



**A Dynamic  
&  
Growing Region**

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**June 28, 2018**

# 1. Introduction

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This document provides Transport Canada with Nanaimo Port Authority's (NPA) five-year Business Plan for the period 2018-2022 pursuant to Section 39 of the *Canada Marine Act*. The Business Plan fully supports NPA's mandate under the Act to provide a competitive, efficient and commercially oriented port that supports national, regional and local social, economic, trade and competitiveness objectives.

NPA's vision and purpose have been recently refreshed and endorsed by its Board of Directors as shown below. The Business Plan builds on this broad direction, setting forth the Port's proposed goals, strategies and actions for the next five years, as well as pro-forma financial statements and expected returns.

## Vision:

**To be the Vancouver Island port connecting the island to the world via the Salish Sea by providing the safe and sustainable movement of people and goods, delivering economic growth that benefits Canada, British Columbia and the Island.**

## Purpose:

**With safety, security and sustainability top of mind our purpose is to build and maintain port resources. We will stimulate projects and initiatives, in cooperation with community partners and businesses that will create new jobs and increase economic development and opportunities.**

The Business Plan is founded upon the following principles:

- Modernizing port operations;
- Being a catalyst for sustainable economic development and innovation;
- Enhancing relationships with local communities and indigenous peoples;
- Enhancing transparency with respect to port operations, activities and development;
- Sound fiscal management;
- Environmental sustainability and protection of the environment;
- Enhancing port safety and security;
- Excellence in governance and human resource management.

## 2. Socio-Economic Context

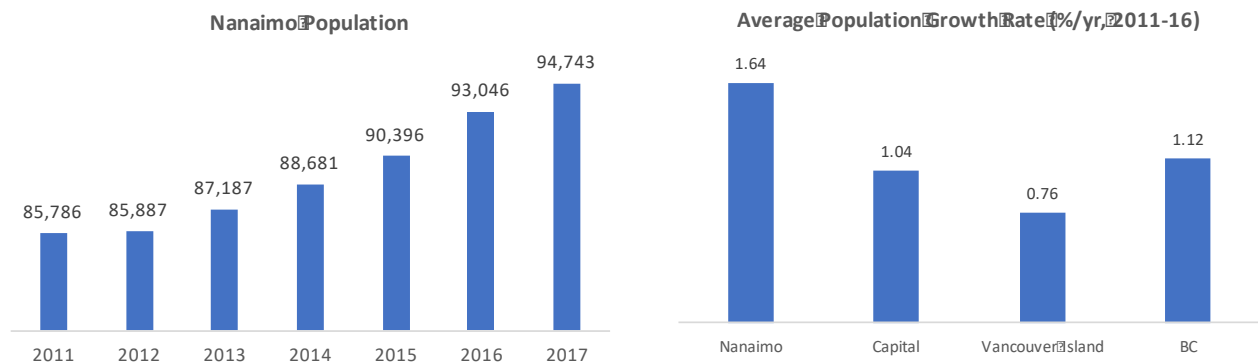
### 2.1 A Dynamic and Growing Region

Nanaimo is situated in the Vancouver Island/Coast region which is the second most populous economic region in British Columbia. Vancouver Island itself is the largest island on the West Coast of North America and Canada's second most populous island, after the island of Montreal.

With an estimated population of 160,000 in 2018, the Nanaimo Regional District is the second most heavily populated part of the island.<sup>1</sup> The region's population is expected to grow to about 200,000 people by 2041. More than half of all new residents come from other provinces in Canada and many include working aged families with young children in addition to empty nesters and pre-retirees.

Nanaimo itself has grown from 86,000 people in 2011 to 95,000 in 2017, an increase of 10.4% (left chart, Exhibit 1). Nanaimo itself has consistently been among the fastest growing regions in British Columbia and on Vancouver Island, with an average annual growth rate of 1.64% a year from 2011 to 2016 (right chart). This strong growth is expected to continue well into the future.

