. International and regional trade agreements and patterns along with the transportation infrastructure and the demand for resources have all resulted in an increase of trade in the West.

Factors That Effect the Rural West

- Western Canada has been booming led by oil & gas and other natural resources.

- The top trading country is by far the US for all provinces for both exports and imports. Western Canada has stronger ties to the Asia-Pacific region trade than the rest of Canada.
- Manufacturing and exporting are affected by innovation, technology, cost-competitiveness and leadership. Exports in the West are concentrated on energy, forestry, agri-food, and industrial goods, including machinery and equipment.
- The Canadian provincial governments are only just beginning to market to other jurisdictions, as the federal government does not adequately market the western provinces or industries. The US state governments have long done their own marketing with considerable success.
- Trade is diversifying with the other top trading countries of China, Japan, South Korea, Taiwan, India, and Malaysia. These are the countries expected to have the highest growth over the short and medium term.

2.3.2 Infrastructure & Transportation

The transportation corridors of the West are expanding through the Asia-Pacific Gateway Corridor from the west coast through to Manitoba, which provides connections to central Canada, the US and Mexico.

Infrastructure needed to improve the capacity of the region includes new and improved facilities for schools and hospitals, as well as ports, rails, roads, airports and telecommunication.

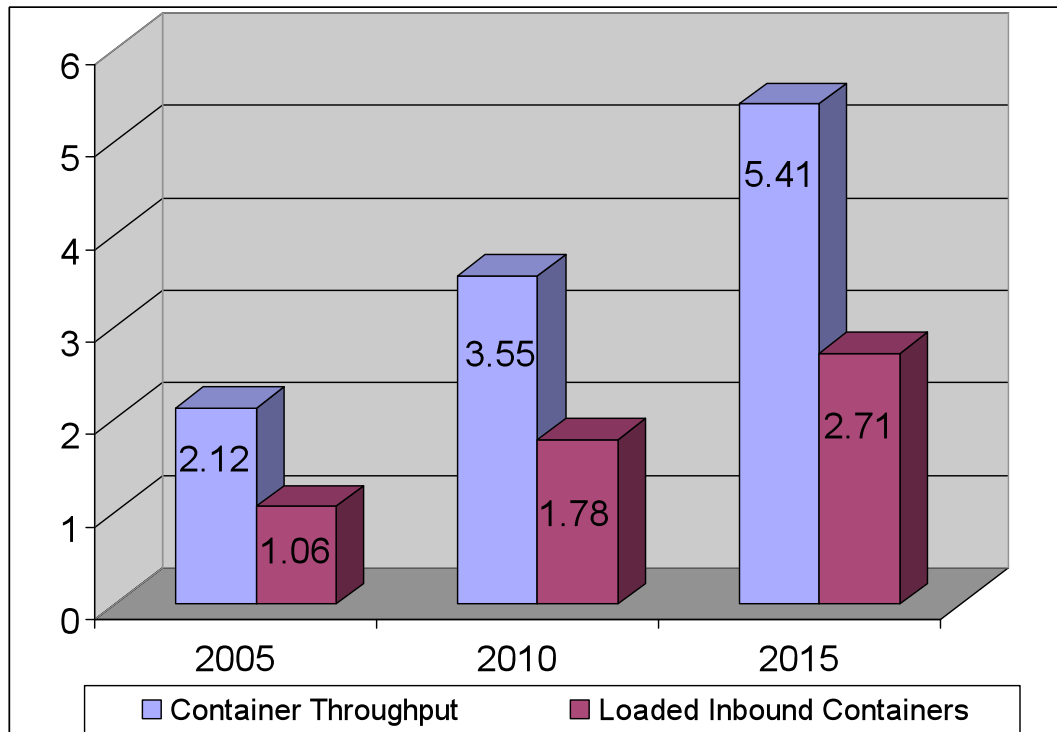
In the short-term, many governments are proposing investment in infrastructure as one means to address the economic crisis of the fall of 2008. As well, more infrastructure projects are built through a public-private partnership, or strictly through private investment.

For example, the recent federal government commitment of \$591 million for the Asia-Pacific Gateway Corridor Initiative is accompanied by over \$10 billion in private sector investment. See the maps in Appendix 3 for maps of key transportation routes and infrastructure development projects of the Asia-Pacific Gateway Corridor.

The projected demand for the commodities of the West, combined with the growing markets in the Asia-Pacific region is expected to increase port traffic on the west coast. The container trade with the Asia-Pacific region is expected to increase by 300% by 2020, and air passengers by 100%.

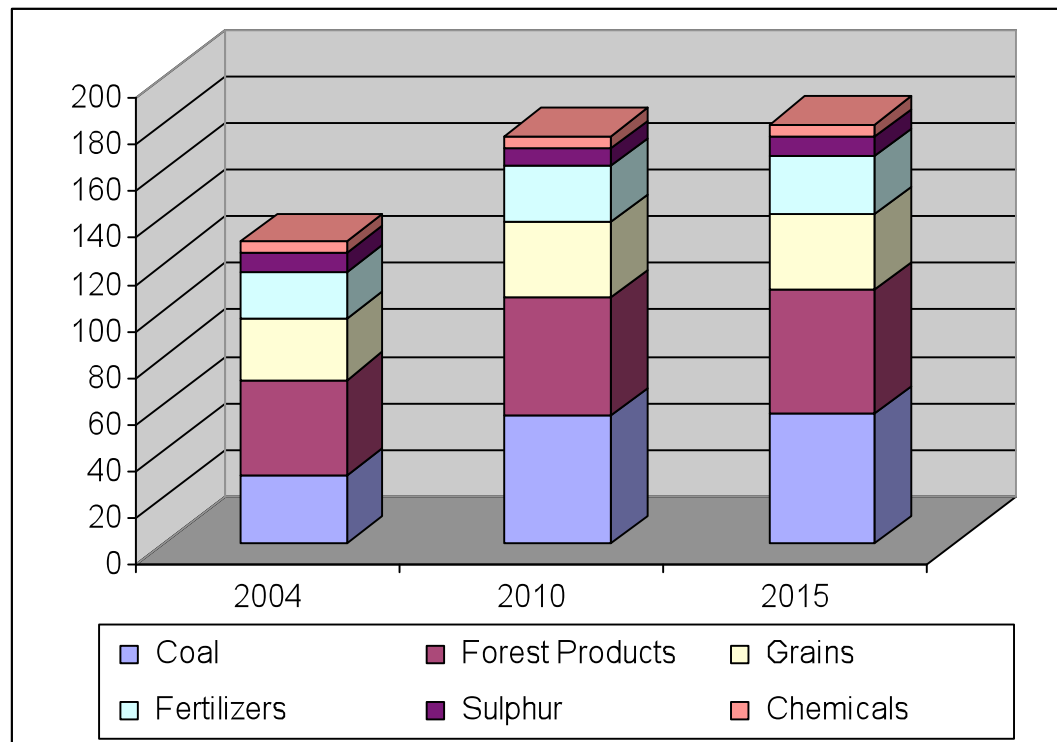
The figures below show forecasts of the increase in trade. Most of the products for export are the natural resources and agricultural commodities produced in the rural West.

Figure 13: Projected BC Ports Container Traffic (millions TEU's)



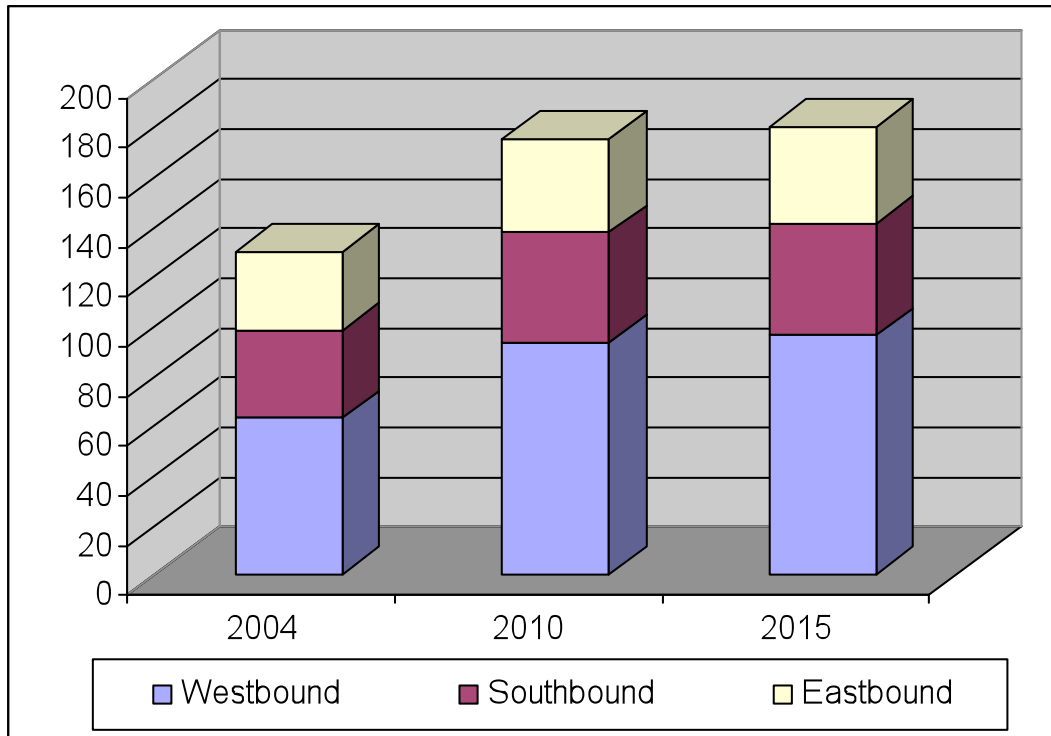
(Source: *Preparing For Success, Forecasting Surface Freight Demand, March 2006, WESTAC*)

Figure 14: Forecast of Commodities Transported from Western Canada



(Source: *Preparing For Success, Forecasting Surface Freight Demand, March 2006, WESTAC*)

Figure 15: Forecast Direction of Commodities Transported from Western Canada



(Source: *Preparing For Success, Forecasting Surface Freight Demand, March 2006, WESTAC*)

Factors That Effect the Rural West

- The expansion of the infrastructure is expected regardless of the current economic issues. It is expected to increase opportunities both directly related to the construction, operations and maintenance of the infrastructure, as well as the opportunities resulting from greater access to Asian markets, which are expected to grow.
- The Asia-Pacific, and in particular China, is the key to the transportation corridor, with a high demand for energy, minerals, and other natural resource.
- Infrastructure developments include multi-modal linkages of strategic trade corridors. The inland port will allow Manitoba and other interior regions to add value to manufacturing and assembly, through third-party logistics.
- Transportation growth and infrastructure growth must be demand driven, not “build it and they will come”. The development, upgrading, and maintenance of infrastructure are issues across the rural West.
- Other significant infrastructure projects to be developed and enhanced in the rural areas include airports, pipelines, dams, highways, and water treatment and waste water facilities. Housing and commercial investment are also important elements, particularly in the rural areas where housing shortages are significant factors in some booming areas.

- The construction and maintenance of new pipelines and transmission lines require skilled labour across many communities.
- A current trend is the urbanization of not only services, but infrastructure as well. Some opportunities will be denied to the rural areas in favour of the urban areas.
- Transportation in rural areas must be clean, green and trouble free. Opportunities exist for joint investment with industry, for roads, power lines, and other systems to industrial and natural resource operations in remote areas.
- Small airports are directly affected by federal government regulations of routes. Many small airports want customs operations to create new routes and tourism opportunities.
- The airports of the smaller regional centres are in need of upgrading, in addition to any targeted upgrading. Many of the improvements to small airports are not done in consultation with the local communities or with the local airlines. As a result some of the current improvements are not what is needed.
- High fuel costs are resulting in alternate forms of transportation being examined. Fuel costs, labour costs and labour shortages are issues for transportation.

2.3.3 Technology

Technology is an important component of all four Western provinces and can be expected to also be an integral part of how the provinces grow their economies into the future. The products and services being developed mostly serve their provincial economies. Information and communications technology (ICT) is significant throughout the rural West.

High-technology companies tend to be located around population and post-secondary education centres (i.e. universities). In the West, it is estimated that no more than approximately 15% of high tech businesses overall are actually located in rural areas. BC has the highest rural high-tech and also the greatest potential to grow rural high-tech because of population growth in the Interior and the new universities that have located in these areas.

Figure 16: Distribution of Technology Companies, Urban & Rural Areas, 2004

Province	Urban	Rural	Total
Manitoba	80%	20%	100%
Saskatchewan	85%	15%	100%
Alberta	89%	11%	100%
British Columbia	85%	15%	100%
Western Canada	85% – 90%	10% – 15%	100%

Source: Western Centre for Economic Research

In all four provinces, technology is growing, but not so much in the rural areas (except BC). Of course, the implications of high tech have much greater impact on rural economies than is shown by the fact of where the businesses are located, i.e. very important benefactors of high tech research and product development include important western industries like forestry, energy, mining, tourism, etc.

The impacts of high-technology, probably most notably those created as a result of computers and the internet, are felt by all sectors of the economy in Western Canada. Rural areas have particularly benefited from greater access to modern communications technologies which have made it possible for many different types of small businesses to function and operate in locations where previously they would have been limited.

2.3.4 Entrepreneurship

Small businesses are a fundamental component of the economies of all four Western provinces. Approximately one half of the jobs in the West occur in establishments with less than 50 employees. An estimated 800,000 small businesses are located in Western Canada. The following characteristics stand out across the West:

- The performance of the small business sector and the level of new entrepreneurial activity are consistently higher in western Canada than in the rest of the country. In recent years, this has reflected the relatively more rapid growth rate for the western provincial economies and the region's inherent entrepreneurial spirit.
- In Western Canada, approximately 50% of all jobs are in small business. Self-employment is more common in Western Canada than in other parts of the country.
- The service sector leads small business growth.
- Rural regions have a higher relative dependence upon small business than do urban areas. The number of small businesses generally reflects population densities.
- Approximately 40% of small businesses in the West are located in rural areas.

Figure 17: Distribution of Small Businesses in Canada (2004)

Province	Small Businesses	% of Total in Western Canada	% Urban	% Rural
Manitoba	82,700	10%	50%	50%
Saskatchewan	101,600	13%	>50%	<50%
Alberta	262,600	33%	64%	36%
BC	347,500	44%	57%	43%
Total	794,400	100%	-	-
Canada	1,400,600	-	-	-

(Source: *Revisiting Portraits of Small Business Growth and Employment in Western Canada*. Western Centre for Economic Research School of Business, University of Alberta)

Other Characteristics of Entrepreneurship and Small Businesses in Western Canada

- Small business in Saskatchewan and Manitoba has been very much affected by the experiences of the farm sector. Retrenchment in agriculture has led to the loss of many micro-businesses annually in these two provinces, and some of those losses spilled over to the non-agricultural sectors of the economy.
- Women account for around 45% of the labour force, however, they only comprise about one third of the self-employed. The proportion of self-employed people aged 55 and over is twice the proportion of the labour force belonging to this group.
- In all four western provinces, wage and salary levels generally increase with business size.
- Across the West, the services sector dominates small business growth, particularly by the health care and social services sector, the professional, scientific and technical services sector, and the information, cultural and recreation sector.
- In Saskatchewan mainly, but in Alberta and Manitoba as well, the agriculture, forestry, fishing and hunting sectors have accounted for some dramatic losses in the number of small businesses.
- Small businesses are found in areas of high population density but, when population size is taken into account, rural economic regions still have the greatest concentration of small businesses.
- Growth rates vary widely among the regions in each province.

The types of small businesses that exist in Western Canada are extremely diverse, although they are most frequently tied to the service sectors. The nature of rural businesses varies depending on differences in provincial economic structures.

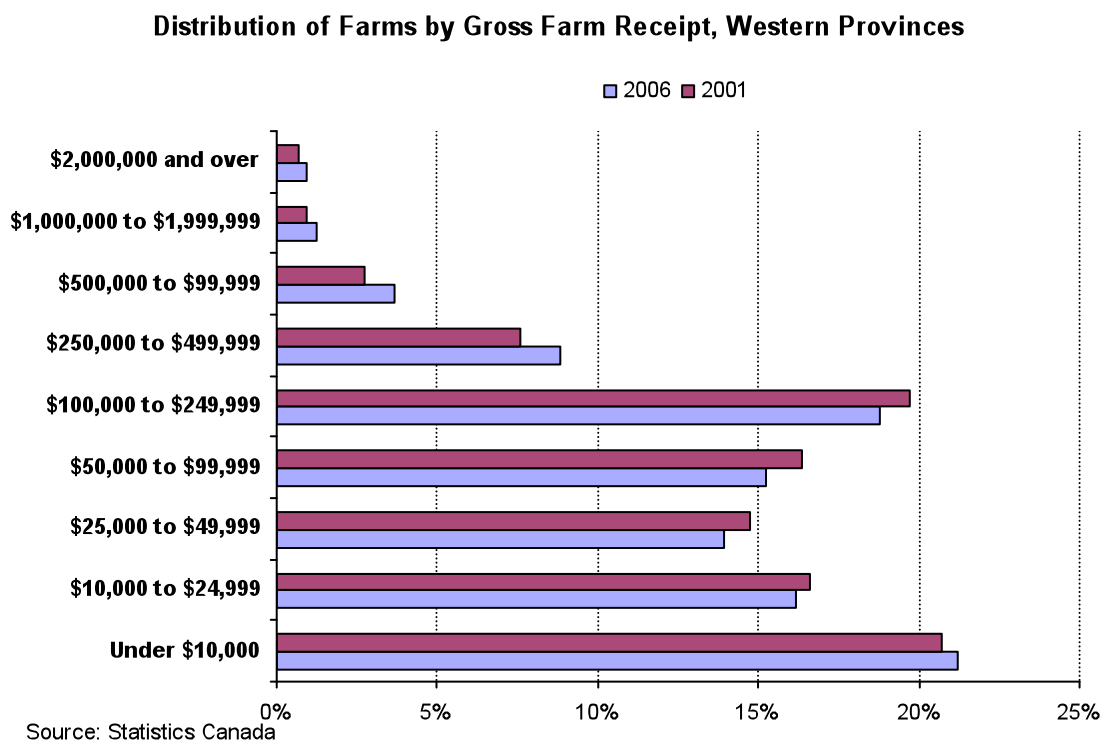
2.4 Key Industries of the Rural West

2.4.1 Agriculture

Farmers across Western Canada are experiencing a rare combination of high prices and good crops. This success includes the local farm implement dealers which are also experiencing growth. However, the national and global financial conditions in the fall of 2008 will likely affect these conditions.

- A large proportion of the four Western provinces' total land area is used for farming activity. It is the largest grain, cattle and hog-producing region in Canada.
- Overall, the number of farms in the West has been declining, although the size in terms of area, herd sizes and gross farm receipts has been increasing.
- Overall employment in agriculture in the Western provinces has been on a steady decline.
- There has been a trend for farmers to move away from traditional crops to alternatives that would reduce their input costs or increase their per-acre revenues.

Figure 18: Farms by Gross Farm Receipt in Western Provinces, 2001 and 2006



Total labour force in agriculture in the four Western provinces, including farmers, labourers, technicians and technologists, and managers, was estimated at almost 200,000 in 2006. Out of this, 170,910, or 85.8%, were in the rural areas.

High Growth Sub-Sectors

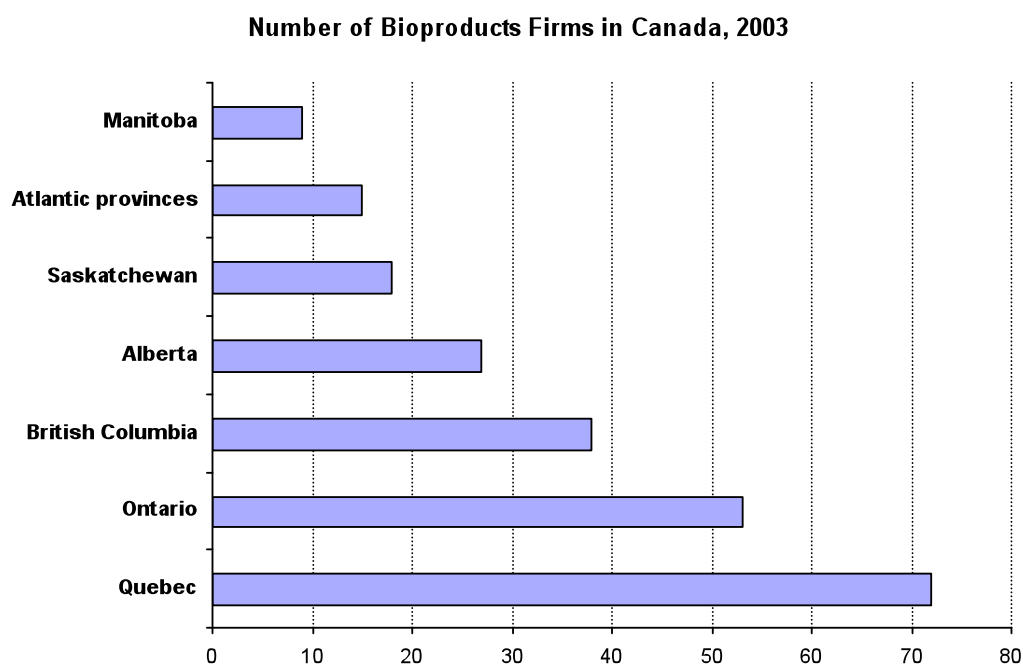
Ethanol and biodiesel are two of many new bioproducts already on the market or set to appear in the near future. Bioproducts are non-food products developed from biological or renewable material that comes from agricultural, food, forestry, marine, industrial or municipal sources.

Ethanol and biodiesel—collectively called biofuels—may present the biggest opportunity, given the huge quantities of gasoline and diesel fuel Canadians consume. Canada produced just 250 million litres of biofuels in 2004, whereas the US produced 12.9 billion litres, according to the Canadian Renewable Fuels Association.

However, by 2010 Canadian production of biofuels could surpass 3 billion litres, or 5% of total gasoline consumption, just to keep up with government targets. Quebec, Ontario, Manitoba and Saskatchewan have all mandated renewable fuel standards that call for a percentage of ethanol to be mixed with gasoline. There is some political and other opposition to the use of biofuels.

Other bioproducts that Canadian firms are developing include biological control agents for insects and weeds that may be less toxic for the environment than synthetic pesticides, new construction materials made from natural fibres (e.g., straw), and biodegradable plastics.

Figure 19: Number of Bioproducts Firms in Canada, 2003



Source: Statistics Canada

Quebec, Ontario and BC were home to 70% of the 232 firms in the Bioproducts Development Survey. The firms tend to be small: only 16% have 150 or more employees. Given the number of bioproduct firms available in Manitoba in comparison with other provinces, this is expected to be an area for growth potential in the future. It

should be noted that although most of these firms are located in urban areas because of the knowledge intensity requirement, any products and services generated from such innovations will influence the overall agriculture sector.

Another recent trend in consumer consumption preference is the increasing number of “locavores” who eat exclusively or mainly food that comes from close to home. This is a growing trend and big enough to provide markets for specialized food producers and processors like local fromageries with specialty cheeses, etc.

In addition, with consumers increasingly conscious of the benefits of a balanced and healthy diet, the mix of food consumption has changed over the years. Consumption of vegetables and fruits is rising, while consumption of meat, especially red meat, has declined over the years. Such trends are likely going to continue into the foreseeable future.

Figure 20: Per Capita Food Consumption in Canada

Food Consumption	Units	1991	2001	2007
Fresh Fruit (Retail Weight)	Kg.	58.07	63.30	72.56
Fresh Vegetables (Retail Weight)	Kg.	129.07	150.25	137.62
Beef (Carcass Weight Equivalent)	Kg.	33.28	30.75	30.61
Pork (Carcass Weight Equivalent)	Kg.	25.86	28.94	24.68
Poultry (Eviscerated Weight)	Kg.	28.31	36.45	37.71
Fish (Edible Weight)	Kg.	8.64	9.65	9.47
Fluid Milk (Retail Weight)	Litres	94.53	87.03	83.21

(Source: Agriculture and Agri-food Canada, prepared by Alberta Agriculture and Rural Development).

Finally, global growth in both population and wealth will lead to rising long term trends in the demand for all foodstuffs.

Issues with Implications for the Rural West

- Land, labour and capital are the key factors in production economic growth.
- Current high prices for land may influence older producers to exit farming and recover their land costs in the recent real estate market.
- New and emerging agricultural industries are having challenges and difficulties in accessing capital versus other resource industries.
- Among others, availability and access to capital are limiting factors in the diversification of agriculture and agriculture economic development to a large degree depends on commodity prices and marketing opportunities.
- With the ageing of farm operators and depopulation of rural areas, availability of any type of labour is becoming a very serious concern.

- Land use / acquisition policy – the need to balance all demands for various land uses; agricultural and non-agricultural.
- Environment related issues – the need to maintain a healthy and green environment and the cost to do so.
- Environmental protection incurs additional cost to businesses.
- Competition for water (use of water for agricultural and non-agricultural activities).
- Workforce development and support - local education, workforce training - communication, awareness of opportunities in the sector and region - local infrastructure (health care, community support, quality of life)

2.4.2 Forestry

All four Western provinces have a forest sector. Forestry has historically been a dominant part of the economy in many rural communities, particularly in BC. The following table shows, for each province, the proportion of workers employed by forestry in rural communities as compared to total employment in forestry. This ranges from a low of 58% in Manitoba to over 80% in BC. Overall, approximately 76% of forest sector employment in Western Canada is in rural areas.

Figure 21: Employment in the Forestry Sector in Rural West

Province	Total Employed in Forestry	Employed in Rural Areas	% Employed in Rural Areas
Manitoba	6,475	3,770	58%
Saskatchewan	3,915	3,230	82%
Alberta	18,330	11,315	62%
British Columbia	74,185	60,405	81%
Total	102,905	78,720	76%

Source: Statistics Canada, 2006 Census.

Rural communities have been hit particularly hard by the difficulties facing the forest sector in recent years. It has reached a point where the future of forestry has become increasingly uncertain. The industry in each province has been facing significant economic, market and structural changes over the past 5 -10 years. Key factors affecting all four provincial forest sectors and which have had negative impacts on forestry revenues, profits and employment include:

- Declining number of housing starts in the US (the biggest market).
- The Softwood Lumber Agreement now includes taxes that are triggered when the price of lumber drops. Producers have had to pay an export tax between 5% - 15%, depending on the price reduction, in recent years.

- Higher value of Canadian dollar (up until fall 2008) has made all Canadian products more expensive internationally in the last few years.
- The Mountain Pine Beetle infestation has impacted forested areas in BC and Alberta to date.
- Increasing costs of harvesting and manufacturing related to labour, energy and transportation.

Whilst the rural sectors of the provinces are noticeably impacted by closures and layoffs, the future direction, and hopefully the recovery, of the forest industry in western Canada will affect all four provinces' economies.

2.4.3 Energy

Energy, and in particular clean or green energy, is a big issue in the rural West and around the world. While most of the electrical generation in the West is based upon large-scale hydro dams, there is still significant power generation from coal. Electrical production and distribution is dominated by the provincial Crown agencies in each province, with plans to increase production through dams, alternative energy, and even nuclear power.

Electricity is both exported to and imported from the US with significant exports for some provinces. The table below shows the generation capacity and trade for each province in the West.

Figure 22: Electricity Generation & Trade by Province*

Province	Manitoba	Saskatchewan	Alberta	BC
Electrical Generation	34,142,111	19,837,515	60,504,171	72,213,282
Exports to US	11,212,295	754,777	-	10,136,684
Imports from US	534,117	582,381	550,598	7,289,280

*Megawatt Hours

(Source: Statistics Canada www.statcan.ca/english/freepub/57-601-XIE/2008002/tables.htm)

The provincial power systems are all starting to open up to private power projects, specifically alternative energy wind, waste-to-energy, and run-of-the-river projects. As energy development plans are now tied to environmental factors, these alternative energy sources are becoming more important. Please note that the national and global financing conditions in the fall of 2008 have delayed some of these projects due to lack of financing.

The movement towards alternative energy projects has significant implications for the rural areas, as most projects will be located there. Opportunities for exploration, development, construction, operations, maintenance and transmission will all be available. As well, some markets in more advanced stages of alternative energy, such as Quebec, include community ownership in each project.

In 2003, Canada had 330 mega watts (MW) of installed wind energy, and expected to have 2,500 MW by the end of 2008, and 12,000 MW by 2015. As a comparison, Spain had 1,000 MW of installed capacity in 2000, and will have 20,000 MW by 2010, and now exports the technology world-wide.

Figure 23: Capacity of Wind Energy

Province	Current Installed Capacity	Future Capacity
Manitoba	110 MW	300 MW in contracts 1,000 MW by 2016
Saskatchewan	170 MW	300 MW by 2011
Alberta	520 MW	8,000 MW in various stages of approvals
British Columbia	-	226 MW in various stages of approval

(Source: Canadian Wind Energy Association)

Factors That Effect the Rural West

- Natural resources affect land use issues such as the environment; a big issue along with water use, especially with oil & gas, and agriculture.
- Alternative energy complements stability and local economic development.
- Alternative energy projects can be significant contribution to the rural tax base.
- Alternative energy will also result in lease opportunities, and is compatible with farming and other traditional uses of the land.

2.4.4 Manufacturing & Processing

A variety of goods are produced in the rural West, including processed food products, wood products, chemical and petroleum products, and machinery and transportation equipment, serving both the country's domestic markets and world demand.

Growth in the manufacturing sector made a noticeable shift westward in recent years. Shipments in BC, Alberta and Saskatchewan have been increasing at a faster pace than in Central Canada.

In particular, manufacturers in Alberta and Saskatchewan have made dramatic gains, mostly because of resource-based production of petroleum products and primary metals. The four Western provinces accounted for 22% of all Canadian manufacturing shipments in 2007, compared with 18% in 2000.

Figure 24: Share of Canada's Manufacturing Shipments in the West 2003 - 2007

Sub-Sector	2003	2004	2005	2006	2007
Food	28%	29%	29%	29%	29%
Beverage & tobacco products	20%	15%	16%	10%	11%
Textile mills	-		1%	-	-
Textile product mills	-	13%	-	-	-
Clothing	2%	-	1%	2%	3%
Leather & allied products	4%	3%	3%	7%	11%
Wood products	46%	49%	49%	49%	47%
Paper	22%	26%	26%	26%	28%
Printing & support activities	21%	21%	21%	23%	23%
Petroleum and coal products	22%	25%	23%	23%	23%
Chemicals	29%	27%	29%	29%	29%
Plastics & rubber products	11%	4%	13%	14%	14%
Non-metallic mineral products	23%	24%	26%	29%	30%
Primary metals	0%	8%	8%	11%	12%
Fabricated metal products	18%	20%	22%	25%	26%
Machinery	24%	27%	30%	33%	33%
Computer & electronic products	15%	17%	17%	19%	13%
Electrical equipment, appliances & components	-	3%	4%	8%	9%
Transportation equipment	3%	3%	2%	4%	4%
Furniture & related products	19%	12%	20%	16%	16%
Miscellaneous manufacturing	18%	18%	21%	17%	19%
All Industries	19%	20%	21%	22%	22%

Source: Statistics Canada

The total value of manufacturing shipments in the four Western provinces reached \$135 billion, which was a modest increase of 1% from the previous year.

However, between 2003 and 2004, manufacturing shipments grew an impressive 9%, and another 8% between 2004 and 2005. In all, between 2003 and 2007 total manufacturing shipments grew by 25%.

Figure 25: Manufacturing Shipment in the West 2003 - 2007

Sub-Sector	2003 (millions)	2007 (millions)	Growth 2003 - 2007
Food	\$18,552	\$21,778	17%
Beverage and tobacco products	\$2,444	\$1,155	-53%
Clothing	\$158	\$115	-27%
Leather and allied products	\$35	\$58	67%
Wood products	\$14,836	\$11,830	-20%
Paper	\$7,271	\$8,463	16%
Printing and related support activities	\$2,586	\$2,488	-4%
Petroleum and coal products	\$8,443	\$15,099	79%
Chemicals	\$12,408	\$14,364	16%
Plastics and rubber products	\$3,040	\$3,634	20%
Non-metallic mineral products	\$2,725	\$4,411	62%
Primary metals	-	\$6,261	-
Fabricated metal products	\$5,989	\$9,496	59%
Machinery	\$6,827	\$10,500	54%
Computer and electronic products	\$3,083	\$2,444	-21%
Electrical equipment, appliances & components	-	\$977	-
Transportation equipment	\$3,479	\$4,699	35%
Furniture and related products	\$2,634	\$2,167	-18%
Miscellaneous manufacturing	\$1,532	\$1,875	22%
All Industries	\$108,377	\$135,069	25%

Source: Statistics Canada

In 2007, the four Western provinces employed a total of 450,000 individuals in manufacturing, about 22% of Canada's total in manufacturing. Out of this, about 38% of the total workforce in manufacturing in the four Western provinces was in the rural areas.

Factors That Effect the Rural West

The manufacturing sector as a whole has faced tremendous challenges, which can be attributed to the following factors:

- infrastructure
- access to capital
- cost competitiveness

- skills shortages
- freight costs
- investments in new technologies, energy, environment, competitiveness, currency, workplace skills upgrading
- the recent financial crisis leading to a global economic slowdown and consequently soft demand for everything from resources to manufactured goods
- product innovation/creativity
- managing the change of companies transferring their current products/markets to new products/markets, competition from low cost regions of the world
- leadership
- working in a global supply chain
- US protectionism

2.4.5 Mining and Oil & Gas

The West is Canada's largest crude oil (both conventional and oil sand) and natural gas producing region. The West also produces various base and precious metals such as nickel, copper, zinc, and gold, as well as specialty minerals like tantalum, lithium and cesium, and industrial minerals such as dolomite, spodumene, silver, gypsum, salt, granite, limestone, peat, lime, sand and gravel.

The West is the world's largest potash producer and exporter, supplying 33% of world demand, and the world's largest uranium producer, supplying 30% of global production. It is also home to the largest diamondiferous kimberlite field in the world.¹

All resource extraction and mining activities are in rural communities, although there is a portion of the overall employment that is located in head offices which are more likely in urban centres. Based on 2006 Census data, about 60% of the overall workforce in mining, and oil and gas sector in the four Western provinces was in rural areas.

Factors That Effect the Rural West

- Most rural mining communities are single-resource extraction economies, and distance to market, operating conditions, capital investment declines, and government policy are significant issues.
- The 2006 increase in mineral production is attributed in large part to dramatic price increases for various metals including nickel, zinc, copper and gold which rose an average of 70% in value (nickel 52.4%, zinc 123%, copper 76.9% and gold 29.5%).

¹ Kimberlite is a form of igneous rock composed mainly of peridotite and often containing diamonds.

- In recent months during fall 2008, however, prices for base metals have declined due to soft global demand. The October 2008 financial crisis that originated from the US has now dramatically affected the global economic outlook, especially in the short run.
- With the development of the recent financial crisis and consequent reduction in global economic activities, prices of metals and oil have softened, creating uncertainties in capital and production, at least in the short-term.
- Across Canada, the oil and gas industry faces higher exploration costs as the resource becomes more remote and the geology more challenging. New, high-cost technologies and a well-educated, skilled labour force are needed as well as a globally, politically and economically competitive environment.
- Qualified, skilled workers are vital to the upstream industry's ability to grow in a safe and sustainable manner. Right now, there is a critical shortage of skilled labour in the industry.
- The Petroleum Human Resources Council established ways to help alleviate labour shortages, including:
 - Developing a strategy to better align training institutions' programming with needs of industry
 - Developing an outreach strategy for potential traditional and non-traditional workers
 - Undertaking research to produce documentation about 'job families' and occupations in the industry
 - Generating occupations standards for 'in demand' positions
 - Developing a model to assist industry in attracting and retaining a local workforce in remote and hard-to-recruit areas
- Reducing the 'carbon intensity' - the GHGs emitted per barrel of oil produced - of Canadian petroleum production is a significant challenge for the industry members.

2.4.6 Tourism

The tourism industries in Western Canada have all experienced growth and expansion in recent years. Whilst the major urban areas consistently generate the highest expenditures from visitors, the research shows that the rural component of tourism is highly significant throughout Western Canada. In many communities throughout the rural West, tourism plays a vital part of the local economy.

The following table summarizes the best available indicators demonstrating the economic significance of the rural component of tourism in Western Canada. In reviewing the table, it is imperative to note that the time frames, sources and methodologies vary by province. The purpose of the table is to indicate the proportion of rural to urban tourism in each province, not to compare between provinces.

Figure 26: Rural Component of Tourism in the Four Western Provinces

Province	Total Visitor Volume Indicator	% of Visitors Volume that is Rural	Total Visitor Revenue Indicator	% of Revenue that is Rural
Manitoba (2006)	8,024,304 visits (day & overnight)	69%	\$1.13 billion (expenditures)	46%
Saskatchewan (2006)	8,316,000 visits (day & overnight)	62%	-	-
Alberta (2004)	41 million person nights	52%	-	-
British Columbia (2007)	-	-	\$1.9 billion (room revenue)	51%

Source: *Tourism Manitoba, Tourism Saskatchewan, Tourism Alberta, Tourism British Columbia, Travel Survey of Residents of Canada, International Travel Survey, Statistics Canada, BC Stats, British Columbia Room Revenues.*

The indicators clearly suggest that rural tourism represents at least 50% of tourism in Western Canada and for the Prairie Provinces the significance is even greater (over 60% of activity is rural).

Whilst the products they offer and markets they serve vary in terms of offerings and priorities, there are several issues that affect all four Western provinces. These factors are the same for both urban and rural tourism destinations.

- Domestic markets are the largest in terms of visitor volumes but international markets have higher per diem expenditures per tourist.
- Demand for tourism products is affected by fluctuating dollar exchange rates. US visitation in particular dropped down while the Canadian dollar was strong in recent years. Cross-border disruptions have a negative impact on visitors traveling to Canada from the US.
- Gasoline prices negatively affect the costs of accessing Western Canada and the cost of traveling within the regions. This is the same for all modes of transportation.
- All provinces urgently require ongoing investment in tourism products and infrastructure.
- The labour shortage in the tourism industry has reached a crisis point. In order to maintain the growth and standards Western Canada has achieved with its tourism product, recruitment and retention policies and incentives are urgently required in the tourism industry. Recent immigration policies have started to address part of the problem but more attention is required for the future success of the tourism industry.
- Competition among tourism destinations is growing. The theme of natural beauty and serenity promoted by the provinces of Western Canada faces fierce competition from exciting and intriguing new tourism destinations offered by emerging destinations in Asia and other parts of the world.

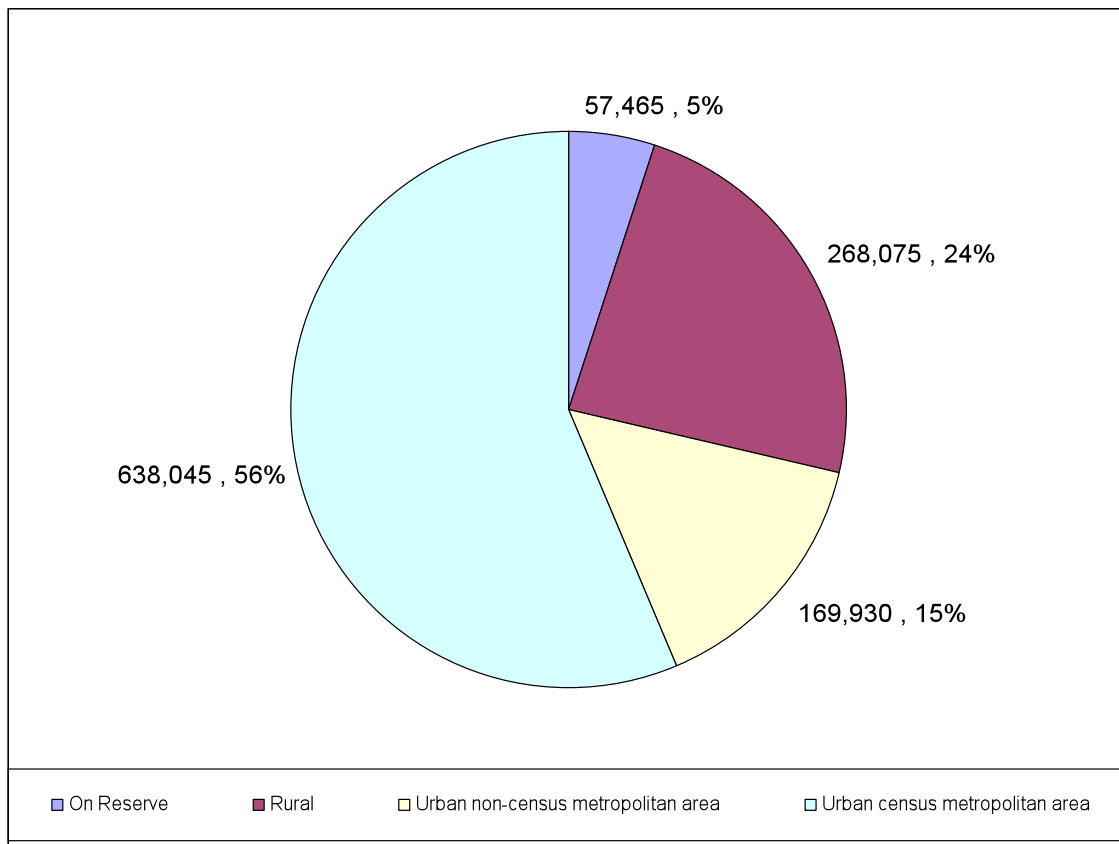
Tourism revenue and employment growth is expected to continue in Western Canada but at a modest rate of 2 - 3% per annum, given economic conditions. Stronger growth will resume with overall economic stability, as well as with notable progress towards the resolution of the labour shortage.

