Highlights of Findings from the *Gabriola Economic Readiness Project*

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Table of Contents

Our Local Context: The Gabriola Economy……………………………………………p.2
Demographics of Local Business Owners………………………………………………p.3
Revenue Generated by Local Businesses……...…………………………………………p.5
Changes in Performance of Local Businesses...…………………………………………p.6
Employment Generated by Local Businesses…………………………………………...p.6
Customers & Clientele of Local Businesses ……………………………………………p.6
Breakdown of Gabriola Businesses by Sector ....………………………………………..p.6
Highlights of Gabriola's Most Active Sectors …………………………………………p.8
Challenges to Gabriola's Local Economy……..…………………………………………p.20
Gabriola's Economic Strengths…………………………………………………………p.22
Emerging Opportunities To Strengthen Gabriola's Economy ………………..………p.22
Conclusion……………………………………………………… ……………………p.23

Our Local Context: The Gabriola Economy

Executive Summary
Gabriola Island's economy depends on local businesses. A 2015 inventory[1] of local businesses counted 606 existing businesses on Gabriola. This represents roughly one business for every seven Gabriolans. Most of these businesses operate as sole proprietorships and are home-based. (Note: A business license is not required to operate within the Gabriola Island Local Trust Area.[2])

In September 2015, the Gabriola Island Chamber of Commerce (GICC) launched the Gabriola Economic Readiness Project, which is funded by the Island Coastal Economic Trust and the Nanaimo Economic Development Corporation. A major component of the project was the *State of the Gabriola Economy Survey*, which was carried out by Wave Consulting Ltd in the Fall of 2015.

The survey's intent was to collect information about Gabriola-based businesses, in particular:

- sectors represented in Gabriola's economy;
- primary activities of existing businesses;
- ownership structures;
- clientele;
- number and type of employees; and
- annual revenue.

[1] Sources of info for this inventory included: Gabriola phone book, GICC Membership List, Arts Council Directory, Fetch Gabriola listings, Gabriola Healing Arts Network website, Gabriola Grows Directory, Gabriola B&B Association website, and through regularly surveying bulletin and advertising boards on the island and ferry, as well as through the personal networks of the five project team members.

[2] http://www.islandstrust.bc.ca/media/301059/Gabriola-LTA.pdf

Respondents were also invited to provide comments on the business challenges they face, needs they have, supports they would like, and opportunities they see to strengthen the local Gabriola economy.

A total of 311 local businesses and organizations responded to the survey and interviews with some key community members were performed to further investigate some of the early survey findings. This report outlines highlights of some of the noteworthy trends and takeaway learnings for Gabriola. The complete Survey Findings Report, as well as a Gabriola Community Economic Profile, which summarizes other available economic indicators for Gabriola, are available at: http://www.gabriolaisland.org/gabriola-economic-readiness-project/.

Not surprisingly, since Gabriola is known as the "Isle of the Arts," the largest industry sector on the island is *Arts & Entertainment*—21% of respondents said they operate within this sector.

Roughly half of responding businesses rely substantially or exclusively on Gabriola residents and organizations as their customers. Catering to the demands of the clientele who live here year-round is paramount.

Tourism is also important to our island economy. Moving towards a sustainable local economy will involve being innovative in how we target off-island clients and customers. Throughout the project, islanders have suggested marketing the island as a whole, as "The Isle of Experience" or "The Isle of Innovation." This approach is worthy of more community discussion as it could be used to attract more visitors coming for extended overnight stays rather than day trips or quick overnight trips from the mainland and/or other parts of Vancouver Island.

Demographics of Local Business Owners

Age

According to the survey sample, more than half (57%) of business owners on Gabriola are older than 50 years of age. This is on par with the national statistic: in 2014, 59% of all small and medium-sized enterprise owners in Canada were 50 or older[3]. Anecdotally, there is a generation of healthy people on Gabriola who love what they do and maintain their businesses well beyond the age of 50.

The 36-49 aged group is also well-represented (30% of business owners surveyed), and 12% of those surveyed were between the ages of 26-35.

Only two people under the age of 25 completed the survey. Anecdotally, it would seem that there are few Gabriolans in this age category who are self-employed, and those who are do not tend to identify themselves as "business owners."

Gender

Women play an important role in our local business community. Of the 311 businesses that responded to the survey, 61% are owned and/or operated by women, though some of these are partnerships run by a husband and wife. This contrasts with the 16% of small and medium

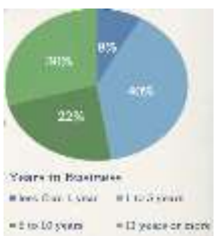
[3] https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf/$file/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf

businesses Canada-wide that were majority-owned by women in 2014[4]. Men own and operate 37% of Gabriola businesses, and individuals self-identifying as L/B/G/T/Q own 2% of island businesses. The survey elicited 3 comments stating that support for the L/B/G/T/Q community was a factor in those respondents choosing to move or start a business on Gabriola.

Place of Residence of Local Business Owners
93% of the Gabriola business owners surveyed are full-time residents of Gabriola while 2% are part-time residents. Just 5% of the respondents do not live on Gabriola.

Seasonal vs. Year-Round Businesses
Of those who completed the survey, 90% run year-round businesses on Gabriola, while 10% operate seasonal businesses.

Length of Operations of Gabriola Businesses
Almost half (48%) of Gabriola businesses are relatively new (i.e. started within the last 5 years).