**Exhibit 1: Nanaimo & Region Population Growth Trends**



In addition to continued population growth, Vancouver Island experienced strong growth due to exports of forest products, tourism, and spin-off demand from the Vancouver real estate market. The robust economic conditions on the island resulted in labour force growth and increases in overall employment. Vancouver Island and the Nanaimo area are expected to benefit from continued growth due to in-migration, residential construction, agrifoods businesses, manufacturing, high-tech, education service and consumer spending. Tourism is also expected to contribute to growth.<sup>2</sup>

<sup>1</sup> Source: BC Stats, P.E.O.P.L.E. model 2017. The population of Vancouver Island approximately 800,000.

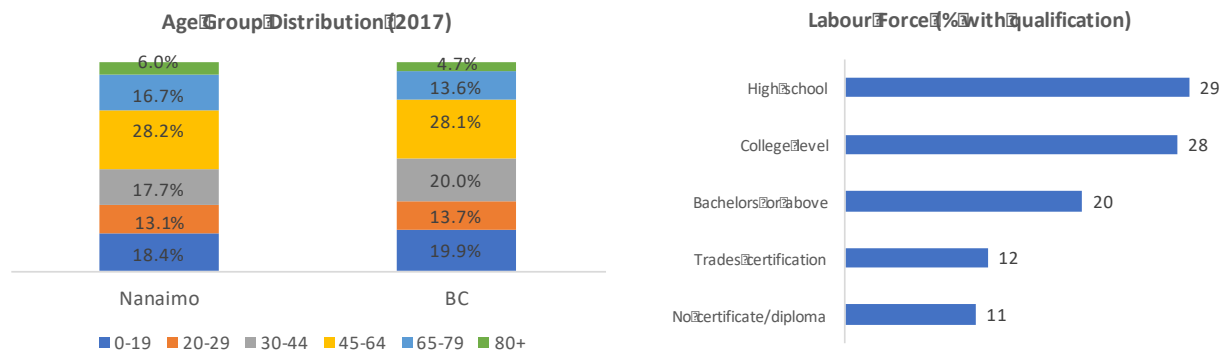
<sup>2</sup> Source: State of the Island Economic Report 2017, Vancouver Island Economic Alliance; MNP analysis of mid-island economy.

## 2.2 Economic Hub and Regional Service Centre

Nanaimo is a rapidly growing mid-island economic hub. It is the second largest urban centre on Vancouver Island after Victoria with more than 80% of the island population living within a two hour drive of Nanaimo. More people living in the Nanaimo area translates into a growing demand for goods and services. The increasing number of products and services has diversified and reinforced Nanaimo’s role as a transportation hub and regional service centre for much of the island.

Some Vancouver Island communities are perceived as sleepy, retirement centres. However, this is not the case for Nanaimo where the median age was 44.8 years in the 2011 Census. By comparison, the median age for the province was 41.9 and Canada 40.6. In fact, the age distribution for Nanaimo tracks very closely with that of British Columbia (left chart, Exhibit 2). In other words, about 60% of Nanaimo’s population is within 20-65 years of age and available to meet labour force demands. The labour force is also highly skilled (right chart, Exhibit 2).

**Exhibit 2: Nanaimo – A Dynamic & Skilled Labour Force**



Sources: Statistics Canada, estimates by BC Stats (July 2017), Education Highlight Tables (2016 Census)