3.0 Manitoba

3.1 Population Demographics

The population of Manitoba is 1,183,100 (2006), the third most populous province in the West. Twenty-nine percent (325,540) of the population live in rural areas, with a further 15% living in medium-sized communities, making it the second highest proportion of rural living in the West. See the chart below.

Figure 27: Location of the Population in Manitoba (2006)



(Source: 2006 Census Canada)

The median age of the Manitoba population is 38.1 years, making it the second youngest population in the West. The table below shows the population of the rural areas as slightly younger than the urban population, with much lower proportions of immigrants and non-permanent residents. The labour force figures show higher unemployment rates and lower employment and participation rates in the rural areas, as well as lower median incomes.

Appendix 4 provides a detailed breakdown of these characteristics by rural health regions outside of Winnipeg. This figures show significant ranges of median ages (24.0 years to 43.4 years), unemployment rates (3.7% - 17.4%), and median income (\$15,395 - \$30,458)

Figure 28: Population Characteristics of Manitoba

Characteristic	Manitoba	Urban	Rural
Population 2006	1,148,401	646,541	501,860
Population 2001	1,119,583	631,306	488,277
Median age	38.1	38.8	-
Population (15 years +)	80.4%	82.5%	-
Immigrants	151,230	118,360	32,860
Non-Permanent Residents	7,545	5,815	1,735
Labour Force Participation Rate	67.3%	68.1%	-
Employment Rate	63.6%	64.5%	-
Unemployment Rate	5.5%	5.2%	-
Median Income (15 years +)	\$24,194	\$26,106	-

(Source: Statistics Canada, Census 2006 Community Profiles, Manitoba)

3.1.1 Populations Projections

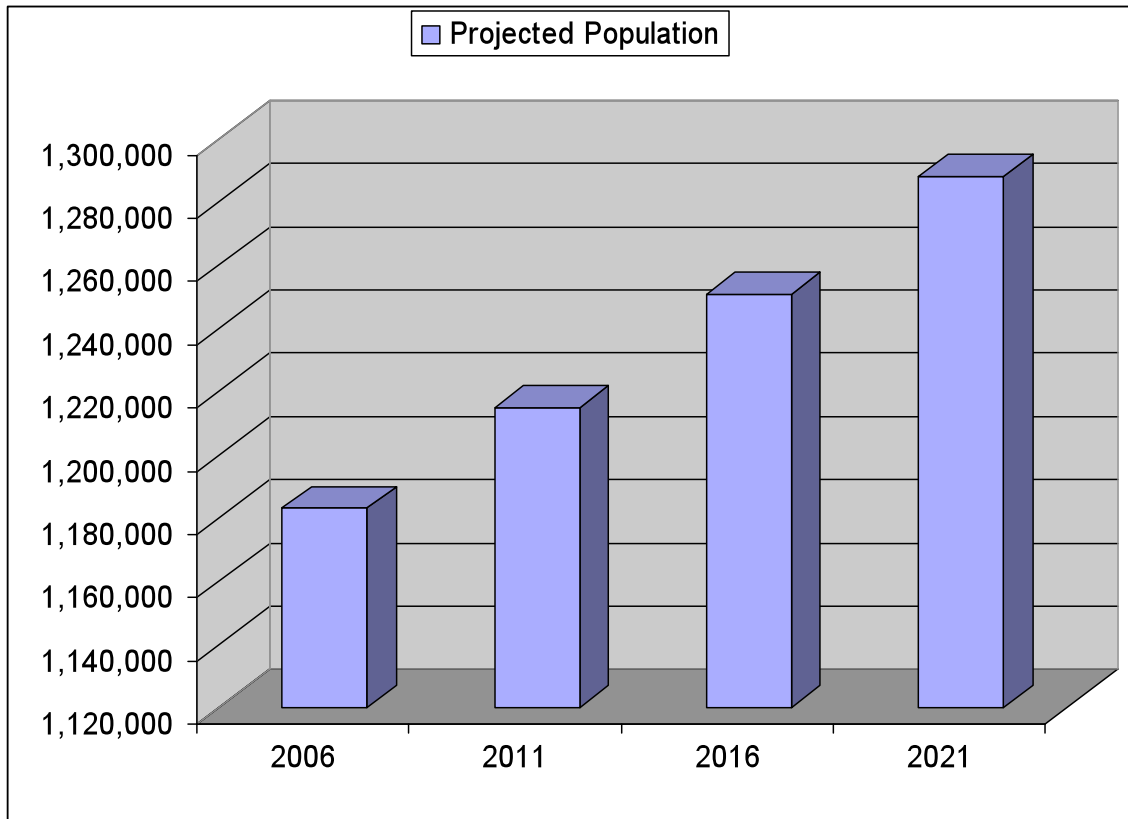
The population of Manitoba is expected to grow to 1.21 million people in 2011, to 1.25 million in 2016, and 1.29 million in 2021. The growth is expected to be led by immigration to both the urban and rural areas. See the table and chart below.

Figure 29: Projected Population in Manitoba (2006 - 2021)

Year	Projected Population	Change
2006	1,183,100	-
2011	1,214,800	+ 2.68% (2006 – 2011)
2016	1,250,900	+ 2.97% (2011 – 2016)
2021	1,288,100	+ 2.97% (2016 – 2021)

(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t342_en.htm)

Figure 30: Projected Population Growth in Manitoba (2006 - 2021)



(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t342_en.htm)

Manitoba's population is concentrated in the south, near the large urban centre of Winnipeg. The north features the mining and hydro projects, while the south has manufacturing, agriculture and oil. The northern port of Churchill provides shipping routes through the north, and the rail routes move goods east, west and south.

3.1.2 First Nations & Aboriginal People

The total Aboriginal identity population in Manitoba is 175,395, accounting for 15.5% of the total population of the province, and 15.0% of the total Aboriginal population in Canada.

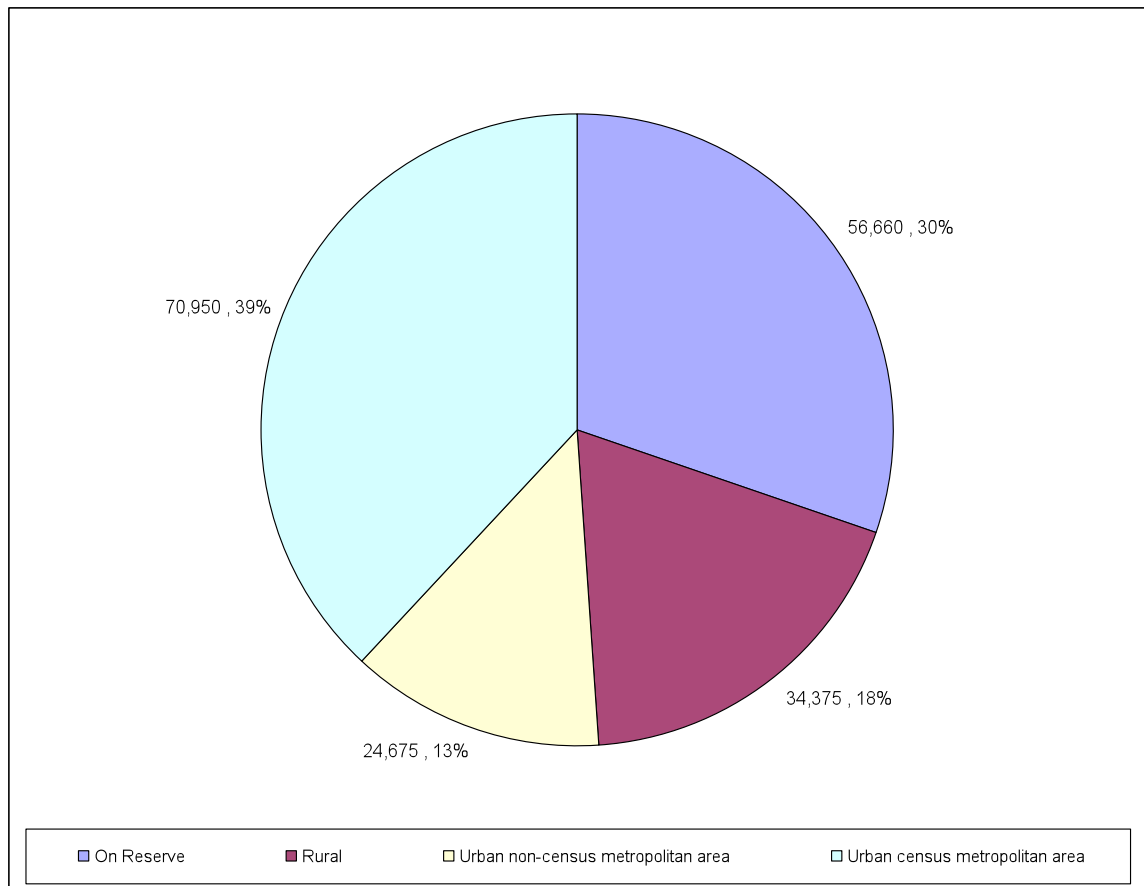
Almost half the Aboriginal population of Manitoba lives in rural areas, with 30% living on-Reserve, and only 39% living in the urban areas. The table and graph below provide details on the Aboriginal population in Manitoba and areas of residence.

Figure 31: Aboriginal Population in Manitoba (2006)

Aboriginal Population	Numbers	Percent
North American Indian	100,645	57.4%
Métis	71,810	40.9%
Inuit	560	0.3%
Multiple Aboriginal Identity Response	680	0.4%
Aboriginal Responses Not Included Elsewhere	1,695	1.0%
Total Aboriginal Population	175,395	100%

(Source: Statistics Canada www40.statcan.ca/101/cst01/demo40c.htm)

Figure 32: Location of the Aboriginal Population in Manitoba (2006)



(Source: 2006 Census Canada)

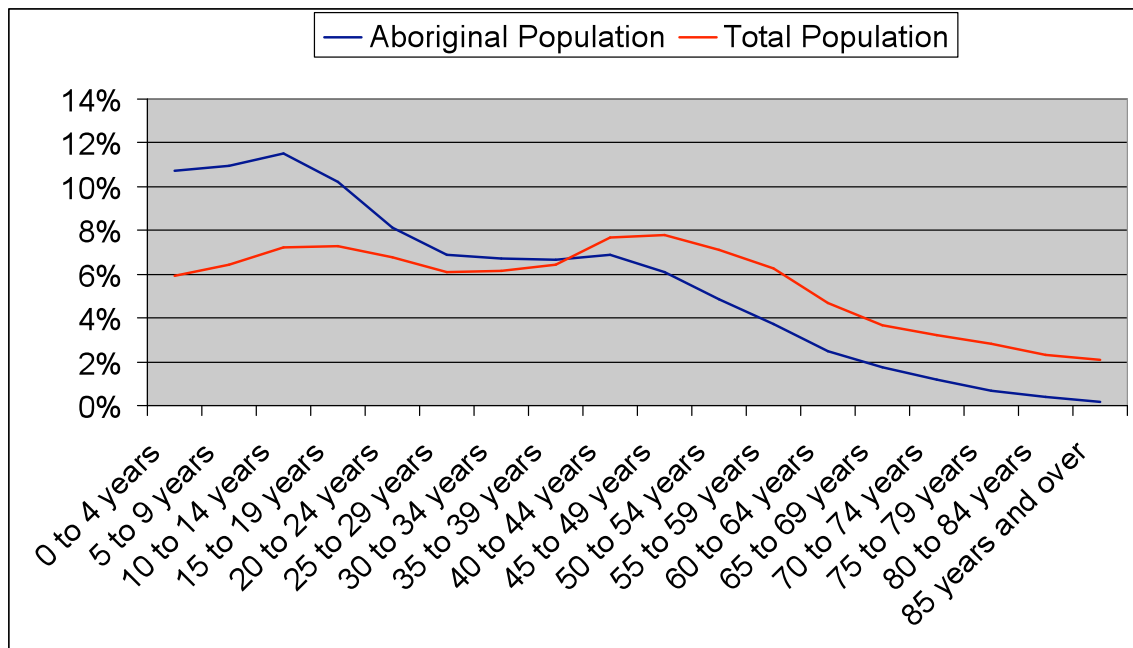
The Aboriginal population of Manitoba is significantly younger than the general population of the province. The table and graph below show the age characteristics of the Aboriginal population in Manitoba, with comparisons to the total population.

Figure 33: Age Characteristics of the Aboriginal & Total Populations (2006)

Age Characteristic	Total Population	Aboriginal Population
Median Age	38.1 years	23.9 years
Aged 15 Years and Older	80.4%	66.8%
Aged 14 Years and Younger	19.6%	33.2%

(Source: Statistics Canada Community Profiles, Alberta, 2006)

Figure 34: Percentage of Aboriginal & Total Population by Age Group (2006)



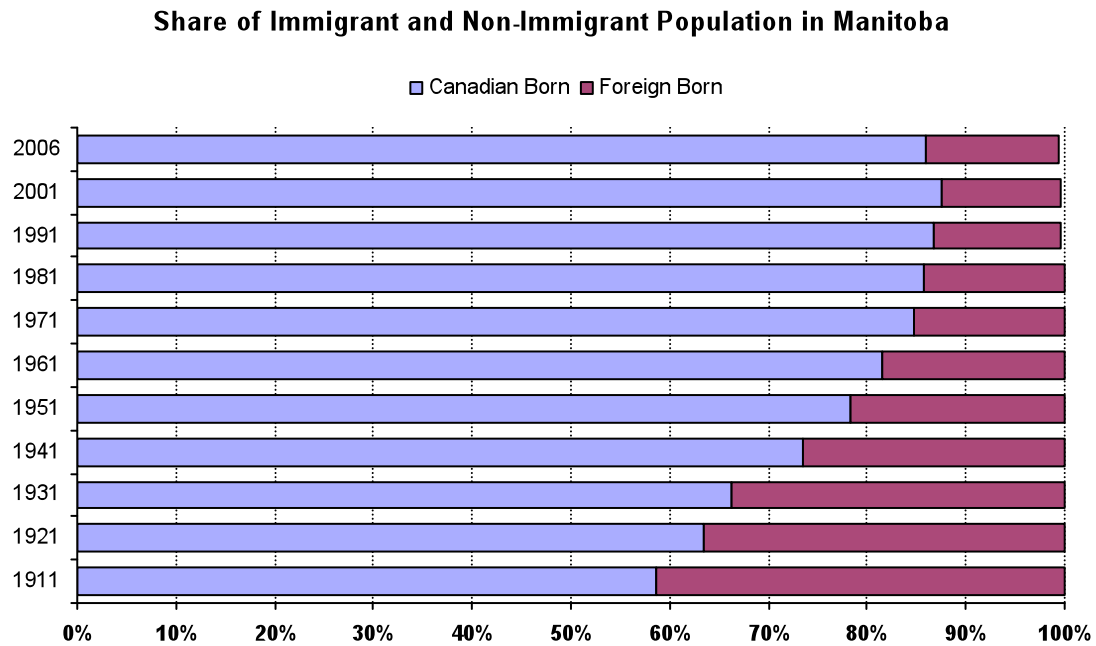
(Source: Statistics Canada Community Profiles, Manitoba, 2006)

3.1.3 Immigration

At one point historically, immigrants accounted for almost 40% of the overall population in the province. Their shares have been steadily declining over the years, and by 2001, immigrants accounted for only 12.1% of the population.

The situation changed between 2001 and 2006, when immigrants' share of the population increased to 13.3%.

Figure 35: Share of Immigrant & Non-Immigrant Population in Manitoba



Source: Statistics Canada

Manitoba runs a successful Provincial Nominee Program (PNP) to attract immigrants to the province, especially to communities outside Winnipeg. Between 2006 and 2007, the province was home to almost 11,000 new immigrants, and the number of immigrants admitted under PNP accounted for about half of all PNP immigrants in Canada. The province has set a goal of receiving 20,000 annual immigrants within 10 years.

Outside of Winnipeg, the number of immigrants that came to settle expanded from about 500 in 1998, to almost 2,500 in 2007. More people are choosing to settle in regions outside Winnipeg. Key destinations are the communities and surrounding areas of Winkler, Steinbach, Brandon and Morden.

The Manitoba success is the result of active community involvement in the design of its overall immigration strategy. For any community growth strategy to work, there must be a consensus among opinion leaders and decision-makers with significant public support in the community – the community stakeholders. The first step is to identify these individuals.

Once community stakeholders have been identified, informal and formal discussions can begin around immigration as a community growth strategy. These discussions will assist in developing community interest, identifying messengers connected to the greater community and making a shortlist of those to consider for a committee for immigration planning.

During these processes, gaps in service areas have been identified as follows that require priority attention.

- employment and labour market supports and opportunities to address newcomer frustration at not being able to use their skills
- early reliable settlement information and orientation
- confusion and lack of knowledge on where to go for particular settlement assistance
- advice, assessment and guidance to plan their settlement
- social isolation and lack of outreach to inform or include newcomers
- supports that recognize the importance of family, including the challenges faced by children and youth
- decent affordable housing
- follow-up assistance and longer-term supports
- language interpreters
- increased skills and expertise among service providers
- inappropriate or insensitive service delivery including approaches that inadvertently lead to conflicts in communities
- evaluation of settlement services
- greater consultation and input from newcomers and community members
- greater support, responsiveness and maintenance of cultural values to support effective integration
- information to support decision-making and policy changes on critical issues such as eligibility and access to financial assistance for training, affordable housing options, federal transportation loans

Acting upon those suggestions, the province has developed settlement strategies including the following.

Pre-arrival information

Provision of accessible, clear, targeted information for prospective immigrants and those preparing to migrate including enhanced website, improved communication with provincial nominees and better information for those supporting migrants such as family, sponsors or community members.

Centralized initial information and orientation

An expanded and more accessible Entry Program for all newcomers was identified as critical. The strategy moves the Entry Program beyond its current four-week sessions to include a shorter intensive program, evening sessions and special topics.

Better information to family, sponsors and community members enables them to provide complementary supports and to direct newcomers to the Entry Program for language learning, orientation, assessment of needs and referral to appropriate services.

Centralized assessment and referral

The Manitoba Settlement Strategy prioritizes the creation of a new central point of contact for information, assessment and referral to settlement, employment, education and health supports. Identified as the most accessible location, was with the Language Assessment Centre in downtown Winnipeg.

Through a centralized service, individual newcomers are assisted in identifying the steps and resources that guide them in their settlement activities. The strategy calls for providing adult newcomers with assistance in developing a personal settlement plan.

Settlement and community supports

The strategy was designed to ensure funding to a range of programming central to the settlement process on an ongoing basis.

Program areas include:

- Documentation and applications: assistance with completing forms, documents and applications such as SIN, health, immigration, citizenship, income benefits
- Refugee settlement: initial and ongoing settlement assistance to assist refugees with their integration; enhanced follow-up and life-skills supports
- Children and youth: programs focused on school-aged children such as after-school, tutoring, computer access, workplace internships, liaison with schools, summer activities and extracurricular classes such as guitar, knitting, theatre, art, chess, homework clubs
- Social networking: activities that assist newcomers to develop social networks through programs such as host and volunteer programs, conversation circles, social clubs special events
- Newcomer classes: co-ordinated delivery of classes such as citizenship preparation, cooking and nutrition, driver's education, workshops on special topics such as income tax, finances and consumer issues
- Interpretation and translation: enhanced capacity to provide language interpretation and translation services
- Regional and strategic programming: expansion and development of current and new settlement programs outside Winnipeg through planning, funding and co-ordination based on immigrant intake as needed as well as targeted support provided to groups involved in immigration strategies
- Neighbourhood networks: development of new and existing neighbourhood capacities to meet the needs of newcomers and immigrants in their neighbourhood,

including active outreach to new families to ensure they have information, opportunities and support to connect with resources such as libraries, schools, recreation, health services

Employment supports

The strategy ensures the continuation of efforts by Manitoba Labour and Immigration to work with Competitiveness, Training and Trade in further developing newcomer employment supports.

The Labour Market Strategy for Immigrants (LMSI) was implemented to: help newcomers take advantage of opportunities in our labour market; secure and keep jobs, and enhance their long-term employment prospects.

Beyond programs for employment readiness, employment maintenance, workplace exposure and career development, Manitoba Labour and Immigration has set its sights on ensuring that newcomers receive:

- basic workplace orientation and training
- specialized job training opportunities
- specific occupational information and advice from content experts
- enhanced employer connections and communication within relevant parts of the system

Support for the recognition of academic and professional credentials

In addition to academic assessment and financial supports, Manitoba Labour and Immigration has the lead in setting and planning qualifications recognition initiatives including work resulting from the Fair Registration in Regulated Professions Act.²

Specialized settlement programs

The settlement strategy identifies the need for project-based activities to meet the specific needs of immigrant and refugee groups such as women, youth, people with disabilities and vulnerable populations.

This includes a range of programs that address psycho-social needs related to adaptation, family violence, intergenerational communication, parenting, youth development and crime prevention, with an eye to growing partnerships with ethno-cultural communities, systems and stakeholders.

Service-delivery supports

The strategy notes the integral role of training and co-ordination to increase the skills and expertise needed for settlement programs and activities.

² “Framework for a Manitoba Strategy on Qualifications Recognition”

In partnership with other stakeholders the strategy establishes pools of resource people to provide interpretation, life skills assistance, community work and intercultural training.

Field development

Field development supports the advancement of the Manitoba Settlement Strategy through:

- ongoing stakeholder consultation
- program advisory committees that involve the recipients of services
- support that offers much-needed training and professional development activities
- enhanced monitoring to identify trends and emerging issues and challenges while having in place mechanisms to respond and thus strengthen the strategy
- the development of materials and resources that support the information needs of immigrants and service providers

Systemic change and policy development

The Immigration and Multiculturalism Division is mandated to continue to lead the implementation of the province's qualifications recognition strategy and to actively contribute to the labour-market integration strategy (LMSI) and other related horizontal initiatives.

This includes the continuation of interdepartmental communication and co-ordination with expanded information, evaluation and research for decision-making.

3.2 The Economy of Rural Manitoba

3.2.1 Economy & Market Changes

Manitoba's \$41 billion (2007) economy is based on a rich mix of robust enterprises. No single industry dominates the economic landscape – rather, the provincial economy is fairly diversified, and Manitoba continues to broaden its economic base with new investments. The Manitoba economy is driven by natural resources, mining and forestry, agriculture and processing. There is also significant manufacturing in the south.

Manitoba's primary industries include a large and long-established minerals sector, a highly diversified and modern \$4.3 billion agriculture industry, and a rapidly-growing and highly competitive hydroelectric energy sector.

Recent economic indicators projected for Manitoba in the short-term show modest growth. The table below shows key economic projections for the province in the short-term by both the Royal Bank of Canada and the TD Bank Financial Group.

Figure 36: Projected Economic Growth Indicators in Manitoba (Short-Term)

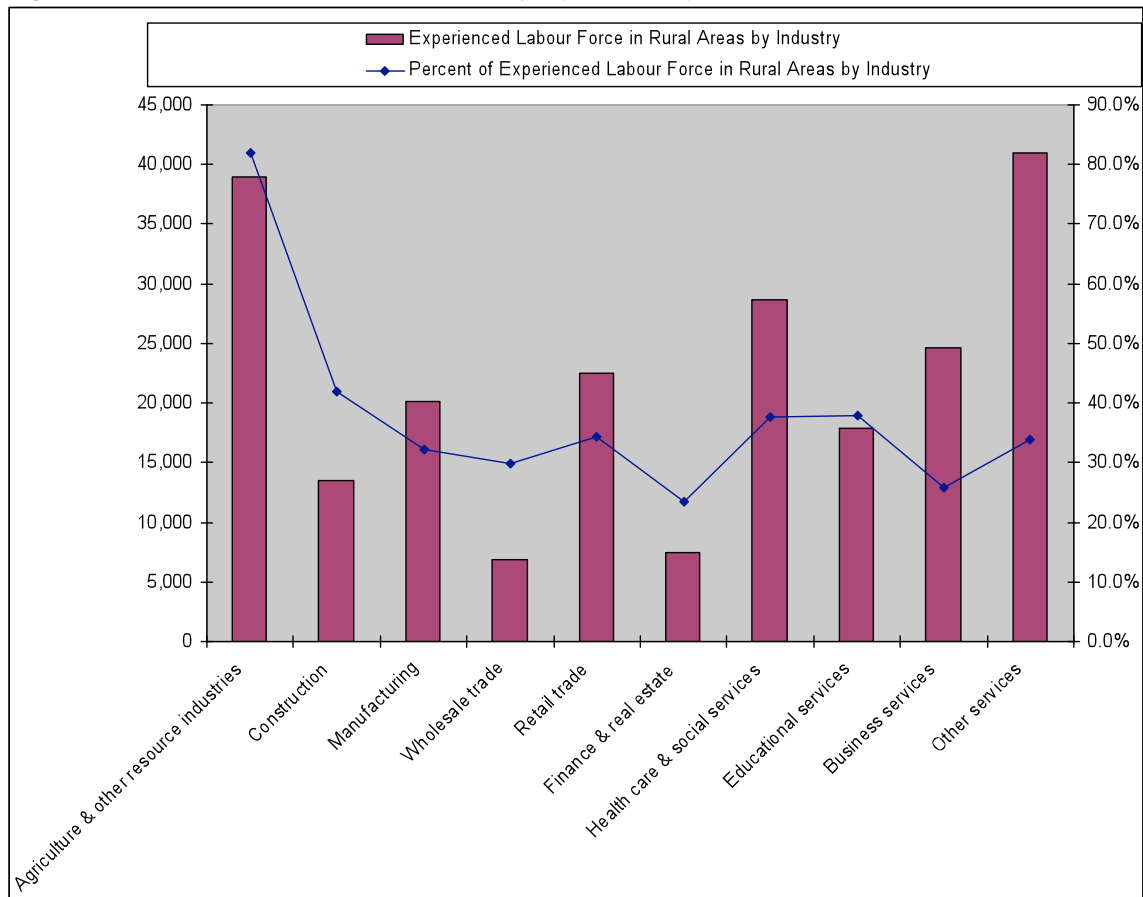
Indicators	RBC 2008	RBC 2009	TD 2008	TD 2009	TD 2010
Real GDP	3.1%	2.3%	2.2%	2.3%	2.4%
Consumer Price Index	2.5%	2.6%	2.4%	2.8%	2.2%
Retail Sales	8.0%	5.5%	8.0%	5.6%	4.5%
Housing Starts (000's)	5.4	5.4	5.5	5.0	5.0
Labour Force	1.4%	2.0%	1.2%	0.8%	0.8%
Employment	1.8%	1.5%	1.5%	0.7%	0.7%
Unemployment	4.0%	4.5%	4.2%	4.3%	4.4%

(Source: Royal Bank of Canada, *Provincial Outlook*, October 2008; TD Bank Financial Group, *Provincial Economic Outlook*, October 16, 2008)

The figure below shows the labour force activity of people 15 years and older in the rural areas of Manitoba by industry group. The bar graph represents the numbers of people working in the industry in the rural areas, and the line graph represents the percentage of the total provincial industry workforce from the rural areas.

The figure shows the highest number and proportion of workers in the rural areas in agriculture and other resource-based industries, followed by significant numbers in health and social services, business services, retail trade, and manufacturing.

Figure 37: Rural Labour Force Activity by Industry in Manitoba (2006)



(Source: Statistics Canada, Census 2006 Community Profiles, Manitoba)

Factors That Effect the Rural West

- Southern Manitoba has large manufacturing and processing whose products trade across Canada and the world.
- There is a need for crop diversification, as there area tremendous changes to canola and pulse crops, trying to add value to food.
- The budding oil & gas industry is significant business in southern Manitoba.
- World wide conditions could threaten the Manitoba economy, as the US economy plays a large role, and Asian competitors and the dollar are big factors.
- Suggestions from stakeholders have been made to grow the medium-sized city of Brandon to become competition for Winnipeg, which would benefit both cities and the region.
- Need government as partners to set regulations and taxes.
- Depopulation of rural areas into the cities is a threat to the rural economy. People and workers want quality of life in rural areas, full services.

- The availability of skilled workers is very significant; workers are needed for metal, wood, cabinet making, welders and agriculture.

3.2.2 Trade

Exports and imports in Manitoba have both increased recently with greater diversification in export destinations. Seventy-one percent of Manitoba's exports and 80% of imports are with the US, making it the second most dependent province in the West on US trade. However, the proportion of exports to other countries has grown recently, particularly to Asia, the Middle-East and Africa.

The biggest export products and industries are in minerals, electricity, agricultural products, manufacturing and pharmaceuticals, all with significant ties to the rural areas. Imports include machinery and parts for manufacturing and retail.

Figure 38: Top Export Nations from Manitoba

Rank & Nation	Percent	Value	Change (2003 – 2007)
1. United States	70.6%	\$8,357,214,996	17.8%
2. China	4.6%	\$549,646,090	248.2%
3. Japan	3.7%	\$439,405,849	-13.8%
4. Mexico	2.8%	\$332,287,170	56.6%
5. Hong Kong	2.5%	\$296,023,959	126.2%
6. Taiwan	1.6%	\$193,412,108	252.5%
7. Belgium	1.0%	\$122,195,851	5.8%
8. United Kingdom	1.0%	\$118,281,168	61.4%
9. Korea, South	0.6%	\$71,730,647	63.5%
10. South Africa	0.6%	\$70,708,584	824.5%
All Exports	100%	\$11,830,742,462	26.8%

(Source: Statistics Canada Trade Data)

Figure 39: Top Export Products & Industries from Manitoba

Top 10 Export Products (2007)	Top 10 Export Industries (2007)
1. Unwrought nickel	1. Non-ferrous metal smelting & refining
2. Unrefined copper	2. Aerospace product & parts manufacturing
3. Electrical energy	3. Electric power generation
4. Wheat	4. Wheat farming
5. Live swine	5. Oilseed (except soybean) farming
6. Meat of swine	6. Animal slaughtering & processing
7. Parts of helicopters, airplanes, etc.	7. Hog & pig farming
8. Canola of colza seeds	8. Pharmaceutical & medicine manufacturing
9. Buses & transport passenger vehicles	9. Starch & vegetable fat/oil manufacturing
10. Crude petroleum oils & oils obtained from bituminous minerals	10. Heavy-duty truck manufacturing

(Source: Statistics Canada Trade Data)

The most recent high growth products and industries for exports are agricultural and petroleum. The two tables below compare exports for the first six months of 2007 with 2008. The top three products and industries with the highest growth (over 100%) in the high volume (top 20) products and industries are listed. These figures can show possible growth in the near future.

Figure 40: High Growth Export Products in Manitoba (2007 – 2008)

Product	January – July 2007	January – July 2008	Change
Wheat	\$287,053,628	\$617,927,443	115%
Crude Petroleum Oils	\$148,775,278	\$478,077,222	221%
Canola or Colza Seeds	\$173,127,123	\$444,047,944	156%

(Source: Statistics Canada Trade Data)

Figure 41: High Growth Export Industries in Manitoba (2007 – 2008)

Industry	January – July 2007	January – July 2008	Change
Wheat Farming	\$287,096,580	\$617,946,213	115%
Oilseed (except Soybean)	\$249,182,203	\$533,665,986	114%
Oil and Gas Extraction	\$148,775,278	\$478,111,085	221%

(Source: Statistics Canada Trade Data)

The imports to Manitoba are dominated by products from the US, and goods for the agricultural, natural resources, and manufacturing industries, all with either exclusive or significant proportions in the rural areas of the province.

Figure 42: Top Import Nations to Manitoba

Rank & Nation	Percent	Value	Change (2003 – 2007)
1. United States	80.0%	\$10,523,391,631	27.7%
2. China	4.4%	\$575,077,604	105.8%
3. Mexico	2.2%	\$290,639,287	50.7%
4. Germany	2.0%	\$267,530,675	38.2%
5. Italy	1.7%	\$226,818,438	65.2%
6. Japan	1.2%	\$160,938,655	42.6%
7. Re-Imports (Canada)	1.1%	\$143,192,623	19.3%
8. Malaysia	0.8%	\$111,656,090	127.2%
9. Taiwan	0.7%	\$96,881,632	-15.1%
10. United Kingdom	0.7%	\$93,093,825	-13.8%
All Imports	100%	\$13,151,177,939	26.5%

(Source: Statistics Canada Trade Data)

Figure 43: Top Import Products & Industries to Manitoba

Top 10 Import Products (2007)	Top 10 Import Industries (2007)
1. Self-propelled bulldozers, graders, levelers, shovel loaders, taping machines	1. Construction machinery manufacturing
2. Motor vehicles for passenger transport (other than buses/public transport)	2. Agricultural implement manufacturing
3. Trucks & other vehicles for the transport of goods	3. Engine, turbine & power transmission equipment manufacturing
4. Tractors	4. General-purpose machinery manufact.
5. Motor vehicle parts	5. Computer & equipment manufacturing
6. Harvesting, threshing & agri. machinery	6. Aerospace product/parts manufacturing
7. ADPM & units, magnetic/optical readers, machine transcribing data to media	7. Ventilation, heating, air-conditioning & commercial refrigeration equip. manufact.
8. Trailers & other wheeled vehicles NES	8. Material handling equipment manufact.
9. Turbo-jets, turbo propellers & gas turbines	9. Motor vehicle body & trailer manufact.
10. Pesticides	10. Navigational, measuring, medical & control instruments manufacturing

(Source: Statistics Canada Trade Data)

3.2.3 Infrastructure & Transportation

Overall in Manitoba, infrastructure is struggling with growth, and there is an immediate need for water sewers, schools and portables in many places across the province. As well, Manitoba Hydro is constructing and upgrading power generation projects, and expanding into wind energy. Manitoba is located at a significant transportation corridor crossroads, the link between the Asia-Pacific Gateway Corridor to the west, the rail links to the east, and the rail and highway links to the south to the US and Mexico.

The capital expenditures projected over the short-term in the table below show the most significant increases in utilities and transportation and warehousing.

Figure 44: Capital Expenditures for Construction by Sector in Manitoba*

Industry	2006 Actual	Preliminary Actual 2007	Projected 2008
Total	\$7,837.3	\$9,152.3	\$10,872.4
Agriculture, forestry, fishing & hunting	\$364.8	\$364.3	\$351.6
Mining and oil & gas extraction	\$486.7	\$543.4	\$568.4
Utilities	\$708.7	\$997.7	\$1,458.9
Construction	\$214.8	\$260.4	\$323.5
Manufacturing	\$491.9	\$550.7	\$445.6
Wholesale trade	\$180.2	\$161.6	\$201.8
Retail trade	\$259.9	\$238.4	\$275.1
Transportation & warehousing	\$550.3	\$697.1	\$1,638.1
Information & cultural industries	\$326.3	\$260.6	\$283.4
Finance & insurance	\$546.3	\$689.8	\$578.1
Real estate and rental & leasing	\$315.7	\$418.6	\$426.1
Professional, scientific & technical	\$65.7	\$68.7	\$71.3
Managmt. of companies & enterprises	\$3.7	\$5.6	\$7.2
Waste management & remediation	\$22.2	\$25.8	\$54.9
Educational services	\$196.1	\$183.5	\$187.2
Health care & social assistance	\$241.4	\$173.9	\$188.0
Arts, entertainment & recreation	\$57.8	\$58.7	\$65.1
Accommodation & food services	\$51.2	\$46.0	\$54.9
Other services	\$45.6	\$43.4	\$41.0
Public administration	\$912.7	\$1,368.4	\$1,443.2
Housing	\$1,795.5	\$1,995.7	\$2,209.2

* \$ millions, includes construction, machinery & equipment
(Source: Statistics Canada: www40.statcan.ca/101/cst01/busi03h.htm)

3.2.4 Technology

Technology is becoming an increasingly important component to industry growth in all sectors of the Manitoba economy.

- Manitoba's ICT sector has a diverse range of capabilities, best known for expertise in:
 - communications technologies
 - broadcast & digital media
 - biomedical informatics
 - software products
 - IT services
 - electronics
 - geomatics (tools and techniques used in land surveying, remote sensing, Geographic Information Systems (GIS), Global Navigation Satellite Systems and related forms of earth mapping)
- ICT employed more than 15,000 people in 1549 companies across Manitoba in 2003. The majority (80%) of high-tech employment is located in and around Winnipeg.
- Skilled ICT labour is also imbedded within non-ICT sector businesses across the province. Such individuals supply skilled ICT services in IT departments in businesses across all sectors.
- The technology sector in Manitoba exported more than \$227 million worth of goods throughout the world.
- Revenues of Manitoba's software publishing, data processing, hosting, computer systems design and related services totaled \$645 million in 2003. This was an increase of 58% from the previous year.
- Manitoba's ICT industry is supported by an extensive network of R&D facilities. They provide ICT innovation and technology distribution and include the following:
 - TRILabs conducts R&D in information and communications applications, Internet protocol (IP) technologies, IP network performance, content aware networks, Internet and multimedia applications, prototyping of new IP devices, distributed caching and image processing.
 - University of Manitoba regularly undertakes research collaborations with industry, government and other academic institutions. The U of M is at the forefront of R&D in a number of ICT areas.

- Canadian Advanced Networks for the Advancement of Research in Industry and Education (CANARIE) facilitates the widespread adoption of faster, more efficient networks and the enabling of the next generation of advanced products, applications and services to run them.
- MRnet (The Manitoba Regional Advanced Network) is a consortium of private and public sector R&D organizations dedicated to the advancement of broadband networking and network applications.
- The National Research Council Institute for Biodiagnosics' Biomedical Informatics Group is focused on the development of state-of-the-art methods for managing complex biomedical data.
- \$1.5 million Virtual Reality Research and Innovation Centre at Winnipeg's Industrial Technology Centre offers Manitoba companies the ability to design, simulate and test new products or processes in an interactive 3-D environment.

3.2.5 Entrepreneurship

Small businesses play a vital role in the overall health of the Manitoba economy, including rural areas. Specifically:

- There are approximately 83,000 small businesses in Manitoba.
- Two-thirds of Manitoba's businesses employ fewer than five people and more than 90% of businesses have fewer than 50 employees. Small and medium-sized businesses account for close to half of private sector employment in Manitoba.
- One half of all small businesses in Manitoba are in the Winnipeg region. The other half is relatively evenly distributed across the remaining regions of the province.

Figure 45: Average Annual Share of Small Businesses by Economic Region, 1999 - 2005

Economic Region	Percent of all Small Businesses in Manitoba
Winnipeg	50%
Interlake	8%
Parklands/North	10%
Southeast	8%
South Central	6%
Southwest	13%
North Central	5%
Total	100%

Source: Canadian Business Patterns & Labour Force Survey & Western Centre for Economic Research

- Winnipeg, South Central and Interlake are the three Manitoba regions that have seen the greatest increase in the number of small businesses.
- The number of small businesses in Manitoba is growing. Most new jobs in Manitoba are created by small businesses.
- The types of small businesses in Manitoba are related to regional differences in economic structure.

3.3 Key Industries in Rural Manitoba

3.3.1 Agriculture

Agriculture is Manitoba's largest primary sector. Manitoba producers keep over 19 million acres in production, raise 2.9 million hogs and over 1.6 million cattle, with gross agricultural receipts totalling in excess of \$4 billion. Southern Manitoba is a land ideal for agriculture - fertile soils, clean flowing water, and warm growing seasons. For almost a thousand years the province's inhabitants have relied on its bounty.

The number of farm operators in Manitoba was 26,625 in 2006, a decline of 7.5% from 2001. About a quarter (24.1%) of all farm operators were women, up from 22.6% five years earlier. Compared with the general workforce, farmers in Manitoba are ageing even more rapidly. The median age of farmers in Manitoba was 48 years old in 2001, by 2006, it went up to 51 years old.

Figure 46: Farm Operators in Manitoba, by Sex & Age, 2001 & 2006

Farm Operators	2001	% of Total	2006	% of Total	Growth (% Change)
All Operators	28,795	100%	26,620	100%	-7.6%
Under 35	3,860	13.4%	2,845	10.7%	-26.3%
35 to 54	15,475	53.7%	13,550	50.9%	-12.4%
55 and older	9,455	32.8%	10,225	38.4%	8.1%
Median age	48	-	51	-	6.3%
Males	22,275	77.4%	20,205	75.9%	-9.3%
Under 35	2,985	10.4%	2,205	8.3%	-26.1%
35 to 54	11,640	40.4%	10,055	37.8%	-13.6%
55 and older	7,655	26.6%	7,945	29.8%	3.8%
Median age	48	-	51	-	6.3%
Females	6,520	22.6%	6,415	24.1%	-1.6%
Under 35	875	3.0%	640	2.4%	-26.9%
35 to 54	3,840	13.3%	3,495	13.1%	-9%
55 and older	1,805	6.3%	2,280	8.6%	26.3%
Median age	47	-	50	-	6.4%

Source: Statistics Canada

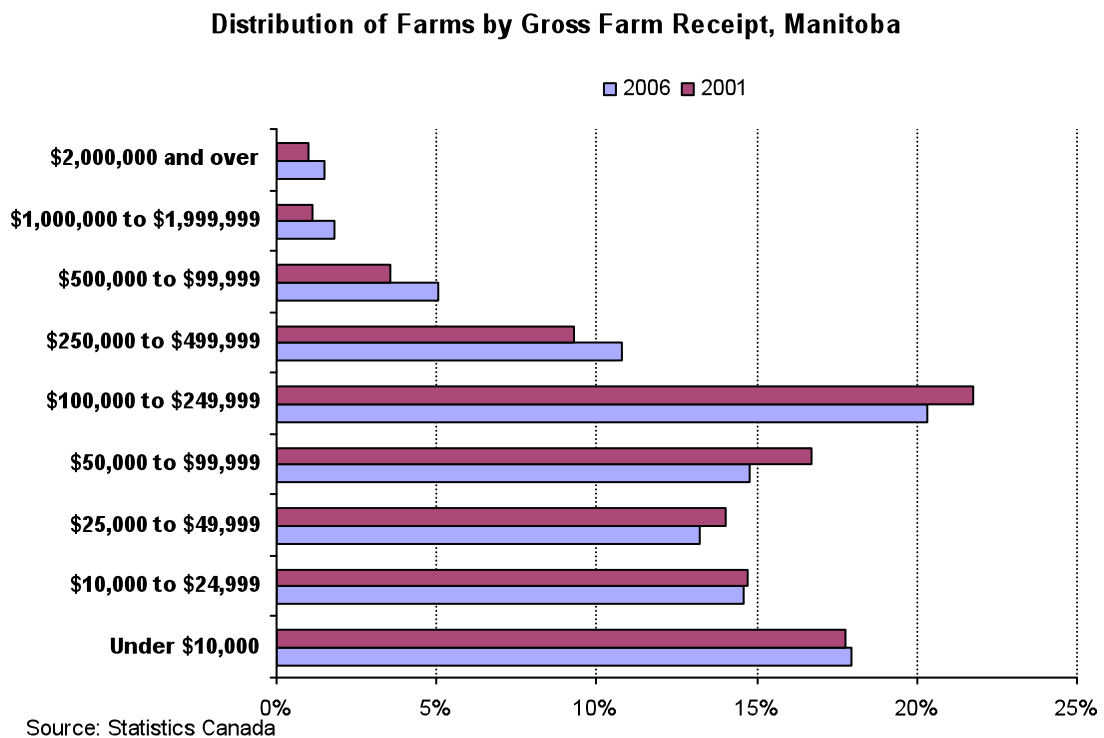
Based on information available from the two most recent censuses, 19,054 census farms were counted in Manitoba in 2006, a 9.6% decline from the previous census which reported 21,071 farms in 2001. (This is less extreme than the 13.6% decline that occurred between 1996 and 2001.) This is reflective of the continued out-migration of

farm operators, farm consolidation and farm retirements. Manitoba farm numbers rank sixth in Canada and account for 8.3% of Canada’s 229,373 farms in 2006.