Survey results indicate that 26 new businesses opened in the last year on Gabriola. Included in this count are the Surf Lodge and Silva Bay Restaurant, which both re-opened under new management. Seventeen of these new businesses (65%) are home-based and nine (35%) operate from a commercial location. Four of these businesses (17%) were moved to the island from another community. These new businesses have created 135 new jobs on Gabriola (29% of which are full-time, full year).

Origins of Gabriola Businesses
The survey asked whether the business was started on Gabriola, moved from another community, or purchased on Gabriola.

- 62% started their business on Gabriola (176 businesses);
- 8% purchased their business from someone on Gabriola (24 businesses); and
- 30% moved their business to Gabriola from another community (85 businesses).

Of the 85 businesses that moved to Gabriola from elsewhere, most (64%) of the owners are aged 50 or over, 28% of them are between the ages of 36-49, and 7% of them are aged 26-35. Nearly 58% are female, approximately 39% are male, and almost 4% self-identify as L/B/G/T/Q.

These 85 businesses operate in many sectors of Gabriola's economy with the top three areas being:

- 36% are in the 'Arts & Entertainment' Sector (for a total of 32 businesses);
- 27% are 'Professional, Scientific & Technical Services' (23 businesses); and
- 18% do 'Information, Media & Cultural Production & Distribution' (15 businesses).

Almost all of these businesses (96%) operate year-round and the majority (nearly 87%) are home-based businesses.

[4] https://www.ic.gc.ca/eic/site/061.nsf/vwapj/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf/$file/SummarySFGSMEs-ResumeEFCPME_2014_eng.pdf

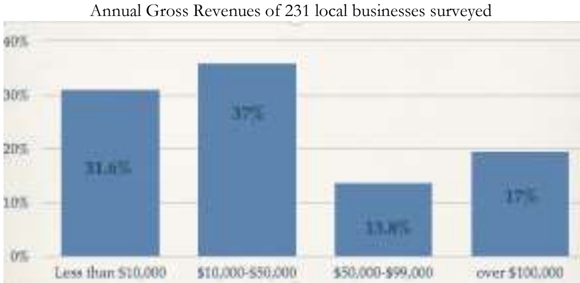
Revenue Generated by Local Businesses

The survey asked about annual gross revenue for the most recent fiscal year. Three-quarters (74%) of respondents answered this question, and just over half (57%) of these respondents indicated that their business revenue was sufficient to support the business including the owner's salary; 30% said that it was not. However, it must be noted that some respondents in this category indicated that they run their business enterprise out of personal interest rather than as a dependable source of income. Others qualified their answer by explaining that they are only able to live off of the revenue generated by their business because they keep their living expenses very low (cheap rent, growing own food, etc.).[5]

The following table depicts the annual gross revenue of those businesses surveyed within four broad categories: 'less than $10,000,' '$10,000 to $50,000,' '$50,000 to $99,000,' and 'over $100,000.'

85 businesses generated between $10,000 and $50,000 in 2014. Whereas an additional 74 businesses stated they brought in less than $10,000. At least some of these are owned and operated by retirees with pensions or other benefits and investments that sustain them. An additional 39 of those businesses surveyed generated more than $100,000 in annual revenue and 32 brought in between $50,000 and $99,000.

Annual Gross Revenues of 231 local businesses surveyed



Changes in Performance of Local Businesses

In terms of changes in business performance, 54% of those surveyed reported moderate to significant growth over the last three years, whereas 28% reported stable performance.
The largest growth was in the 'Arts & Entertainment' sector, followed by 'Professional, Technical and Scientific Services' & the 'Retail Trades' which includes personal services like home care supports.

18% of businesses have seen a decrease in the last three years, most of which are located within the 'Arts & Entertainment' sector.

30% of business owners who said they require other sources of income have part or full-time work that supplements their business income. 62% (129 businesses) reported they have pensions or other benefits/investment income that supplements their business income. An additional 10% (21 businesses) indicated that they rely, at least in part, on a spouse's income.

[5] A further 13% selected the "Other" option, with many commenting that their business was in the start-up phase so it is difficult to say whether revenue would be sufficient.

Employment Generated by Local Businesses

Local businesses contribute significantly to the employment of islanders. As indicated in the table below, approximately 85% of the reported jobs available on Gabriola are held by Gabriolans.

	Total Jobs Available	Jobs held by Gabriolans
Full-time, full year employees	343	312
Full-time, seasonal employees	35	30
Part-time, full year employees	235	215
Part-time, seasonal employees	119	87
Contract employees	181	130
Temporary workers	35	17
Other	113	112
Total	**1061**	**903**

Customers & Clientele of Local Businesses

Roughly 90% of businesses rely at least partly on Gabriola clientele. Just over half of this group draw 54% or more of their clients from Gabriola residents and organizations and 10% rely entirely on Gabriola for their business.

8% (24 businesses) have no Gabriola clientele, but provide a service on Gabriola and 60% (155 businesses) rely on some or all of their business coming from seasonal residents and tourists. An additional 30% (78 businesses) are based on Gabriola, but provide services entirely to off-island clients. Many of these businesses are run by independent consultants.

Breakdown of Gabriola Businesses by Sector

The survey asked respondents to classify their business according to the North American Industry Classification System (NAICS)[6].

[6] http://www.statcan.gc.ca/eng/concepts/industry

The following table presents the sectors as reported by respondents. It's interesting to note that every sector within the NAICS classification is represented in the survey sample. Gabriola's most active sectors, based on number of businesses, are bolded in blue.