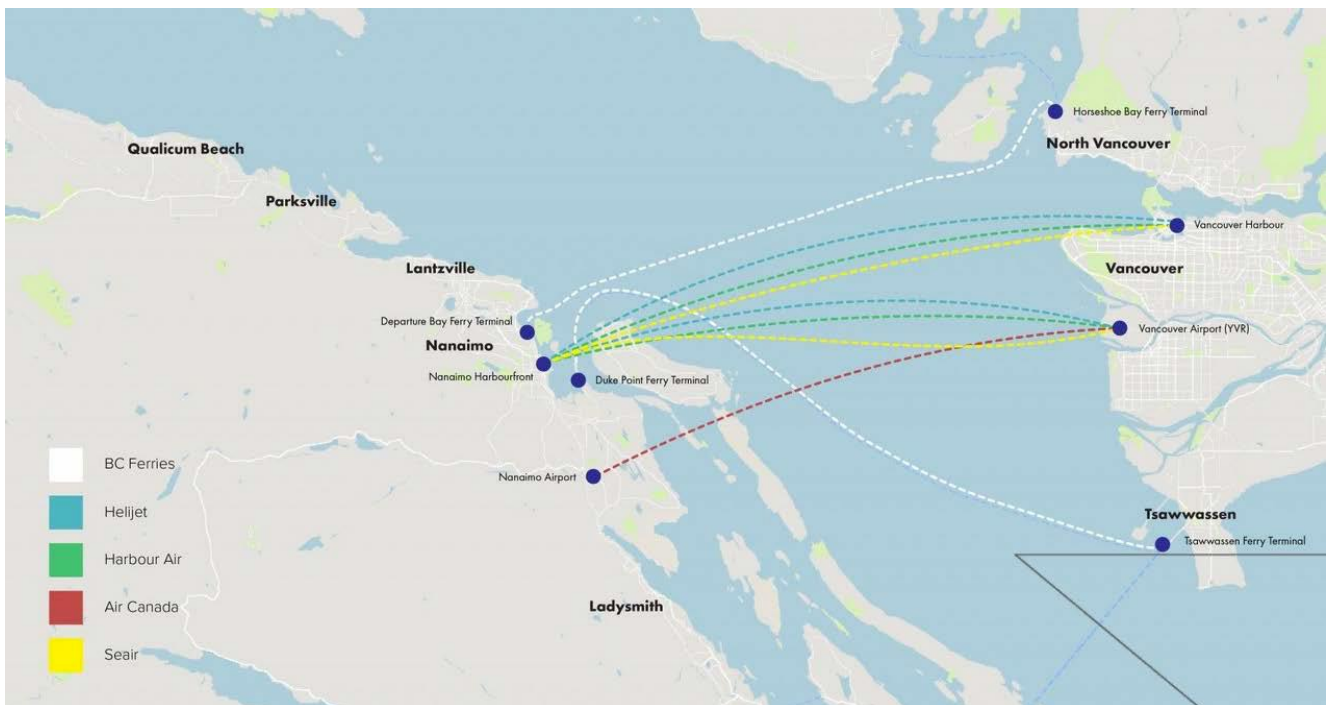
The mid-island area which is located in the heart of Vancouver Island (Exhibit 3) is primed for development and is emerging as a centre of technology and innovation. Compared to other metropolitan areas such as Vancouver and Victoria, the mid-island region is exceptionally affordable while still being highly accessible. The area is of increasing economic importance to British Columbia, as evidenced by the following developments:<sup>3</sup>

- **Nanaimo GDP (2015):** \$4.2B total (2% of BC’s economy), an 11% increase since 2011 and an average annual growth rate between 2011 and 2015 of 2.2% (BC 2.6%);
- **Affordable:** Office lease space in Nanaimo costs about \$35/sq. foot compared to downtown Vancouver at nearly \$60/sq. foot and suburban Vancouver at \$48/sq. foot;
- **Building Permit Values (2013-15):** 65.3% increase in Nanaimo (BC 29.2%);

<sup>3</sup> Sources: Mid-Island Business Initiative analysis ([www.mibi.ca](http://www.mibi.ca)), Air Canada, Island Ferries. The mid-island area includes Nanaimo, Qualicum Beach, Parksville, Lantzville and Ladysmith.

- **Housing Starts (2014-2015):** Annual increase in Nanaimo 27.8% (BC 4.1%);
- **New Transportation Links:** **Air Canada** is launching a direct Nanaimo-Toronto service beginning June 22, 2018 with four flights a week. **Island Ferry Services Ltd.**, a new operator is planning late 2018 start-up of a new 376 passenger fast ferry that will provide harbour-to-harbour service between Vancouver and Nanaimo. This new service will capture a share of the existing 6.1 million annual trips between the central island and metro Vancouver but will also stimulate additional business as the service is estimated to take 1 hour and 10 minutes which is very comparable to the average existing Vancouver commuting times. The company is investing \$75 million to build two modern vessels to operate the service.