While the overall number of farms in Manitoba has been declining, the size in terms of area, herd sizes and gross farm receipts has been increasing. The average Manitoba farm was 1,001 acres in 2006, up 12.3 % from 891 acres in 2001. Manitoba’s total farm area was 19.1 million acres in 2006 compared to 18.8 million acres in 2001, an increase of 1.5%.

In 2005, Manitoba’s total gross farm receipts were \$4.1 billion and operating expenses reached \$3.5 billion. In 2006, Manitoba’s farm input prices increased 9.6% while farm product prices rose only 3.9%. Government-funded program payments contributed significantly to gross farm receipts. Direct program payments to Manitoba agriculture producers in 2005 had grown to 17.0% of total receipts and the actual value of these payments increased to \$691.6 million.

Figure 47: Farm by Gross Farm Receipt in Manitoba, 2001 & 2006



While the number of farms with less than \$250,000 of gross farm receipts fell by 13.3% in 2006 between censuses, those with \$250,000 or more increased by 10.8%. There were 3,645 of these larger farms in Manitoba in 2006 and they represented 19.1% of farms in the province in 2006, accounting for 76.1% of total provincial gross farm receipts reported for the year 2005.

Figure 48: Distribution of Types of Farms in Manitoba, 2001 & 2006

Farm Types	2001	2006
All Farms (Number)	21,071	19,054
Dairy cattle and milk production	2.7%	2.4%
Beef cattle ranching and farming, including feedlots	34.1%	34.6%
Hog and pig farming	4.7%	4.0%
Chicken egg production	0.7%	0.7%
Broiler and other meat-type chicken production	0.5%	0.5%
Turkey production	0.2%	0.1%
Other poultry production	0.1%	0.1%
Sheep farming	0.8%	0.7%
Goat farming	0.3%	0.4%
Apiculture	0.7%	1.3%
Horse and other equine production	3.4%	4.4%
Fur-bearing animal and rabbit production	0.1%	0.1%
Livestock combination farming	2.2%	2.3%
All other miscellaneous animal production	0.6%	0.6%
Soybean farming	0.1%	1.0%
Oilseed (except soybean) farming	5%	7.9%
Dry pea and bean farming	1.1%	0.7%
Wheat farming	10.1%	6.8%
Corn farming	0.1%	0.2%
Other grain farming	19.4%	19.0%
Potato farming	0.7%	0.8%
Other vegetables (except potato) & melon farming	0.5%	0.5%
Fruit and tree-nut farming	0.6%	0.7%
Other food crops grown under cover	0.1%	0%
Nursery and tree production	0.8%	0.8%
Floriculture production	0.7%	0.7%
Hay farming	7.1%	6.7%
All other miscellaneous crop farming	2.7%	2.0%

Source: Statistics Canada

Over the past census periods, there has been a trend for farmers to move away from traditional crops to alternatives that would reduce their input costs or increase their per-acre revenues. Spring wheat (excluding durum), is still the largest single crop in

Manitoba with 3.0 million acres although it has decreased 19.3% in area since the last census. It made up 25.7% of the province's cropland in 2006, compared to 31.7% in 2001.

The move from small grains was partly the result of a switch to more oilseed crops. In 2006, Manitoba's canola area increased 21.7% from 2001 and accounted for 19.6% of the province's cropland with 2.3 million acres. Soybean area increased to 350,567 acres from 50,037 acres in 2001. Total vegetable area in Manitoba rose to 5,641 acres in 2006, up 11.2% from the last census, mainly due to an increase in onion area.

In 2006, 4.2% of all Manitoba's farms reported organic production. Sixty-two percent of Manitoba's 809 organic farms produced hay and field crops. Although farms often have more than one organic status depending on their commodity mix, 24.2% produced certified organic products, 6.8% were in transition to becoming certified and 74.2% were not certified.

Manitoba has the largest hog farms in Canada, with an average of 2,468 animals per farm. In 2006, Manitoba reported 2.9 million pigs, an increase of 15.4%. In 2006, total cattle and calves in Manitoba were 1.6 million animals, an increase of 10.4%. Although sheep and lamb numbers went down 19.7% to 68,096 animals in 2006, horses decreased 25.8% to 46,580 animals and Manitoba's bison herd increased 45.9% to 19,609 animals.

The size of the workforce in Manitoba's agriculture sector, including farm operators, labourers, technicians and technologist, as well as managers, etc., was 33,185 in 2006, accounting for 5.5% of the total workforce in the province. Out of this total of 33,185, 29,805, or 90%, were in the rural areas of Manitoba.

Growth Projections

Future growth in the agriculture sector is expected to be strong. Agribusiness, including agricultural production and food processing (for the latter, please see section on Manufacturing), is expected double its size in ten years.³ For example, Manitoba pork exports have tripled in the past five years to 30,000 tonnes. This has been accomplished by meeting the specific needs of foreign markets in Europe, Latin America, Asia-Pacific and the Middle East.

In addition, local farmers are diversifying to meet global needs with specialty crops – like hemp, of which Manitoba is by far the largest producer in North America. For growth potentials in biofuel products, see Section 2.4.1.

3.3.2 Forestry

With approximately 16.3 million hectares of stocked forest in Manitoba, forestry has a relevant role in the economy of Manitoba. Of the resource, 74% is softwood, 15% is hardwood and 11% is mixed wood. The main trees species by volume are: spruce (38%), poplar/aspen (31%) and pine (23%).

³ See www.gov.mb.ca/greenandgrowing/growing.html

- Manitoba's primary wood sector generates \$550 million in sales annually.
- 3,300 people are employed in the Manitoba forest products industry.
- Manitoba forestry is dependent on exports, with 75% of primary wood products being exported. The largest market is the US, followed by Europe and Japan.
- The forest sector in Manitoba is comprised of 211 operations, most of which are rural-based sawmills.
- The industry produces:
 - pulp and paper
 - lumber
 - fibreboard and particle board
 - oriented strand board
 - wood treatment
 - fencing
 - dimensional lumber
- Strengths of the Manitoba forest industry include: available annual allowable cut, skilled labour, high-quality transportation infrastructure, and low cost, reliable electricity.

Data on employment in Manitoba forestry show that more than half (58%) takes place in rural areas. For those Manitobans employed in forestry and logging specifically, 95% reside in rural areas.

Figure 49: Summary of Employment in the Forestry Sector in Manitoba, 2006

Forestry Sector	Employed in Forestry	Employed in Urban Areas	Employed in Rural Areas	Employment in Rural Areas
Forestry & Logging	860	45	815	95%
Wood product manufacturing	3,735	1,720	2,015	54%
Paper manufacturing	1,880	940	940	50%
Total Forestry	6,475	2,705	3,770	-
Percent	100%	42%	58%	-

Source: Statistics Canada, 2006 Census.

3.3.3 Manufacturing & Processing

Manufacturing is the province's largest industry, producing a wide variety of goods for markets across Canada and around the world. Aerospace equipment, processed foods, electronics, chemicals, urban and intercity buses, and furniture are among Manitoba's major manufactured goods exports.

Figure 50: Manufacturing Shipments in Manitoba (\$ millions), 2003 - 2007

Sub-Sector	2003	2007	Growth
Food	\$2,885.3	\$3,588.4	24%
Beverage and tobacco products	\$236.7	-	-
Wood products	\$667.5	\$617.2	-8%
Paper	-	\$536.8	-
Printing and related support activities	\$559.0	\$540.1	-3%
Petroleum and coal products	\$22.6	\$33.7	49%
Chemicals	\$792	\$819.9	4%
Plastics and rubber products	\$540.2	\$642.9	19%
Primary metals	-	\$3,053.1	-
Fabricated metal products	\$599.7	\$852.6	42%
Machinery	\$851.7	\$1,106.7	30%
Electrical equipment, appliances & components	-	\$218.2	-
Transportation equipment	\$1,957.8	\$2,243.1	15%
Furniture and related products	\$730.2	-	-
Miscellaneous manufacturing	\$198.3	-	-
All Industries	\$12,681.9	\$16,111.3	27%

Source: Statistics Canada

The total value of manufacturing shipments in Manitoba reached \$16.2 billion, an 8.5% increase from the previous year. Between 2003 and 2007 total manufacturing shipments grew by 27%.

In Manitoba, the total employment in manufacturing was 70,600 in 2007, an increase of 6% over 2006. Details on manufacturing employment, including the breakdown of rural areas, are shown in the following table.

Figure 51: Labour Force in Manufacturing Sector in Manitoba, 2006

Sub-Sector	Total Labour Force	Rural Labour Force	Rural Share
Food	9,690	4,895	51%
Beverage and tobacco products	680	180	27%
Wood products	3,735	2,015	54%
Paper	1,880	940	50%
Printing and related support activities	4,155	960	23%
Petroleum and coal products	65	30	46%
Chemicals	2,755	1,195	43%
Plastics and rubber products	3,245	505	16%
Non-metallic mineral products	1,660	615	37%
Primary metals	2,380	1,480	62%
Fabricated metal products	5,470	1,770	32%
Machinery	4,425	1,615	37%
Computer and electronic product manufacturing	1,210	55	4.5%
Electrical equipment, appliances & components	1,175	245	21%
Transportation equipment	8,095	1,635	20%
Furniture and related products	6,765	1,190	18%
Miscellaneous manufacturing	1,950	485	25%
All Manufacturing Industries	62,585	20,175	32%

Source: Statistics Canada

Aerospace

The industry is the largest in Western Canada and home to a diversified cluster of world-class manufacturing, repair and overhaul, and service firms. Industry revenues exceeded \$1.3 billion (2006). An estimated 4,900 persons are directly employed in the industry in Manitoba. The industry is intensely export oriented, serving hundreds of companies world wide.

- Major players are four world-class firms – Boeing Technology Canada, Standard Aero, Magellan Aerospace Limited – Winnipeg (Bristol Aerospace), and Air Canada Technical Services, as well as 23 established regional and national firms.
- Winnipeg is home to Boeing Canada Technology, the largest composite aircraft component manufacturer in North America. However, the industry is also supported by a large number of small to medium sized aerospace suppliers including precision machine shops, tool and die makers, precision sheet metal fabricators, plating and coating operations, and electronics companies that are located across the province.

- In addition, a new hangar and state-of-the-art training and simulation facility was completed in 2005 at Southport Manitoba.

Agribusiness Manufacturing and Technology

Agribusiness manufacturing and technology shipments are estimated to exceed \$1 billion. As much as 70% is exported with the majority bound for United States market destinations, particularly the Upper Midwest. Comprising in excess of 250 Manitoba-based firms, this diverse yet integrated industry sector employs an estimated 5,800 people.

- In addition to the sector's North American market focus, firms export to developing offshore markets in over 50 countries worldwide. Priority market regions include Central Asia, Eastern/Western Europe, Asia Pacific, Latin America, Africa and the Middle East.
- Predominant activities of this sector are the production of equipment and technology, and the provision of related services for all aspects of crop and livestock production, with a focus on the grain-based value chain. These Original Equipment Manufacturers (OEMs) are supported by a large and diverse network of OEM suppliers producing quality-assured components, sub-assemblies, spare parts and precision services.
- Manitoba is the focal point for Canada's grain-based industries: commodities, transportation and marketing; regulatory agencies; value-added processing; manufacturing; process technology; consulting engineers; turnkey construction; training and education.
- Winnipeg is home to most of Canada's major grain marketing companies and a myriad of industry support groups which has created a unique and comprehensive level of industry integration and synergy.

Building Products

Primary activities include converted wood products and furniture manufacturing. The converted wood products sector is comprised of approximately 290 firms that employ 8,700 people, and which generate approximately \$950 million in revenues, \$650 million of which is exported.

- The furniture sector is comprised of 35 firms that employ 4,300 people, and which generate approximately \$425 million in revenues, \$325 million of which is exported.
- Manitoba is home to the largest Canadian kitchen cabinet manufacturer, and the two largest Canadian window and door manufacturers. Winnipeg-based Palliser Furniture is Canada's largest furniture manufacturer.
- Manitoba companies also offer special expertise in cold-climate engineering and design, and R2000 construction technology.

Transportation Equipment Manufacturing

Bus manufacture (inter-city coaches and transit vehicles) is the predominant activity, followed by the manufacture of other vehicle types including motor homes, fire engines, step vans and a wide range of semi-trailers. All these products are sold on a North American-wide basis. It include by a wide range of component manufacturing operations that supply original equipment manufacturers. The value of 2006 shipments was approximately \$2.4 billion. Total employment is approximately 9,177.

- Over a third of the bus market (both inter-city coaches and transit vehicles) in North America is supplied by Manitoba companies. Motor Coach Industries is the major manufacturer of intercity coaches while New Flyer Industries has become the largest supplier of urban transit buses.
- Vansco Electronics designs and manufactures electronic instruments and controls for OEMs. Since it began business in 1978, it has averaged more than 30% growth per year.

Value-Added Food Processing

The value-added food processing sector is the largest manufacturing sector in Manitoba, representing 28% of total provincial manufacturing shipments. Employment in the sector is estimated at approximately 10,300. Principal manufacturing shipments include meat products, dairy, flour and feed, poultry, other processed food and beverages.

- Manitoba exports constitute 27% of total provincial food processing shipments with primary markets being the US (65%), Japan (21%), Mexico (4%) and Australia (3%). Principal exports include pork and pork products, potatoes, canola oil, honey, malt, and eggs.
- The province is home to four modern, federally-inspected, high-throughput hog processing plants.
- The province is home to the largest value-added processing plant of eggs in Canada, and its egg processors boast some of the most advanced products and technology in North America.
- The province is home to three world-class potato processing operations that produce frozen products for international markets.

High Growth and/or Low Growth Sub-Sectors

In value-added food processing, considerable industry interest is being directed toward growing national and export markets for nutraceuticals and functional foods. Industry efforts to respond to market opportunities are complemented by research into the relationship between agricultural products and health, which is conducted at the Canadian Centre for Agri-Food Research in Medicine and the Richardson Centre for Functional Foods and Nutraceuticals.

In transportation equipment manufacturing, to respond to the market's requirements for high quality at reduced costs, Manitoba OEM's have increased the number of parts and

components that are outsourced to local component manufacturers, while minimizing the total number of suppliers. This increased value-added at the supplier level has reduced OEM lead times and handling costs, and has led to increased sophistication and manufacturing flexibility on the part of Manitoba's component manufacturers.

For agribusiness manufacturing and technology, the emergence of larger-acreage corporate farms has led to the development of new GPS-based information technology (geomatics) to optimize cost-effectiveness and farm management efficiencies.

The rationalization of Western Canada's grain transportation system continues to drive product innovation and new technological developments in grain handling with manufacturers striving to meet the ever-increasing needs of producers as they diversify their farming operations.

- Overall projections in revenue growth – annual rate of 2% to 3% growth up to 2015.
- Overall projections in employment growth – decline the near term (1% to 2% annually), up to 2015. Maybe slight improvement till 2020.

3.3.4 Mining and Oil & Gas

Mining is the second largest primary resource sector of the Manitoba economy. Base metals account for about 12% of the province's total commodity exports while mineral products represent approximately 18%. The province's eight operating (metal) mines employ about 3,500 workers directly with another 14,000 in spin-off jobs.

These mines produce:

- Base and precious metals such as nickel, copper, zinc, and gold.
- Specialty minerals like tantalum, lithium and cesium.
- Industrial minerals such as dolomite, spodumene, silver, gypsum, salt, granite, limestone, peat, lime, sand and gravel.
- Manitoba mineral resources with potential for future economic development include diamonds, platinum-group metals (PGM), rare earth elements (REE), titanium, vanadium, chromite, silica and potash.

There are over 85 companies active in mineral exploration and mining in Manitoba. Two companies employ approximately half of the workforce in this sector. Manitoba has 8 producing mines (metals), 2 operating smelters and 2 refineries. There are about 20 major producers active in the industrial minerals sector in Manitoba.

Mining is concentrated in communities such as Thompson, Flin Flon, Snow Lake, Lynn Lake and Leaf Rapids in the North, and Bissett in the south.

The province's current oil production is located in southwest Manitoba along the northeastern flank of the Williston Basin, a sedimentary basin that also occupies portions of southern Saskatchewan, North Dakota, South Dakota and Montana.

Manitoba produces only crude oil. Oil production in 2007 was 1,247,192.9 cubic metres, or 7,848,135 barrels. The month of March 2007 had the highest production on record – 113,949 cubic metres (717,111 barrels) or 23,133 barrels per day. Total production to the end of 2007 was 40.2 million cubic metres (253 million barrels).

As of December 2007, there are approximately 2,576 producing oil wells in Manitoba, 246 of which were put on production during 2006. Manitoba's crude oil production is equivalent to approximately 25% of the province's refined petroleum products requirements.

Approximately 80% of the oil and gas rights are owned by private individuals or companies (freehold), the remaining 20% are owned by the Crown in the right of Manitoba. Royalties payable to private oil and gas rights owners were estimated at \$62 million in 2006. Total oil industry expenditures in Manitoba in 2006 were approximately \$380 million.

There are approximately 47 companies that produce oil in Manitoba, ranging from large multinationals to small locally based producers. A record high of 476 new wells were drilled in 2006. By December 2006, Manitoba had 2,337 wells capable of producing oil. Crude oil produced in Manitoba is shipped through the Enbridge pipeline system to refiners in southern Ontario and the northeast and north-central areas of the United States.

Together, mining and oil and gas extraction employed a total of 4,575 persons in the province, according to 2006 Census data. Out of this, 3,980, or 87% of the workforce, were in rural Manitoba.

- About 320 were employed in oil and gas extraction (240 in rural areas)
- About 2,620 were employed in mining (2,430 in rural areas)
- About 1,535 were employed in support activities for mining and oil and gas extraction (1,215 in rural areas)

Growth Projections

Rich metal deposits in Manitoba's Precambrian Shield have been mined economically for decades. Ongoing development at two mines in the Flin Flon – Snow Lake area will extend operations there until 2016, approximately 90 years after the first mines were opened. Similarly, new investments in CVRD Inco's Birchtree project near Thompson are projected to extend mining operations there until 2016, about 60 years after initial production. In 2006, San Gold Corporation reopened the gold mine at Bissett where the mining history of the region's mineral-rich Rice Lake gold belt dates back to 1911.

Although oil has been produced in Manitoba for over 50 years, the province is still relatively under explored. Production has been obtained from only a small part of the total sedimentary sequence present in the province. Due to the relatively shallow depth of sedimentary rocks in Manitoba and the generally flat terrain, drilling costs are relatively low.

Manitoba mineral resources with potential for future economic development include platinum-group elements (platinum, palladium and rhodium), rare earth elements, uranium, titanium, vanadium, chromite, silica and potash. Diamond exploration is ongoing but to date no significant kimberlites (the host rocks for diamonds) have been found. Potential also exists for the exploitation of Manitoba's abundant ultramafic rocks, which could become important in the future in the sequestration of carbon dioxide.

Highlights of Major Projects

- BHP Billiton is investing \$15 million to explore Manitoba's untapped potash deposits in the Russell-Binscarth area of southwestern Manitoba.
- Three advanced exploration projects that have the potential to be Manitoba's next mine are currently underway. In the Wabowden area, Crowflight Minerals has completed a favourable Bankable Feasibility Study and is progressing with the construction of mine infrastructure at the Bucko nickel-copper deposit. The Snow Lake region hosts two advanced projects including HudBay Minerals' \$8.5 million Bur deposit for copper-zinc and Black Pearl Minerals' Ferro/Wekusko gold property.
- In addition, the following projects are undergoing pre-feasibility studies for potential mine development:
 - Independent Nickel Corporation at the former producing Lynn Lake nickel-copper mine
 - Mustang Minerals' Maskwa nickel-copper project in southeastern Manitoba
 - Victory Nickel's Minago nickel-copper project northwest of Lake Winnipeg
 - Rolling Rock Resources' Monument Bay gold project in northeastern Manitoba

Factors That Effect the Rural West

- Mining investment has been one of the major reasons for increased metal production in the province. From 2002 to 2006, capital investment in Manitoba's mining industry averaged approximately \$303 million per year.
- The 2006 increase in mineral production is attributed in large part to dramatic price increases for various metals including nickel, zinc, copper and gold which rose an average of 70% in value (nickel 52.4%, zinc 123%, copper 76.9% and gold 29.5%).
- In recent months in 2008, however, price for base metals has declined due to soft global demand. The October 2008 financial crisis that originated from the US has now dramatically affected global economic outlook, especially in the short run.
- Across Canada, the oil and gas industry faces higher exploration costs as the resource becomes more remote and the geology more challenging. New, high-cost technologies and a well-educated, skilled labour force are needed as well as a globally, politically and economically competitive environment.
- Qualified, skilled workers are vital to the upstream industry's ability to grow in a safe and sustainable manner. Right now, there is a critical shortage of skilled labour in the industry.
- According to the results of the Fraser Institute Annual Survey of Mining Companies 2006/2007, Manitoba is rated as having the best policy environment in the world for mining investment.
- Among the resources and support available to the industry in Manitoba are: financial incentives for exploration, a transparent land tenure system, efficient permitting and protected areas processes, a readily accessible geo-science database, environmental stewardship balanced with industry needs.
- Manitoba also offers various financial incentives for new oil exploration and ready access to a comprehensive information base including forms, production input, technical well files, maps and production histories.

3.3.5 Tourism

Recent statistics from Travel Manitoba highlight the following characteristics of the provincial tourism industry:

- Tourism expenditures in 2006 are estimated at \$1.13 billion. For the same year, it is estimated that Manitoba served over 8 million tourists.
- Tourism contributes up to \$1.5 billion to provincial GDP.
- \$607 million in export revenue is generated from external markets.
- Tourism produces \$513 million in tax revenue.
- The Manitoba tourism sector includes 4,500 businesses in a variety of sub-sectors.

- Tourism in Manitoba sustains 15,900 indirect jobs.

Winnipeg is the main destination in Manitoba and attracts approximately 31% of tourist visits but as much as 46% of tourist revenues. The balance (69% of tourist visits and 54% of tourist revenues) is generated in rural areas, as shown in the following table.

Figure 52: Tourist Visits and Revenues in Manitoba, 2006 estimates

Region	Visits (day & overnight)	% of All Visits	Revenue (millions)	% of All Revenue
Winnipeg	2,505,000	31%	\$524.0	46%
Central Plains	364,000	5%	\$20.6	2%
Eastern Manitoba	1,454,000	18%	\$105.0	9%
Interlake	989,000	12%	\$57.0	5%
Northern Manitoba	375,000	5%	\$72.0	6%
Parkland	438,000	5%	\$55.0	5%
Pembina Valley	699,000	9%	\$38.0	3%
Western Manitoba	1,142,000	14%	\$123.0	11%
Unspecified	58,304	1%	\$135.2	12%
Total Manitoba	8,024,304	100%	\$1.13 billion	100%

Source: Travel Manitoba. Travel Manitoba Regional Profiles. July 2008. Statistics Canada Travel Survey of Residents of Canada and International Travel Survey.

Factors That Effect the Rural West

The tourism industry in Manitoba is impacted by economic and market conditions in the province and throughout North America. Specifically, these include the following:

- Gas price volatility which affects visitors markets from within Canada and the US.
- North American economic instability affects tourism growth in Manitoba.
- Lower than expected investment from the Manitoba government into Travel Manitoba has resulted in delayed implementation of the founding business plan, therefore, capacity to deliver quality and competitiveness have also been limited.
- Labour shortages exist throughout the tourism industry, as in Manitoba overall.
- Increased globalization/ competition from other destinations.
- Limited air access.
- Declining size of the US travel market due to economic conditions.
- Rising Canadian dollar in recent years. This situation can be expected to reverse itself with time, given the recent drop in the dollar.

- Changing distribution channels/ influence of the Internet on consumer decision-making process.
- Consumers are seeking more frequent, shorter vacations.
- Sustainable tourism practices are a part of visitors' expectations of destinations they visit.
- Need to upgrade industry, quality and competitiveness.
- Infrastructure investment deficit in Manitoba's tourism product.
- Access to capital for new developments is necessary.
- Short summer season has a major impact on profitability.
- Migration of youth from rural communities to urban centres has led to near empty towns and a shortage of skilled workers.
- High fuel costs exist for travel between communities.
- Sustainable tourism practices are a priority for the long term future of the industry.

Future Challenges and Opportunities

Provincial goal is to:

- 1) Increase tourism revenues from \$1.7 billion in 2007 to \$2.0 billion in 2010 (Note: the industry predicts annual rate of growth to be between 1% and 2%)
 - 2) Create 3,000+ new full time jobs in the tourism industry
 - 3) Generate \$120 million in new tax revenue for the provincial government
- The Conference Board of Canada had forecasted overall growth in expenditures of 4.9 % for 2008 and 5.0% for 2009, but this is now more likely to be at a lower rate.
 - Stronger growth is expected from domestic and overseas markets.
 - The US market is expected to continue to decline in the short term.

Major projects planned in the Province include;

- Museum of Human Rights (Winnipeg) (\$350 million)
- Expansion of Winnipeg Convention Centre

Tourism industry objectives are to:

- Promote Manitoba as a quality, year-round tourism destination.

- Strengthen the efficiency and effectiveness of the Travel Manitoba organization and corporate culture.
- Create opportunities for trade, investment and attraction of qualified workers
- Strengthen Manitoba's competitive position as a tourism destination.
- Support government priorities for trade, investment and attraction of qualified workers.

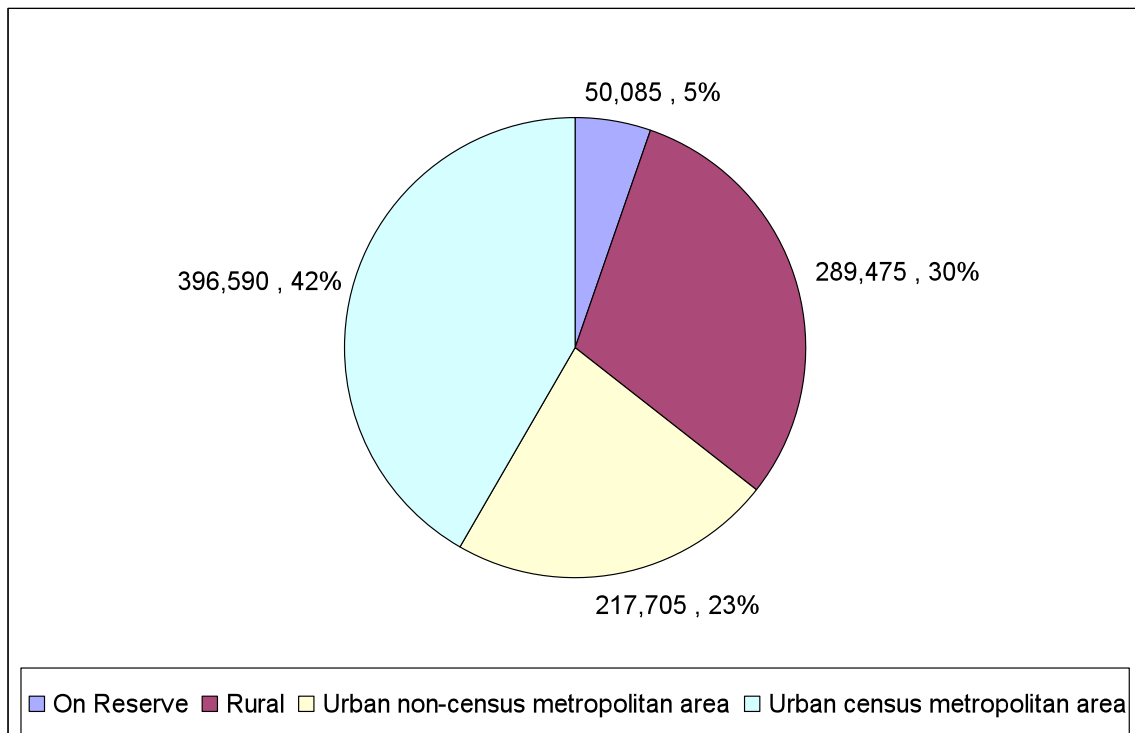
Funding programs to support the planned expansion of tourism in Manitoba, including the upgrading and construction of new tourism projects, will require seed money and the ability to borrow. Similarly, the industry needs support in resolving its labour shortage. Otherwise, rural tourism businesses will continue to decrease in quality.

4.0 Saskatchewan

4.1 Population Demographics

The population of Saskatchewan is 991,500 (2006), the least populated province in the West. Thirty-four percent (339,560) of the population live in rural areas, with a further 23% living in medium-sized communities, making it the highest proportion of rural living in the West. See the chart below. The median age of the Saskatchewan population is 38.7 years, making it the second oldest population in the west.

Figure 53: Location of the Population in Saskatchewan (2006)



(Source: 2006 Census Canada)

The table below shows the population characteristics with comparisons to the rural and urban populations where possible. While there are no significant differences in the characteristics between the urban and rural populations as a whole, there are wide differences in the rural population by region.

Appendix 4 provides a detailed breakdown of these characteristics by rural health regions outside of Regina and Saskatoon. This figures show significant ranges of median ages (21.4 years to 46.0 years), unemployment rates (3.3% - 15.3%), and median income (\$11,296 - \$23,498).

Figure 54: Population Characteristics of Saskatchewan

Characteristic	Saskatchewan	Urban	Rural
Population 2006	968,157	517,584	450,573
Population 2001	978,933	512,186	466,747
Median age	38.7	-	-
Population (15 years +)	80.6%	-	-
Immigrants	48,155	35,025	13,130
Non-Permanent Residents	4,615	3,800	815
Labour Force Participation Rate	68.4%	-	-
Employment Rate	64.6%	-	-
Unemployment Rate	5.6%	-	-
Median Income (15 years +)	\$24,194	-	-

(Source: Statistics Canada, Census 2006 Community Profiles, Saskatchewan)

4.1.1 Population Projections

The population of Saskatchewan is expected to stay flat or slightly decline over the next 10 – 15 years. See the table and chart below. However, current strong in-migration may result in a revision of these projections.

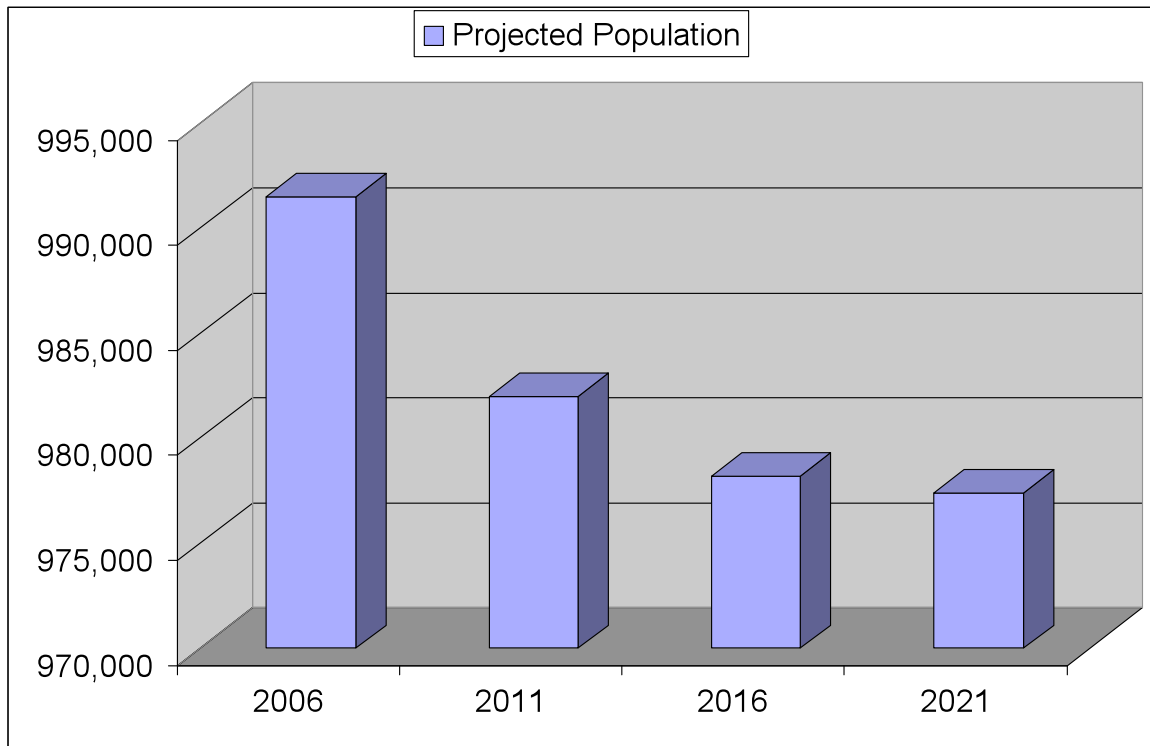
Figure 55: Projected Population in Saskatchewan (2006 - 2021)

Year	Projected Population	Change
2006	991,500	-
2011	982,000	- 0.06% (2006 – 2011)
2016	978,200	- 0.39% (2011 – 2016)
2021	977,400	- 0.08% (2016 – 2021)

(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t343_en.htm)

The population of Saskatchewan is the most rural in the West, although there are two urban areas, Saskatoon and Regina. Even though its economy is projected to remain strong; its population is still expected to decline. These projections will exacerbate the existing and expected shortage of skilled labour.

Figure 56: Projected Population Growth in Saskatchewan (2006 - 2021)



(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t343_en.htm)

4.1.2 First Nations & Aboriginal People

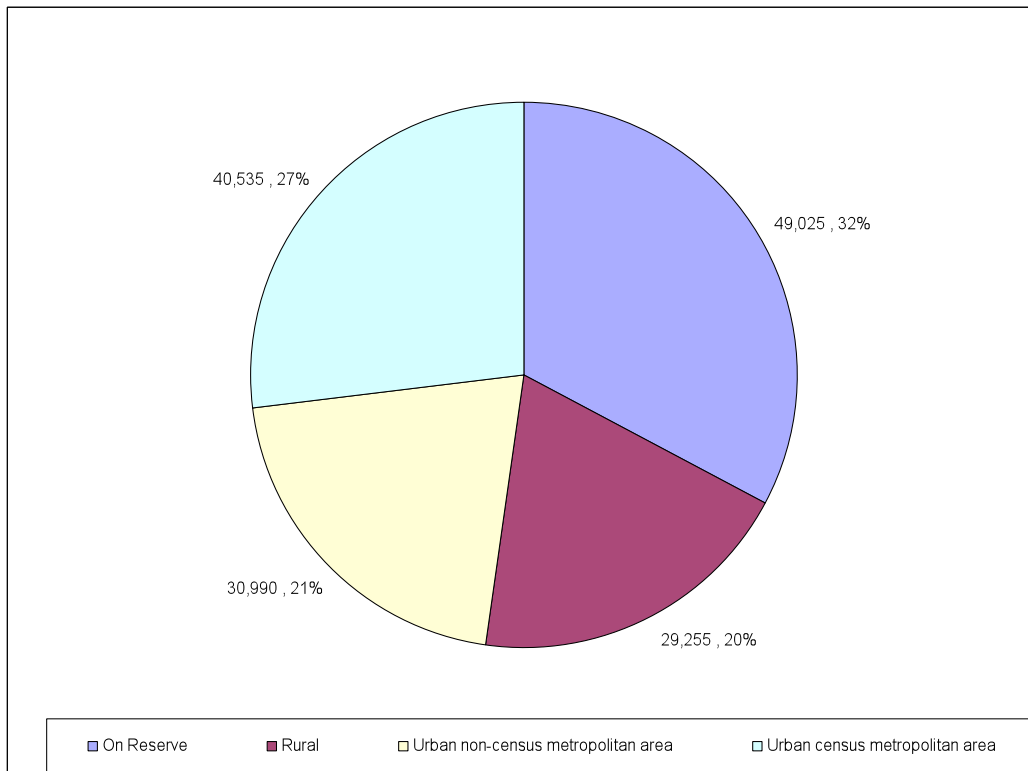
The total Aboriginal identity population in Saskatchewan is 141,890, accounting for 14.4% of the total population of the province, and 12.1% of the total Aboriginal population in Canada. Over half the Aboriginal population in Saskatchewan lives in rural areas, and less than one-quarter lives in urban areas. The table and graph below provide details on the Aboriginal population in Saskatchewan and areas of residence.

Figure 57: Aboriginal Population in Saskatchewan (2006)

Aboriginal Population	Numbers	Percent
North American Indian	91,400	64.4%
Métis	48,120	33.9%
Inuit	215	0.2%
Multiple Aboriginal Identity Response	625	0.4%
Aboriginal Responses Not Included Elsewhere	1,530	1.1%
Total Aboriginal Population	141,890	100%

(Source: Statistics Canada)

Figure 58: Location of the Aboriginal Population in Saskatchewan (2006)



(Source: 2006 Census Canada)

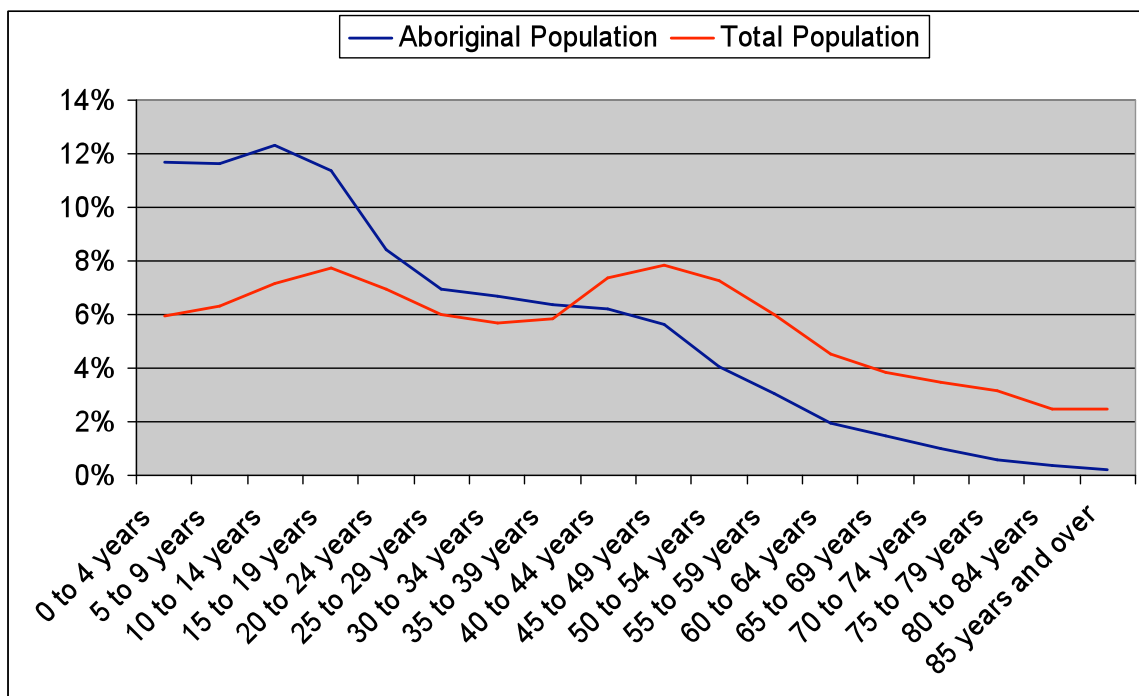
The Aboriginal population of Saskatchewan is significantly younger than the entire population of the province. Saskatchewan has the youngest Aboriginal population in the West, with a median age of 21.7 years. The table and graph below show the age characteristics of the Aboriginal population in Saskatchewan, with comparisons to the total population.