Survey Findings	n=311
Accommodation	3%
Administrative Support	1%
Agriculture	**6%**
Automotive Services	1%
Arts and entertainment	**21%**
Construction	**8%**
Educational services	**8%**
Event Services	1%
Finance and insurance	1%
Fishing or hunting	1%
Food services	**8%**
Forestry	2%
Health care and social assistance	**8%**
Home and garden services	**8%**
Information, media and cultural production and distribution	**10%**
Management of companies and enterprises	0.7%
Manufacturing	5.7%
Mining, quarrying, and oil gas extraction	0.3%
Professional, scientific and technical services	**15%**
Public Administration	0.3%
Real estate, rental, leasing and real estate development	3%
Recreation	5%
Retail trade (including personal services)	**13%**
Transportation/warehousing	0.3%
Utilities	0.7%
Waste management and remediation services	1.3%
Wholesale trade	1.7%

Highlights of Gabriola's Most Active Sectors

This section summarizes data, observations, and comments collected about the most active sectors on Gabriola. The scope of this project did not allow for an accurate comparison of revenue from business to business. Therefore, 'active sectors' as defined in this report refers to the sectors with the most number of businesses in them, and not necessarily the highest grossing sectors.

1. Arts & Entertainment

(21% = 65 survey respondents)

Not surprisingly for an island known as the "Isle of the Arts," the *Arts & Entertainment* sector accounts for the largest number of businesses on Gabriola. According to a 2011 Hill Strategies Research report[7], Gabriola ranks sixth across Canada for concentration of artists in the workforce—5.8% compared to the national average of 0.8%.

Existing businesses in this sector run the gamut from spinners to photographers, painters to ceramic artists, film-makers to music and art teachers, and award-winning writers, singers, and entertainers. About half of these businesses moved here from elsewhere, indicating that Gabriola continues to be an attractive community for businesses in the *Arts & Entertainment* sector.

These 65 businesses employ 136 people. The vast majority (88%) are home-based and operate year-round (92%).

More than half of the businesses in this sector reported moderate to significant increases in revenues, perhaps reflecting the increase in the number of visitors to Gabriola. Of the almost one-quarter of them who reported revenue decreases over the past three years, several offered their belief that increased ferry fares and fewer local sales had an impact.

Many respondents believe there is a high potential for growth in this sector. More than half (58%) have plans to expand and/or make capital improvements to their businesses. However, some respondents believe Gabriola may have reached the saturation point for businesses in the *Arts & Entertainment* sector given the current economic situation. Only 31% of businesses reported that their revenue can sustain their businesses, and 60% of respondents reported gross revenues of less than $10,000; 37% of owners supplement their revenue with other work.

2. Professional, Scientific & Technical Services

(15% = 41 survey respondents)

Gabriola attracts well-educated residents with backgrounds in just about every field imaginable. This is borne out by average education levels tracked by Stats Canada[8], and anecdotal evidence collected by project team members who sit on a variety of boards and committees.

Businesses operating in this sector are diverse—from issues management consulting to phone tech support to scientific policy advising to design/ landscape architecture to legal services and almost

[7] www.hillstrategies.com/sites/default/files/Artists_small_rural2006.pdf.

[8] 55% of Gabriola residents have an undergraduate, graduate, or post-graduate degree. 2011 National Household Survey. Statistics Canada.

anything you can imagine—and provide a valuable source of knowledge in our community. There were three new businesses established within this sector in the last year.

The vast majority (95%) of businesses in this sector operate year-round and are home-based (83%).

Annual gross revenues reported in the survey:

- 16% earn less than $10,000;
- 43% earn $10,000-$50,000;
- 30% earn $50,000-$99,999; and
- 11% earn $100,000+.

More than 40% of respondents reported modest to significant increases in revenue. However, 26% indicated they have seen modest to significant decreases in revenue over the past 3 years, and 33% stated that they supplement their business income with other income.

Growth potential in this sector is high:

- 44% of respondents plan to expand and/or make capital improvements;
- 16% have plans to hire; and
- 22% are looking towards succession/transition planning.

In order for existing businesses to expand, there's a need to increase qualifications in our local labour force, particularly in the areas of administrative and computer skills. There is also an opportunity to create new markets through the use of technology (e.g. webinars, podcasts, etc.) that will allow more work to be done from Gabriola.

The project team notes that other coastal communities such as Parksville-Qualicum are gearing their marketing materials towards attracting high-worth consultants and entrepreneurs to settle in their communities. This is an area worthy of further exploration.

3. Retail (including Personal Services)

(13% = 38 survey respondents)

For a small island, Gabriola offers a wide range of retail products and personal services. Businesses within this sector include golfing services, aesthetic services and products, and a full range of retail outlets offering wide variety of products. These are primarily year-round businesses that are almost equally home-based (47%) or operating in a commercial location (46%).

The 38 survey respondents reported that they employ 172 people and the majority of these employees are Gabriola residents; 21% of respondents indicated they have increased the number of people they employ over the past 3 years.

Almost half of respondents indicate their businesses have seen modest to significant increases in revenue. Several of those who saw increased revenues stated that the weak Canadian dollar has attracted more American tourists.

Most of the respondents in this sector (70%) said they generate enough revenue to sustain their businesses, while 23% supplement with other work.

Most respondents see high growth potential in this sector:
- 48% have plans to expand and/or make capital improvements; and
- 26% have plans to hire.

However, respondents noted that finding and retaining suitable staff who have a strong work ethic is a challenge.