**Exhibit 3: Mid-Vancouver Island Region and Transport Links**



## 2.3 Business Trends and Economic Base

During the past decade, local population changes and global economic trends have influenced the strength and diversity of Nanaimo's economy. The mid-island area is diversifying. There is less reliance on a commodity-based economy traditionally dependent on abundant natural resources such as coal and forest products, through the introduction of a service-based "knowledge" economy where value added services and manufacturing are gaining in importance. With nearly 5,800 businesses licensed/operating within the city, the business community has grown by almost 25% since 2002. The business community is comprised of several different industries: manufacturing, construction, retail, education, transportation, tourism, marine, health care, film and creative and sustainable technology such as clean tech and green energy. Consistent with the composition of many Canadian areas, the majority of businesses in Nanaimo are small to medium size enterprises.

Nanaimo has developed as an important retail, service, transportation and distribution centre for central and northern Vancouver Island. The city has about 57% of the Nanaimo Regional District's population, but has 75% of the region's retail and service floor space. Today, Nanaimo's trade area is approximately 390,000 residents,<sup>4</sup> an area that is significantly larger than Richmond (220,000) or Burnaby (235,000) in the Lower Mainland. The trade area encompasses Ladysmith to the south, and several Regional Districts: Alberni-Clayoquot; Comox Strathcona; Cowichan and Mount Waddington.

Tourism is an important and growing sector for Vancouver Island and Nanaimo alike. Vancouver Island accounts for 15.9% of all tourism businesses in British Columbia (2014). From 2004 to 2013, the number of tourism businesses increased by 4.7% on Vancouver Island.<sup>5</sup> In 2015, Vancouver Island visitor centre volume was 313,221 people (24.6% of the BC total).

Nanaimo's accommodation and occupancy levels have been steadily increasing over the past five years. Visits to the local tourism information centre reached nearly 25,000 in 2015.

### Major Employers in Nanaimo (# employees as of mid-2016)

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|---|
| Nanaimo Regional General Hospital (Health Care) – 2,206   |
| Woodgrove Centre (Retail) – 1,550                         |
| Vancouver Island University (Education) – 1,030           |
| City of Nanaimo (Municipal Government) – 639              |
| Coastal Community Credit Union (Financial Services) – 600 |
| BC Ferries (Transport) – 457 (+244 seasonal)              |
| Nanaimo Forest Products (Paper Mill) – 340                |
| Costco (Grocery/retail) – 332                             |
| Coastland Wood Industries (Mill) – 300                    |
| Dept. of Fisheries & Oceans (Research Lab) – 300          |
| Walmart (Retail) – 260                                    |
| Home Depot (Retail/building supply) – 175                 |

## ECONOMIC OPPORTUNITIES AND THREATS

### SPOTLIGHT

Much of Vancouver Island's economy operates in a just-in-time manner. With limited warehousing capacity on the island, many retail businesses such as WalMart, Costco and Canadian Tire are wholly dependent on timely marine transportation services to get their products from the mainland into local stores. Companies such as WalMart that source products from Asia de-stuff containers in Calgary, only to send their goods back westward to the island via short-sea shipping from Vancouver on Seaspans or BC Ferries. If there was a major catastrophic event such as an earthquake, there would be a major supply chain dislocation. The marine transportation system and the Port of Nanaimo would be instrumental in restoring the economy.

There is an opportunity for Nanaimo to play a complementary role with other Canada Port Authorities such as the Vancouver Fraser Port Authority. A study commissioned by VFPA indicates that the demand for industrial land in the Lower Mainland suitable for port and related goods movement will have negative implications for the regional economy by 2020. By 2025, the impacts are expected to become severe, thereby acting as a major constraint to economic growth. Nanaimo has an ample supply of industrial land available for development at far lower cost. This combined with viable short-sea shipping links across Georgia Strait make Nanaimo an ideal satellite port. Nanaimo can also be a catalyst for light manufacturing with its convenient and cost effective connections to the port, airport and Vancouver Island rail system.

<sup>4</sup> Source: City of Nanaimo.

<sup>5</sup> Source: *The Value of Tourism in British Columbia*, Destination British Columbia, July 2016.