Figure 59: Age Characteristics of the Aboriginal & Total Populations (2006)

Age Characteristic	Total Population	Aboriginal Population
Median Age	38.7 years	21.7 years
Aged 15 Years and Older	80.6%	64.3%
Aged 14 Years and Younger	19.4%	35.7%

(Source: Statistics Canada Community Profiles, Alberta, 2006)

Figure 60: Percentage of Aboriginal & Total Population by Age Group (2006)



(Source: Statistics Canada Community Profiles, Saskatchewan, 2006)

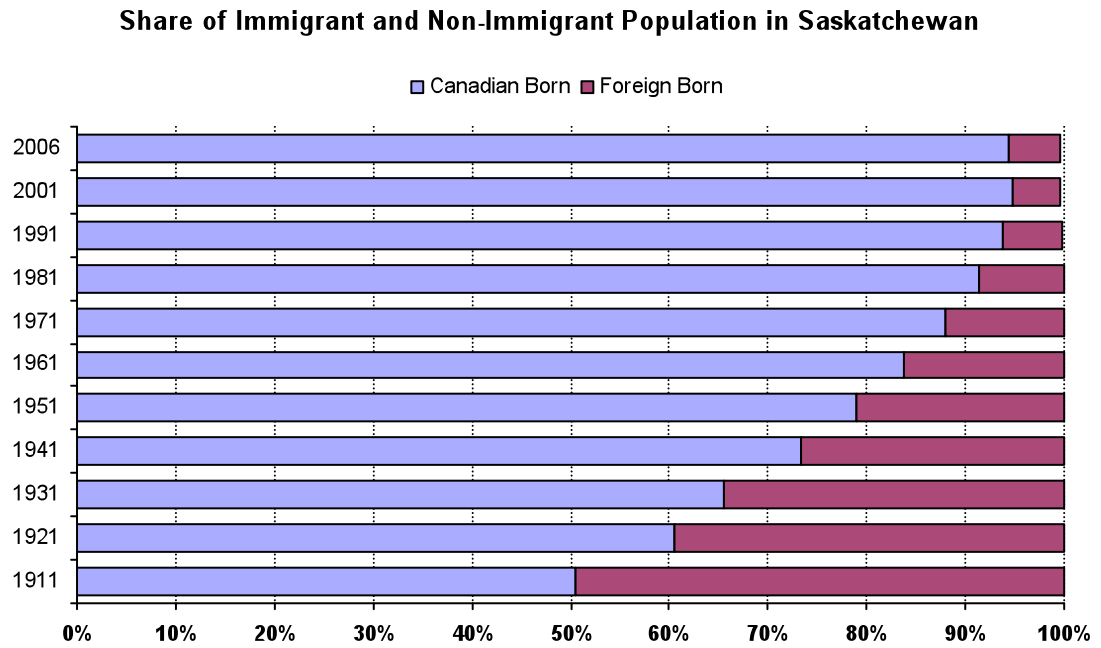
4.1.3 Immigration

Immigration is one of the most important elements in defining Saskatchewan’s culture and history. In addition, immigration is expected to account for a large portion of the province’s future growth. Saskatchewan is making efforts to increase the level of immigration to the province, to attract at least 5,000 newcomers each year to contribute to its growing economy.

One way the province does so is through the Saskatchewan Immigrant Nominee Program, which allows the province’s government to select individuals who wish to settle in and contribute to the province and speed up their immigration visa application process. Saskatchewan’s program identifies skilled workers, farmers, entrepreneurs, international students and individuals from certain professions in demand and helps to bring them to settle in Saskatchewan.

Saskatchewan’s population share of immigrants used to be much higher, at 50% at one point, but it has declined substantially over the years. In both 2001 and 2006, immigrants accounted for only 5% of the overall population in Saskatchewan, although in absolute number, total number of immigrants in the province increased from 47,820 to 48,160.

Figure 61: Share of Immigrant & Non-Immigrant Population in Saskatchewan



Source: Statistics Canada

4.2 The Economy of Rural Saskatchewan

4.2.1 Economy & Market Changes

Saskatchewan's economy is strong on the basis of several key growing industries: oil & gas, potash, agriculture and uranium. These industries are all most prominent in the rural areas. Saskatchewan is projected to have the most buoyant economy in Canada over the short-term, due to the combination of agriculture and natural resources, in particular petroleum, uranium and potash.

Recent economic indicators projected for Saskatchewan in the short-term shows modest growth. The table below shows key economic projections for the province in the short-term by both the Royal Bank of Canada and the TD Bank Financial Group.

Figure 62: Projected Economic Growth Indicators in Saskatchewan (Short-Term)

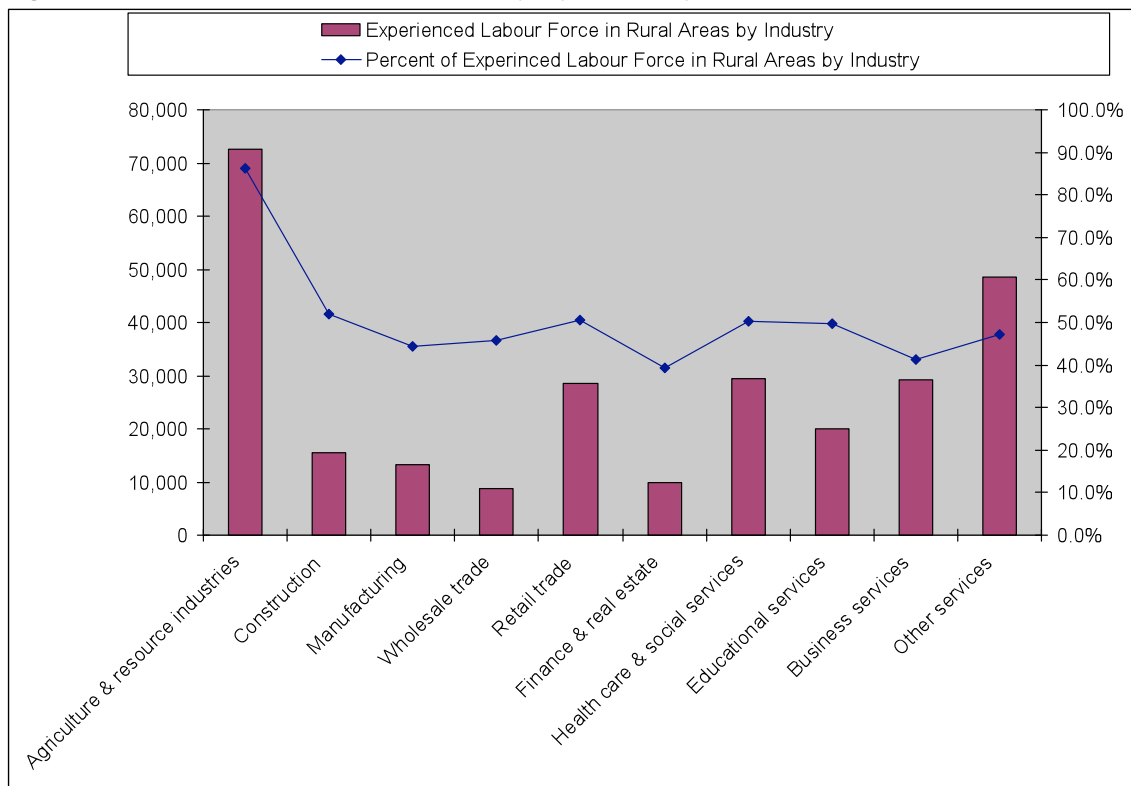
Indicator	RBC 2008	RBC 2009	TD 2008	TD 2009	TD 2010
Real GDP	3.9%	3.5%	2.2%	2.3%	2.4%
Consumer Price Index	3.4%	2.7%	2.4%	2.8%	2.2%
Retail Sales	12.0%	7.5%	8.0%	5.6%	4.5%
Housing Starts (000's)	6.8	5.3	6.9	6.3	6.0
Labour Force	1.6%	2.1%	1.2%	0.8%	0.8%
Employment	1.6%	2.0%	1.5%	0.7%	0.7%
Unemployment	4.2%	4.3%	4.2%	4.3%	4.4%

(Source: Royal Bank of Canada, *Provincial Outlook*, October 2008; TD Bank Financial Group, *Provincial Economic Outlook*, October 16, 2008)

The figure below shows the labour force activity of people 15 years and older in the rural areas of Saskatchewan by industry group. The bar graph represents the numbers of people working in the industry in the rural areas, and the line graph represents the percentage of the total provincial industry workforce from the rural areas.

The figure shows the highest number and proportion of workers in the rural areas in agriculture and other resource-based industries, followed by significant numbers in health and social services, retail trade, and other services. Overall there is a high proportion of people working across all industries in rural areas.

Figure 63: Rural Labour Force Activity by Industry in Saskatchewan (2006)



(Source: Statistics Canada, Census 2006 Community Profiles, Saskatchewan)

The Saskatchewan Major Projects Inventory indicates significant investment planned for the industrial and manufacturing sectors, and also in industries specific to rural areas, oil & gas, mining and power. See the table below.

Figure 64: Major Projects Inventory in Saskatchewan

Sector	Number of Projects	Value of Projects
Agricultural & Related	12	\$359,000,000
Commercial / Retail	40	\$488,000,000
Industrial / Manufacturing	21	\$7,247,200,000
Infrastructure	42	\$1,085,500,000
Institutional	118	\$1,960,300,000
Mining	11	\$4,479,800,000
Oil / Gas & Pipelines	37	\$6,061,500,000
Power	36	\$2,395,900,000
Recreational / Tourism	37	\$690,300,000
Residential	42	\$2,779,000,000
Telecommunications	5	\$123,000,000
Total	401	\$27,669,500,000

(Source: 2008 Major Projects Inventory, Saskatchewan Ministry of Enterprise & Innovation. This inventory lists major projects in Saskatchewan, valued at \$2 million or greater, that are in planning, design, or construction phases.)

4.2.2 Trade

Exports and imports in Saskatchewan have both increased recently with growth in exports. Sixty-one percent of Saskatchewan's exports and 87% of imports are with US, making it the second least dependent province in the West on US trade. Exports to Europe and south Asia have increased recently, as are imports from Germany, China and Mexico.

The biggest export products and industries are in natural resources – petroleum, potash, agricultural products and uranium, all with origins in the rural areas. Imports include machinery, parts and supplies for the natural resource industries.

Figure 65: Top Export Nations from Saskatchewan

Rank & Nation	Percent	Value	Growth 2003 - 2007
1. United States	60.8%	\$12,136,360,698	+ 84.1%
2. United Kingdom	5.5%	\$1,103,622,010	+ 1,310.6%
3. China	4.4%	\$871,765,596	+ 106.3%
4. Japan	3.4%	\$684,260,137	+ 33.4%
5. India	2.8%	\$564,234,587	+ 221.0%
6. Mexico	2.0%	\$398,302,215	+ 73.2%
7. Indonesia	1.7%	\$339,944,765	+ 361.4%
8. France	1.5%	\$293,735,567	+ 302.7%
9. Belgium	1.4%	\$276,642,860	+ 17.1%
10. Brazil	1.1%	\$223,939,920	+ 25.5%
All Exports	100%	\$19,970,690,440	+ 92.2%

(Source: Statistics Canada Trade Data)

Figure 66: Top Export Products & Industries from Saskatchewan

Top 10 Export Products (2007)	Top 10 Export Industries (2007)
1. Crude petroleum oils & oils obtained from bituminous minerals	1. Oil and gas extraction
2. Mineral or chemical fertilizers, potash	2. Non-metallic mineral mining & quarrying
3. Wheat	3. Wheat farming
4. Uranium & other radioactive elements, isotopes & compounds	4. Other basic inorganic chemical manufacturing
5. Leguminous vegetables	5. Oilseed (except soybean) farming
6. Canola or colza seeds	6. Dry pea & bean farming
7. Barley	7. Other grain farming
8. Oats	8. Agricultural implement manufacturing
9. Live bovine animals	9. Starch & vegetable fat & oil manufacturing
10. Other tubes & pipes of iron or steel	10. Beef cattle ranching, farming & feedlots

(Source: Statistics Canada Trade Data)

The most recent high growth products and industries for exports are liquefied petroleum and agricultural products. The two tables below compare exports for the first six months of 2007 with 2008. The top three products and industries with the highest growth (over 100%) in the high volume (top 20) products and industries are listed. These figures can show possible growth in the near future.

Figure 67: High Growth Export Products in Saskatchewan (2007 – 2008)

Product	January – July 2007	January – July 2008	Change
Liquefied Petroleum or Hydrocarbon Gases	\$18,764,510	\$624,550,035	3,228%
Canola, Colza or Mustard Oil	\$141,086,597	\$314,414,666	123%
Barley	\$94,062,070	\$293,030,699	212%

(Source: Statistics Canada Trade Data)

Figure 68: High Growth Export Industries in Saskatchewan (2007 – 2008)

Industry	January – July 2007	January – July 2008	Change
Starch & Vegetable Fat & Oil Manufacturing	\$188,982,485	\$404,696,434	114%
Petroleum Refineries	\$68,537,377	\$166,523,258	143%

(Source: Statistics Canada Trade Data)

The imports to Saskatchewan are dominated by products from the US, and goods for the agricultural, natural resources, and manufacturing industries, all with either exclusive or significant proportions in the rural areas of the province.

Figure 69: Top Import Nations to Saskatchewan

Rank & Nation	Percent	Value	Change 2003 - 2007
1. United States	86.8%	\$6,039,786,298	62.8%
2. Germany	2.3%	\$163,029,651	124.6%
3. China	2.3%	\$159,323,899	271.5%
4. Mexico	1.5%	\$101,845,830	193.7%
5. United Kingdom	1.0%	\$71,210,200	88.9%
6. Canada (Re-imports)	0.9%	\$65,148,290	85.5%
7. Japan	0.9%	\$65,139,708	59.0%
8. Italy	0.7%	\$49,326,123	147.3%
9. Brazil	0.4%	\$27,866,498	162.3%
10. France	0.4%	\$24,547,007	40.3%
All Imports	100%	\$6,962,006,458	67.7%

(Source: Statistics Canada Trade Data)

Figure 70: Top Import Products & Industries to Saskatchewan

Top 10 Import Products (2007)	Top 10 Import Industries (2007)
1. Self-propelled bulldozers, scrapers, graders, shovel loaders, taping machines	1. Construction machinery manufacturing
2. Trailers & other wheeled vehicles NES	2. Motor vehicle body & trailer manufacturing
3. Trucks & vehicles for transport of goods	3. Agricultural implement manufacturing
4. Tractors	4. Heavy-duty truck manufacturing
5. Pesticides	5. Engine, turbine & power transmission equipment manufacturing
6. Parts suitable for machinery	6. Material handling equipment manufact.
7. Harvesting, threshing & other agricultural machinery	7. Pesticide & other agricultural chemical manufacturing
8. Crude petroleum oils & oils obtained from bituminous minerals	8. Iron & steel mills & ferro-alloy manufacturing
9. Buses & other transport vehicles	9. Pump & compressor manufacturing
10. Flat hot-rolled iron/non-alloy steel	10. Other basic organic chemical manufact.

(Source: Statistics Canada Trade Data)

4.2.3 Infrastructure & Transportation

Much of Saskatchewan's infrastructure needs replacing and upgrading. There is significant growth in highway construction and upgrading, but they need workers. There is a big demand for houses, for companies to build houses for resource industry workers and families. This is because former Saskatchewan residents are returning to the province due to the economic opportunities available. People will use mobile homes for temporary solutions, but they need foundations.

The table of projected capital expenditures below shows significant increases in manufacturing and transportation and warehousing.

Figure 71: Capital Expenditures for Construction by Sector in Saskatchewan*

Industry	2006 Actual	Preliminary Actual 2007	Projected 2008
Total	\$10,272.7	\$10,431.0	\$12,313.3
Agriculture, forestry, fishing & hunting	\$568.7	\$577.6	\$549.0
Mining and oil & gas extraction	\$4,015.5	\$3,319.8	\$3,554.8
Utilities	\$433.5	\$483.7	\$675.7
Construction	\$99.6	\$115.8	\$150.4
Manufacturing	\$438.1	\$446.2	\$893.3
Wholesale trade	\$208.2	\$167.4	\$166.6
Retail trade	\$175.0	\$187.6	\$200.7
Transportation & warehousing	\$464.5	\$702.7	\$1,482.0
Information & cultural industries	\$329.2	\$267.3	\$303.4
Finance & insurance	\$367.0	\$356.1	\$377.0
Real estate and rental & leasing	\$252.4	\$297.5	\$284.1
Professional, scientific & technical services	\$44.6	\$41.7	\$41.0
Management of companies & enterprises	\$2.0	\$2.0	\$2.4
Waste management & remediation	\$36.9	\$41.1	\$43.6
Educational services	\$302.3	\$248.8	\$198.3
Health care & social assistance	\$157.4	\$165.0	\$107.0
Arts, entertainment & recreation	\$53.4	\$70.2	\$53.6
Accommodation & food services	\$41.6	\$45.8	\$49.2
Other services (except public administration)	\$45.4	\$44.9	\$48.1
Public administration	\$740.0	\$879.6	\$937.2
Housing	\$1,497.4	\$1,970.5	\$2,195.9

* \$ millions, includes construction, machinery & equipment

(Source: Statistics Canada: www40.statcan.ca/101/cst01/busi03i.htm)

4.2.4 Technology

The Saskatchewan Advanced Technology Association conducted an industry survey in 2005 and derived the following statistics about the state of its industry:

- The technology industry in Saskatchewan had gross sales revenues of over \$5.1 billion in 2004. Reporting companies indicated an overall 4.8% increase in sales between 2003-04.
- Total sales to Saskatchewan clients by firms in 2004 were about \$2.3 billion. About 24.8% of revenues in 2004 were derived from export sales, the biggest of which is the US, followed by the European Union.
- The industry employed approximately 27,015 employees in 2004 and had an estimated payroll of about \$1.5 billion.
- Technology businesses themselves purchased about \$1.4 billion in goods and services from Saskatchewan companies.
- Technology companies in Saskatchewan are small; slightly more than half of companies responding expected sales to range from \$100,001 to \$2.5 million.
- The ICT/New Media sector is the fastest-growing sector in the Saskatchewan technology industry.
- The most export-oriented sectors are electronics and instrumentation; life sciences and information and communications technology.
- These products are marketed primarily to agriculture, retail and commercial and governments. Other important target markets include: mining and energy, health care and education.
- The government of Saskatchewan is a major customer of Saskatchewan technology companies.
- Higher education institutions represent the largest single performers of technology research and development in the province. The government is more active in funding research than actually conducting R&D itself.

Saskatchewan is strong in communications technologies. Modern communications technologies (i.e. internet) are of crucial importance for rural economic growth.

- Broadband (high speed) internet is a foundation of the provincial economy.
- Expansion of the CommunityNet and commercial high-speed internet access to 86% of Saskatchewan businesses and residents is to have been completed in 2007.
- Free wireless internet access to downtown Regina, Saskatoon, Prince Albert and Moose Jaw gives Saskatchewan the opportunity to be a leading player in the knowledge-based global economy.

- IT consolidation is a trend.

Technology itself is prevalent throughout Saskatchewan's rural economies but the majority of economic activity related to the research, product development and sales and marketing of technologies occurs around the urban centres of Regina and Saskatoon.

4.2.5 Entrepreneurship

Small businesses are an important component of the Saskatchewan economy and an area where growth has been encouraging and can be expected to continue.

- Approximately 102,000 small businesses are estimated to exist in Saskatchewan. Of these, just over half are in the two major metropolitan areas of Saskatoon and Regina.
- About 45% of all Saskatchewan businesses are located in rural areas -- they have an average of six employees and account for 25% of total employment in the province.

Figure 72: Average Annual Share of Small Businesses by Economic Region, 1999 - 2004

Economic Region	Percent of all Small Businesses in Saskatchewan
Saskatoon/Biggar	29%
Regina/Moose Mountain	25%
Prince Albert/Northern	23%
Swift Current/Moose Jaw	13%
Yorkton/Melville	10%
Total	100%

Source: *Canadian Business Patterns & Labour Force Survey & Western Centre for Economic Research*

- Small businesses comprise more than 90% of the total number of non-agricultural private firms in the province.
- Small businesses in Saskatchewan directly employ about one-third of the province's labour force and account for approximately 40% of total private sector employment.
- Self-employment represents 18.5% of total employment in Saskatchewan
- The majority of Saskatchewan businesses are very small. Most businesses with paid employees are very small, about 76% employ fewer than five people, and 94% of all businesses have fewer than 50 employees.

4.3 Key Industries of Rural Saskatchewan

4.3.1 Agriculture

A large proportion of Saskatchewan's total land area is used for farming activity. In fact, the province contains almost half (41%) of Canada's cultivable land. Saskatchewan is Canada's most important grain producing region, supplying five per cent of the world's total exported wheat. This section focuses on primary agriculture production only, while agri-food production is discussed as a sub-sector of the manufacturing industry in Saskatchewan.

Based on information available from the two most recent censuses, 44,329 census farms were counted in Saskatchewan in 2006, a 12.4% decline from the previous census which reported 50,598 farms in 2001. This is much steeper than the national average, and the largest among four Western provinces.

Across the country, the number of farms fell by 7.1% between 2001 and 2006. This is reflective of the continued out-migration of farm operators, farm consolidation and farm retirements. The number of farms in Saskatchewan ranked third in Canada and accounted for 19.3% of Canada's 229,373 farms in 2006.

Figure 73: Farm Operators in Saskatchewan, by Sex and Age, 2001 and 2006

Farm Operators	2001	% of Total	2006	% of Total	(% Change)
All Operators	66,275	100%	59,185	100%	-10.7%
Under 35	8,135	12.3%	5,905	10.0%	-27.4%
35 to 54	33,850	51.1%	28,360	47.9%	-16.2%
55 and older	24,295	36.7%	24,920	42.1%	2.6%
Median age	49	-	52	-	6.1%
Males	51,525	77.7%	45,095	76.2%	-12.5%
Under 35	6,460	9.7%	4,645	7.8%	-28.1%
35 to 54	25,600	38.6%	21,140	35.7%	-17.4%
55 and older	19,465	29.4%	19,310	32.6%	-0.8%
Median age	50	-	52	-	4.0%
Females	14,750	22.3%	14,090	23.8	-4.5%
Under 35	1,670	2.5%	1,260	2.1%	-24.6%
35 to 54	8,250	12.4%	7,220	12.2%	-12.5%
55 and older	4,830	7.3%	5,610	9.5%	16.1%
Median age	48	-	51	-	6.3%

Source: Statistics Canada

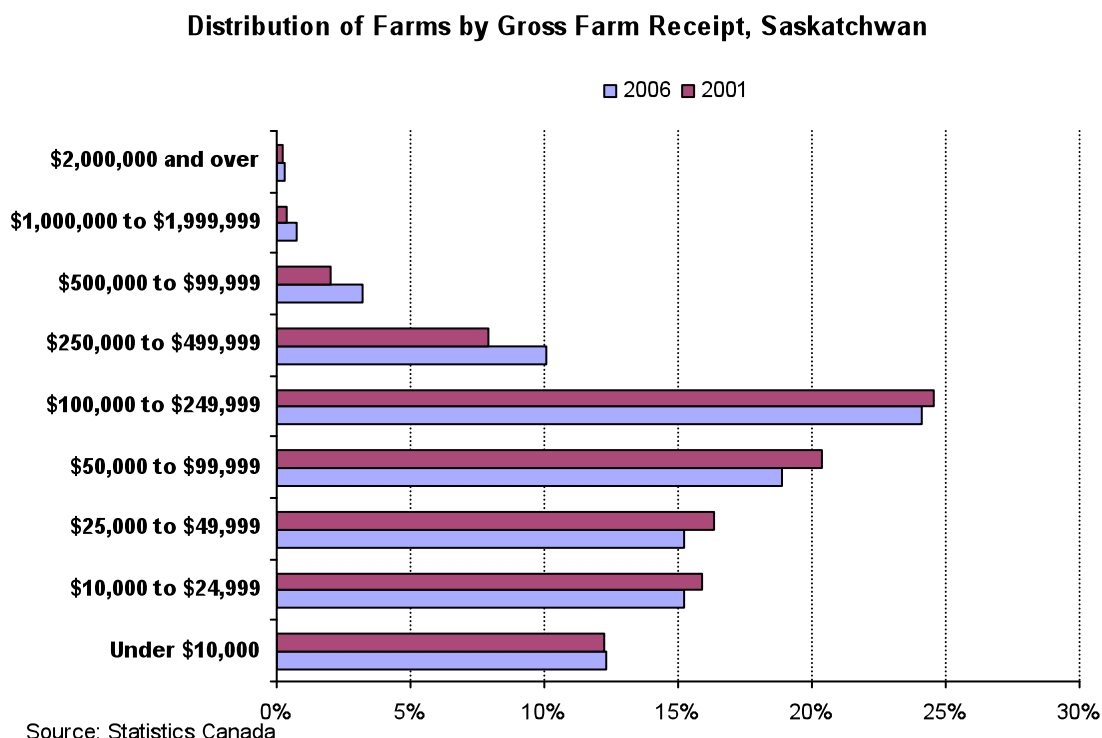
The number of farm operators in Saskatchewan was 59,185 in 2006, a decline of over 10% from 2001. Almost one-quarter (23.8%) of all farm operators were women, slightly

up from 22.3% five years earlier. Compared with the general workforce, farmers in Saskatchewan are ageing even more rapidly. The Median age of farmers in Saskatchewan was 48 years old in 2001, by 2006 it went up to 51 years old.

While the overall number of farms in Saskatchewan has been declining, the size in terms of area, herd sizes and gross farm receipts has been increasing. The average farm size in Saskatchewan in 2006 grew 12.9% to 1,449 acres, from 1,283 acres in 2001. However, Saskatchewan’s total farm area was 62.25 million acres in 2006, slightly down from 64.9 million acres in 2001.

In 2005, Saskatchewan’s total gross farm receipts were \$6.34 billion and operating expenses reached \$5.6 billion. This is equivalent to saying that producers spent an average of 88 cents in expenses (excluding depreciation) for every dollar of receipts. Government-funded program payments contributed significantly to gross farm receipts – they funded about 13% of Saskatchewan’s gross farm receipts, up from 6.6% five years earlier.

Figure 74: Farms by Gross Farm Receipt in Saskatchewan, 2001 and 2006



While the number of farms with less than \$250,000 of gross farm receipts fell by 16% in 2006 from 2001, those with \$250,000 or more increased by 19%. There were 6,348 of these larger farms in Saskatchewan in 2006 and they represented 14% of farms in the province in 2006.

Overall employment in agriculture in Saskatchewan has been on a steady decline since 2001. In 2007, the total employment in the agriculture sector in Saskatchewan was 44,000, compared with 50,000 in 2001 – a decline of 12%. Such decline in the level of

employment is probably more reflective of shortage of labour in this sector, than poor employment opportunities.

Figure 75: Employment in Agriculture in Saskatchewan, 2001 to 2007



Of the entire workforce in agriculture, the majority (92%) are in the rural areas, although a small percentage of the workforce is in metro Regina and Saskatoon.

Saskatchewan is Canada's most important grain-producing region. In 2006, \$1.5 billion worth of wheat was produced.

Beef cattle farms were also among the most common farm type in Saskatchewan in 2006, making up 27.6% of census farms (24.1% in 2001). Saskatchewan has almost 30% of the Canadian beef cow herd, and is a major exporter of feeder animals. Saskatchewan produces more than \$1 billion worth of beef annually, the second-largest beef producing province in Canada. The province's hog industry also grew 31 per cent since 2000.

Over the past census periods, there has been a trend for farmers to move away from traditional crops to alternatives that would reduce their input costs or increase their per-acre revenues. While the acreages of wheat and other cereal crops declined, oilseeds and specialty crop acreages in Saskatchewan rose between 2001 and 2006, in response to increased demand and better overall market conditions.

Saskatchewan has been very successful in developing oilseed production. Canola is now the second largest crop grown in the province. Saskatchewan produced nearly four million tonnes of canola in 2007, which is 45% of Canada's total canola production. In

addition, Saskatchewan continues to be Canada's leading producer of flax (70%) and mustard (87%).

Specialty crops provide numerous diversification options for Saskatchewan producers. The province has become a dominant producer and exporter of some specialty crops, like canary seed. Herb and spice crops are becoming more popular, and Saskatchewan is currently one of the largest producers of coriander and caraway in the country. Saskatchewan also produces more pounds of wild rice than any other province in Canada.

Figure 76: Distribution of Types of Farm in Saskatchewan, 2001 & 2006

Farm Types	2001	2006
All Farms (Number)	50,598	44,329
Dairy cattle and milk production	0.6%	0.5%
Beef cattle ranching and farming, including feedlots	24.1%	27.6%
Hog and pig farming	0.6%	0.5%
Chicken egg production	0.1%	0.1%
Broiler and other meat-type chicken production	0.1%	0.1%
Sheep farming	0.5%	0.4%
Goat farming	0.1%	0.1%
Apiculture	0.3%	0.6%
Horse and other equine production	1.4%	2.5%
Livestock combination farming	1.6%	2.0%
All other miscellaneous animal production	1.2%	1.1%
Oilseed (except soybean) farming	6.9%	12.5%
Dry pea and bean farming	5.5%	1.9%
Wheat farming	18.4%	15.7%
Other grain farming	31.2%	27.2%
Potato farming	0.2%	0.2%
Other vegetables (except potato) and melon farming	0.1%	0.1%
Fruit and tree-nut farming	0.2%	0.3%
Other food crops grown under cover	0.1%	0.1%
Nursery and tree production	0.1%	0.2%
Floriculture production	0.3%	0.4%
Hay farming	4.5%	4.4%
All other miscellaneous crop farming	1.9%	1.4%

Source: Statistics Canada

Growth Projections

Overall revenue growth projected between 2008 and 2015 in the agriculture sector is expected to be moderate, between 16% and 25%, or at an annual basis, a growth rate between 2% and 3%, according to industry consultation.

In the longer run up to 2020, the industry expects that revenue growth will be even more moderate, between 10% and 22%, or at an annual basis, a growth rate between 1% and 2%.

Industry experts are much more reserved with respect to employment prospects in the agriculture sector. Between now and up to 2011, they expect that employment will decline between 1% and 2% annually. This rate of decline is expected to continue until 2015, with slight improvement towards 2020.

4.3.2 Forestry

Saskatchewan has 19.3 million hectares of stocked forest area. Of this area, 47% is softwood, 37% is mixed wood and 16% is hardwood. The main tree species by volume are poplar/aspen (40%), spruce (35%) and pine (19%).

Approximately 4,000 people were employed in the Saskatchewan forest industry in 2006. The majority (83%) were employed in rural areas. For the forestry and logging sector of the industry, as many as 98% of the employed reside in rural areas. These proportions are shown in the table below.

Figure 77: Summary of Employment in the Forestry Sector in Saskatchewan, 2006

Forestry Sector	Employed in Forestry	Employed in Urban Areas	Employed in Rural Areas	Employment in Rural Areas
Forestry & Logging	880	20	860	98%
Wood product manufacturing	2,020	445	1,575	78%
Paper manufacturing	1,015	220	795	78%
Total Forestry	3,915	685	3,230	-
Percent	100%	17%	83%	-

Source: Statistics Canada, 2006 Census.

The forest industry in Saskatchewan has seen major changes in recent years and even months. The future of the industry is dependent on economic conditions around North America. The following is a fall 2008 update from the Saskatchewan Ministry of Energy and Resources, which is responsible for forestry in the province:

- As of November 1, 2008, due to mill closures, Saskatchewan will have lost \$650 million and over 4,000 direct jobs from its \$1 billion – 5,500 job forestry sector contribution to the provincial economy.

- 4 mills and their associated woodlands operations in western Saskatchewan (Meadow Lake OSB; Meadow Lake Mechanical Pulp; NorSask Forest Products in Meadow Lake; L&M Forest Products in Glaslyn) remain in operation, contributing \$350 Million and 1,100 direct jobs to the provincial economy.
- Of the \$1 billion forestry contribution to the provincial economy, Prince Albert Pulp and Paper contributed 20% (\$200 Million). Only the Prince Albert Paper Mill is a permanent closure, all others are classified as indefinite mill closures, subject to re-start upon improved economic conditions.
- Prior to August 2008 six of Saskatchewan's 12 forestry mills (including Prince Albert Pulp and Paper) were closed, with 4,000 jobs lost.
- The Hudson Bay OSB mill closed indefinitely August 1, 2008, with 300 jobs lost.
- Compared to the 7.4 Million cubic meters (m³) of wood supply required by the 12 mills at full provincial operating level, the 4 currently operating mills will require 2.7 million m³ of wood volume to supply operating requirements after November 1, 2008.
- 90% of the 7.4 million m³ is harvested on provincial Crown forest lands.
- 10% of the 7.4 million m³ is obtained by the forest industry from a combination of forested Agriculture Crown lands and forested private lands.

Economic Issues

The Saskatchewan forest industry has been hit hard by major economic challenges in the North American economy. These include:

- Struggling US economy and lower housing starts.
- Strong Canadian dollar in recent years.
- Softwood Lumber Agreement, which has made exports to the US even more expensive during already difficult times.
- Escalating energy costs.
- The credit crisis has reduced risk tolerance. Some banks will not invest in forestry.
- Forest carbon sequestration.

Other challenges and concerns facing the Saskatchewan forest industry include:

- Saskatchewan is located far away from markets so that transportation costs are high. Most lumber goes to the US; pulp residue goes to Asia.
- There is a problem retaining a skilled forestry workforce. Many workers are leaving the industry because the future looks so bleak and loggers are selling their equipment. The industry also needs truckers, which is another capital intensive aspect of the industry.

- Climate change which may affect the health of the industry's resources, although to date the mountain pine beetle has not traveled into Saskatchewan.
- Aboriginal expectations regarding traditional territories and participation in forestry affect business decisions.

There are also international factors concerning the Saskatchewan forest industry include:

- Pulp prices are declining globally.
- New competition from China (new supplier of pulp and paper products).

On the positive side, Saskatchewan has relatively lower manufacturing prices because the trees exist on flat terrain.

Factors That Effect the Rural West

- The future of the Saskatchewan forest industry is highly uncertain. When mills and plants are closed either indefinitely or permanently, there are major negative social and economic impacts to rural communities
- Growth is not expected to be significant in the coming years but may potentially reach 2% per annum by the period 2015 - 2020, after the current crisis has stabilized.
- New opportunities include:
 - Energy from wood residue facility (\$500-\$800 million)
 - Engineered wood products facility (\$100-250 million)
- The long-term outlook for demand is that there will be major changes in major markets.
- Labour force training and skill development are required to maintain the labour force.

4.3.3 Manufacturing & Processing

The manufacturing industry consists of several sub-industries with businesses engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products.

The total value of manufacturing shipments in Saskatchewan is \$10.4 billion, a 3.5% increase from the previous year. Between 2003 and 2007 total manufacturing shipments grew by 33%.

Figure 78: Manufacturing Shipments in Saskatchewan (\$ millions), 2003 – 2007

Sub-Sector	2003	2007	Growth
Food	\$2,045.2	\$2,430.6	19%
Beverage & tobacco products	\$40.7	-	-
Clothing	\$29.3	\$26.6	-
Leather & allied products	\$3.2	\$2.9	-
Wood products	\$412.1	\$293.9	-29%
Paper	-	\$158.0	-
Printing & related support activities	\$146.8	\$142.3	-3%
Chemicals	\$792.7	\$1,102.6	39%
Plastics & rubber products	\$114.3	\$133.6	17%
Fabricated metal products	\$406.5	\$704.0	73%
Machinery	\$697.0	\$1,006.6	44%
Electrical equipment, appliances & components	-	\$265.6	-
Furniture & related products	\$71.2	\$93.6	-
Miscellaneous manufacturing	-	\$99.6	-
All Industries	\$7,852.1	\$10,435.8	33%

Source: Statistics Canada

In Saskatchewan, total employment in manufacturing was 30,700 in 2007, an increase of 5% over 2006.

The table below shows the estimates of the size of the manufacturing workforce in Saskatchewan, with a breakdown of the share in rural areas.

Figure 79: Labour Force in Manufacturing Sector in Saskatchewan, 2006

Sub-Sector	Total Labour Force	Rural Labour Force	Rural Share
Food	6,460	2,820	44%
Beverage and tobacco products	480	220	46%
Clothing	365	140	38%
Wood products	2,020	1,575	78%
Paper	1,015	795	78%
Printing and related support activities	1,320	295	22%
Petroleum and coal products	865	300	35%
Chemicals	1,165	350	30%
Plastics and rubber products	665	195	29%
Non-metallic mineral products	925	440	48%
Primary metals	1,320	410	31%
Fabricated metal products	3,525	1,410	40%
Machinery	4,180	2,030	49%
Computer and electronic products	750	45	6%
Electrical equipment, appliances & components	490	315	64%
Transportation equipment	1,830	1,155	63%
Furniture and related products	1,200	325	27%
Miscellaneous manufacturing	910	395	43%
All Manufacturing Industries	29,870	13,300	45%

Source: Statistics Canada

Agricultural Equipment Manufacturing

- Specializing in short-line manufacturing of agricultural equipment for precision dryland farming. Some of the world-class, innovative products include equipment for:
 - Tillage and rock removal
 - Spraying and fertilizing
 - Livestock and forage
 - Zero- and minimum-tillage seeding
 - Grain handling, storage and transportation
- Nearly 40% of western Canada's 11,000 farm and ranch implement manufacturing jobs are based in Saskatchewan.

- Saskatchewan manufacturers are OEM suppliers to John Deere, Case New Holland (CNH), and AGCO Corporation.
- In 2006, the industry invested over \$65 million in research and development – more than three times the total agricultural machinery R&D spending of the other three western provinces.

Chemical Manufacturing

- Chemicals produced and used within the province and around the world include fertilizers and herbicides, as well as chemicals for extracting and processing natural resources.

Value-Added Food Processing:

- \$2 billion food and beverage processing industry includes more than 250 processors and nearly 7,000 employees. The industry produces 22% of Saskatchewan's total manufacturing and processing output.
- Saskatchewan foods are export oriented. The largest food categories in Saskatchewan by number of firms are meat products and grain and oilseed milling.

Wood Products

- Saskatchewan has over 300 forestry industry firms, producing dimensional lumber, pulp and paper, plywood, OSB and other products such as fine paper, furniture and flooring.
- The Province is establishing itself as a world supplier of high-quality wood products, such as cabinets, windows, furniture, doors and building components.

Growth Projections

Industry employment is expected to grow faster than the provincial average for all industries, with a 1.7% annual average growth rate up to 2011, according to industry experts. The average annual growth rate is expected to continue up to 2020.

High Growth Sub-Sectors

Most of the forecast employment gains in this industry are the result of positive growth in metal fabrication and machining due to strong demand in the resource sector in Western Canada. All other sub-industries forecast small changes in employment.

Improvements in productivity through technology and other means are expected to decrease the number of workers needed to complete a given amount of work. Growth in production will be necessary to maintain a steady level of employment.

On the revenue generation side, the following identifies potential area of growth.

- Growing crop for non-food use:
 - Ethanol - grain based

- Paint and linoleum - from linseed oil or flax seed
- Paper - from flax fibre
- Strawboard - from wheat straw
- Textiles - from flax fibre
- Bio-diesel - from canola
- Pulse crop products
 - Processed packaged food products
- Meat processing and slaughtering
 - Beef, pork and chicken processing
 - Specialty meat processing
- Animal feeds
 - Commercial pre-mixes, bean/pea protein, processed forages
 - Other animal feed ingredients
- Oilseed processing
 - Edible oils from canola
- Fruit products
 - Wines, jams, pie fillings, syrups
- Specialty and gourmet foods
 - Organic products from grains and livestock
 - Specialty livestock
- Nutraceuticals and functional foods
 - Herb or spice-based products
 - Dietary supplements and medicinal herbs
- Leading-edge, made-in-Saskatchewan technology, such as:
 - Continuous mining equipment used in the potash industry
 - Remote-controlled underground mining equipment at the McArthur River uranium mine

New and emerging sectors such as the province's aerospace and defence companies being world-class suppliers to international space agencies as well as aerospace and defence contractors. Saskatchewan provides products from pickup truck lids and front-end steel grilles to specialized military vehicles, expanding into the specialty automotive and automotive accessory industry.

4.3.4 Mining and Oil & Gas

Saskatchewan is the third-largest, non-fuel, mineral-producing province in Canada.

- the world's largest potash producer and exporter, supplying 33% of world demand
- the world's largest uranium producer, supplying 30% of global production
- home to the largest diamondiferous kimberlite field in the world

Total mineral sales in 2006 were approximately \$3.2 billion. Mineral exploration expenditures in 2007 could reach \$277 million.

Saskatchewan is now the second largest oil producer in Canada after Alberta. The province produces approximately 17% of total Canadian oil production. About 15% of Saskatchewan's production is currently used within the province. This is comprised mainly of heavy and medium crude oil feedstock required by the New Grade Upgrader in Regina, Lloydminster Upgrader and the refinery in Moose Jaw. Approximately 69% of Saskatchewan's production is currently exported to the US. The remainder is sold in Eastern Canada with a minor amount of oil sold in Alberta.

At the end of 2007, Saskatchewan had 40,186 wells capable of oil production of which 24,948 were actively producing. Approximately 300 oil and gas companies operate in Saskatchewan on behalf of approximately 1,300 working interest owners. Revenues from crude oil royalties and taxes and sales of petroleum leases totalled \$1.7 billion for the 2007/2008 fiscal year which represented approximately 17 per cent of government revenues.

Saskatchewan is the third largest natural gas producer in Canada, after Alberta and British Columbia. Revenues from natural gas including Crown royalties and freehold production taxes were \$133.8 million for the 2007/2008 fiscal year.

It is estimated that employment in the mining, oil and gas sector in Saskatchewan was 19,100 in 2006, based on 2006 Census data. Out of this, 14,850, or 78% of the workforce, were employed in rural Saskatchewan.