4. Information, Media and Cultural Production

(10% = 29 survey respondents)

The primary activities of businesses responding to the survey range from film-making to website development to writing and publishing. The majority (80%) are home-based businesses, and almost all (97%) operate year-round.

There were 20 respondents to the question about annual gross revenues. Of these:
- 20% earn less than $10,000
- 45% earn $10,000-$50,000
- 10% earn $50,000-$99,999
- 25% earn $100,000+

Just over half (52%) of respondents stated that they generate sufficient revenues to sustain their businesses, while 33% supplement their income with other work. About 38% reported modest revenue increases and 35% reported modest or significant decreases in revenue.

The 29 businesses employ 86 people; however, only 4% of them have increased the number of employees over the past 3 years.

Respondents believe there is high growth potential in this sector:
- 40% have plans to expand and/or make capital improvements; and
- 14% have plans to hire.

There is a large local pool of artists from which to draw clients, operating costs (especially rent) are low, and Gabriola has good proximity to major centres.

Challenges identified in this sector are a lack of qualified workers. Some respondents also noted that there is competition between volunteers and paid workers—with the high number of skilled retirees looking to contribute their time, paid employment is often undercut. This makes it difficult to sustain a business that is reliant solely on local clientele. Restrictive zoning and regulatory obstacles may also limit growth in this sector.

5. Home & Garden Services

(8% = 25 survey respondents)

Businesses in this sector offer services ranging from landscaping to home cleaning/maintenance and home monitoring to pet care. The majority (92%) of these businesses operate year-round. Most (64%) are home-based, only 8% operate from a commercial location, and 20% are mobile.

Gabriola residents and organizations are the primary clientele. However, as much as 25% of the clients are seasonal residents and tourists. A few businesses also take on off-island clients.

The 25 businesses in this sector report that they provide 36 jobs, with almost all positions available being held by Gabriolans.

The 20 respondents to the revenue question indicated the following:
- 25% earn less than $10,000
- 50% earn $10,000-$50,000
- 25% earn $50,000-$99,999

Many of these businesses (64%) generate enough revenue to sustain their businesses and 16% supplement with other work. Almost one-quarter (23%) operate another business enterprise.

Almost three-quarters of these businesses reported modest to significant increases in revenue. Reasons stated included increased connections within the community and providing quality service year after year.

A large number of these respondents believe there is high growth potential in this sector:
- 69% have plans to expand and/or make capital improvements; and
- 19% have plans to hire.

The greatest challenge for this sector is finding reliable, qualified employees. Some respondents believe a local job bank that connects clients with local companies and employees with employers would directly benefit this industry.

6. Health Care & Social Supports

(8% = 26 survey respondents)

Businesses in this sector provide medical services, alternative therapies and treatments, coaching and education, and provision of health products. This is a growing sector on Gabriola—60% of respondents indicated they opened their businesses within the past 5 years. There is also a trend towards relatively younger workers joining this industry—40% of the businesses that responded are owned or operated by someone under the age of 49. It is also a female-dominated sector with 83% of responding businesses owned or operated by women. About one-third of these businesses relocated from other communities to Gabriola.

The 26 respondents reported that they provide 48 jobs; 19% said they have increased the number of employees, and 21% indicate they have plans to hire more employees.
The majority of clients are Gabriolans, though some are seasonal residents, tourists and off-island residents.

Revenues reported for these businesses:
- 30% earn less than $10,000;
- 50% earn $10,000-$50,000;
- 5% earn $50,000-$99,999; and
- 15% earn $100,000+.

More than half (58%) of these businesses reported moderate to significant increases in their revenues, and attributed this to increased community connections and great word-of-mouth and other affordable advertising options.

Half (50%) of respondents generate enough revenue to sustain their businesses; 28% supplement with other work, and 22% operate another business enterprise.

Respondents anticipate high growth in this sector, and more than half (58%) have plans to expand and/or make capital improvements. Gabriola's aging population and an increased influx of people of retirement age will mean an increase in demand for on-island health services to help more people age in place. Growth in this sector will demand more trained workers.

A new initiative being led by Gabriolans with the Rural & Remote Division of Family Practice is working to convene a Gabriola Health & Wellness Collaborative to set priorities and coordinate action for improving health outcomes for the Gabriola community.

7. Construction

(8% = 24 survey respondents)

This is one of the older, most established industries on the island. In fact, 67% of businesses surveyed in this sector have been in operation for 6 years or more and 38% have been around for 11 years or more. The vast majority of these businesses are island-owned and operated, with 12% of businesses reporting off-island owner/operators. The majority (92%) of these businesses operate year-round.

These businesses provide the full range of construction activities including both new buildings and renovations, boat building, fine cabinet making, and designing and installing home systems. Although 18% of respondents have seen an increase in their number of employees and 14% have plans to hire, almost one-quarter (24%) have seen a significant decrease.

Reported revenues from 19 respondents indicated that:
- no businesses earn less than $10,000;
- 68% earn $10,000-$50,000;
- 21% earn $50,000-$99,999; and
- 11% earn $100,000.

Most (83%) of these businesses generate enough to sustain their businesses; 25% supplement with other work.

Almost half (44%) of respondents in this sector reported modest to significant increases in business performance over the past 3 years, and some of the older, more established construction companies reported significant increases over the last 10 years. These respondents believe the increase is due to shifting demographics towards older residents with higher disposable incomes. At the same time, more than one-quarter of respondents indicated modest to significant decreases in their business performance.

The greatest challenge facing this industry is a lack of suitable staff, with 50% of respondents identifying this as an issue. The survey elicited comments such as "Work ethic, training and punctuality are lacking," or "All the trained people are retiring." A local trades apprenticeship and/or employee readiness program teaching necessary skills such as how to read a plan and measure accurately could help to boost the number of reliable labourers available locally. Some of the larger construction and design companies also require book-keeping, office management, social media and marketing support. Despite these challenges, 28% of businesses surveyed have plans to expand and/or make capital improvements. An additional 21% are looking towards succession/transition planning.

8. Agriculture

(6% = 19 survey respondents)

There is an observed trend of younger people moving to the island to start a farm—68% of the businesses surveyed were started within the last 5 years. The primary activities in this sector include market farming, raising animals, cheese making, and designing, building and maintaining gardens and orchards. By making Gabriola a more attractive, affordable and supportive place to live—especially for families—this sector has real growth potential.

This is the only sector on Gabriola that reported more people under the age of 50 running businesses—of the 19 business owner/operators:

- 6% are aged 19-25;
- 22% are aged 26-35; and
- 39% are between the ages of 36-49.

Many of these enterprises operate as partnerships and/or family run businesses.

The 19 respondents indicated that their businesses employ 64 people, and that 44% of these businesses have seen an increase in the number of people they employ.

Fewer than half (42%) of respondents in the *Agriculture* sector said the revenue they generate is enough to sustain the business including a salary for the owner/operator; 40% work part-time to supplement their income. An additional 20% operate another business enterprise to earn supplemental income. Just over half (53%) of the 15 respondents who answered the revenue question earn less than $10,000 annually.

More than half (64%) of respondents reported either moderate or significant increases in performance. This is generally attributed to increased word of mouth and the addition of a mid-week market at The Commons. The majority of those surveyed rely on Gabriola residents and organizations for 50-75% of their sales.

While revenue is a concern, one young farmer said, "Although the hours we put in don't equate to a salary, our benefits are the lifestyle, the ability to work without needing childcare for our 3-year-old, and all the fresh produce our family can eat. That is what makes it worthwhile."

The relatively low cost of land on Gabriola, our moderate climate, an active and expanding farmer's market and strong demand for market gardens/egg stands, etc. (i.e. a community that values local food production) indicate that there is potential for growth in this sector. However, a limited local customer base is a major factor that could limit agricultural growth. As one farmer said, "I could sell off-island, but ferries and travel would eat up any revenue gain." Local farmers face high production costs and red tape for products that must be processed off-island (i.e. meat products). There is also competition from off-island businesses (especially Costco, Super Store and Walmart). The part-time and seasonal nature of the work makes it difficult to hire and retain suitable staff.

Despite the challenges,
- 64% of respondents have plans to expand and/or make capital improvements;
- 12% have plans to hire; and
- almost one-quarter (24%) are looking towards transition/succession planning.

These businesses are exploring new ways to increase direct sales and to convince more retail/restaurant outlets to commit to stocking and selling Gabriola grown products in order to provide a more stable market.

Respondents indicated that they would like to see more flexibility from the Islands Trust to support local agriculture/food production through allowing agritourism on non-ALR vacation rentals.

9. Educational Services

(8% = 25 survey respondents)

Gabriolans are fortunate to have access to a plethora of educational activities and services for all ages. From pre-schools to cheese-making classes to health education to physical fitness to safety training and even pet first-aid, there is literally something for everyone.

Most of these (80%) businesses operate year-round, and most (72%) are home-based. The 25 survey respondents reported that they provide 121 jobs; 20% of them have seen an increase in the number of people they employ.

Of the 17 respondents who answered the revenue question:
- 29% earn less than $10,000;
- 47% earn $10,000-$50,000;
- 6% earn $50,000-$99,999; and
- 18% earn $100,000+ annually.

Just over half (56%) of respondents indicated they generate enough revenue to sustain their businesses; 33% supplement with other work and/or operate another business venture. More than half (58%) of respondents have seen modest to significant increases in business performance over the past 3 years.

Respondents believe there is high potential for growth in this sector. Rents are affordable and Gabriola is seen as a connected community with a culture of personal growth. Half (50%) of respondents have plans to expand and/or make capital improvements, while 17% of businesses are looking towards succession/transition planning. The planned expansion of The Haven into a world class learning and training centre may well lead the way to this growth.

In part, the growth of this sector is dependent on bringing more families to the island who will support those businesses providing early childhood education and childcare. However, finding qualified help, particularly those with Early Childhood Education certification can be a challenge, particularly when local daycares can only afford to pay staff an average of $15/hour.

Adult education also provides more opportunities for this sector. Gabriola has a rich pool of educators from different subject areas—coordination and an appropriate venue are needed to move this forward.

The marine-based tourism industry (kayaking, sailing, boating instruction), which is already active on Gabriola, could provide other opportunities to grow this sector.

10. Food Services

(8% = 24 survey respondents)

Businesses operating in this sector include restaurants, catering, food sales at various venues, liquor/coffee/specialty food sales, a food buying club, nutritional supplement sales and a cheese making operation. Most (88%) of these businesses operate year-round. Just over half (52%) operate from a commercial location and about one-third (30%) are home-based. The remaining 18% operate from a mobile location, such as the farmer's market.

The 24 respondents reported that they employ 181 people, almost all of them local residents. More than one-third (36%) indicated they have increased the number of people they employ over the past 3 years.