- About 3,520 were employed in oil and gas extraction (3,035 in rural areas)
- About 6,475 were employed in mining (4,180 in rural areas)
- About 8,925 were employed in support activities for mining and oil and gas extraction (7,545 in rural areas)

Sub-Sectors

- Saskatchewan is the world's largest uranium producer and is recognized as a long-term, stable source of uranium. The province is home to the world's largest uranium-producing company and the world's largest uranium mine. Production in 2006 was 25.6 million pounds U₃O₈ and is projected to climb to 41 million pounds by 2011, a 60% increase in just five years.
- Saskatchewan has the world's largest kimberlite field in the Fort à la Corne area, with a number of kimberlites exceeding a surface area of 200 hectares. Over 1.2 billion tonnes of diamondiferous kimberlite have been identified within the Fort à la Corne region. The entire province is considered prospective ground for diamond exploration.
- Saskatchewan has the largest potash industry in the world, accounting for about 33% of the world's trade in potash with the lowest production costs in the world. By conservative estimates, Saskatchewan could supply world demand at current levels for several hundred years.
 - Less than 5% of Saskatchewan potash is sold in Canada
 - About 50% of Saskatchewan potash exports go to the US, most of the remainder of exports is sold to the Pacific Rim and Latin America
 - China is Saskatchewan's second largest export market after the US, with significant growth potential
- Crude oil production in 2007 was 24.8 million cubic metres (156.1 million barrels), a slight decrease from the record production level of 24.9 million cubic metres (156.4 million barrels) reached in 2006. The high production levels over the past several years can be attributed to the many advances in technology that have taken place in the oil industry as well as to continuing strong development and exploration activity.
- Cumulative oil production from Saskatchewan to December 31, 2007 was 745.0 million cubic metres (4.7 billion barrels). Remaining recoverable reserves at December 31, 2006 were estimated to be approximately 187.5 million cubic metres (1.2 billion barrels). Saskatchewan has an estimated 3.4 billion cubic metres (21.3 billion barrels) of heavy oil in-place in the west-central region of the province, which represents the greatest potential for future production.
- There were 2,295 oil wells drilled in Saskatchewan in 2007, well above the average drilling levels witnessed from 1999 through 2006.
- Approximately \$2.6 billion was invested by the oil industry in the province during 2007.
- Saskatchewan's natural gas industry expanded greatly after deregulation. Production reached record levels in 2006 at 9.6 billion cubic metres (340.4 billion cubic feet). Production levels in 2007 declined to 8.8 billion cubic metres (313.9 billion cubic feet). Estimated remaining established recoverable reserves at December 31, 2005 were 80.0 billion cubic metres (2.8 trillion cubic feet).

- The number of gas wells drilled in 2007 reached 1,156, down 23% from the previous year but still at a healthy level relative to the drilling levels experienced during the 90's. Drilling levels have been decreasing recently as a result of lower natural gas prices and lower economic returns relative to crude oil. Approximately \$237 million was invested in natural gas exploration and development in 2007.

The Athabasca Basin in northern Saskatchewan boasts the highest-grade uranium deposits in the world. Base metal production is from the Flin Flon area – a world-class base metal camp that straddles the border with Manitoba. The refinery in Flin Flon is a critical piece of infrastructure and the only base metal refinery on the Prairies.

Heavy crude oil is produced from wells drilled in the Lloydminster and Kindersley areas. Light crude oil is located mainly in the southeast part of the province around Weyburn and Estevan, although a small amount is produced in the Kindersley area as well. Medium crude oil is found in both southeast and southwest Saskatchewan. The gas prone areas are primarily located along the western side of the province.

Growth Projections

In the description of employment projections in this sector, employment is divided into three sub-sectors:

- Mining (including mining of metals and minerals)
- Oil and gas extraction
- Support activities to mining, oil and gas extraction

Based on industry employment projections, overall employment in the mining, and oil and gas sector is expected to grow at an average annual growth rate of 3% between 2006 and 2011.

The employment growth is largely due to job growth in support activities for mining, oil and gas extraction, and mining. Employment in oil and gas extraction is expected to decline over the period of projection.

High commodity prices for minerals, crude oil and natural gas over the past two years have increased industry revenues and stimulated investment in new projects. This has had a positive effect on employment despite the capital-intensive nature of the industry.

Growth in the mining will be supported by expanded potash and uranium activity. The support activities for mining, oil and gas extraction includes exploration activities for diamonds, uranium, gold, base metals, and industrial minerals including potash, clay, coal and rare earth minerals.

Factors That Effect the Rural West

- Mining investment has been correlated with increased metal production.
- Among the resources and support available to the industry in Saskatchewan are: financial incentives for exploration, a transparent land tenure system, efficient

permitting and protected areas processes, a readily accessible geo-science database, environmental stewardship balanced with industry needs.

- Saskatchewan also offers various financial incentives for new oil exploration and ready access to a comprehensive information base including forms, production input, technical well files, maps and production histories.

4.3.5 Tourism

Saskatchewan generated an estimated 8.3 million tourist visits (day and overnight) in 2006. More than 60% of tourist activity in Saskatchewan occurs in rural areas outside Regina and Saskatoon, as shown in the following table.

Figure 80: Saskatchewan Tourism Visits, 2006

Region	Visits (day and overnight)	% of All Visits
Regina	1,620,000	19%
Saskatoon	1,608,000	19%
Southwest	986,000	12%
Southeast	965,000	11%
West Central	979,000	12%
East Central	1,295,000	15%
North	863,000	10%
Unspecified	-	2%
Total Saskatchewan	8,300,000	100%

Source: *Tourism Saskatchewan, Statistics Canada, Travel Survey of Residents of Canada and International Travel Survey.*

The Saskatchewan tourism industry is faced with the following economic challenges:

- Concerns over economic downturn and its impacts on tourism in Saskatchewan.
- Drop in American visitation, especially hunters and fishermen which are the highest spending visitors.
- Labour shortages in tourism because young people and other personnel prefer higher paying jobs in other industries such as energy. An untapped opportunity to involve the young Aboriginal population in tourism career development opportunities.
- Climate change affecting water levels in lakes and parks, quality of water and an increase in the risk of forest fires.
- Need to improve/upgrade tourism product, infrastructure, parks, publicly funded attractions, highways, access to crown land.
- Tourism training needed in rural areas.

- Entrepreneurship and investment in communities is increasing.

An area of future opportunity is the Enterprise Region/Lake Diefenbaker area which has the potential for a development project of up to 500 cabins on the lake.

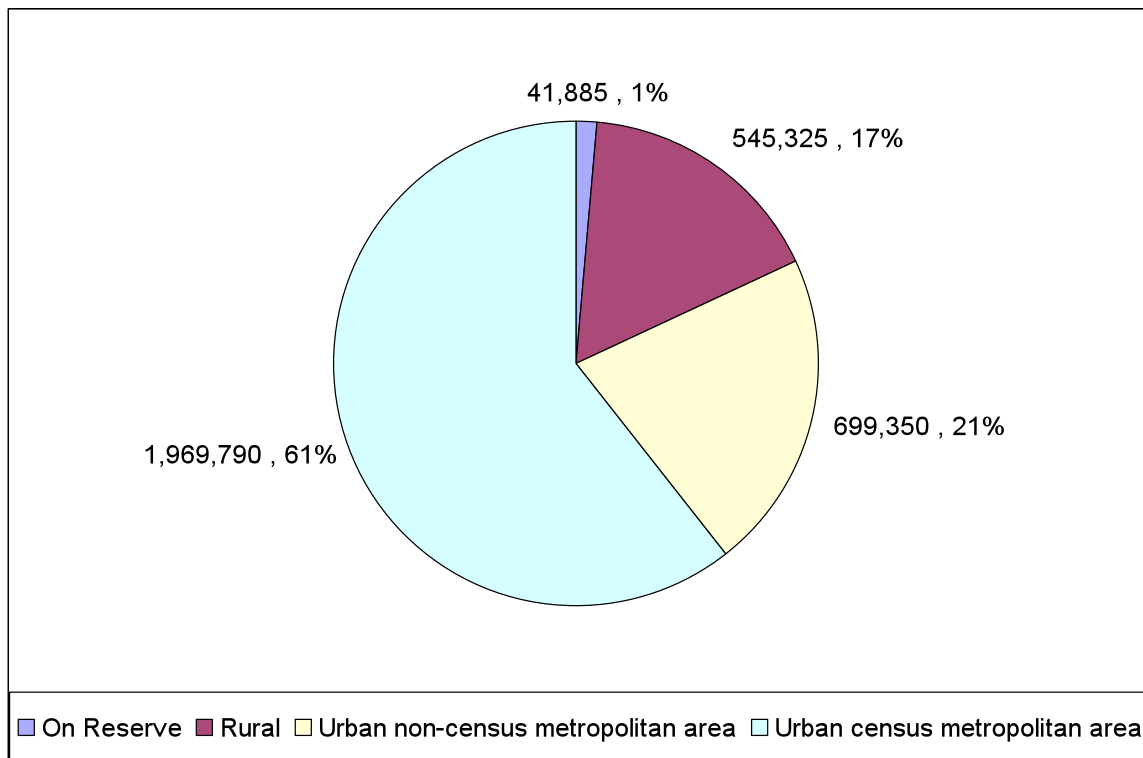
Projected growth for the Saskatchewan tourism industry is 2% per annum.

5.0 Alberta

5.1 Population Demographics

The population of Alberta is 3,295,000 (2006), the second most populous province in the West. Eighteen percent (545,325) of the population lives in rural areas, with a further 21% living in medium-sized communities, making it the second lowest proportion of rural living in the West. See the chart below. The median age of the Alberta population is 36.0 years, making it the youngest population in the West.

Figure 81: Location of the Population in Alberta (2006)



(Source: 2006 Census Canada)

While its population is based around Edmonton and Calgary, the rural population is well served by several supporting mid-sized communities spread throughout the province.

The table below shows the population characteristics with comparisons to the rural and urban populations where possible. There are little significant differences in the characteristics between the urban and rural populations as a whole.

Appendix 4 provides a detailed breakdown of these characteristics by rural health regions outside of Edmonton and Calgary. These figures show relatively small ranges of median ages (29.6 years to 39.8 years), unemployment rates (3.6% - 4.9%), and median income (\$23,569 - \$36,066).

Figure 82: Population Characteristics of Alberta

Characteristic	Alberta	Urban	Rural
Population 2006	3,290,350	2,243,743	1,046,607
Population 2001	2,974,807	2,003,774	971,033
Median age	36.0	-	-
Population (15 years +)	80.8%	-	-
Immigrants	527,030	454,465	72,565
Non-Permanent Residents	27,095	22,200	4,895
Labour Force Participation Rate	74.0%	-	-
Employment Rate	70.9%	-	-
Unemployment Rate	4.3%	-	-
Median Income (15 years +)	\$28,896	-	-

(Source: Statistics Canada, Census 2006 Community Profiles, Alberta)

5.1.1 Population Projections

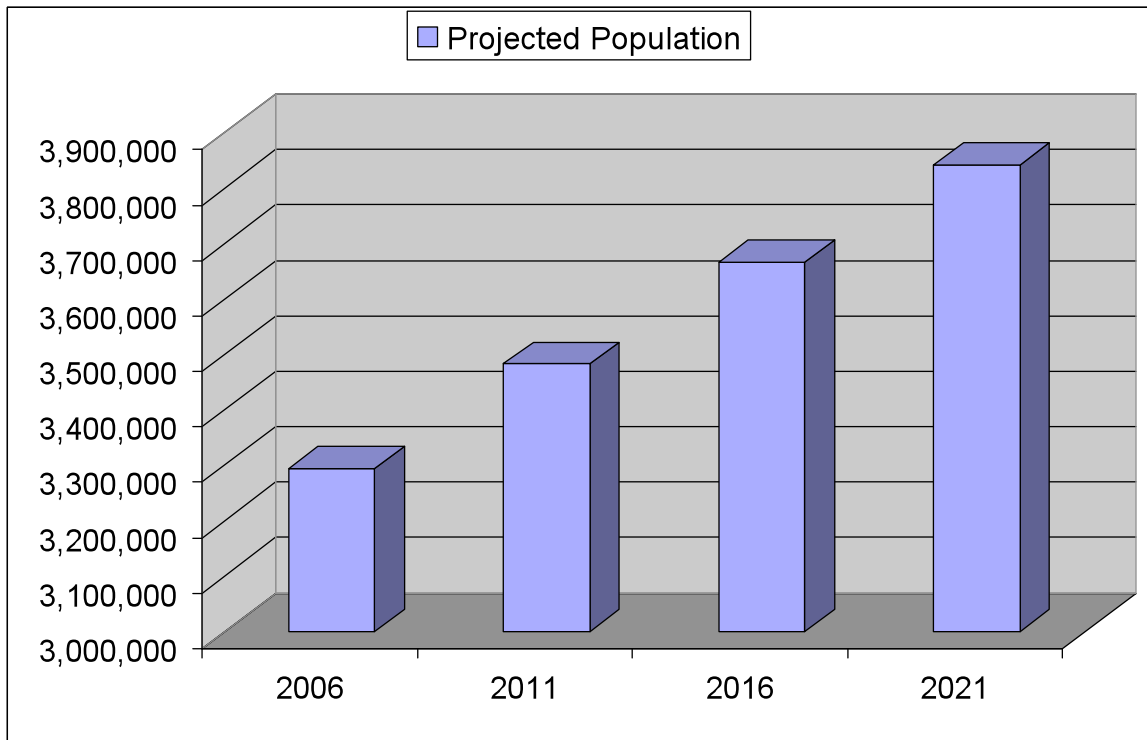
The population of Alberta is expected to grow through immigration and migration within Canada. The population is projected to be 3.48 million in 2011, 3.67 million in 2016, and 3.84 million in 2021. See the table and graph below.

Figure 83: Projected Population in Alberta (2006 - 2021)

Year	Projected Population	Change
2006	3,295,000	-
2011	3,483,200	+ 5.71% (2006 – 2011)
2016	3,667,100	+ 5.28% (2011 – 2016)
2021	3,841,900	+ 4.77% (2016 – 2021)

(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t344_en.htm)

Figure 84: Projected Population Growth in Alberta (2006 - 2021)



(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t344_en.htm)

5.1.2 First Nations & Aboriginal People

The total Aboriginal identity population in Alberta is 188,365, accounting for 5.6% of the total population of Alberta, and 16.1% of the total Aboriginal population in Canada.

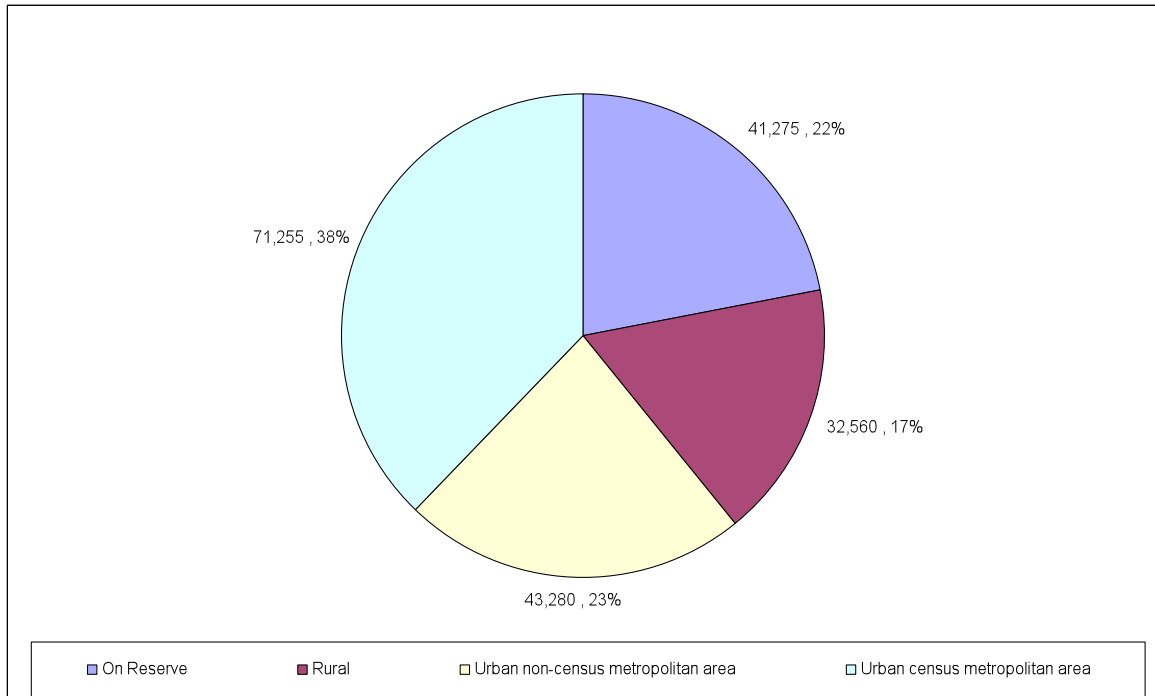
Over one-third of the Aboriginal population in Alberta lives in the rural areas, while 38% live in the urban areas. The table and graph below provide details on the Aboriginal population in Alberta and areas of residence.

Figure 85: Aboriginal Population in Alberta (2006)

Aboriginal Population	Numbers	Percent
North American Indian	97,275	51.6%
Métis	85,500	45.4%
Inuit	1,610	0.9%
Multiple Aboriginal Identity Response	1,220	0.6%
Aboriginal Responses Not Included Elsewhere	97,275	51.6%
Total Aboriginal Population	188,365	100%

(Source: Statistics Canada)

Figure 86: Location of the Aboriginal Population in Alberta (2006)



(Source: 2006 Census Canada)

The Aboriginal population of Alberta is significantly younger than the general population of the province. The Aboriginal population of Alberta is the second oldest in the West with a median age of 24.8 years.

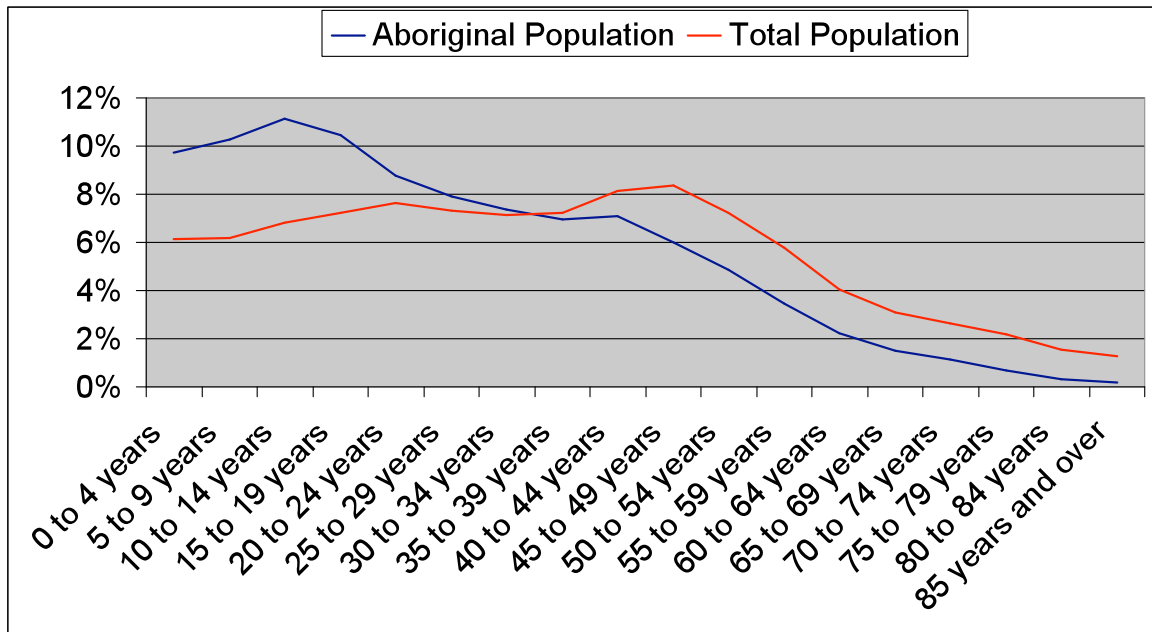
The table and graph below show the age characteristics of the Aboriginal population in Alberta, with comparisons to the total population.

Figure 87: Age Characteristics of the Aboriginal & Total Populations (2006)

Age Characteristic	Total Population	Aboriginal Population
Median Age	36.0 years	24.8 years
Aged 15 Years & Older	80.8%	68.9%
Aged 14 Years & Younger	19.2%	31.1%

(Source: Statistics Canada Community Profiles, Alberta, 2006)

Figure 88: Percentage of Aboriginal & Total Population by Age Group (2006)



(Source: Statistics Canada Community Profiles, Alberta, 2006)

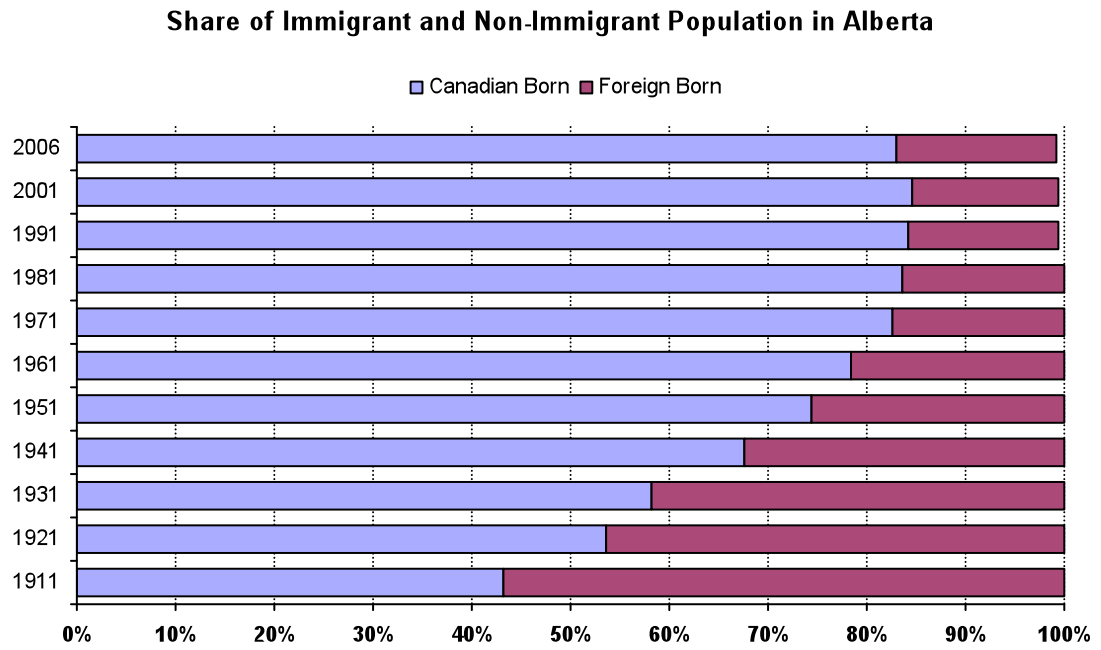
5.1.3 Immigration

Alberta is one of the most popular destinations today for immigrants to Canada due to its abundance of economic opportunities. According to an agreement with the Government of Canada signed in May 2007, the province will play an increased role in selecting immigrants who will settle in the province.

While the exact form that this role will take remains to be determined, the Alberta Ministry of Employment Immigration and Industry is expected to have greater involvement in decision-making when it comes to attracting immigrants and nominating for immigration individuals who possess skills that are needed in Alberta.

Alberta's population share of immigrants increased from 14.9% in 2001 to 16.2% in 2006.

Figure 89: Share of Immigrant & Non-Immigrant Population in Alberta



Source: Statistics Canada

5.2 The Economy of Rural Alberta

5.2.1 Economy & Market Changes

The Alberta economy has long been amongst the strongest in Canada due to its robust oil and gas industry, and the ability to attract supporting industries. Its high energy revenues have allowed for a significantly lower tax regime than its neighbours, and for the development and maintenance of infrastructure to foster further development.

The economy of Alberta is based upon natural resources, in particular the oil & gas industry. In the short-term the economy is projected to be slow but growing. Recent economic indicators projected for Alberta in the short-term show low to modest growth.

The table below shows key economic projections for the province in the short-term by both the Royal Bank of Canada and the TD Bank Financial Group.

Figure 90: Projected Economic Growth Indicators in Alberta (Short-Term)

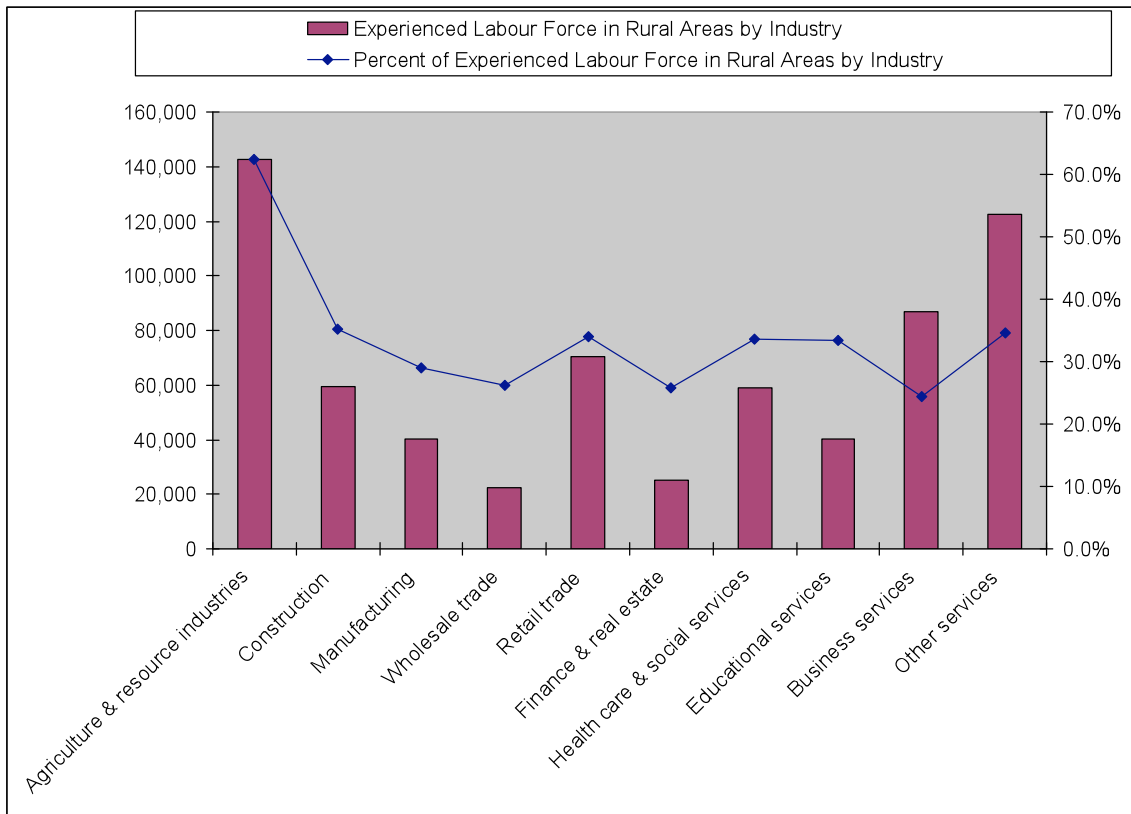
Indicator	RBC 2008	RBC 2009	TD 2008	TD 2009	TD 2010
Real GDP	2.2%	3.0%	0.8%	1.8%	2.5%
Consumer Price Index	3.7%	2.9%	4.0%	2.8%	2.5%
Retail Sales	1.5%	6.5%	0.3%	3.4%	4.4%
Housing Starts (000's)	30.2	31.3	32.0	28.5	30.0
Labour Force	2.7%	2.7%	2.8%	1.4%	1.7%
Employment	2.6%	2.1%	2.6%	1.5%	1.8%
Unemployment	3.5%	4.1%	3.7%	3.6%	3.5%

(Source: Royal Bank of Canada, *Provincial Outlook*, October 2008; TD Bank Financial Group, *Provincial Economic Outlook*, October 16, 2008)

The figure below shows the labour force activity of people 15 years and older in the rural areas of Alberta by industry group. The bar graph represents the numbers of people working in the industry in the rural areas, and the line graph represents the percentage of the total provincial industry workforce from the rural areas.

The figure shows the highest number and proportion of workers in the rural areas in agriculture and other resource-based industries, followed by significant numbers in other services, business services, and retail trade. Overall there are also high proportions of people working in agriculture and resource industries, retail trade, health care and social services, and educational services in rural areas.

Figure 91: Rural Labour Force Activity by Industry in Alberta (2006)



(Source: Statistics Canada, Census 2006 Community Profiles, Alberta)

The Major Projects Inventory for Alberta shows 63% of the value of the projects tied to the oil sands at over \$180 billion in current and planned investments. Other significant growth areas include infrastructure, school boards, pipelines, power, commercial and retail, and tourism and recreation.

Figure 92: Major Projects Inventory in Alberta

Project Sector	Number of Projects	Value of Projects
Agriculture & Related	5	\$77,400,000
Biofuels	16	\$1,987,000,000
Chemicals & Petrochemicals	5	\$442,000,000
Commercial/Retail	126	\$11,467,000,000
Commercial/Retail & Residential	15	\$5,533,500,000
Infrastructure	384	\$22,299,000,000
Institutional (School Boards)	243	\$14,927,800,000
Manufacturing	2	\$37,000,000
Mining	7	\$2,852,900,000
Oil & Gas	12	\$3,783,000,000
Oil sands	53	\$180,351,000,000
Other Industrial	13	\$241,400,000
Pipelines	37	\$12,186,900,000
Power	48	\$12,297,000,000
Residential	138	\$7,128,400,000
Tourism/Recreation	114	\$10,915,900,000
Total	1,218	\$286,527,200,000

(Source: *Inventory of Major Alberta Projects, September 2008*. This Inventory lists projects in Alberta, valued at \$5 million or greater, that have recently been completed, are currently under construction, or are proposed to start construction within two years.)

5.2.2 Trade

Exports and imports in Alberta have both increased over the past five years, but at lower proportions than the other western provinces. However, it is by far the largest trader by value in the West.

Eighty-six percent of Alberta's exports and 69% of imports are with the US, making it the most dependent province with the US for exports, but second least dependent for imports. Exports have grown significantly with China, the Netherlands, Singapore and Russia, and imports have grown significantly from China, Argentina and Vietnam.

The biggest export products and industries are in petroleum, natural gas, petrochemicals, agricultural products and minerals, while significant imports occur in machinery and equipment for the oil and gas industry. The trade is focussed on industries that dominate the rural areas.

Figure 93: Top Export Nations from Alberta

Rank & Nation	Percent	Value	Change 2003 - 2007
1. United States	85.8%	\$71,142,413,759	38.1%
2. China	3.4%	\$2,830,637,262	192.8%
3. Japan	1.8%	\$1,468,490,643	40.2%
4. Mexico	0.9%	\$775,388,284	102.4%
5. Netherlands	0.7%	\$572,922,726	339.9%
6. South Korea	0.6%	\$469,594,197	17.0%
7. United Kingdom	0.4%	\$299,441,647	36.1%
8. Singapore	0.3%	\$281,767,425	201.7%
9. Taiwan	0.3%	\$253,905,175	-12.9%
10. Russia	0.3%	\$250,077,064	210.3%
All Exports	100%	\$82,883,234,488	43.8%

(Source: Statistics Canada Trade Data)

Figure 94: Top Export Products & Industries from Alberta

Top 10 Export Products (2007)	Top 10 Export Industries (2007)
1. Crude petroleum oils & oils obtained from bituminous minerals	1. Oil & gas extraction
2. Liquefied petroleum or hydrocarbon gases	2. Resin & synthetic rubber manufacturing
3. Polymers of ethylene	3. Petroleum refineries
4. Wheat	4. Other basic organic chemical manufact.
5. Acyclic alcohols & their halogenated sulphonated nitrosated derivatives	5. Wheat farming
6. Unwrought nickel	6. Animal slaughtering & processing
7. Chemical woodpulp – soda or sulphate	7. Non-ferrous metal (except aluminum) smelting & refining
8. Rape of colza seeds	8. Pulp mills
9. Preparations of non-crude petroleum oils & oils obtained from bituminous minerals	9. Petrochemical manufacturing
10. Meat of bovine animals	10. Mining & oil & gas field machinery manufacturing

(Source: Statistics Canada Trade Data)

The only significant high growth (over 100%) product in Alberta is sulphur at 566% increase for the first six months of 2008 compared to 2007.

The imports to Alberta are dominated by products from the US, but to lesser extents than the other Prairie Provinces, and goods for the oil and gas industries, all with exclusive or significant proportions in the rural areas of the province.

Figure 95: Top Import Nations to Alberta

Rank & Nation	Percent	Value	Change 2003 - 2007
1. United States	68.7%	\$12,697,749,161	32.1%
2. China	7.3%	\$1,351,739,203	229.6%
3. Mexico	4.0%	\$730,129,656	47.7%
4. Germany	2.3%	\$417,554,318	42.2%
5. United Kingdom	2.2%	\$406,426,192	10.5%
6. Italy	1.4%	\$267,139,990	3.7%
7. Japan	1.4%	\$250,680,848	29.5%
8. France	1.4%	\$250,458,679	27.0%
9. Taiwan	1.1%	\$196,800,010	71.7%
10. Malaysia	1.0%	\$189,326,350	51.8%
All Imports	100%	\$18,479,586,355	39.4%

(Source: Statistics Canada Trade Data)

Figure 96: Top Import Products & Industries to Alberta

Top 10 Import Products (2007)	Top 10 Import Industries (2007)
1. Liquefied petroleum or hydrocarbon gases	1. Oil & gas extraction
2. Helicopters, airplanes & spacecraft	2. Aerospace product & parts manufacturing
3. Self-propelled bulldozers, scrapers, graders, shovel loaders, taping machines	3. Construction machinery manufacturing
4. ADPM & units, magnetic/optical readers, machine transcribing data to media	4. Navigational, measuring, medical & control instruments manufacturing
5. Motor vehicles for passenger transport (other than buses/public transport)	5. Iron & steel mills & ferro-alloy manufacturing
6. Pumps for liquids, liquid elevators	6. Iron & steel pipes & tubes manufacturing from purchased steel
7. Parts suitable for machinery	7. Computer & equipment manufacturing
8. Telephone sets, other apparatus for trans/recap of voice/image/data	8. Metal valve manufacturing
9. Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks	9. Mining & oil & gas field machinery manufacturing
10. Tubes, pipes & hollow iron or steel	10. Motor vehicle body & trailer manufacturing

(Source: Statistics Canada Trade Data)

5.2.3 Infrastructure & Transportation

Investment in infrastructure is a key element for the economy of Alberta. While the government is expected to invest in roads, and highways, private industry is making enormous investments in the oil sands. As a result, the infrastructure to support those investments and the workers is needed.

Capital expenditures projected for Alberta in the short-term are dominated by the oil and gas sector, with other significant investment in infrastructure, educational services, transportation and warehousing, and manufacturing.

Figure 97: Capital Expenditures for Construction by Sector in Alberta*

Industry	2006 Actual	Preliminary Actual 2007	Projected 2008
Total	\$50,807.7	\$65,033.9	\$76,923.7
Agriculture, forestry, fishing & hunting	\$1,023.5	\$1,034.8	\$887.5
Mining and oil & gas extraction	\$24,716	\$34,565.2	\$40,162.5
Utilities	\$1,488.5	\$1,356.2	\$1,819.2
Construction	\$182.2	\$216.5	\$280.4
Manufacturing	\$1,745.5	\$2,467.4	\$2,566.0
Wholesale trade	\$471.4	\$661.0	\$747.6
Retail trade	\$1,109.9	\$1,076.9	\$1,078.2
Transportation & warehousing	\$2,289.1	\$2,635.5	\$3,351.3
Information & cultural industries	\$1,126.7	\$1,205.2	\$1,265.0
Finance & insurance	\$1,560.8	\$1,621.1	\$2,124.9
Real estate and rental & leasing	\$1,860.7	\$2,306.3	\$2,806.1
Professional, scientific & technical services	\$515.8	\$445.1	\$602.3
Management of companies & enterprises	\$25.9	\$17.4	\$18.4
Admin, & support, waste management	\$134.2	\$132.9	\$335.7
Educational services	\$778.2	\$751.6	\$1,155.1
Health care & social assistance	\$680.0	\$826.1	\$978.4
Arts, entertainment & recreation	\$160.2	\$182.3	\$222.7
Accommodation & food services	\$316.8	\$427.3	\$427.7
Other services (except public administration)	\$285.0	\$287.8	\$293.5
Public administration	\$2,217.8	\$3,143.9	\$3,389.5
Housing	\$8,119.2	\$9,673.7	\$12,411.7

* \$ million, includes construction, machinery and equipment
(Source: Statistics Canada: www40.statcan.ca/101/cst01/busi03j.htm)

5.2.4 Technology

Alberta has world class technologies and services that are in demand throughout the world. Alberta's technology industry has two main parts, both of which are significant:

- Energy Technology and Services (ETS)
- Information and Communications Technology (ICT)

With over \$100 billion of oil sands capital projects announced, the sector is under significant pressure to meet the demands of the industry. Several technical challenges must be overcome for the energy industry to remain competitive and environmentally away. Examples of these include:

- Air, water and land management
- Clean coal and coke utilization
- Infrastructure constraints
- Improved recovery and processing methods
- Natural gas substitution
- Sulfur management

The energy, technology and services sectors are key to meeting these challenges. Through advancements made in technology and innovation, businesses in these sectors position themselves to become key suppliers of technology and services to the global marketplace.

Total employment in energy technologies and services has steadily increased since 2003, with about a 24% increase in 2005. As of 2006, there were approximately 94,600 individuals employed in the ETS sector. In 2006, ETS exports exceeded \$2 billion, representing an increase of approximately 22% from 2005.

Alberta also has a large, sophisticated and growing ICT industry with an international reputation for innovation. There exists a highly skilled workforce, advanced infrastructure, and exceptional centres of research.

Alberta's ICT sector, with its origins in oil and gas related applications, now consists of world-class companies with expertise in diverse business areas, including:

- bioinformatics
- digital content
- e-learning
- global positioning systems
- health management systems

- nanotechnology
- software development
- systems integration
- telecommunications
- wireless communications

Alberta’s robust ICT sector has enabled growth across all sectors of Alberta’s economy. The solid company base of Alberta’s ICT industry includes nearly 4,300 companies and 58,300 employees generating over \$12.7 billion in annual revenues, making ICT Alberta’s third largest value-added sector.

The ICT sector in Alberta is extremely important to the provincial economy, employing over 58,000 Albertans. From 2006 to 2007, Alberta’s ICT sector has experienced considerable growth of over 19%.

Figure 98: Information & Communications Technology Sector (2007)

Employees	Revenues	Exports
58,300	\$12,731 million	\$1,942 million

(Source: Alberta, Canada website)

The ETS and ITS sector are primarily concentrated in Calgary (61%) and Edmonton (28%). The balance of activity occurs in rural areas (approximately 11%).

Issues That Affect the Rural West

- Alberta’s energy technology and services sector has experienced extraordinary growth and is forecast to continue far into the future. A 300% increase in bitumen production is anticipated by 2020.
- With fossil fuels continuing to dominate the world energy mix, the technology challenge is to meet increasingly higher environmental standards. The technology service is working towards finding new and improved methods for extraction and processing

5.2.5 Entrepreneurship

The following statistics were compiled by Alberta Finance and Enterprise in August 2008. Statistics Canada data were utilized in preparing the figures.

- Alberta’s small business sector is a vital component of the province’s economy. In 2006, the sector was responsible for 20% of Alberta’s GDP, the chief indicator of economic productivity. The national average for small business contribution to GDP was 23%.

- Small businesses account for 95.5% (142,348) of all businesses with employees in Alberta. Very small businesses (businesses that employ less than 10 employees) account for 77% (114,772) of all businesses with employees in Alberta.
- From 2000 to 2007, the number of small businesses (businesses that employ less than 50 employees) in Alberta increased by 18.3%.
- In 2007, 13.9% of small businesses in Canada were located in Alberta. In 2007, Alberta's share of Canada's population was 10.5%. In 2007, 14.2% of very small businesses in Canada were located in Alberta.

Figure 99: Alberta's Very Small Business Sector with Less than 10 Employees

Industry of Business	Percent
Professional, Scientific and Technical Services	17.9%
Construction	13.2%
Other Services (not governments)	13.0%
Retail	9.4%
Health Care	6.8%
Agriculture, Forestry, Fishing and Hunting	5.6%
Transportation and Warehousing	4.8%
Administration and Support	4.5%
Wholesale Trade	4.4%
Real Estate, Rental and Leasing	4.1%
Mining and Oil Extraction	4.0%
Accommodation and Food Services	3.1%
Finance and Insurance	2.9%
Manufacturing	2.6%
Management	1.5%
Arts, Entertainment and Recreation	1.0%
Educational Services	0.9%
Information and Cultural Industries	0.7%
Public Administration	0.2%
Utilities	0.2%

(Source: Alberta Finance and Enterprise, Alberta Business Monitor 2007)

- From 2003 to 2007 the number of self-employed Albertans rose from 305,300 to 336,200. In 2007 self-employed workers represented 17.2% of employed Albertans compared to 17.8% in 2003.

- The percentage of firms in Alberta with 1 to 10 employees ranges from 32.4% to 98.8% across all industries. For example, 98.8% of agricultural businesses have less than 10 employees while only 32.4% of businesses in public administration do.
- There were 48,791 new business incorporations in Alberta in 2007, up from 48,207 in 2006. There were 449 business bankruptcies in Alberta in 2007, a decrease of 32.5% from the previous year.
- In 2007, women accounted for 33.3% of all self-employed individuals in Alberta; this was slightly lower than the national average of 34.9%.
- Small business growth in Alberta has been particularly strong in recent years due to the strength of the energy sector which has been lying at the core of the Alberta economy.

Approximately 40% of small business activity in Alberta occurs in rural areas as shown in the following table.