Only 14 respondents indicated their annual gross revenues. Of these:
- 29% earn less than $10,000;
- 14% earn $10,000-$50,000;
- 7% earn $50,000-$99,999; and
- 50% earn $100,000+ annually.

Most (82%) of the 14 respondents stated they generate enough revenue to sustain their businesses, while 25% supplement with other work. More than one-third (38%) also operate another business enterprise.

Almost three-quarters (72%) of respondents said they've had modest to significant increases in business performance over the past 3 years. They attribute this to increased tourism, strong local support and customer loyalty. Those (17%) who saw moderate to significant decreases in revenue cited an insufficient customer base and competition from off-island businesses. Competition between non-profits and private businesses can also be an issue, particularly when non-profits are soliciting the same businesses for donations.

Respondents believe the growth potential in this sector is high and, in fact, 62% of businesses have plans to expand and/or make capital improvements. They would like to see more multi-day events that draw overnight visitors to the island along with better marketing to tourists across Canada and the US.

Challenges to growth include the high cost of service calls from off-island and the lack of skilled, qualified workers, particularly trained kitchen staff—almost half (45%) of respondents say finding suitable staff is either a constant or occasional problem.

11. Manufacturing

(6% = 19 survey respondents)

Primary activities within this sector range from fabricating cedar fencing, swimwear, leather bags, beauty products, jewellery, metal products, signs, wooden toys, and hand woven textiles. Most of the businesses operate year-round (84%) and are home-based (79%).

Of the 13 respondents who provided annual gross revenues:
- 15% earn less than $10,000;
- 62% earn $10,000-$50,000;
- 23% earn $50,000-$99,999; and
- none earn more than $100,000.

Almost all (18) respondents provided information about their business' performance over the past 3 years. About two-thirds of them have seen modest (44%) to significant (22%) increases. They attribute these increases to better marketing, better website performance and that they are not reliant on local residents or visitors for income.

With increased online sales and "Made on Gabriola" branding, growth in this sector is anticipated to be moderate:
- 33% of businesses have plans to expand and/or make capital improvements; and
- 20% have plans to hire more employees.

Transportation issues and shipping costs are limiting factors.

Some respondents stated that a comprehensive listing of all the craft/art sales throughout the year would provide an opportunity to increase on-island sales and allow business owners to do more thoughtful planning.

12. Recreation

(5% = 14 survey respondents)

This sector includes yoga, Pilates, fitness and dance classes, destination farms, outdoor education, and sailing/paddle boarding/kayaking instruction. The majority (86%) of these business operate year-round.

Businesses in this sector are predominantly (92%) female owned or operated. While it's a small sector, respondents reported that they employ 66 people.

Revenues reported by 10 respondents in this sector are:
- 30% earn less than $10,000;
- 30% earn $10,000-$50,000;

- 10% earn $50,000-$99,999; and
- 30% earn $100,000+.

Half (50%) of these respondents generate sufficient revenue to sustain their businesses; one-third of them operate another business enterprise, and 10% supplement their earnings with other work.

More than two-thirds (67%) of the 12 respondents reported modest to significant increases in business performance over the past 3 years. They attribute this to Gabriola's natural beauty, location and predictable ferry service with regular access to Nanaimo, as well as the proximity to other major centres. They also reported increased marketing efforts and expanded facilities. Those reporting a decrease in performance (25%) believe a general tourism slump and an inability to retain clientele were the cause.

Respondents believe growth potential is high for this sector:
- 53% of businesses have plans to expand and/or make capital improvements; and
- 23% report they have plans to hire more employees.

They intend to grow their businesses by expanding the number and variety of services they offer and by promoting Gabriola's marine-based tourism industry. However, finding suitable staff may be a limiting factor as 31% of these respondents say this is a constant problem. "There isn't a large enough labour force; we're all fighting over the good ones." Further ferry fare increases and service cuts may also become a limiting factor. Respondents also raised the issue of bylaws around signage as a significant issue as it can inhibit a business' ability to advertise.

13. Real Estate, Rental, Leasing & Real Estate Development

(3% = 9 survey respondents)

Real estate agents and land/property developers and managers make up this sector. All of the businesses operate year-round. More than three-quarters (78%) operate from commercial locations.

The 9 businesses that responded indicated that they employ 43 people.

Only three respondents provided information about gross revenues. Of these:
- 1 earns $50,000-$99,000; and
- 2 earn more than $100,000.

All respondents indicated they generate enough revenue to sustain their businesses.

About half of the 8 respondents who answered this question saw modest to significant increases in business performance over the past 3 years, while half have seen no change. Nobody reported decreases. Anecdotally, the project team was told that though real estate prices have not recovered to levels that existed before the economic downturn of 2008, the number of sales has increased.

Growth in this sector is predicted to be moderate. There are low operating costs and a good communication infrastructure. Proximity to major centres is a plus. If past trends hold true, prices should begin to increase within the next few years; half of the respondents have plans to expand

and/or make capital improvements and 17% have plans to hire. However, the cost of living on Gabriola is a limiting factor for some potential buyers.

12. Accommodation

(3% = 8 survey respondents)

Gabriola is a year-round destination with B&Bs, cottages, resorts, lodges, inns, and campgrounds in beautiful natural surroundings. Of survey respondents, 88% run throughout the full year and 12% are seasonal. Most (63%) are home-based and 37% operate from a commercial location.

All of the survey respondents are female.

Half of the accommodation businesses surveyed earn $100,000+ annually, and most (86%) said they generate enough revenue to sustain the business including their own salary.

In this sector, 80% of respondents have seen an increase in their business' performance over the last 3 years and the remaining 20% said business has remained the same. Reasons stated for the increases observed included hot weather which extended the season (particularly in 2015 where summer ferry traffic to and from Gabriola saw an 8% increase over 2014 levels[9]), increased marketing, and expanded facilities/renovations. Anecdotally, the weak Canadian dollar has also had a favourable impact on this as more U.S. tourists are visiting B.C. and more Vancouver Island residents seem to be vacationing closer to home, rather than across the border. As well, increased enforcement of the local bylaw has reduced the number of illegal short-term rentals on the island. (According to the Gabriola Island Land Use Bylaw, a residential home cannot be rented for less than 30 days without a Temporary Use Permit.)

The campground at Descanso Bay Regional Park saw its highest occupancy rate in 12 years in 2015, up 7% from 2014 and up 10% from 2013 and 2012. According to the park operators, 90% of camping guests are from off-island, with the majority coming from Vancouver, Victoria and other parts of Vancouver Island. They are also seeing more U.S. tourists. Anecdotally, less than 20% of occupants are using the campground as a cheap place to stay because they are coming to Gabriola for a specific event or family function; the majority of campers are coming to enjoy the outdoors, hiking, walking, swimming, kayaking and exploring the beaches. Cycling is also a big draw for visitors to the campground.

Growth potential for this sector is high. Every business surveyed has plans to expand and/or make capital improvements, while 17% have plans to hire, and 67% are looking towards succession/transition planning.

Partnerships with other local business such as fishing charters, kayak rentals, etc. can lead to increased business performance through combined marketing and encouraging more visitors to have extended stays. Respondents stated that this type of referral and industry integration is what we need

[9] June of 2015 saw an 8% increase in ferry traffic to and from Gabriola compared to the same month in 2014. FAC Monthly Traffic Statistics, http://gabriolafac.com/page/2/

more of on Gabriola. Community projects like the "Cyclepaths" initiative that is building more bike-friendly trails on the island will also support growth in this industry.

Renovations planned for The Haven also hold promise for this sector as they will be adding more rooms including some with lower price points. The Facilities Master Plan also promises to draw more visitors to Gabriola as it aims to convert The Haven into a world-class training and development centre.

Development of the *Event Services* sector could also bolster performance of the accommodation sector as more weddings and other events will have spin-off benefits.

Finding suitable staff locally is a pressing challenge, with 43% of respondents indicating it is a "constant problem," and 14% indicating it is "occasionally a problem." Existing bylaws can also inhibit growth. As one survey respondent said, "I would add more suites if the code would allow." Ferry costs and service cuts can also work against growth in this sector, however, increases in summer ferry traffic would suggest that this has not been the case in most recent years.

13. Non-Profit Sector

Gabriola's non-profit sector is a thriving and integral part of life on the island. This sector extends into every part of island life, including housing, services for seniors and families, mental health services, transportation services, and several social enterprises (GIRO, GERTIE, GabEnergy, Island Futures, The Gabe Shop). Whether strategizing around attainable housing, building walking trails, lobbying for affordable ferry fares, improving health supports, or lobbying for potable rainwater use, volunteers are truly the lifeblood of the Gabriola community, contributing a rough estimate of 1,200 volunteer hours each week.[10]

This sector provides a number of paid employee positions, but the volunteers are essential to sustaining the quality and diversity of community supports available on Gabriola. This is a community that built its own clinic, family resource centre, social service agency, recycling depot and transit system to name but a few.

Organizations within this sector also provide important spinoffs to other sectors. For example, local festivals provide revenues for businesses in the Food Services, Retail, Accommodation, and Arts & Entertainment sectors.

[10] Compiled through surveying 9 different Gabriola non-profits regarding the number of volunteer hours they count each week.

Challenges to Gabriola's Local Economy

Respondents identified a number of challenges for their businesses. Some of the most commonly cited issues are:

- **Insufficient ~~A Shrinking~~ Skilled Labour Pool**

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Finding and retaining qualified staff is a challenge that was reported in just about every sector. Many employers described a lack of work ethic, unrealistic salary expectations and a lack of experience/training as the predominant reasons for their staffing challenges, as well as the reality that many qualified workers end up leaving Gabriola to pursue career advancements.

A Lack of Attainable Housing

- ~~Explore ways to increase the capacity and skills of the local workforce, and to attract and retain skilled workers.~~
- ~~Identify particular training needs of different sectors.~~

- **A Lack of Attainable Housing**

A lack of diversity, affordability and availability in our local housing stock is a systemic issue in the health, well-being and economic viability of the Gabriola community. Increasingly higher housing costs make it harder to attract and house workers who earn wages at the lower end of the spectrum.

Property prices are now too high for many first-time homebuyers, forcing them to look elsewhere. This has resulted in a trending decrease in population diversity.[11]

According to 2011 Stats Can data[12], 40% of tenant households and 19% of owner households were spending 30% or more of their household total income on shelter costs, indicating that their housing was not "affordable." (The median monthly income for Gabriolans was $2,264 and the median cost of rent was $800/month.) This data indicates that low-income families, single parents, and seniors who rent are at risk of not having affordable housing and that an increase in affordable housing options on Gabriola Island is needed.