Figure 100: Average Annual Share of Small Business Activity by Economic Region, 1999 - 2004

Economic Region	Percent of Small Businesses in Alberta
Calgary	34%
Edmonton	30%
Athabasca / Grand Prairie / Peace River	9%
Wood Buffalo / Cold Lake	3%
Lethbridge / Medicine Hat	8%
Camrose / Drumheller	7%
Banff / Jasper / Rocky Mountain House	3%
Red Deer	6%
Total	100%

Source: Western Centre for Economic Research

- In 2007, there were approximately 81,882 self-employed workers in rural Alberta (areas outside Calgary and Edmonton), representing 13.6% of individuals employed in the rest of Alberta. Between 2003 and 2007, the number of people that were self-employed in rural Alberta increased by 34.5%.
- In 2006, 34.2% of all self-employed workers in rural Alberta were women.

5.3 Key Industries of Rural Alberta

5.3.1 Agriculture

Alberta is the country's second largest primary agriculture product and processed agricultural and food product exporter. The industry's top five export destinations in 2007 were the United States, Japan, Mexico, China, and Indonesia. Value of the exports reached \$6.6 billion, up 13.8% from 2006. This section focuses on primary agriculture production only, while agri-food production is discussed as a sub-sector of the manufacturing industry in Alberta.

The number of farm operators in Alberta was 71,660 in 2006, a decline of 6% from 2001. Almost one-third (30%) of all farm operators were women, up from 28.4% five years earlier. Compared with the general workforce, farmers in Alberta are ageing even more rapidly. The median age of farmers in Alberta was 47 in 2001, by 2006, it went up to 50 years old.

Figure 101: Farm Operators in Alberta, by Sex & Age 2001 & 2006

Farm Operators	2001	% of Total	2006	% of Total	Growth (% Change)
All Operators	76,195	100%	71,660	100%	-6%
Under 35	8,895	11.7%	6,285	8.8%	-29.3%
35 to 54	40,425	53.1%	35,935	50.1%	-11.1%
55 and older	26,870	35.3%	29,440	41.1%	9.6%
Median age	49	-	52	-	6.1%
Males	54,565	71.6%	50,195	70.0%	-8.0%
Under 35	6,175	8.1%	4,360	6.1%	-29.4%
35 to 54	27,960	36.7%	24,345	34.0%	-12.9%
55 and older	20,430	26.8%	21,490	30.0%	5.2%
Median age	50	-	52	-	4.0%
Females	21,630	28.4%	21,470	30.0%	-0.7%
Under 35	2,725	3.6%	1,925	2.7%	-29.4%
35 to 54	12,465	16.4%	11,595	16.2%	-7.0%
55 and older	6,440	8.5%	7,950	11.1%	23.4%
Median age	47	-	50	-	6.4%

Source: Statistics Canada

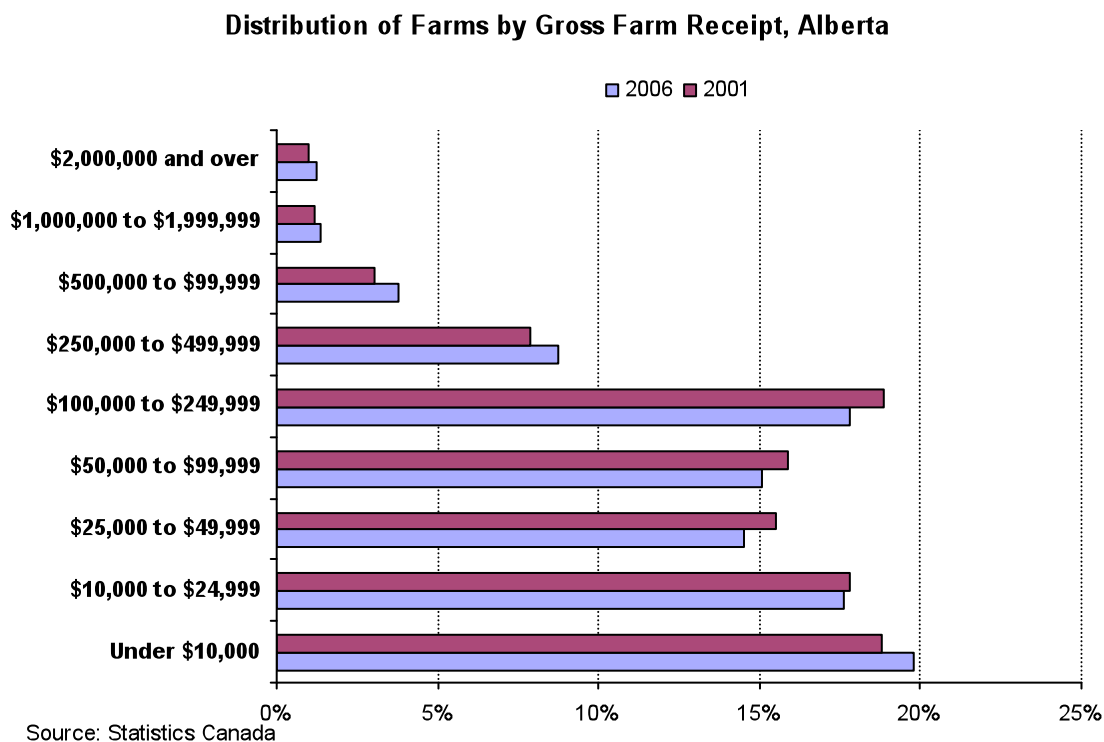
Based on information available from the two most recent censuses, 49,431 census farms were counted in Alberta in 2006, a 7.9% decline from the previous census which reported 53,652 farms in 2001. Across the country, the number of farms fell by 7.1% between 2001 and 2006. This is reflective of the continued out-migration of farm

operators, farm consolidation and farm retirements. Alberta's number of farms ranks second in Canada and account for 21.6% of Canada's 229,373 farms in 2006.

While the overall number of farms in Alberta has been declining, the size in terms of area, herd sizes and gross farm receipts has been increasing. Average farm size in Alberta grew 8.8% to 1,055 acres, from 970 acres in 2001. Alberta's total farm area was 52.128 million acres in 2006, basically unchanged from 52.059 million acres in 2001.

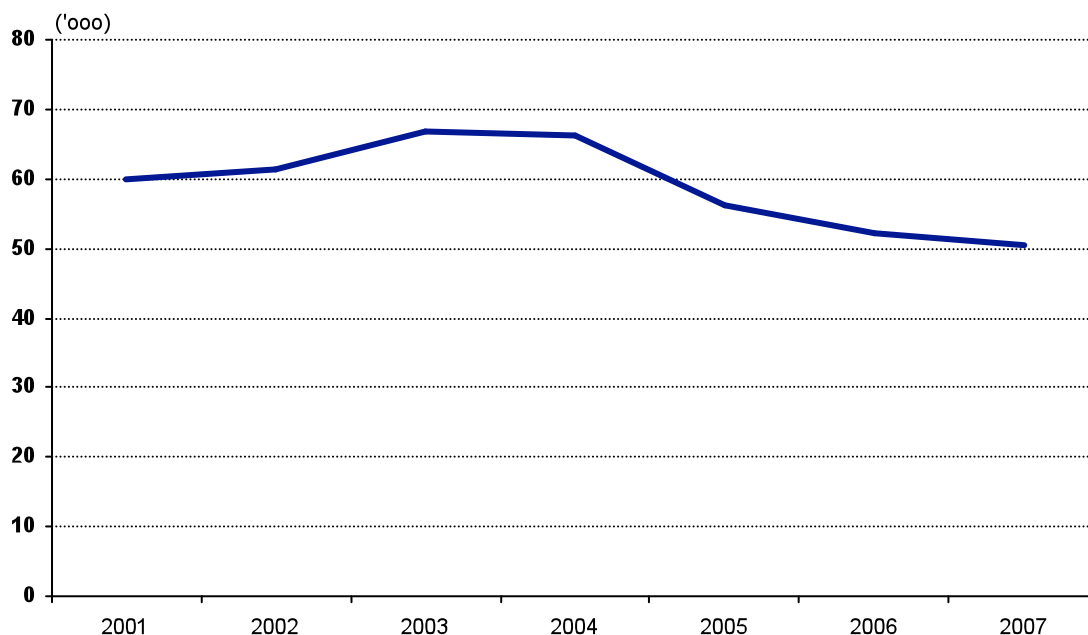
In 2005, Alberta's total gross farm receipts were \$9.9 billion and operating expenses reached \$8.8 billion. Producers spent an average of 89 cents in expenses (excluding depreciation) for every dollar of receipts, or about one cent less than five years earlier. Government-funded program payments contributed significantly to gross farm receipts – they funded 11% of Alberta's gross farm receipts, up from 6.7% five years earlier.

Figure 102: Farms by Gross Farm Receipt in Alberta, 2001 & 2006



While the number of farms with less than \$250,000 of gross farm receipts fell by 10.1% in 2006 from 2001, those with \$250,000 or more increased by 10.8%. There were 3,645 of these larger farms in Alberta in 2006 and they represented 19.1% of farms in the province in 2006, accounting for 76.1% of total provincial gross farm receipts reported for the year 2005.

Overall employment in agriculture in Alberta has been on a steady decline since 2001, with the exception of 2002, 2003 and 2004 when employment growth was stronger. Such decline in the level of employment is probably more reflective of shortage of labour in this sector, than poor employment opportunities.

Figure 103: Employment in Agriculture in Alberta, 2007 & 2007**Employment in Agriculture, Alberta, 2001 to 2007**

Source: Statistics Canada

Beef cattle farms were the most common farm type in Alberta in 2006, making up 41.5% of census farms (42.9% in 2001). Wheat, grain and oilseed farms accounted for another 25.2% (24.6% in 2001). Alberta is the largest cattle producing province in Canada. It led the country in cattle and calf inventories, with an estimated 5.6 million head January 2008, or nearly 40% of the national total.

Non-traditional (or alternate) livestock farming continues to grow in Alberta. After more than tripling between 1996 and 2001, the bison herd increased 22.1% in 2006 to 97,366 head. This was the largest herd among the provinces. Other significant increases included elk, llamas and alpacas, and deer.

Over the past census periods, there has been a trend for farmers to move away from traditional crops to alternatives that would reduce their input costs or increase their per-acre revenues. Spring wheat (excluding durum), is still the largest single crop in Alberta with 5.8 million acres, but it has decreased slightly by 0.7% in area since the last census.

While the acreages of wheat and other cereal crops declined, oilseeds and specialty crops acreages in Alberta rose between 2001 and 2006, in response to increased demand and better overall market conditions. Canola acreage climbed 52.9% to a census record 4.1 million acres. Similarly, flaxseed area jumped 50.1% to 60,372 acres or 3.0% of Canada. With respect to the specialty crops, some of the significant increases in acreage between 2001 and 2006 were dry beans, mustard seed and sugar beets. Also, soybean area increased to 2,677 acres, from 88 acres in 2001.

Figure 104: Distribution of Types of Farms in Alberta, 2001 & 2006

Farm Types	2001	2006
All Farms (Number)	53,652	49,431
Dairy cattle and milk production	1.4%	1.2%
Beef cattle ranching and farming, including feedlots	42.9%	41.5%
Hog and pig farming	1.7%	1.2%
Chicken egg production	0.4%	0.3%
Broiler and other meat-type chicken production	0.4%	0.4%
Turkey production	0.1%	0.1%
Other poultry production	0.1%	0.1%
Sheep farming	1.1%	0.8%
Goat farming	0.4%	0.3%
Apiculture	0.5%	0.5%
Horse and other equine production	6.0%	9.3%
Livestock combination farming	2.7%	3.0%
All other miscellaneous animal production	2.6%	2.1%
Oilseed (except soybean) farming	3.2%	6.4%
Dry pea and bean farming	0.3%	0.2%
Wheat farming	7.2%	5.7%
Other grain farming	14.3%	13.1%
Potato farming	0.3%	0.3%
Other vegetables (except potato) & melon farming	0.2%	0.3%
Fruit and tree-nut farming	0.3%	0.5%
Other food crops grown under cover	0.2%	0.2%
Nursery and tree production	0.8%	1.1%
Floriculture production	0.5%	0.5%
Hay farming	9.6%	8.7%
Fruit and vegetable combination farming	0.1%	0.1%
All other miscellaneous crop farming	2.8%	2.0%

Source: Statistics Canada

Growth Projections

Overall revenue growth between 2008 and 2015 in the agriculture sector is expected to be moderate, between 16% and 25%, or at an annual basis, a growth rate between 2% and 3%, according to industry consultation.

In the longer run up to 2020, industry expects that revenue growth will be even more moderate, between 10% and 22%, or at an annual basis, a growth rate between 1% and 2%.

Industry experts are much more reserved with respect to employment prospects in the agriculture sector. Between now and up to 2020, they expect that employment will decline between 1% and 2% annually. In the short run up to year 2012, Alberta government employment projections also indicate that there will be little growth in employment in the agricultural sector, at 0.4% per year.

Highlights of Major Projects

- 2008 - \$356 million, Alberta Livestock Meat Agency (ALMA) – will have direct impact on rural area.
- 2008 - \$18 million, construction of a new research greenhouse at Brooks.

5.3.2 Forestry

Forestry plays an important role in Alberta's economy. It is one of the four most important industries in Alberta (the others being oil and gas, agriculture and tourism). Forestry is Alberta's third largest manufacturing sector. However, its future is being threatened by economic changes in its most important market, the US, as well as the movement of the mountain pine beetle from BC into Alberta.

Figure 105: Primary Economic Contributors of the Alberta Forest Industry

Contributor	2005	2006	2007
Total Employment (Direct, indirect & induced)	30,600	27,700	24,200
Revenue (\$ millions)	\$8,240.5	\$7,696.6	\$6,976.6
Stumpage/Protection charges (\$ millions)	\$81.2	\$53.4	\$21.2

(Source: Alberta Forest Products Association)

Like other forest industries in Western Canada, the forest industry in Alberta has been on a decline over the last several years.

Alberta is covered by 38 million hectares of forested land (approximately 60% of the province). Three types of forest are found in Alberta:

- Subalpine
- Montane
- Boreal (this forest covers 1.6 billion hectares and makes up the majority of the Alberta's forest)

Approximately 23 million hectares of forest are protected and off-limits for harvesting. Commercial logging occurs on the one percent of the remaining 14 million hectares per year.

- The Alberta forest resource is comprised of approximately 46% softwood, 30% hardwood, 17% mixed wood and 7% which is unclassified
- The main tree species by volume are: spruce (37%), poplar/aspen (35%) and pine (24%)

By law, forest companies plant more than 75 million seedlings every year. For every tree that is harvested, two to three grow back.

Alberta forest products include:

- Lumber produced from lodgepole pine, spruce and aspen
- Panelboard, which takes on a variety of shapes and sizes including: plywood, oriented strand board and medium-density fibreboard
- Pulp and paper

Growth in all three sectors has been flat in recent years, as shown in the table below.

Figure 106: Average Annual Alberta Forest Industry Production

Production	2005	2006	2007
Lumber (billion board feet)	3.3	3.2	3.2
Panelboard (billion board feet)	2.8	2.8	2.4
Pulp & Paper (million air-dried metric tonnes)	2.5	2.6	2.6

(Source: Alberta Forest Products Association)

In addition to primary wood manufacturing, Alberta has a vital secondary manufacturing sector that includes: re-manufactured products, pre-fabricated buildings, cabinetry, engineered building components, millwork and finished products, furniture and fixtures, and specialty items.

The secondary manufacturing part of the Alberta forest industry has maintained itself better than the primary wood manufacturing sector.

Figure 107: Secondary Manufacturing Economic Contributors

Contributor	2005	2006	2007
Total Employment (direct, indirect & induced)	19,000	16,600	19,800
Revenue (\$ millions)	\$3,329.5	\$3,488.4	\$3,734.4
Secondary Sales (\$ millions)	\$1,781.4	\$1,865.3	\$1,997.1

(Source: Alberta Forest Products Association)

The Alberta forest products industry is highly reliant on the US market. Demand from the US housing market has been steadily declining over the last several years and this has drastically affected exports.

Figure 108: Total Alberta Forest Product Exports (\$ millions)

Destination	2005	2006	2007
US	\$2,627	\$2,321	\$1,822
Asia	\$474	\$419	\$383
Other	\$256	\$199	\$215
Total	\$3,357	\$2,939	\$2,420

(Source: Alberta Forest Products Association)

The rural economies of Alberta are significantly affected by the forest industry and its performance. As many as 90% of workers in the forestry and logging sector are employed in rural areas, and approximately 62% of the forestry workforce in Alberta is employed in rural areas. The manufacturing sub-sectors tend to have higher proportions of their labour force in urban areas than does the forestry and logging sector.

Figure 109: Summary of Employment in the Forestry Sector in Alberta, 2006

Forestry Sector	Employed in Forestry	Employed in Urban Areas	Employed in Rural Areas	Employment in Rural Areas
Forestry & Logging	3,190	325	2,865	90%
Wood product manufacturing	11,415	5,105	6,310	55%
Paper manufacturing	3,725	1,585	2,140	57%
Total Forestry	18,330	7,015	11,315	-
Percent	100%	38%	62%	-

Source: Statistics Canada, 2006 Census.

Economic Issues affecting the Alberta Forest Products Industry

- Significant decline in US housing starts has reduced demand for all Canadian forest products. North American housing starts have dropped 45%, causing near-record low prices for lumber and panelboard products.
- Loss of the Alberta competitive advantage against other forestry jurisdictions due to higher energy and utility costs, higher transportation costs for both road and rail, higher costs for construction and labour, and higher municipal taxes.
- Upsurge in the Canadian dollar's value against the US dollar in recent years has had a further negative impact on international demand.
- As a result of the US Softwood Lumber Agreement, Alberta softwood lumber exporters currently pay a 15% export tax on all shipments to the United States.
- 2.8 million pine trees in Alberta are infested with the mountain pine beetle; up to 6 million hectares of lodgepole and jackpine forests are at risk. This pest is threatening habitat, water quality wildlife and the forest industry in Alberta. Action taken to

combat the mountain pine beetle infestation in Alberta has increased costs to forest companies.

- The Alberta industry has experienced product curtailments and layoffs, but less mill closures than in other parts of Canada because the industry in Alberta is younger.

Future Challenges and Opportunities

- Trend toward consolidation in the industry.
- Some opportunities for “niche” products.
- The drop in Canadian dollar against the US dollar may help the industry survive the economic downturn/recession of 2008.
- “Bright spot” for the industry in the future may be the opportunity to produce “cellulosic ethanol”, a biofuel produced from wood, grasses, or the non-edible parts of plants. One of the benefits of cellulosic ethanol is that it reduces greenhouse gas emissions.

Rural communities in Alberta will continue to face serious concerns in their economic livelihood if the forest sector continues to decline.

5.3.3 Manufacturing & Processing

The manufacturing industry consists of several sub-industries with businesses engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products.

The total value of manufacturing shipments in Alberta was \$65.6 billion, a 2% increase from the previous year. Between 2003 and 2007 total manufacturing shipments grew by 36%.

Figure 110: Manufacturing Shipments in Alberta (\$ millions), 2003 – 2007

Sub-Sector	2003	2007	Growth
Food	\$8,786.2	\$10,025.1	14%
Beverage and tobacco products	\$891.7	-	-
Clothing	\$128.2	\$88.8	-31%
Leather and allied products	-	\$18.8	-
Wood products	\$3,062.4	\$2,925.7	-4%
Paper	\$1,628.0	\$1,817.3	12%
Printing and related support activities	\$902.3	\$909.0	1%
Petroleum and coal products	\$8,420.2	\$15,065.2	79%
Chemicals	\$9,313.3	\$12,441.4	34%
Plastics and rubber products	\$1,130.3	\$1,487.5	32%
Non-metallic mineral products	\$1,432.3	\$2,400.3	68%
Fabricated metal products	\$3,024.9	\$5,329.6	76%
Machinery	\$3,453.6	\$6,033.9	75%
Computer and electronic products	\$1,818.2	\$1,050.9	-42%
Electrical equipment, appliances & components	-	\$493.3	-
Transportation equipment	-	\$926	-
Furniture and related products	\$942.4	\$995.2	6%
Miscellaneous manufacturing	\$487.0	\$737.6	51%
All Industries	\$48,071.6	\$65,592.5	36%

Source: Statistics Canada

In Alberta, total employment in manufacturing was 142,900 in 2007, an increase of 4% over 2006. In the table that follows, we show estimates of the size of the manufacturing workforce in Alberta, with a breakdown of the share in rural areas.

Figure 111: Labour Force in Manufacturing Sector in Alberta, 2006

Sub-Sector	Total Labour Force	Rural Labour Force	Rural Share
Food	19,930	9,015	45%
Beverage and tobacco products	2,185	415	19%
Textile mills	440	180	41%
Textile product mills	820	160	20%
Clothing	1,615	320	20%
Leather and allied products	275	95	35%
Wood products	11,415	6,310	55%
Paper	3,725	2,140	57%
Printing and related support activities	7,040	940	13%
Petroleum and coal products	3,765	985	26%
Chemicals	8,635	2,690	31%
Plastics and rubber products	6,470	1,145	18%
Non-metallic mineral products	6,935	2,030	29%
Primary metals	3,825	745	20%
Fabricated metal products	20,730	4,530	22%
Machinery	14,125	2,660	19%
Computer and electronic products	5,025	420	8%
Electrical equipment, appliances & components	2,540	375	15%
Transportation equipment	5,345	2,085	39%
Furniture and related products	7,895	1,720	22%
Miscellaneous manufacturing	5,625	1,245	22%
All Manufacturing Industries	138,365	40,205	29%

Source: Statistics Canada

Building Products Manufacturing:

The building products manufacturing sub-sector is comprised of over 1,200 firms that employ approximately 40,000 people, with annual sale of approximately \$9 billion. The sub-sector is mostly small to medium size businesses specializing in custom work and leading edge technology, manufacturing a wide variety of commodity and value-added products and components.

- Meeting demand generated from within the province due to strong economic activities and population growth.
- Products including a range of primary and secondary wood products and non-wood building products.

Chemical and Petrochemical:

- Alberta is Canada's leading petrochemicals manufacturer. The province is to four major petrochemical plants with a combined annual production capacity of almost nine billion pounds. Two Alberta chemical plants - at Joffre and Fort Saskatchewan - are the world's largest.
- Petrochemical production is one of Alberta's largest manufacturing industries. In 2007, the industry accounted for sales of over \$14 billion and exports of \$7.2 billion to global markets such as the US, China, Korea, Mexico, Hong Kong, Taiwan and Japan.
- The viability of the industry, which directly employs more than 7,000 Albertans, is dependant on access to a secure and affordable supply of natural gas liquid (NGL) feedstock, especially ethane.

Metal Fabrication

- The sub-sector includes primary metals, fabricated metals, metal service centres and transportation equipment manufacturing. It generated approximately \$9 billion in revenues in 2007, with over 30,000 employees and 1,350 companies, 85% of which have fewer than 50 employees.
- The Conference Board of Canada estimates that the average annual growth in real domestic demand for this industry will be 10.3% per year from 2005 to 2009.

Value-Added Food Processing

- Food and beverage processing sales totalled \$10.8 billion in 2007, up 16.7% from 2006
- The industry produces 16% of Alberta's total manufacturing and processing output, third largest sector in the province.
- Value-added exports represented 43% or \$2.9 billion of Alberta's total agri-food (both primary commodities such as grain and oilseeds and value-added products as described in this subsection) exports in 2007. These exports were adversely impacted by declining sales of meats, particularly beef. Among products showing significant increases were dairy products, processed vegetables and fruits, crude canola oil, processed meat, tallow, animal feed, honey, malt and wheat flour.

Growth Projections

Industry employment is expected to grow more slowly than the provincial average for all industries, with a 0.8% annual average growth rate up to 2012, according to industry experts. Economy wide employment growth is expected to be 1.7% annually. The average annual growth rate is expected to continue up to 2020.

In the short-term, however, total employment in manufacturing is expected to contract slightly between 2007 and 2008, and between 2008 and 2009, mainly due to the recent economic difficulties across all sectors of the economy.

High Growth Sub-Sectors

Most of the forecast employment gains in manufacturing are the result of positive growth in metal fabrication and machining due to strong demand in the resource sector in Western Canada. Alberta's oil sands will require more than \$100 billion of new construction and maintenance spending in the next 50 years, much of it for fabricated metal products. This impressive market opportunity has attracted world attention. Global supply chains emerging from Alberta have expanded and formed as new oil sands construction cycles begin.

All other sub-industries forecast small changes in employment. Improvements in productivity through technology and other means are expected to decrease the number of workers needed to complete a given amount of work. Growth in production will be necessary to maintain a steady level of employment.

5.3.4 Mining and Oil & Gas

Alberta has 33.6 gigatonnes (billion tonnes) in proven coal reserves, representing 70% of Canada's total reserves.

Alberta's coal mines typically produce around 30 million tonnes of marketable coal annually. Over 85% of the province's annual supply of coal is used in power plants.

Non-energy minerals excavated and mined in Alberta today include sand and gravel (production value of \$289 million), sandstone and other building stone (\$6 million), iron and magnetite, and gold. Salt (\$17 million) and limestone continue to be the leading non-fuel minerals produced in Alberta.

Other minerals produced or potentially available in Alberta include metallic minerals, diamonds, ammonite, and other precious stones, industrial minerals and stone.

Alberta is the largest crude oil and natural gas producing province in Canada. Seventy-three per cent of Canada's petroleum production, drilling and investment spending occur in Alberta.

In 2007, conventional crude oil production made up about 28% of Alberta's total crude oil and equivalent production, which is about 21% of Canada's total crude oil and equivalent production.

Alberta is home to a large natural gas resource base and accounts for just over 80 per cent of the natural gas produced in Canada. Natural gas is the largest single source of resource development revenue for Albertans, accounting for more than \$42.6 billion in royalties paid to the Government of Alberta from fiscal 2000/2001 to fiscal 2006/2007. This total represents about 63% of all provincial revenue from non-renewable resources over that period.

Alberta contains the second largest proven concentration of oil in the world, the vast majority of which is found in oil sands deposits.

There are 173 billion barrels of oil in the oil sands proven to be recoverable with today's technology and under current economic conditions. In addition, there is an estimated total of 315 billion barrels of potentially recoverable oil in the oil sands.

Oil sands are contained in three major areas of northern Alberta beneath approximately 140,000 square kilometres, with approximately 500 square kilometres of land currently disturbed by oil sands surface mining activity.

The oil sands are a key driver of the economy in Alberta, other provinces and at a national level. Oil sands development has grown dramatically over the past few years. Production is now around one million barrels per day and forecast to increase to 2.6 million barrels per day by 2015, and could reach 3 million barrels per day by 2020.⁴

Together, Alberta's mining and oil and gas sector employed about 147,000 persons in 2007. Of the entire workforce in this sector, about 54% are located rural Alberta. Although production activities occur in rural areas, there are many jobs related to management, engineering, finance and administration of the industry that are located in metro centres, especially Calgary.

Growth Projections

Due to the current global economic downturn, global demand for oil and gas, as well as mineral resources, will reduce in the short run. Industry experts believe that employment in mining and oil and gas sector will contract by about 4% in 2008, before positive growth will occur in 2009 (Alberta Employment and Immigration 2008). In the long run, employment will be strong, increasing at a rate of over 2% annually in the province.

Factors That Effect the Rural West

- The October 2008 financial crisis that originated from the United States has now dramatically affected global economic outlook, especially in the short run.
- Across Canada, the oil and gas industry faces higher exploration costs as the resource becomes more remote and the geology more challenging. New, high-cost technologies and a well-educated, skilled labour force are needed as well as a globally, politically and economically competitive environment.
- Qualified, skilled workers are vital to the upstream industry's ability to grow in a safe and sustainable manner. Right now, there is a critical shortage of skilled labour in the industry.
- With oil sands developments planned for the future, issues such as cumulative impacts, regional water sharing and more energy efficiency will continually need to be addressed.
- New, lower impact technologies need to be proven, demonstrated and applied.
- There is a need for continued and improved environmental monitoring and reporting to government and the public.

⁴ See <http://www.energy.alberta.ca/OurBusiness/oilsands.asp>

5.3.5 Tourism

Alberta has Canada's 4th largest tourism industry. The province promotes diverse tourism experiences in spectacular scenic environments. Tourism is one of Alberta's fastest growing industries and offers outdoor adventures, wildlife viewing, shopping, cultural events and urban nightlife

- Tourism receipts were estimated at \$5.3 billion in 2006 with 51% of spending attributed to out of province visitors.
- \$2.3 billion in total taxation revenues accrued to all levels of government as a result of tourist spending in Alberta. This includes \$1.45 billion to the federal government, \$635 million to the provincial government and \$237 million to local governments across the province.
- The tourism industry in Alberta directly employs over 111,000 Albertans.
- It is estimated that over 50% of tourism activity occurs in rural areas. The indicator for this is based on nights spent in Alberta, as shown in the table below. The Calgary area generated approximately 26% of visitor nights and Edmonton attracted 22% of visitor nights during in 2004.

Figure 112: Alberta Tourism Visitation in Nights, 2004

Region	Nights Spent in Alberta (million person nights)	% of Total Nights
Calgary and Area	10.66	26.0%
Edmonton and Area	9.06	22.0%
North	3.28	8.0%
Rockies	7.11	17.3%
Central	6.29	15.3%
South	4.0	9.8%
Unspecified	0.6	1.5%
Total	41.0	100%

Source: *Tourism Alberta, A Summary of Visitor Numbers, Revenue and Characteristics. Statistics Canada, Travel Survey of Residents of Canada and International Travel Survey.*

Alberta's biggest tourist market is its resident market, followed by other Canadians, but also attracts significant international tourists. The US is the largest international market. Key overseas markets include: Australia, Austria, Germany, Japan, New Zealand, Switzerland, Taiwan and the United Kingdom.

Figure 113: Visitors to Alberta

Origin of Visitors	Number of Visitors
Albertans (Estimate)	13,855,000
Other Canada (Estimate)	3,432,000
US	935,000
All Other International	772,000
Total Visitors	18,994,000

(Source: Tourism Alberta)

The tourism industry in Alberta is coordinated via:

- **Travel Alberta** - the official destination marketing organization for the province of Alberta. Funded by the Government of Alberta through the 4% Tourism Levy on visitor accommodation. Its purpose is to promote Alberta as a tourist destination regionally, nationally, and internationally to increase the number of visitors to and within Alberta.
- **Alberta Tourism, Parks and Recreation** - supports the development and marketing of the province as a world-class tourism destination; manages a network of provincial parks and protected areas; and supports sport, recreation and training facilities.
- **Strategic Tourism Marketing Council (STMC)** - comprises members of Alberta's tourism industry and three members representing the provincial government - all appointed by Alberta's Minister of Tourism, Parks and Recreation.

Factors that Effect the Rural West

- Higher energy costs contribute to increased costs of travel.
- Increased security measures, especially for visitors from the United States, hinder travel.
- The population of Alberta is growing, thereby creating a larger resident travel market.
- New product development and upgrading is urgently required in many areas, especially rural parts of the province.
- The labour shortage has been due in part to Alberta's vibrant economy. Hiring and retaining tourism staff is a serious problem. Shortage of qualified staff threatens the ability to maintain service levels and offer quality experiences.
- Non-stop access from important markets is limited, particularly in rural areas.
- Increasing competition from other destinations, especially Asia and Europe, which offer more attractive pricing structures.
- BC is increasing its efforts to position itself as a gateway to the Rockies (i.e. new international airport at Cranbrook). This is a threat as well as an opportunity

- Despite world-class attributes, greater awareness is needed internationally to establish awareness of Alberta and the variety of products and experiences offered.
- Downturn in US visitors.
- Alberta resident market is lured by milder climates in BC, and 2nd home/recreational real estate purchases for the holiday interests.
- Dropping hotel occupancy rates.
- National park, historic site and museum attendance are all down in 2008.
- With a strong dollar, the resident Alberta market has been traveling outside Canada

Future Challenges and Opportunities

- 2004 forecasts call for tourism revenues of \$6.4 billion in 2010, \$8.2 billion in 2015 and \$10 billion in 2020.
- Weakened Canadian dollar may encourage Albertans and other Canadians to travel in Canada.
- Alberta Tourism is in the process of remaking its tourism marketing efforts under a provincial corporation.
- Plans are underway to market Alberta as a premier sports tourism destination by capitalizing on the legacy facilities and resources from the 1988 Olympic Winter games. A similar but newer product development opportunity will exist for Whistler after the 2010 Olympic Games. Potentially, the two destinations will compete for similar markets. Alternatively, they may complement each other.
- Opportunities for new product development exist in the following areas: Badlands, Northeast, Grand Cache and Southwest.
- The tourism product needed includes more mid-range accommodation to attract domestic travelers.

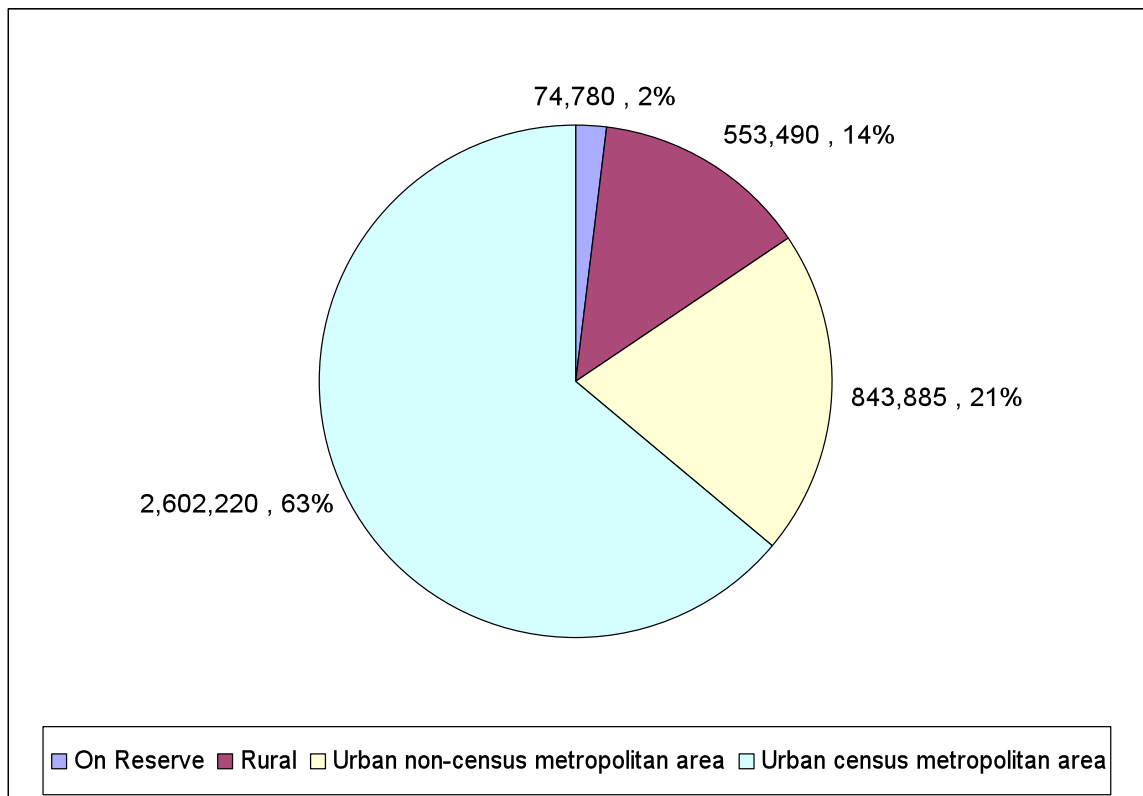
Rural tourism in Alberta has significant opportunity for growth as the need to develop new products to attract a mainly resident market have been identified as one of the industry's priorities for the future.

6.0 British Columbia

6.1 Population Demographics

The population of BC is 4,302,100 (2006), the most populous province in the West. Sixteen percent (628,270) of the population live in rural areas, with a further 21% living in medium-sized communities, making it the lowest proportion of rural living in the West, but the greatest number of people. See the chart below. The median age of the BC population is 40.8 years, making it the oldest population in the west.

Figure 114: Location of the Population in BC (2006)



(Source: 2006 Census Canada)

While the provincial population is dominated by Greater Vancouver, the rest of the population is dispersed throughout the province. However, the rural population of BC can be isolated beyond distances due to significant mountain ranges, water, and transportation routes.

The table below shows the population characteristics with comparisons to the rural and urban populations where possible. The distribution of immigrants and non-permanent residents is concentrated in or near the larger centres, but significant immigrant population are also found throughout the province.

Appendix 4 provides a detailed breakdown of these characteristics by rural health regions outside of Greater Vancouver and Greater Victoria. These figures show

relatively small ranges of median ages (38.0 years to 45.5 years) and median income (\$22,895 - \$29,125), but a larger range of unemployment rates (5.2% - 12.9%).

Figure 115: Population Characteristics of British Columbia

Characteristic	British Columbia	Urban	Rural
Population 2006	4,113,487	1,830,913	2,282,574
Population 2001	3,907,738	1,771,299	2,136,439
Median age	40.8	-	-
Population (15 years +)	83.5%	-	-
Immigrants	1,119,215	282,590	836,625
Non-Permanent Residents	50,925	11,545	39,380
Labour Force Participation Rate	65.6%	-	-
Employment Rate	61.6%	-	-
Unemployment Rate	6.0%	-	-
Median Income (15 years +)	\$24,867	-	-

(Source: Statistics Canada, Census 2006 Community Profiles, British Columbia)

6.1.1 Population Projections

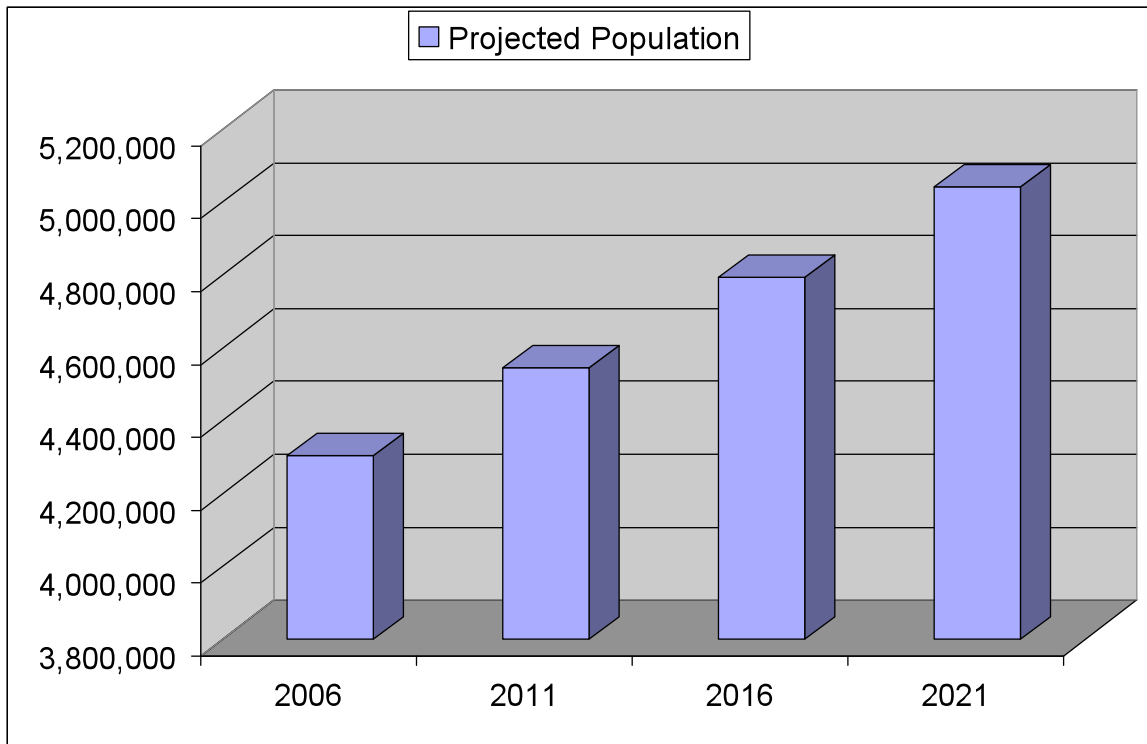
The population is expected to grow to 4.55 million in 2011, to 4.79 million in 2016, to 5.04 million by 2021. See the table and graph below.

Figure 116: Projected Population in BC (2006 - 2021)

Year	Projected Population	Change
2006	4,302,900	-
2011	4,545,000	+ 5.63% (2006 – 2011)
2016	4,792,000	+ 5.43% (2011 – 2016)
2021	5,040,000	+ 5.18% (2016 – 2021)

(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t363_en.htm)

Figure 117: Projected Population Growth in BC (2006 - 2021)



(Source: Statistics Canada www.statcan.ca/english/freepub/91-520-XIE/00105/t363_en.htm)

6.1.2 First Nations & Aboriginal People

The total Aboriginal identity population in BC is 196,070, accounting for 4.8% of the total population of BC, and 16.7% of the total Aboriginal population in Canada.

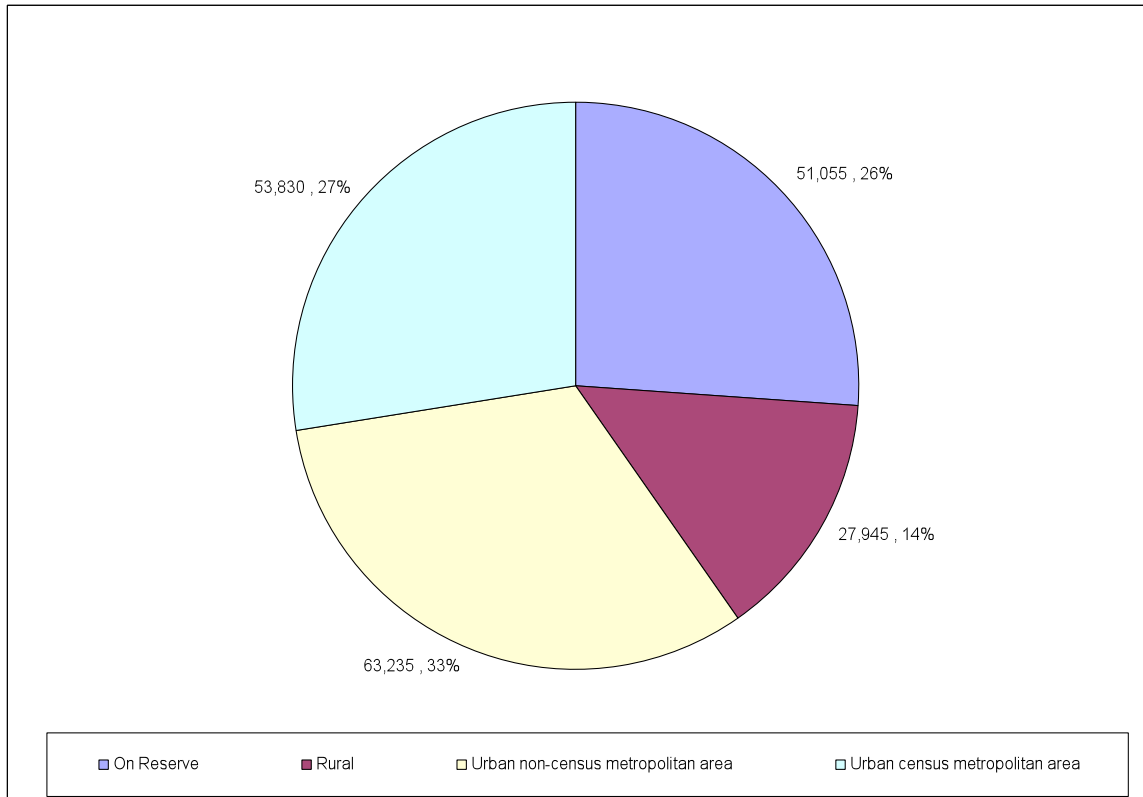
Forty percent of the Aboriginal population in BC lives in rural areas, while only one-third live in the urban areas. The table and graph below provide details on the Aboriginal population in BC and areas of residence.

Figure 118: Aboriginal Population in BC (2006)

Aboriginal Population	Numbers	Percent
North American Indian	129,580	66.1%
Métis	59,445	30.3%
Inuit	795	0.4%
Multiple Aboriginal Identity Response	1,655	0.8%
Aboriginal Responses Not Included Elsewhere	4,605	2.3%
Total Aboriginal Population	196,070	100%

(Source: Statistics Canada)

Figure 119: Location of the Aboriginal Population in BC (2006)



(Source: 2006 Census Canada)

The Aboriginal population of BC is significantly younger than the general population of the province. BC has the oldest Aboriginal population in the West, but with a large cohort in the 10 – 24 year old range (2006).

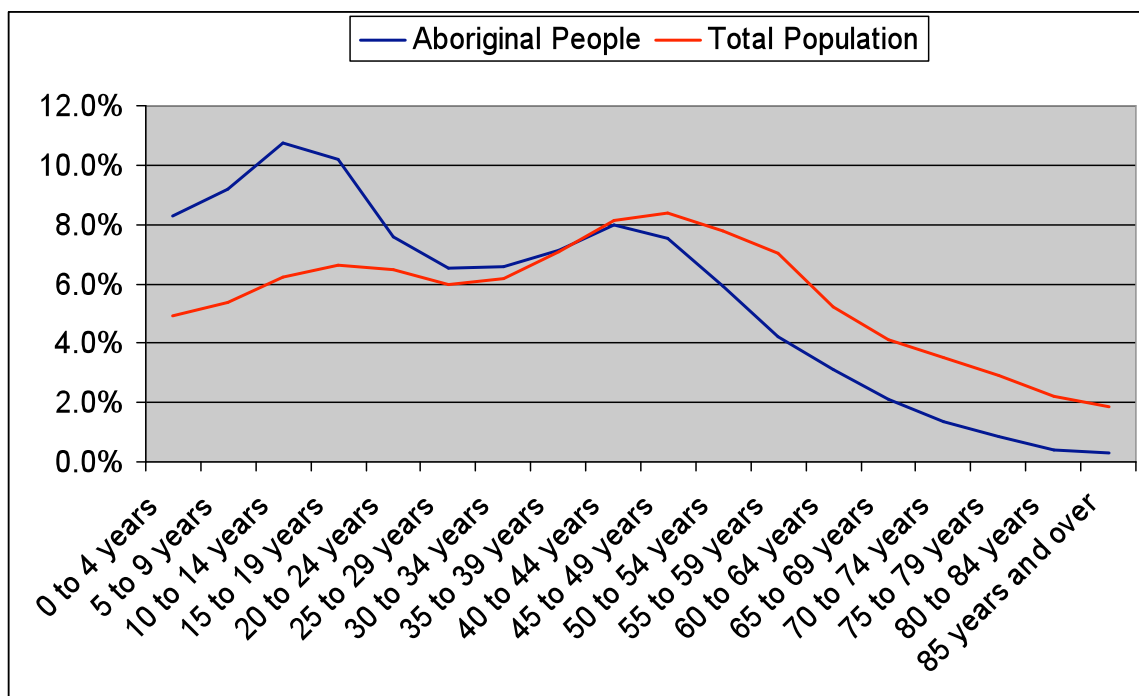
The table and graph below show the age characteristics of the Aboriginal population in BC, with comparisons to the general population.

Figure 120: Age Characteristics of the Aboriginal & Total Populations (2006)

Age Characteristic	Total Population	Aboriginal Population
Median Age	40.8 years	28.1 years
Aged 15 Years and Older	83.5%	71.8%
Aged 14 Years and Younger	16.5%	28.2%

(Source: Statistics Canada Community Profiles, BC, 2006)

Figure 121: Percentage of Aboriginal & Total Population by Age Group (2006)



(Source: Statistics Canada Community Profiles, BC, 2006)

6.1.3 Immigration

Immigration has always played a major role in BC, from the earlier settlers of the province right through to today. With the province’s decreasing birth rate, the province is expected to depend on immigration for all of its growth in the near future. To help meet its needs, BC participates in the Provincial Nominee Program, which allows the province to help speed up the immigration process for qualified applicants that wish to settle in BC and have the tools to contribute to the province’s development. Individuals may apply under one of two streams, strategic occupation (skilled workers in demand in BC) or business category (managers and investors who will contribute to economic development).

Since its introduction in 2001, the province has attracted over 4,770 skilled and business immigrants who have been approved through the PNP. The top employment sectors for the provincial nominees are: health care (893); skilled trades (783); high-tech and information technology (603); and post-secondary education (455). The top five countries where these skilled workers are coming from are: the United Kingdom (897), the US (580), China (434), Germany (291), and Korea (267).

The PNP is targeting to attract 15,000 skilled immigrants to the province over the next three years. At the same time the provincial government has announced a pilot project to make the PNP available for entry-level and semi-skilled immigrants in tourism and hospitality, and long-haul trucking sectors to address acute shortages.

The province expanded the Off Campus Work Permit program on a pilot project basis to include international students in eligible degree-granting private institutions and in specific qualifying programs.

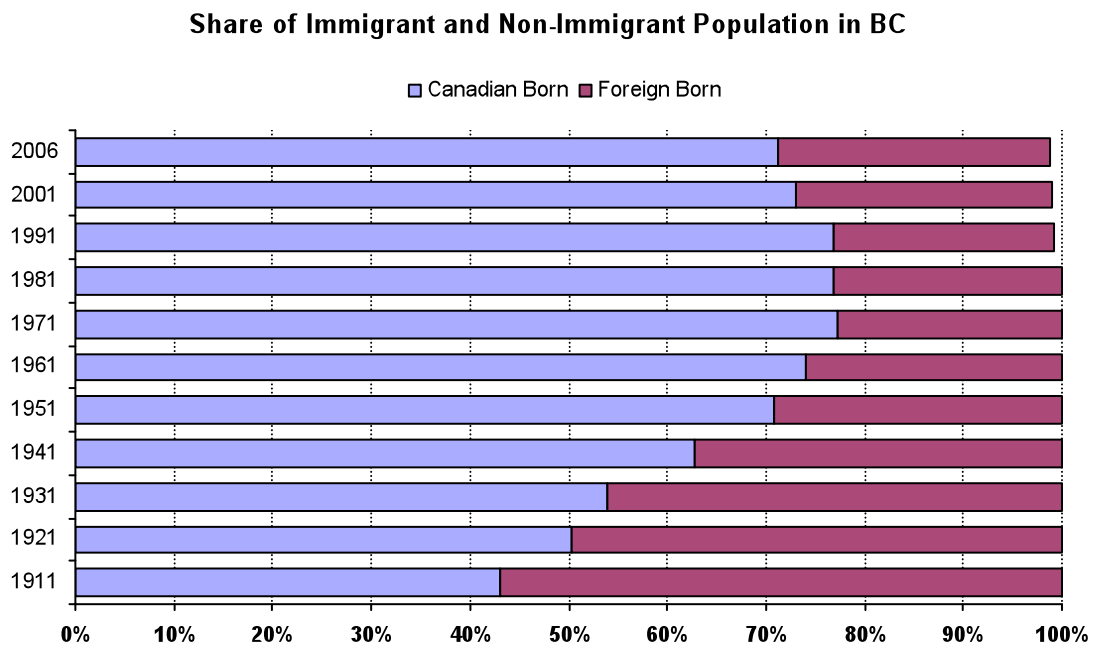
The province also provided input to support Citizen and Immigration Canada's expansion of the Post-Graduation Work Permit Program to enable eligible international students to obtain, for the first time, an open three-year work permit with few restrictions on the type of employment and no requirement for a job offer at the time of application.

There were over 44,000 foreign students in the province in 2005. These programs, if implemented, should help retain some of the international students who are studying in local post-secondary institutions to the local labour market.

BC is also a major destination for individuals coming to Canada under the Temporary Foreign Worker Program.

Community Futures British Columbia has been working with the provincial Chamber of Commerce as well as the provincial government in developing immigration strategies at the regional level. This would assist communities outside metro Vancouver to continue to attract and retain more immigrants.

Figure 122: Share of Immigrant & Non-Immigrant Population in BC



Source: Statistics Canada

6.2 The Economy of Rural British Columbia

6.2.1 Economy & Market Changes

The rural economy of BC is diversified amongst several industries including natural resource, forestry, mining, and oil and gas, with significant contributions from value-added processing, manufacturing, and transportation. The rural economies are further supported by significant tourism destinations.

The economy of BC is projected to have slow growth over the short-term, but increasing by 2010. The economy is driven by the natural resource sectors of forestry, mining, and increasingly by oil and gas, all with their presence in the rural areas.

Recent economic indicators projected for BC in the short-term shows modest growth. The table below shows key economic projections for the province in the short-term by both the Royal Bank of Canada and the TD Bank Financial Group.

Figure 123: Projected Economic Growth Indicators in BC (Short-Term)

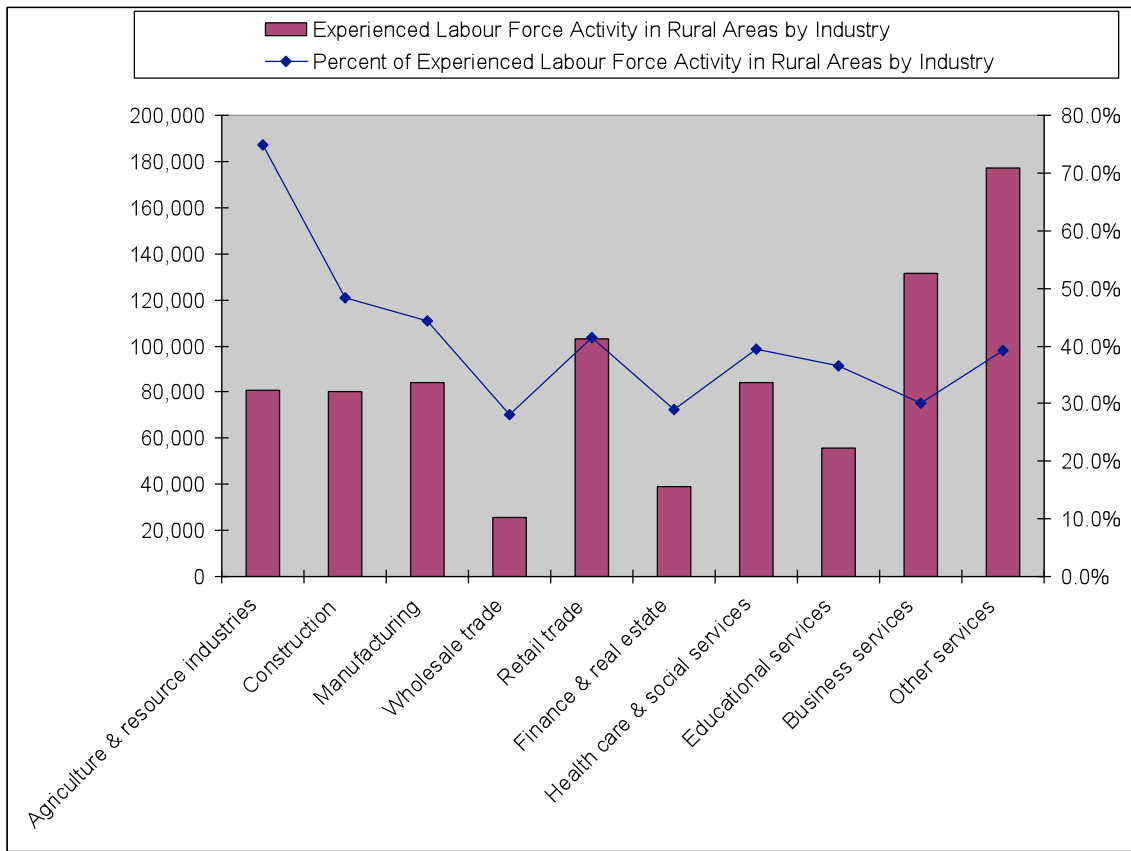
Indicator	RBC 2008	RBC 2009	TD 2008	TD 2009	TD 2010
Real GDP	1.2%	2.1%	1.5%	1.5%	3.6%
Consumer Price Index	2.5%	2.0%	2.5%	2.0%	2.4%
Retail Sales	3.0%	6.5%	0.3%	3.4%	4.4%
Housing Starts (000's)	34.8	26.0	35.4	28.7	30.5
Labour Force	2.6%	2.1%	2.5%	1.6%	1.7%
Employment	2.4%	1.4%	2.4%	1.4%	1.9%
Unemployment	4.4%	5.1%	4.3%	4.5%	4.3%

(Source: Royal Bank of Canada, *Provincial Outlook*, October 2008; TD Bank Financial Group, *Provincial Economic Outlook*, October 16, 2008)

The figure below shows the labour force activity of people 15 years and older in the rural areas of BC by industry group. The bar graph represents the numbers of people working in the industry in the rural areas, and the line graph represents the percentage of the total provincial industry workforce from the rural areas.

The figure shows the highest number and proportion of workers in the rural areas in other services, business services, and retail trade. Overall there are also high proportions of people working in agriculture and resource industries, construction, manufacturing and retail trade in rural areas.

Figure 124: Rural Labour Force Activity by Industry in British Columbia (2006)



(Source: Statistics Canada, Census 2006 Community Profiles, British Columbia)

The regional distribution of the value of major projects in BC shows that while 46% of the projects are in the Lower Mainland, only 37% of the value of the projects are located in the urban areas. Significant investment is being made in the rural areas, for mining, oil and gas, power generation and related infrastructure. See the table below.

Figure 125: Regional Description of Major Projects in BC

Development Region	Residential Commercial	Trans. & Warehsg.	Mining & O & G	Utilities	Mfg.	Pub. Serv.	Other Services	Total
Vancouver Island/Coast \$30,111,000,000*	102	9	3	20	-	15	8	157
Mainland/Southwest \$63,032,000,000*	253	39	2	34	2	38	31	399
Thompson/Okanagan \$26,248,000,000*	92	8	7	21	3	15	12	158
Kootenay \$5,936,000,000*	12	-	3	8	-	2	6	31
Cariboo \$6,334,000,000*	7	4	11	5	3	3	4	37
North Coast \$27,808,000,000*	2	10	13	12	1	-	-	38
Nechako \$1,286,000,000*	-	1	7	2	3	-	-	13
Northeast \$10,803,000,000*	3	1	8	15	1	1	1	30
Total \$171,558,000,000*	471	72	54	117	13	74	62	863

**All capital costs are estimates, and therefore, subject to changes, especially in the early stages of a project proposal.*

(Source: Major Projects Inventory, June 2008)

6.2.2 Trade

Exports and imports in BC have increased only slightly over the past five years, although the trade has become more diversified. Sixty percent of BC's exports and only 37% of imports are with US, making it the least dependent province in the West on US trade. Exports to Asia account for over 20%, as well as exports to Russia, the Middle East and Europe. Over half the imports come from Asia, although they are declining from Japan and South Korea, while growing significantly from China and Germany.

The biggest export products and industries are in natural resources – forestry and related products, petroleum, minerals and energy. Significant imports include automobiles, equipment, computers and retail items.

The most recent high growth products and industries for exports are liquefied petroleum and agricultural products. The tables below compare exports for the first six months of 2007 with 2008. The top three products and industries with the highest growth (over 100%) in the high volume (top 20) products and industries are listed for products; the largest increase (175%) for export industries is inorganic chemical manufacturing. These figures can show possible growth in the near future.

Figure 126: Top Export Nations from BC

Rank & Nation	Percent	Value	Change 2003 - 2007
1. United States	59.7%	\$19,356,612,501	-0.8%
2. Japan	12.9%	\$4,169,898,198	12.5%
3. China	5.6%	\$1,805,842,108	86.7%
4. South Korea	4.1%	\$1,338,982,733	69.8%
5. Germany	1.5%	\$495,478,289	27.3%
6. Taiwan	1.5%	\$472,855,356	6.4%
7. Italy	1.4%	\$445,150,042	-4.9%
8. United Kingdom	1.3%	\$435,160,352	29.3%
9. Netherlands	1.3%	\$426,709,061	81.3%
10. Australia	0.7%	\$242,415,619	13.8%
All Exports	100%	\$32,413,580,836	10.5%

(Source: Statistics Canada Trade Data)

Figure 127: Top Export Products & Industries from BC

Top 10 Export Products (2007)	Top 10 Export Industries (2007)
1. Lumber	1. Sawmills & wood preservation
2. Chemical woodpulp – soda or sulphate	2. Pulp mills
3. Liquefied petroleum or hydrocarbon gases	3. Oil & gas extraction
4. Coal & solid fuels manufactured from coal	4. Coal mining
5. Copper ores & concentrates	5. Paper mills
6. Unwrought aluminum	6. Copper, nickel, lead & zinc ore mining
7. Zinc & zinc alloys	7. Veneer, plywood product manufacturing
8. Electrical energy	8. Non-ferrous metal smelting & refining
9. Uncoated paper & paperboard	9. Aluminum production & processing
10. Windows, doors, shingles & shakes	10. Electric power generation

(Source: Statistics Canada Trade Data)

Figure 128: High Growth Export Products in BC (2007 – 2008)

Product	January – July 2007	January – July 2008	Change
Sulfur	\$18,471,314	\$252,967,613	1,270%
Crude Petroleum Oils	\$73,817,435	\$218,409,116	196%

(Source: Statistics Canada Trade Data)

The imports to BC are dominated by products from the US, China and other Asian countries, and goods for manufacturing, retail and natural resources.

Figure 129: Top Import Nations to BC

Rank & Nation	Percent	Value	Change (2003 – 2007)
1. United States	41.0%	\$15,884,579,182	37.3%
2. China	22.4%	\$8,658,338,259	87.8%
3. Japan	10.7%	\$4,152,039,748	-35.8%
4. South Korea	4.2%	\$1,616,664,422	-24.3%
5. Mexico	2.9%	\$1,112,766,403	77.4%
6. Taiwan	1.9%	\$737,225,851	-15.5%
7. Germany	1.8%	\$682,147,323	107.3%
8. Australia	1.3%	\$511,178,921	33.6%
9. Thailand	1.1%	\$437,647,258	1.3%
10. Italy	1.0%	\$388,611,407	42.0%
All Imports	100%	\$38,703,304,335	23.8%

(Source: Statistics Canada Trade Data)

Figure 130: Top Import Products & Industries to BC

Top 10 Import Products (2007)	Top 10 Import Industries (2007)
1. Motor vehicles for passenger transport (other than buses/public transport)	1. Automobile & light-duty motor vehicle manufacturing
2. Preparations of/non-crude petroleum oils & oils obtained from bituminous minerals	2. Computer & peripheral equipment manufacturing
3. Monitors & projectors	3. Petroleum refineries
4. ADPM & units, magnetic/optical readers, machine transcribing data to media	4. Audio & video equipment manufacturing
5. Zinc ores and concentrates	5. Iron & steel mills & ferro-alloy manufact.
6. Self-propelled bulldozers, scrapers, graders, shovel loaders, taping machines	6. Construction machinery manufacturing
7. Furniture	7. Copper, nickel, lead & zinc ore mining
8. Articles of funfair, table or parlour games	8. Women's & girls' cut & clothing manufact.
9. Trucks & vehicles for transport of goods	9. Doll, toy & game manufacturing
10. Trailers & other wheeled vehicles	10. Aerospace product & parts manufacturing

(Source: Statistics Canada Trade Data)

6.2.3 Infrastructure & Transportation

Like the other provinces in the West, BC is in need of infrastructure in order to meet the projected demands of the industry and population. In particular, significant investments are being made and projected for mining operations, power generation, as well transportation corridors. The projected capital expenditures in BC show significant investment in utilities, and transportation and warehousing.

Figure 131: Capital Expenditures for Construction by Sector in BC*

Industry	2006 Actual	Preliminary Actual 2007	Projected 2008
Total	\$39,912.2	\$42,086.1	\$44,030.2
Agriculture, forestry, fishing & hunting	\$368.3	\$339.5	\$350.5
Mining and oil & gas extraction	\$6,411.9	\$5,017.7	\$6,590.6
Utilities	\$1,551.7	\$2,115.8	\$2,352.7
Construction	\$482.3	\$539.4	\$543.5
Manufacturing	\$1,636.7	\$1,344.2	\$1,565.7
Wholesale trade	\$465.3	\$484.2	\$497.0
Retail trade	\$1,124.3	\$1,211.0	\$1,229.9
Transportation & warehousing	\$2,882.2	\$3,296.8	\$3,636.6
Information & cultural industries	\$1,015.8	\$1,059.8	\$1,207.9
Finance & insurance	\$1,589.2	\$1,669.3	\$1,679.1
Real estate and rental & leasing	\$2,036.6	\$2,488.0	\$2,297.1
Professional, scientific & technical services	\$296.4	\$279.0	\$281.1
Management of companies & enterprises	\$26.9	\$13.0	\$14.3
Waste management & remediation	\$277.3	\$271.1	\$225.6
Educational services	\$1,179	\$1,374.6	\$1,188.4
Health care & social assistance	\$1,199.6	\$1,037.4	\$994.2
Arts, entertainment & recreation	\$248.3	-	\$339.2
Accommodation & food services	\$579.8	-	\$646.9
Other services (except public administration)	\$155.6	\$154.1	\$150.8
Public administration	\$3,086.3	\$3,723.2	\$3,573.3
Housing	\$13,298.9	\$14,522.2	\$14,666.2

* \$ million, includes construction, machinery and equipment
(Source: www40.statcan.ca/101/cst01/busi03k.htm)

6.2.4 Technology

High technology is associated with growth and development. BC has already made a name for itself with the introduction of several new technologies, including the Ballard Fuel Cell. Burgeoning technology opportunities can be expected to continue into the future.

B.C. Statistics released a report on the province's technology industry in October 2008. The following statistics are derived from that report:

- Since research and development (R&D) is the basis for technological advancement, those industries that perform a significant amount of R&D often have a considerable high tech component. However, an industry does not necessarily need to have a high degree of R&D involvement to be considered high tech. Industries that produce goods or services that are uniformly recognized as high tech are also included in the high technology sector.
- BC is widely recognized as an emerging global player in high technology, with an impressive record of new start-ups over the past 10 years.
- BC's high tech sector is growing and expanding. There was strong growth in employment and revenue and modest growth in exports and GDP between 2006 and 2007.
- High tech GDP grew by 3.1% to \$9.3 billion in 2007. Technology growth was greater than the total provincial change in GDP over the same time period. All the growth was in the service sectors (+3.8%), while GDP for high-tech manufacturing dropped 1.7%.

Figure 132: BC GDP, 2007 (constant 2002 dollars)

High Tech Sub-Sector	Value (millions)	2006 – 2007 Change
Manufacturing	\$1,129	-1.7%
Services	\$8,180	3.8%
High Tech Total	\$9,319	3.1%
BC Total	\$150,442	2.8%

(Source: B.C. Statistics)

- BC was fourth in Canada in 2007 with respect to technology GDP as a percent of total GDP. Ontario and Quebec lead, followed by Alberta (\$10.5 billion).
- About 91% of high technology businesses in BC are in the service sector.
- High technology revenues increased in BC by 8.4% in 2007, to \$18.1 billion. This was the sixth year in a row that high tech revenue experienced strong growth. Again, all the gains were in the service sector (10.8%), which provides the majority of revenues in BC's high technology sector.

- The high technology in BC sector has consistently outperformed the economy as a whole over the last decade.
- The technology sector in BC is characterized as being highly fragmented. There are approximately 9,000 companies. Of these, 7,500 are very small (with 10 employees or less). In addition, there are an estimated 15,000 solely owned companies or self-employed contractors that contribute significantly to BC’s technology industry.
- The majority of high-tech companies are in the business of software innovation. Others include: biotech/life sciences, energy technologies, new (digital) media and sustainability technologies.
- Most of BC’s technology companies serve their local economies. However, the domestic market does not generate the volume of demand required to achieve much-needed economies of scale for competitive purposes.
- Exports and imports both play a role in the BC high tech industry. Since imports are significantly greater than exports, the province runs a trade deficit in technology commodities (\$3.5 billion in 2007).
- 69% of BC technology exports go to the US. The industry is sensitive to fluctuations in the exchange rate.
- In 2007, BC exports of high technology products and services increased 2.4% to \$877.1 million.

Figure 133: BC High Technology Exports by Destination, 2007

Destination	Value (millions)	2006 – 2007 Change
United States	\$603.8	2.7%
European Union	\$127.3	19.5%
Asia/Pacific Rim	\$74.7	-20.2%
Rest of the World	\$71.3	3.5%
Total	\$877.1	2.4%

(Source: B.C. Statistics)

- High technology companies are located where the people are. Two thirds of technology companies are located in the Lower Mainland. Approximately 16% are based on southern Vancouver Island, mostly in the Victoria area. It is estimated that approximately 85% of technology companies in BC are located in the metropolitan areas of Vancouver and Victoria. The next largest concentration occurs around Kelowna.
- The technology companies are concentrated in these areas because this is where the talent pool exists.
- The Thompson Okanagan is home to 8% of BC’s high tech businesses. These are mostly software developers but there are also a wide variety of other high tech

businesses in the area. Recently, IBM identified Kelowna as a perfect location in which to build a data storage centre, opening up the possibility that the region could become a global storage hub. The availability of inexpensive hydro-electric power, combined with cold winters that will reduce the need to cool the thousands of servers, are big advantages for Kelowna in terms of being a data storage centre. This is particularly true given the growing concern over greenhouse gas emissions by the computer service industry due to its massive power consumption.

- In the remainder of the province, there are a variety of high technology companies but software, web design and hosting are the most common high tech businesses.
- Despite province-wide challenges to recruit staff in BC's tight labour market, the province's high technology sector experienced employment growth in 2007, adding 3,700 net new jobs, an increase of 4.8% over 2006.

Figure 134: BC High Tech Employment, 2007

High Tech Sub-Sector	Workers	2006 – 2007 Change
Manufacturing	14,610	0.9
Services	66,530	5.7
High Tech Total	81,140	4.8
BC Total	1,888,940	3.1

(Source: BC Statistics)

- In 2007, there were more people working in high tech jobs than there were people working in the forest sector, mining and oil and gas all combined.
- The technology sector is comprised of very well-paying jobs. The average weekly earnings are \$1,100 in high tech compared to an average weekly wage rate of \$760 in BC. In 2007, the technology sector paid out almost \$4.7 billion in wages and salaries to its employees.
- Crucial elements of the technology innovation support system include: research institutes and organizations, sources of funding for R&D, technology transfer organizations and facilitators, post-secondary education and training organizations, sources of capital and other sources of business assistance.
- Innovation is occurring in the rural regions of BC but at levels much lower than in the major urban centres.
- Most innovation in rural areas is not based on major scientific breakthroughs but rather is focused on small, incremental improvements to existing products, processes and technologies or the adoption of technologies and processes developed elsewhere.
- Overall growth in R&D expenditures is strong on a per-capita basis but academic and industrial R&D is lower than in other North American jurisdictions. Relative lack of R&D spending limits the development and commercialization of new technologies.

- Level of investment from both public and private sources is low compared to other jurisdictions with which BC is competing, i.e. most BC start-up companies are undercapitalized. Many innovative companies are acquired by larger firms so that BC loses its investment in people and technologies.
- BC lacks key talent in finding graduate-level researchers and senior business experience. Both hurt BC's ability to compete.

Future Outlook and Challenges

- The technology industry in BC, while still relatively small, offers a strong foundation for future growth. Technology is recognized by all levels of government as a driving force in economic growth and social development. Innovation is an integral component of "competitive advantage" in most economic sectors.
- The increasing penetration of high technology into all facets of life and business, including many traditional industries such as forestry, mining, and agriculture, affects BC's technology industry and provides new growth opportunities.
- With the establishment of the University of Northern BC in Prince George and the University of the Okanagan in Kelowna, new opportunities for growth of technology in rural areas may be derived.
- BC has upgraded six regional colleges to universities since 2001 and expanded a university campus to give thousands of students the option to get a university or college education closer to home. The most recent additions are as recent as 2008 and include:
 - 1) Vancouver Island University
 - 2) Capilano University
 - 3) University of Fraser Valley in Abbotsford
 - 4) Kwantlen Polytechnic which in Cloverdale
 - 5) Emily Carr University of Art and Design
 - 6) Thompson-Rivers University in Kamloops and Williams Lake
 - 7) University of British Columbia – Okanagan Campus in Kelowna

Four of these new university campuses are in rural areas. This will benefit all aspects of the rural economies, allowing students to get a university education closer to home, reducing costs for students and increasing the pool of skilled workers in those communities. Proximity of research institutions and well-educated talent are key components of the technology sector.

- Further investments have been made in many post-secondary institutions including the University of Northern BC in Prince George. In the future, it is expected that the technology sector in the rural areas will grow at a higher rate than it has to date.

- The technology sector predicts annual growth of 3%. Given high tech's penetration of all aspects of society, it is likely that BC's tech sector will continue to prosper and evolve.

Factors That Effect the Rural West

- Too little research is being conducted by institutions based in rural regions and not enough of that research reflects regional priorities.
- Rural areas are not producing enough graduates from science & technology diploma programs.
- Gaps remain in the telecommunications infrastructure. Access to high-speed internet services vary significantly across the province yet the Internet has the potential to greatly increase the accessibility of regional businesses to programs, services and expertise.
- Access to capital investment is much more limited in rural regions.

6.2.5 Entrepreneurship

The province of British Columbia released a study in October 2008 entitled "The B.C. Small Business Profile 2008". The data in this section is derived from that report.

- In 2007, there were approximately 379,700 small businesses operating in BC. These small businesses accounted for 98% of all businesses in the province. Nearly 57% of all businesses in the province were operated by self-employed people, i.e. with no paid employees.
- The number of small businesses in BC is growing. Between 2006 and 2007, the number of small businesses in BC grew by 2.5% (nationally the rate was 2.4%). This was the sixth year in a row of small business growth in BC.
- BC had more small businesses per capita than any other province in Canada, with 86.7 small businesses per 1,000 people.
- Approximately 1,048,000 people were employed by small businesses in BC in 2007. These jobs accounted for 56% of private sector employment in the province, also the highest proportion in the country. The number of people employed in small businesses also represents nearly half (46%) of all BC's employment.
- Some 35% of BC's self-employed individuals are women (the second highest rate in the country).
- Of all Canadian provinces, BC had the highest proportion of GDP (approximately 33%) attributed to small business.
- Most small businesses fall within the service sector with the largest proportion (21%) in the business services industry, followed by wholesale and retail trade. The high technology sector is comprised of 96% small businesses, representing approximately 8,225 small businesses.

- Construction is the dominant sector in the goods sector as a whole, making up nearly 14% of all small businesses in the province.

Figure 135: Total Small Businesses in B.C. with 0-49 employees, 2007

Industry or Business	Percent
Education Services	3.0%
Accommodation & Food	3.4%
Manufacturing	3.6%
Primary	5.7%
Transportation & Utilities	5.8%
Finance, Insurance & Real Estate	8.5%
Health & Social Services	8.5%
Trade	10.8%
Construction	13.5%
Other	16.0%
Business Services	21.2%

(Source: B.C. Small Business Profile 2008)

- Much of the growth in small businesses has been concentrated in the service sector industries. BC's construction boom in recent years also helped generate the growth in small businesses. Similarly so for the professional, scientific and technical services sector.
- The most populated regions of the province have the largest shares of BC's small business (58%). However, the Kootenay and Thompson-Okanagan regions had the highest rates of growth in self-employment over the last 5 years (27.3% and 24.9% respectively).
- Small businesses in BC shipped approximately \$12.2 billion worth of merchandise to international destinations in 2006, almost 37% of the total value of goods exported from the province.
- The small business sector is a vital component of the BC's economy. The key measure of a sector is its GDP. Small business in BC represented a full third (33%) of the province's GDP in 2007, which is well above the Canadian average of 26%. This significant contribution to BC's GDP is attributed to the importance of the service sector in the province.

Figure 136: Net Change in Number of Small Businesses by Region, 2002-2007

Region	% all Small Businesses	Average Annual Growth Rate	Self-Employment Growth Rate
Mainland/Southwest	58%	1.5%	16.7%

Region	% all Small Businesses	Average Annual Growth Rate	Self-Employment Growth Rate
Vancouver Island/Coast	18%	1.8%	14.8%
Thompson Okanagan	13%	2.1%	24.9%
Kootenay	4%	4.7%	27.3%
Cariboo	3%	-0.7%	10.3%
North Coast & Nechako	2%	-0.8%	-2.9%
Northeast	2%	7.3%	13.3%
Provincial Total	100%	1.8%	17.1%

(Source: B.C. Small Business Profile 2008)

Future Challenges and Opportunities

- The service sectors are likely to continue to be key components in the long term growth of the provincial economy, since they are less dependent on capital-intensive resource extraction and global economic factors.

6.3 Key Industries in Rural British Columbia

6.3.1 Agriculture

BC's agriculture sector is unique in many ways. BC's agricultural industry continues to remain strong as a result of a large number of smaller farms, the diversity of products, an educated consumer base and various innovative pilot projects taking place around the province.

Based on information available from the two most recent censuses, 19,844 census farms were counted in BC in 2006, a 2.2% decline from the previous census which reported 20,290 farms in 2001. Across the country, the number of farms fell by 7.1% between 2001 and 2006. Compared to the national average, BC fared much better. Many of BC's farms are smaller hobby-type businesses.

The number of farm operators in BC was 29,870 in 2006, a decline of 1.5% from 2001. Many of BC's small hobby farms are run by women. Women farm operators accounted for more than one-third of all farm operators, compared with the national average of about one in four (28%). The median age of farmers in BC was 49 in 2001, by 2006, it went up to 52 years old.

Figure 137: Farm Operators in BC, by Sex & Age 2001 & 2006

Farm Operators	2001	% of Total	2006	% of Total	Growth (% Change)
All Operators	30,315	100%	29,870	100%	-1.5%
Under 35	2,400	7.9%	1,770	5.9%	-26.3%
35 to 54	16,365	54.0%	14,555	48.7%	-11.1%
55 and older	11,555	38.1%	13,540	45.3%	17.2%
Median age	51	-	53	-	3.9%
Males	19,335	63.8%	18,960	63.5%	-1.9%
Under 35	1,480	4.9%	1,140	3.8%	-23.0%
35 to 54	9,870	32.6%	8,755	29.3%	-11.3%
55 and older	7,985	26.3%	9,065	30.3%	13.5%
Median age	52	-	54	-	3.8%
Females	10,975	36.2%	10,910	36.5%	-0.6%
Under 35	920	3.0%	635	2.1%	-31.0%
35 to 54	6,490	21.4%	5,800	19.4%	-10.6%
55 and older	3,570	11.8%	4,475	15.0%	25.4%
Median age	49	-	52	-	6.1%

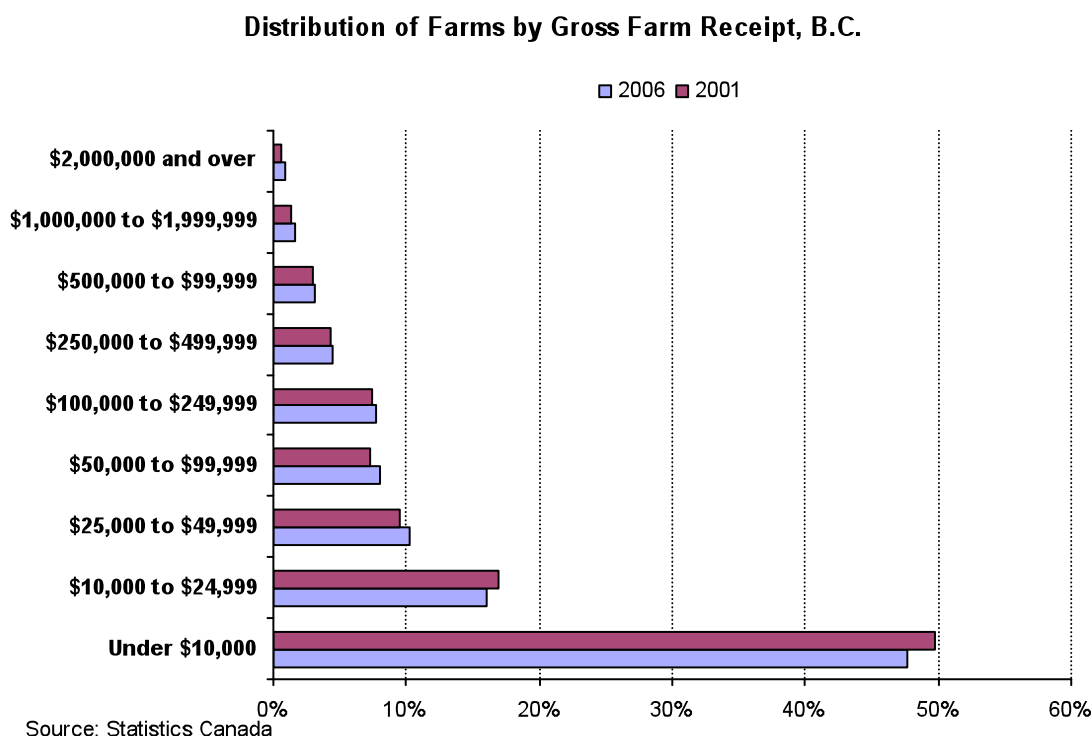
Source: Statistics Canada

Across the nation, the overall number of farms has been declining, the size in terms of area, herd sizes and gross farm receipts has been increasing. To an extent, this happened in BC as well. Average farm size in BC grew 11.7% to 143 hectares, from 128 hectares in 2001. The census data shows strong growth in the greenhouse, nursery, blueberry and sweet cherry sectors. BC's wine industry also saw 26% more grape growers in the province with an increase of over 10% in total grape production.

In 2005, BC's total gross farm receipts were \$2.7 billion and operating expenses reached \$2.4 billion. Producers spent an average of 89 cents in expenses (excluding depreciation) for every dollar earned. Total farm receipts increased from \$2.3 billion in 2000.

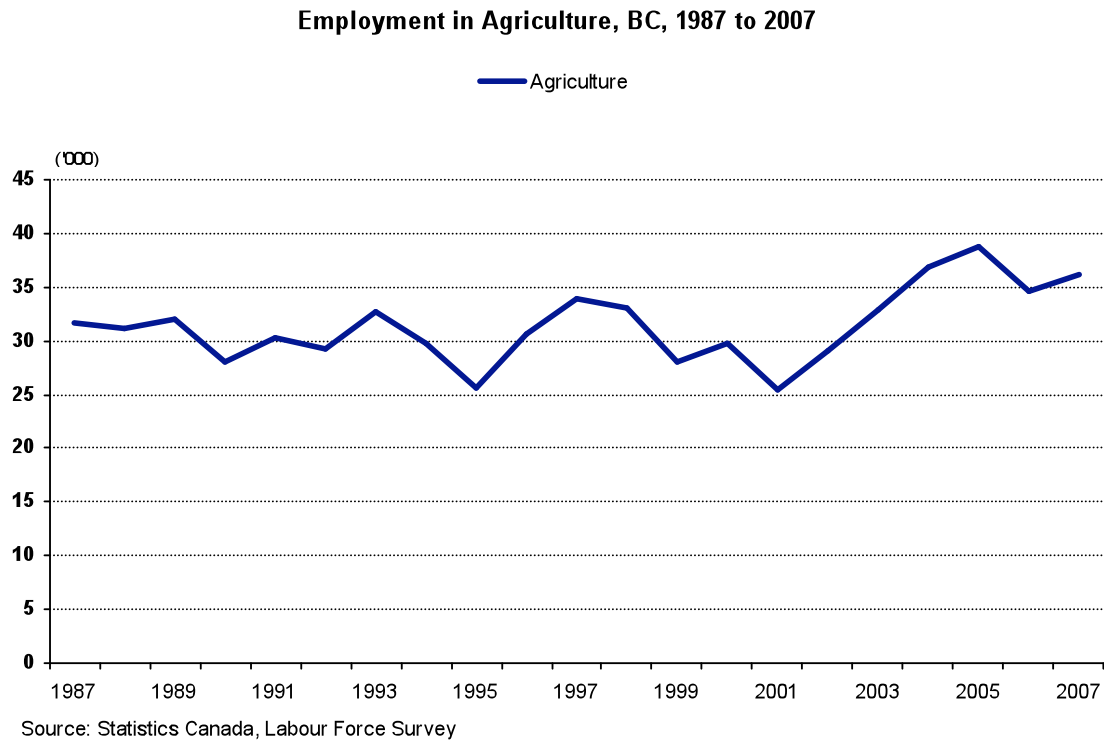
However, different from the agriculture sectors in other western provinces, almost half of BC's farms have incomes of under \$10,000. Of all western provinces, only about one-fifth of all the farms are in this category. These smaller farms have been adaptive to growing new products to a changing consumer market.

Figure 138: Farms by Gross Farm Receipt in BC, 2001 & 2006



Contrary to other Western provinces in which employment in agriculture has been declining since 2001, overall employment in agriculture in BC has been on a rise, from 25,500 to 36,200 in 2007. This is in part due to the fact that the province has surpassed the rest of Canada in the growth of total farm area with a 9.6% rise compared with the national average increase of 0.1%. The increase occurred mostly in the central Interior and the North.

Figure 139: Employment in Agriculture in BC, 1987 - 2007



Non-traditional (or alternate) livestock farming continues to grow in BC. Speciality products, like bison and organic beef, continued to grow, providing farmers with important areas of growth.

Over the past census periods, there has been a trend for farmers to move away from traditional crops to alternatives that would reduce their input costs or increase their per-acre revenues. This is also the case in BC. Its production of silage corn, rye, flaxseed and sunflowers continued to rise. Canola, an important component for future bioenergy initiatives in the province, experienced a 10.5% rate of growth during the five years between two censuses.

As well, nearly one in six farms in BC, 16.3% of all operations in the province, now sell organic fruit, vegetables or meat. This is well above the national average of 7.7%.

Figure 140: Distribution of Types of Farms in BC, 2001 & 2006

Farm Types	2001	2006
All Farms (Number)	20,290	19,844
Dairy cattle and milk production	4.0%	3.4%
Beef cattle ranching and farming, including feedlots	23.9%	21.0%
Hog and pig farming	0.9%	0.6%
Chicken egg production	3.1%	3.2%
Broiler and other meat-type chicken production	1.6%	1.6%
Turkey production	0.3%	0.3%
Combination poultry and egg production	0.4%	0.3%
Other poultry production	0.4%	0.3%
Sheep farming	2.3%	1.9%
Goat farming	0.8%	0.7%
Apiculture	0.8%	1.0%
Horse and other equine production	12.0%	15.1%
Fur-bearing animal and rabbit production	0.2%	0.1%
Livestock combination farming	4.6%	4.9%
All other miscellaneous animal production	2.0%	1.6%
Oilseed (except soybean) farming	0.1%	0.4%
Wheat farming	0.4%	0.2%
Corn farming	0%	0.1%
Other grain farming	0.9%	0.7%
Potato farming	0.7%	0.4%
Other vegetables (except potato) & melon farming	2.5%	3.4%
Fruit and tree-nut farming	14.6%	16.1%
Mushroom production	0.4%	0.3%
Other food crops grown under cover	1.1%	0.9%
Nursery and tree production	5.8%	6.8%
Floriculture production	2.6%	2.3%
Hay farming	10.6%	10.2%
Fruit and vegetable combination farming	0.8%	0.8%
All other miscellaneous crop farming	2.3%	1.6%

Source: Statistics Canada

Growth Projections

Overall revenue growth or employment growth between 2008 and 2015 in the agriculture sector is expected to change little from its current level, according to industry consultation.

In the longer run up to 2020, industry expects that revenue growth will be even negative, between 10% and 22% gross decline, or at an annual basis, a growth rate between -1% and -2%.

Industry experts are equally reserved with respect to employment prospects in the agriculture sector. Between now and up to 2020, they expect that employment will decline between 1% and 2% annually.

6.3.2 Forestry

British Columbia has almost 60 million hectares of forest. Less than half this area is considered timber production forests. BC's forests are primarily softwood (82%), 13% mixed wood and 5% hardwood. The main tree species by volume are pine (22%), spruce (21%) and hemlock (17%). The forest industry in BC harvests only about 1% of its forests each year.

More than 25 million hectares of forests in BC are old growth and about 15% of this area is fully protected. All public lands that are logged must be reforested with native species. Approximately 200 million seedlings are planted each year to reforest areas after logging, wildfire and/or insect infestations. BC is a leader in third-party forest certification.

About 95% of BC's forests are publicly owned. They are managed by the provincial government via the rules and guidance of the *Forest and Range Practices Act* (FRPA). The purpose is to set priorities for the use of these lands through community-based strategic land and resource management planning by delivering a mix of benefits including timber, recreational opportunities, water quality, wildlife habitat and others identified through the public planning process.

The forest sector is a major foundation of BC's economy, accounting for an estimated 7% of provincial employment and 15% of all economic activity (both direct and induced). The industry paid an estimated \$3.5 billion in wages and salaries in 2005 and manufactured wood products generated \$22.3 billion in revenue the same year. In 2007, exports of forest products are estimated at \$12.1 billion and to have represented \$10.5 billion to the balance of trade. Additionally, \$0.8 billion in new investments took place in 2007.

Over the past century, forestry has been BC's number one industry leading the provincial economy, strongly influencing the province's infrastructure and impacting quality of life in almost every community. Many of BC's rural and First Nations communities are entirely dependent on forest-based employment.

In the forestry and logging sub-sector, BC has the highest dependence (93%) on rural employment of all the four Western provinces. For the province's forest industry as a whole, 81% of employment is in BC's rural areas.

Figure 141: Summary of Employment in the Forestry Sector in BC, 2006

Forestry Sector	Employed in Forestry	Employed in Urban Areas	Employed in Rural Areas	Employment in Rural Areas
Forestry and Logging	21,440	1,405	20,035	93%
Wood product manufacturing	38,620	8,745	29,875	77%
Paper manufacturing	14,125	3,630	10,495	74%
Total Forestry	74,185	13,780	60,405	
	100%	19%	81%	

Source: Statistics Canada, 2006 Census.

Geographically, the BC forest industry is divided into three regions:

- **Southern Interior** - The Southern Interior region is the largest wood products producing region in Canada. Kelowna is the region's largest community, but there are many communities throughout the region where forestry is the primary contributor to the economic well being of the area. In fact, according to COFI, in the interior of BC, 24 of 32 local economic areas (representing over 100 communities) are dependent on the forest industry for the dominant share of private sector employment income. This local dependency on the forest sector has actually increased from a decade ago.
- **Northern region** – This is the largest forest region in size. Prince George is this region's largest community, but again there are many other communities throughout the region where forestry is a major contributor to the employment and economic well-being of the area.
- **The Coast** – Many communities along coastal BC, all in rural and even remote areas, have forestry as a primary economic source.

Products and Markets

BC's forest industry produces a wide range of timber products, categorized as:

- dimensional construction lumber
- value-added specialty wood products
- pulp and paper

BC's timber products account for about half of BC's total exports and about half of Canada's softwood products.

- The main export market is the US, with US housing starts being the main source and indicator of demand for BC forest products. Asian markets have replaced Europe as the second major market. With such reliance on international markets, BC's forest

industry is highly susceptible to changes in international competition, trade restrictions, currency exchange rates and other global economic factors.

The private sector companies of the BC forest industry are represented through two main industry associations, the Council of Forest Industries and the Coast Forest Products Association. Both work in partnership with governments, communities, First Nations and other industry associations to develop and implement sound forestry and economic policies, maintain and enhance market access and promote BC's products, services and environmental performance. Leveraging and continually enhancing these relationships is critical in supporting the long-term competitiveness of the BC forest industry.

While, the forest industry remains a vital economic force in BC, environmental, economic and market forces have all caused its future to become increasingly uncertain

Factors That Effect the Rural West

Over the last 20 years, the BC forest industry has undergone significant changes which have resulted in a major downsizing transition. The issues the industry faces now and into the future are:

- Regulatory
- Environmental
- Economic and Financial
- Product
- Market

Regulatory

- Increased stumpage costs charged by government.
- Major changes in government timber harvesting policies and increased regulations leading to substantially increased administrative and on the ground logging costs.
- A reduction in the timber land base and reduced harvest volumes due to environmental pressure leading to suboptimal operations and costly restructuring.
- The Softwood Lumber Agreement, results in BC softwood lumber exporters paying a 15% export tax on all shipments to the US based on current (record low) prices.
- When comparing international forest practice regulations, BC has some of the most stringent forest sustainability requirements in the world.

Environmental

- BC is currently in the midst of a Mountain Pine Beetle infestation. It could potentially kill up to 80% of the mature pine in the province, which represents close to 11 million hectares. The reason for the increase in this pest is due to successful fire control

over the last century which has resulted in an abundance of mature pine at risk of attack, combined with favourable climate conditions (warm winters and hot dry summers) due to global warming. Together, these factors have created ideal conditions for the Mountain Pine Beetle population to cultivate.

- Actions taken to combat the mountain pine beetle infestation have reduced the availability and quality of raw materials and increased costs to forest companies.
- Finding the right balance between forestry, tourism, recreational and other environmental and community needs and concerns has been a challenge in some rural areas.
- There is an increasing need to meet world class environmental standards resulting in higher costs for producers. At the same time, BC has become a respected leader in this regard.

Economic and Financial

- Older primary processing mills that were not upgraded have become high-cost relative to global competitors.
- Production costs are increasing, including energy and utilities costs, labour and construction, property taxes; transportation costs (both road and rail).
- An upsurge in the Canadian dollar's value against the US dollar since 2002, which has only recently (October 2008) returned to former levels.
- Significant new investment and upgrading is required. Investors see better returns in elsewhere in other industries.
- Expertise in the forest industry is being lost due to lack of career stability.

Product

- There is a lack of wood residue for pulp and paper mills.
- Many saw mills and pulp and paper mills have closed in recent years.
- A change in product requirements (i.e. green lumber to be kiln-dried) created economic challenges for coastal BC hemlock-balsam lumber mills.

Market

- Major consumer changes have taken place in markets for exports — especially in Europe, Japan and the US.
- Significantly reduced housing starts in the US market have caused near-record low prices for lumber and panelboard products.
- Other suppliers of wood and alternative building products like steel and plastics are aggressively pursuing BC customers for wood products.

Future Challenges and Opportunities

Many in the BC forest industry see a very uncertain future. The impact on the rural and provincial economies is significant.

- A dramatic decline of industry revenues and employment is projected over the next 7 years (to 2015), by as much as 25%.
- The softwood lumber industry is expected to continue to plunge in 2008 and 2009, and then climb back gradually.
- Mill closures, consolidations and reductions concerns will continue for some time.
- 2015 – 2020 is hoped to be a stabilizing period with slow growth at that point onwards due to potential pent-up demand once the US housing market recovers.
- Climate change will continue to pose challenges for BC forests, including problems with the mountain pine beetle.
- Finding new ways to remaining competitive in evolving world economies will continue to of paramount importance.
- The impact of innovation and technology on forestry will continue to increase.
- Changing demographics (i.e. an aging workforce) will continue to affect labour issues in forestry.
- The forest industry must keep up with changing social expectations of forests and the forest industry.
- First Nations' rights must be considered by the government and industry.
- BC's has established world-renowned environmental standards and these must be sustained.
- Bioenergy is a new product opportunity for the future.
- Productivity must be high in order to be profitable.

It is apparent that BC's rural economies will never again have the reliance on the forest industry that they once had. With many operations going into temporary closures (i.e. over the Christmas 2008 break), it is clear that 2009 will begin to set the tone for what the future holds for this important industry in BC. In any case, the forest industry that emerges in the future will most likely be smaller, leaner and more innovative than ever before.

6.3.3 Manufacturing & Processing

Manufacturing is the province's largest industry (in terms of employment) in the goods-producing sector, producing a wide variety of goods for markets across Canada and

around the world. BC's manufacturing industry is a significant player in the economy. It's the third biggest in the economy as a whole, with many changes over the last few years.

Growth in the manufacturing sector made a noticeable shift westward in 2005. Shipments in BC, Alberta and Saskatchewan have been increasing at a faster pace than in Central Canada. The four Western provinces accounted for 22% of all Canadian manufacturing shipments (revenue) in 2005, compared with 18% in 2000.

The total value of manufacturing shipments in BC reached \$42.9 billion in 2007, but this was a 4.5% reduction from the previous year. Between 2003 and 2007 total manufacturing shipments grew by only 8%, much slower than the other three Western provinces.

Figure 142: Manufacturing Shipments in BC (\$ millions), 2003 – 2007

Sub-Sector	2003	2007	Growth
Food	\$4,835.7	\$5,733.8	19%
Beverage and tobacco products	\$1,274.9	\$1,154.7	-
Leather and allied products	\$31.5	\$36.3	-
Wood products	\$10,693.5	\$7,993.2	-25%
Paper	\$5,643.0	\$5,950.5	-
Printing and related support activities	\$977.9	\$896.5	-8%
Chemicals	\$1,510.3	-	-
Plastics and rubber products	\$1,255.2	\$1,370.1	9%
Non-metallic mineral products	\$1,292.6	\$2,010.8	-
Primary metals	-	\$3,207.6	-
Fabricated metal products	\$1,958.0	\$2,609.4	33%
Machinery	\$1,824.4	\$2,352.8	29%
Computer and electronic products	\$1,265.0	\$1,392.8	-
Transportation equipment	\$1,521.6	\$1,530.1	1%
Furniture and related products	\$890.4	\$1,078.2	-
Miscellaneous manufacturing	\$846.8	\$1,038.1	-
All Industries	\$39,771.7	\$42,929.5	8%

Source: Statistics Canada

In BC, total employment in manufacturing was 205,100 in 2007, an increase of 4% over 2006. In the table that follows, we show estimates of the size of the manufacturing workforce in BC, with a breakdown of the share in rural areas.

Figure 143: Labour Force in Manufacturing Sector in BC, 2006

Sub-Sector	Total Labour Force	Rural Labour Force	Rural Share
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Sub-Sector	Total Labour Force	Rural Labour Force	Rural Share
Food	22,930	7,280	32%
Beverage and tobacco products	4,400	2,180	50%
Textile mills	515	175	34%
Textile product mills	1,285	385	30%
Clothing	5,780	550	10%
Leather and allied products	835	90	11%
Wood products	38,620	29,875	77%
Paper	14,125	10,030	85%
Printing and related support activities	8,600	1,845	22%
Petroleum and coal products	595	240	40%
Chemicals	5,730	1,780	31%
Plastics and rubber products	7,025	2,045	29%
Non-metallic mineral products	7,610	3,305	43%
Primary metals	5,320	3,450	65%
Fabricated metal products	13,945	4,965	36%
Machinery	9,600	3,090	32%
Computer and electronic products	7,620	1,035	14%
Electrical equipment, appliances & components	3,970	475	12%
Transportation equipment	10,745	4,400	41%
Furniture and related products	10,900	3,830	35%
Miscellaneous manufacturing	8,960	2,425	27%
All Manufacturing Industries	189,120	83,915	44%

Source: Statistics Canada

Sub-Sectors

During the last decade and a half, the composition of BC's manufacturing industry has been changing. It remains dominated by resource-based production, but the focus is gradually shifting to a greater emphasis on other products such as computers, electronics, plastics and clothing. This has partly been fostered by free trade agreements, which have opened up new markets for Canadian products. As well, new types of manufacturing have emerged in order to take advantage of changes in technology, and shifting consumer and business demand for various types of products.

Resource-based activities still account for the lion's share of total manufacturing in the province. Wood, paper, food, beverages, non-metallic minerals, primary and fabricated metal and petroleum and coal production generates about two-thirds of the industry's GDP, and employs six out of ten manufacturing workers. However, the dominant role of

resources is being eroded. Since 1990, the share of manufacturing GDP that originates in non-resource industries has climbed from about just under 19% to 33%. These industries now provide four out of every ten manufacturing jobs.

Between 1990 and 2004, GDP in manufacturing increased 44%, while the number of jobs rose 20%. The growth was primarily concentrated in non-resource based industries, where employment jumped 46% and GDP more than doubled, rising 150%. Employment in resource industries rose just 5% during this period, while GDP grew 19%, well below the average for all industries.

Most of the fastest-growing industries in manufacturing that are non-resource based include the computer and electronics industry, miscellaneous manufacturing, chemicals and plastic and rubber products. Beverages and tobacco is the only resource-related industry that has seen similarly strong growth. In contrast, GDP in industries such as paper, clothing, wood and printing grew by 10% or less during this period.

There have been some very positive developments in both sectors of the industry. They have experienced considerable (and higher than average) improvements in productivity. Labour productivity gains have been stronger in resource-based manufacturing than in the non-resource-based industries. Some of that is due to investment in capital equipment, but it may also reflect more efficient use of labour.

Still, the biggest employers in manufacturing are in resource related sub-sectors such as wood, food processing, metal fabrication and paper products manufacturing.

Growth Projections

- Overall projections in revenue growth – annual rate of 2% to 3% growth up to 2020.
- Overall projections in employment growth – between 2008 and 2015, annual decrease at the rate of 1% - 2% per year. In the long run to 2020, no significant change in overall employment level from now is expected.

Highlights of Major Projects

- 2009 - 2015 -Rio Tinto Alcan Modernization Project (\$2.6 billion).
- 2010 - 2014 - Kitimat LNG project (\$700 million).
- Potential for many smaller projects if suitable investment incentives are put in place, infrastructure is developed, tax policy promotes value added manufacturing as opposed to merely resource extraction

High Growth Sub-Sectors

Most of the forecast employment gains in manufacturing are the result of positive growth in metal fabrication and machining due to strong demand in the resource sector in western Canada, including BC. For metal fabrication and machinery manufacturing, annual employment growth is expected to be 2%, the highest amongst all manufacturing sub-sectors.

Computer, electronic and electrical products manufacturing is another sub-sector that is expected to experience better than average employment growth in the medium-term up to year 2015, and we believe that the annual growth rate of 1.8% should continue to year 2020. All other sub-sectors are projected to see small changes in employment.

6.3.4 Mining and Oil and Gas

Mining is an important economic driver in BC with production valued at approximately \$6 billion annually. There were 10 coal, 11 metal, 36 major industrial minerals quarries and mines, a number of placer mines, and more than 1,100 aggregate pits in operation during 2007.

Mineral exploration investment in BC soared to a record level of \$416 million dollars during 2007. This is an increase of 57% from the 2006 level. BC is estimated to account for about 17% of Canadian mineral exploration investments during 2007, up from about 7% in 2000. Exploration drilling, a strong indicator of activity and success, reached about 1.254 million metres during the year, up over 50% from the 830,000 metres drilled in 2006. Tenure acquisitions during 2007 at 5.83 million hectares were roughly equivalent to 2006 levels.

Sixty percent of Canadian exploration and mining companies are based in BC, which has the world's largest concentration of exploration companies and mining professionals. In 2007, BC-based companies raised \$6 billion in equity capital for mining or about 37% of the total equity capital raised for Canadian listed exploration companies. This economic activity was carried out by 735 publicly-listed BC companies which account for 54% of the national total.

This mining boom was driven by high demand for many coal and mineral commodities resulting in high commodity prices. The demand for commodities is primarily driven by Asian countries with rapidly growing or strong economies, such as China, India, Japan and Korea. These countries are natural trading partners for BC given the province's easy access to the Pacific Ocean and shorter shipping distances to Asia than many of its competitors.

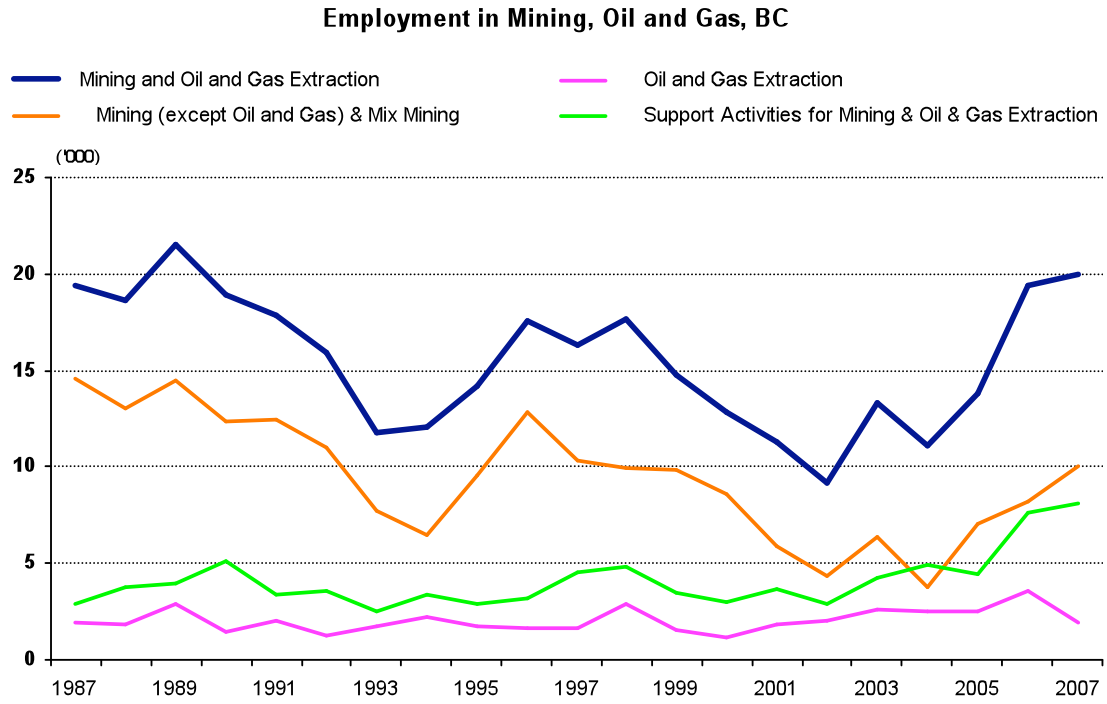
Although recent global economic downturn will no doubt affect mining and mineral exploration activity levels in the province, in the long run, mining will continue to benefit the province because of its rich natural resources and well developed infrastructure.

BC produces 1.1 trillion cubic feet per year of natural gas. The province is Canada's second largest natural gas producer, accounting for 15% of Canada's natural gas production. Although BC is Canada's fourth largest crude oil producer at 60,000 barrels per day, provincial crude consumption exceeds its production, requiring the province to import crude oil to meet its needs.

In 2006, 1,416 wells were drilled in BC. Total Crown revenue collected from oil and gas royalties, sales of gas rights, fees and rentals was \$2.14 billion. Production of natural gas was 1.16 Tcf – the same high level as 2005. The sales value of oil and gas production was \$7 billion. Industry investment was an estimated \$4.7 billion.

Together, mining and oil and gas extraction activities in the province employed about 20,000 persons in 2007, the highest level since 1990. It is estimated that of all the workforce in this sector, about 60% are located in rural BC.

Figure 144: Employment in Mining, Oil & Gas Sector in BC, 1987 - 2007



Source: Statistics Canada, Labour Force Survey

Growth Projections

Industry experts indicate that revenue and employment growth in oil and gas will likely be over 3.5% annually up to 2020.

Employment outlook in mining, based on the Canadian Occupational Projections System, calls for 2% annual increase between 2008 and 2015.

In the short run, because of the global economic downturn, we believe that employment in mining and oil and gas extraction sector will reduce compared to the record high level in 2007. In the long run, however, we believe there will be positive growth in the province.

Highlights of Major Projects

- Horn River Shale Gas resource play - \$40 billion+ in capital investment over 20 to 25 years.
- Montney tight gas resource play - \$10 - \$20 billion+ in capital investment over 20 to 25 years.

6.3.5 Tourism

BC's tourism industry has been a stronghold of provincial economic growth in recent years. It is hoped by many that the money and effort placed on the 2010 Olympic bid and preparations and investment leading up to the event will have a lasting legacy on the BC tourism industry internationally, as Expo did for BC in 1986.

Key statistics pertaining to the BC tourism industry include:

- Provincial tourism revenue was estimated at \$9.8 billion for 2005 and has been targeted to reach \$18 billion by 2015.
- 120,400 people were employed in the BC tourism industry in 2006 and tourism employment is projected to grow to 200,000 by 2015.
- Tourism workers earned \$3.8 billion in 2006.
- For the tourism sector as a whole, annual earnings are about 71% of the average for all industries in the province. Those workers in tourism transportation-related industries have the highest earnings.

Accordingly, based on 2007 data, rural areas of BC generate just over 50% of provincial tourism revenues from the accommodation sector.

Figure 145: BC Room Revenue (\$ thousands) for 2007 by Development Region

Region	Total	Urban	Rural	% of Total Rural
Vancouver Island	\$351,536	\$190,750	\$160,786	16.2%
Mainland/ Southwest	\$1,043,209	\$783,780	\$259,429	26.1%
Thompson/ Okanagan	\$306,729	-	\$306,729	30.9%
Kootenay	\$97,163	-	\$97,163	9.8%
Cariboo	\$61,109	-	\$61,109	6.1%
North Coast	\$28,301	-	\$28,301	2.9%
Nechako	\$12,406	-	\$12,406	1.3%
Northeast	\$67,468	-	\$67,468	6.8%
Total BC	\$1,967,921	\$974,530	\$993,391	100.0%

Source: *Tourism Room Revenue, Annual 2007, BC Stats.*

- Between 2006 and 2007 tourism in BC remained on an upward track and hotel operators experienced increased occupancy rates (an 11-year high). Room revenues at BC accommodation properties rose 8% to nearly \$2 billion.
- The North Coast region led the province in growth during 2007 (+28.9%), driven by higher revenues at fishing lodges, motels and hotels. In fact, room revenues were up in all regions, except the Northeast which experienced a 7% decline.

Figure 146: Annual Change in Room Revenues by Region

Region	Change in Room Revenue (2006 - 2007)
North Coast	+28.9%
Nechako	+19.1%
Kootenay	+13.9%
Thompson/Okanagan	+12.2%
Vancouver Island/Coast	+8.2%
Cariboo	+7.8%
Mainland/Southwest	+6.6%
Northeast	-7.1%
BC Total	+7.9%

(Source: B.C. Stats)

- In addition to accommodations, many different types of services are included in the province's tourism sector. These range from accommodation & food services, to transportation, retailing, recreation, travel arrangement and vehicle rental services, cultural services, and various other types of services used by tourists traveling in BC.
- Within the tourism sector, transportation (36%) and accommodation & food services (35%) account for roughly equal shares of total GDP. About 10% of the sector's GDP originates in retail activities, with other industries making up the remainder. Air transportation, related services (the operation of airports, harbours and so on) and water transportation are the biggest industries within the transportation category, which also includes bus, taxi and rail services.
- Inter and intra-provincial travellers continued to be the most important market for BC's tourism industry in 2007. The number of American travelers declined for the seventh year in a row in 2007. The US market remains the largest international market, comprising more than three quarters (77%) of total entries to BC in 2007.
- The recent downward trend in the number of US travellers to the province is likely due to a number of economic factors, including the depreciation of the US dollar relative to the Canadian dollar in recent years, the rising cost of airfare and accommodations, and skyrocketing gasoline prices.
- The overseas market gained momentum. In 2007, overseas visitor rose in number by 3.3% for the third time in four years and accounted for 23% of total entries. More visitors from Europe (+5.3%) including the United Kingdom (+6.5%) and Germany (+2.6%) contributed to the increase. There was 12.8% growth by Australian visitors.

Future Challenges and Opportunities

- In 2005, the BC provincial government tasked the tourism industry to double its revenues by the year 2015. Given 2008 economic circumstances, many in the industry now view the Province's goal to double tourism growth to be overly optimistic. Annual growth of 2% to 3% is more likely.

- New investment in tourism infrastructure includes:
 - Peak to Peak Gondola at Whistler (\$50 million)
 - Canadian Rockies International Airport in Cranbrook
 - Major new resort development (\$5 billion)
- Given the weakening of the US economy, consumer spending by Americans is expected to decline as are discretionary expenditures such as travel to BC.
- With the objective of tourism revenue growth comes the need for increased labour. The BC industry is already facing a labour shortage and not only in the tourism industry. This issue is a priority for the industry in both the short and long-term.

Summary of Key Implications of the Tourism Industry for BC’s Rural Economies

Economic Issues	Implications for the Rural West
• Increased strength of Canadian dollar	• Weakening visitor demand from all major geographic markets, especially the US
• Higher gasoline prices	• Drop in visitation from international markets due to increased air travel costs, and reduction in visitation from US visitors traveling in their own vehicle (car, ferry, etc.)
• Border delays	• Delayed entry to BC, rural areas take even longer to reach
• Labour shortages	• Staff shortages in rural areas are often increased by staff accommodation shortages, i.e. Whistler, Tofino
• Emerging markets from Asia, South America, India	• Canada offers more opportunities for merging markets, the rural areas must find a way to tap into these opportunities
• The Canadian & the US economies are slowing	• Fewer opportunities available for tourism and travel
• Mountain pine beetle infestation	• This problem is undermining rural communities that rely on the forest industry, forcing people to retrain or move away. Tourism is frequently an option for those who wish to stay
Other Issues	Implications for the Rural West
• Accessibility	• Limited & expensive public transportation choices & options
• Lack of adequate aviation services & facility infrastructure	• The aviation industry needs financial incentives, partnerships, etc. to invest in rural areas in order to provide access to visitor markets
• BC has increasing competition from emerging international destinations.	• BC’s nature and beauty (key features of rural tourism) are no longer unique and/or enough product alone to compete in an increasingly competitive global marketplace
• Need to upgrade product & infrastructure	• A lot of the tourism product in rural areas needs to be upgraded and/or replaced. In some areas, i.e. Sunshine Coast, Okanagan & Vancouver Island, product is being replaced with development (condos, timeshare etc.)

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Appendix 2: List of Respondents

Industry On-Line Survey Respondents

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Canadian Restaurant and Foodservices
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Chuck Fast
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Alex Ferguson
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Jennifer Gunter
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Regional Airport Terrace-Kitimat

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Peter D. Jeffrey
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Brad Karafil
White Grizzly Adventures Ltd

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Glen Lucas
General Manager, BC Fruit Growers' Association

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Joss Penny
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Assn

Mayne Root
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Stables

Menno Schellenberg
Deputy General Manager, Chai-Na-Ta Farms Ltd.

Heidi Scott

Ruth Sol
President, Western Transportation Advisory
Council

Ashley Tait
Director, Sales and Marketing, Revelstoke
Mountain Resort

Vivianne Toupin
Owner, Vivianne Toupin Holdings

M.J. Whitemarsh
CEO, Canadian Home Builders' Association of BC

Craig Williams
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Miles Prodan
Chief Communications Officer
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Community Futures On-Line Survey Respondents

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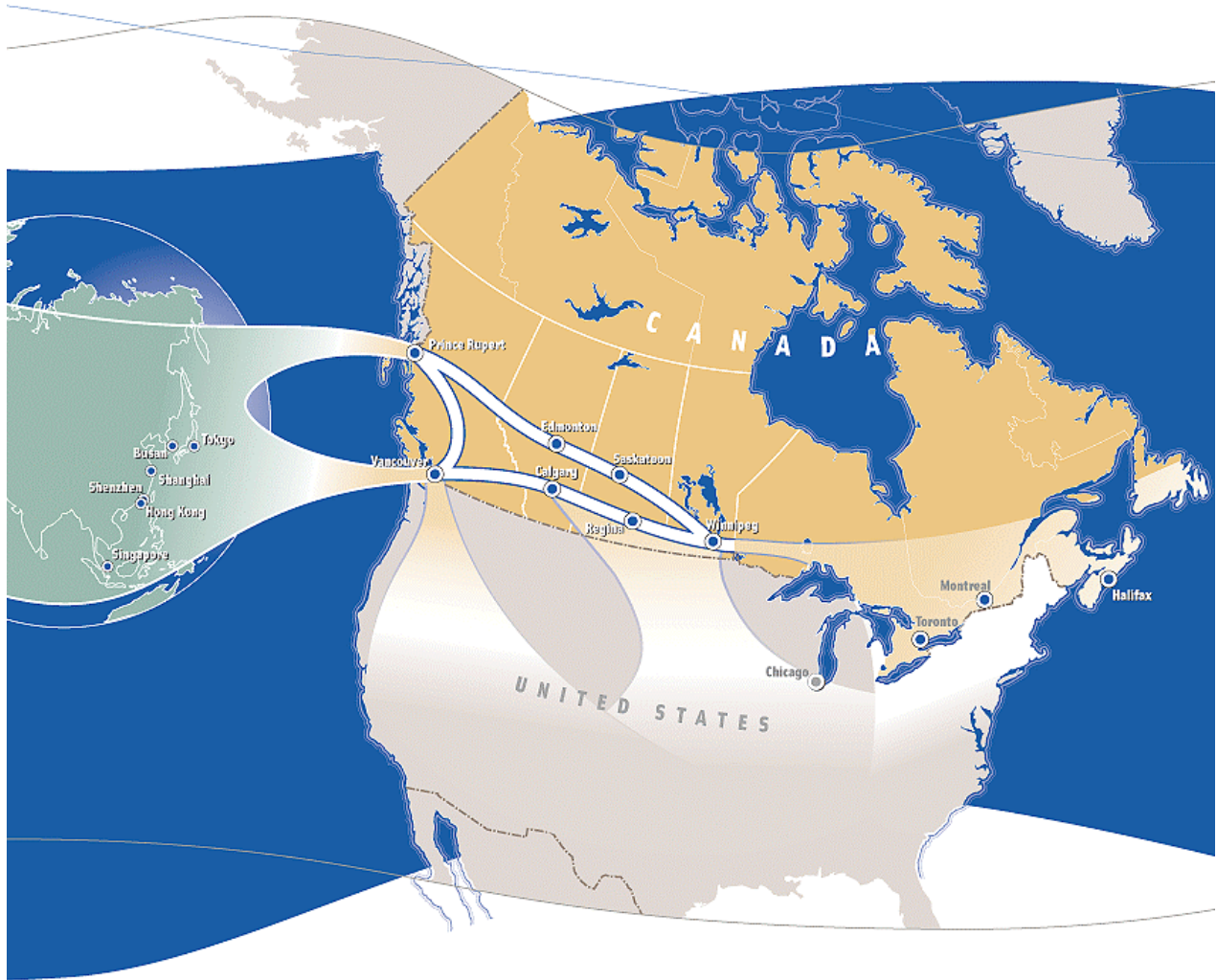
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General Manager, CF Mount Waddington

Ron Cox
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Jeff Dawson
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Paul Wiest
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Appendix 3: Asia-Pacific Gateway Corridor Maps

Figure 147: Map of the Asia-Pacific Gateway Corridor



(Source: www.tc.gc.ca/majorissues/APGCI/large_map.htm)

Figure 148: Map of the Asia-Pacific Gateway Corridor Routes



(Source: www.tc.gc.ca/CanadasGateways/APGC/large_map.html)

Figure 149: Map of the Asia-Pacific Gateway Corridor Key Projects



(Source: www.tc.gc.ca/majorissues/APGCI/large_map_west.htm)

Figure 150: Map of the Asia-Pacific Gateway Global Shipping Patterns



(Source: www.tc.gc.ca/CanadasGateways/APGCI/large_globe_map.html)

Appendix 4: Rural Population Characteristics

Figure 151: Population Characteristics of Rural Manitoba by Health Region

Characteristic	Assiniboine	Brandon	Burntwood	Central	Churchill	Interlake	Norman	North Eastman	Parkland	South Eastman
Population 2006	68,352	48,256	44,316	98,602	923	78,880	23,040	40,258	40,058	59,175
Population 2001	70,015	46,273	41,639	95,664	963	75,258	24,020	38,817	41,733	53,895
Median age	43.4	36.9	24.0	36.0	33.8	41.4	33.0	41.2	42.3	34.0
Population (15 years +)	81.2%	82.6%	66.6%	76.7%	80.4%	80.4%	74.1%	79.3%	79.9%	75.7%
Immigrants	3,220	3,065	1,045	9,450	35	4,370	755	2,505	1,125	7,290
Non-Permanent Residents	155	425	100	455	0	130	30	125	95	220
Labour Force Participation Rate	66.7%	70.4%	56.8%	68.7%	79.6%	66.2%	65.1%	62.8%	59.0%	71.9%
Employment Rate	64.2%	66.8%	46.9%	66.2%	67.3%	62.4%	58.0%	58.4%	54.4%	69.6%
Unemployment Rate	3.7%	5.1%	17.4%	3.7%	15.4%	5.8%	10.9%	7.0%	7.9%	3.2%
Median Income (15 years +)	\$20,148	\$25,177	\$15,395	\$21,963	\$30,458	\$22,719	\$22,462	\$23,719	\$18,025	\$23,759

(Source: www12.statcan.ca/english/census06/data/profiles/community/Search/List/Page.cfm?Lang=E&GeoCode=46)

Figure 152: Population Characteristics of Rural Saskatchewan by Health Region

Characteristic	Athabasca	Cypress	Five Hills	Heartland	Keewatin Watthe	Kelsey Trail	Mamawetan Churchill River	Prairie North	Prince Albert Parkland	Sun Country	Sunrise
Population 2006	2,246	41,785	51,868	40,960	10,512	39,866	19,569	65,364	73,487	51,316	53,600
Population 2001	2,005	43,973	54,252	44,754	10,041	42,505	18,846	65,642	73,605	53,882	57,242
Median age	21.4	43.2	43.3	43.2	23.3	43.1	22.7	34.1	37.8	41.5	46
Population (15 years +)	66.3%	82.1%	83.2%	82.1%	67.6%	81.0%	65.2%	76.9%	77.9%	81.3%	83.6%
Immigrants	10	1,415	2,135	1,195	60	900	180	1,700	2,340	1,500	1,700
Non-Permanent Residents	0	85	180	60	10	40	15	120	85	110	105
Labour Force Participation Rate	40.5%	72.1%	67.0%	72.8%	44.3%	65.0%	55.5%	68%	64.5%	71.2%	63.6%
Employment Rate	34.0%	69.7%	63.7%	70.2%	33.2%	60.4%	45.4%	63.5%	58.1%	68.9%	60.5%
Unemployment Rate	15.3%	3.3%	4.9%	3.5%	24.8%	7.0%	18.2%	6.6%	9.9%	3.3%	4.9%
Median Income (15 years +)	\$11,296	\$22,506	\$23,498	\$22,773	13,823	\$19,392	\$13,610	\$21,859	\$20,994	\$24,273	\$19,551

(Source: www12.statcan.ca/english/census06/data/profiles/community/Index.cfm?Lang=E)

Figure 153: Population Characteristics of Rural Alberta by Health Region

Characteristic	Aspen	Chinook	David Thompson	East Central	Northern Lights	Palliser	Peace Country
Population 2006	172,819	154,471	298,766	110,905	73,290	101,020	135,336
Population 2001	167,246	147,243	270,874	107,823	60,851	93,533	123,463
Median age	36.4	36.5	36.6	39.8	29.6	36.9	32.7
Population (15 years +)	78.2%	79.5%	79.9%	80.4%	75.8%	80.6%	77.4%
Immigrants	8,460	16,510	19,250	5,460	6,910	8,925	7,060
Non-Permanent Residents	525	765	1,445	280	795	610	480
Labour Force Participation Rate	72.8%	68.4%	73.9%	71.8%	78.0%	73.4%	77.0%
Employment Rate	69.2%	65.4%	70.9%	69.2%	74.3%	70.8%	73.4%
Unemployment Rate	4.9%	4.4%	4.1%	3.6%	4.8%	3.6%	4.6%
Median Income (15 years +)	\$25,157	\$23,569	\$26,530	\$25,941	\$36,066	\$26,816	\$28,593

(Source: www12.statcan.ca/english/census06/data/profiles/community/Index.cfm?Lang=E)

Figure 154: Population Characteristics of Rural British Columbia by Health Region

Characteristic	Central Vanc Island	East Kootenay	Fraser East	Kootenay-Boundary	North Shore / Coast Garibaldi	North Vanc Island	Northeast	Northern Interior	Northwest	Okanagan	Thompson Cariboo
Population 2006	246,583	74,237	256,828	74,879	261,520	113,246	64,107	137,632	74,203	319,068	208,610
Population 2001	229,726	75,481	237,303	76,890	254,798	109,242	60,544	144,089	80,429	297,625	205,172
Median age	45.5	43.6	38.2	45.6	42.6	43.9	34.0	38.2	38.0	45.2	43.4
Population (15 years +)	84.6%	83.6%	80.1%	84.5%	83.7%	83.1%	78.0%	80.5%	78.9%	84.7%	83.6%
Immigrants	36,480	7,675	50,615	8,345	73,350	13,615	4,445	12,935	8,450	45,270	21,400
Non-Permanent Residents	1,435	290	1,815	315	4,475	300	205	545	180	1,160	825
Labour Force Participation Rate	58.8%	65.05	65.9%	61.85	66.4%	62.4%	76.9%	70.5%	68.1%	61.3%	64.2%
Employment Rate	54.7%	61.4%	62.1%	57.5%	62.9%	57.5%	72.8%	64.2%	59.3%	57.8%	59.2%
Unemployment Rate	7.0%	5.5%	5.7%	7.0%	5.2%	7.8%	5.4%	9.0%	12.9%	5.7%	7.7%
Median Income (15 years +)	\$23,766	\$24,184	\$23,383	\$22,895	\$28,724	\$23,941	\$29,125	\$26,348	\$23,740	\$23,474	\$23,265

(Source: www12.statcan.ca/english/census06/data/profiles/community/Index.cfm?Lang=E)