~~**Action:**~~

- ~~The Local Trust Committee (LTC) has set attainable housing as a top priority for this term. A community discussion is currently underway, under the leadership of the LTC. GICC provided input to a community workshop on attainable housing needs and options for Gabriola hosted by *Village Vision* during the fall of 2015. A summary report of the workshop will be available on the Village Vision website in the coming months.~~ ~~**Action:**~~
~~Support efforts to establish a fast ferry between Nanaimo and Vancouver.~~
~~Support the Gabriola Ferry Advisory Committee in lobbying for a reliable Gabriola ferry service.~~

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- **Retaining Young People**

The number of skilled workers who are retiring without younger skilled workers replacing them is a community wide concern. A more up-to-date breakdown of Gabriola's population diversity is needed, however a comparison of Stats Can data between the year 2006 and 2011 shows that the

[11] "An Affordable Housing Strategy for Gabriola Island Report," http://www.refbc.com/sites/default/files/FinalAdoptedGabriolaIslandAffordableHousingStrategy-Oct2012.pdf.
[12] Gabriola Island Community Profile, compiled by Malaspina University-College Students of Geography 446 in November 2009. http://www.islandstrust.bc.ca/ltc/gb/pdf/gbrptcommunityprofile.pdf

middle-aged adult population shrunk by 22% and the median age shifted from 52 to 57, while the over 50 population grew by almost 14%.[13]

Increased training and mentoring opportunities for younger people, as well as creating more "living wage" jobs on Gabriola will help to attract and retain more young workers. Increased support and education around how to do succession planning for one's business could also be a large benefit, considering that nearly 20% of the businesses surveyed (for a total of 44 businesses) are looking towards succession/transition planning in the near future.

Gabriola's Economic Strengths

- ~~Provide more training and mentoring opportunities.~~
- ~~Provide support and education around succession planning for local businesses.~~

Gabriola's Economic Strengths

The following strengths were identified through the survey and through key informant interviews with Gabriola community members:

- Close proximity to major business centres/markets (Nanaimo, Victoria and Vancouver);
- Interconnectedness and "neighbourliness" of our business community. "Word of mouth spreads like wildfire," "local clients are loyal," and business owners see each other "as colleagues rather than competitors";
- A wealth of knowledge and expertise to draw on from the island residents;
- Business licenses are not required; home-based businesses are encouraged;
- Housing costs, commercial rental costs and other operating costs are relatively low;
- Strong support for the largest sector, *Arts and Entertainment*, through local cultural organizations and by the community at large;
- Contact with skilled professionals and good suppliers, especially in the construction sector;
- Substantial support for sustainable practices in both lifestyle and local commerce.

Emerging Opportunities to Strengthen Gabriola's Economy

Following are 20 recommendations to strengthen our local economy. These are gleaned from the survey and from interviews with key community members. How to accomplish these recommendations will require a great deal of research, education and partnership amongst individuals and community organizations serving Gabriola.

1. Work with Islands Trust to attain housing to accommodate families and middle income people.

2. Offer basic Human Resources and skill-development training.

[13] http://www.refbc.com/sites/default/files/FinalAdoptedGabriolaIslandAffordableHousingStrategy-Oct2012.pdf

3. Grow the knowledge-based sectors by training local workers in administrative, facilitation and technical support.

4. Create a Gabriola "brand"—market the island as an entire experience. For example, Gabriola, "the Island of Experience."

5. Create a forum to network with other businesses in similar sectors, and solicit retired business people to provide mentorship to new entrepreneurs.

6. Work with the Islands Trust to assist local businesses in complying with zoning and other relevant bylaws (e.g. non-permitted home-based businesses, signage, noise bylaws, etc.).

7. Create a Gabriola Job Bank and a Temp/Casual online labour service.

8. Create a database for where to go for support, resources, mentoring, networking, etc. (ie. Who does what on the island?)

9. Where appropriate, link sole proprietors together to bid on larger projects.

10. Seek out partnerships with Vancouver Island University in order to engage faculty and students in community research projects and or think tanks.

11. Use on-line technologies and workshops by local technology experts to help more businesses market and offer their services online (webinars, pod casts, increased website performance, etc.).

12. Create a local investors' group and/or website to encourage people to invest in Gabriola companies. (11% of survey respondents—28 people—said they would like to hear about opportunities to invest in Gabriola-based businesses or start-ups.)

13. Coordinate shared services such as accounting, head shot/product photography, marketing and promotion, etc. (organized by a group to cut costs).

14. Explore options for creating live/work spaces in the village core.

15. Work with local organizations (Gabriola Arts Council, Gabriola Museum, The Commons) to develop and market Gabriola as an EconoMusée community (upcoming pilot project).

16. Explore the potential and perceived benefits of forming a Gabriola Community Fund to create a steady funding stream for community projects (in partnership with the Nanaimo Community Foundation).

17. Support the formation of a new Health & Wellness Collaborative for Gabriola—a multi-agency collaborative to address the spectrum of our community members' health needs.

18. Expand the Commons Mid-Week Market.

19. Create a shared office space on-island that can be booked by the hour, day, week or month. Have shared office equipment available.

20. Market Gabriola as a business-friendly place for consultants as it is an easy place to travel from and a great place to come home to.

Conclusion

The finding that roughly 90% of businesses rely, at least in part, on Gabriola clientele suggests that those businesses providing year-round services to local residents and organizations form a more integral part of the island's economic base than was perhaps previously thought. Tourism is, of course, also an important component, with 60% of businesses depending on some or all of their business coming from seasonal residents and tourists.

As one survey respondent commented, "We need to know what it would take for Gabriola's 'meat and potatoes' to come from the island itself, and have the tourists and visitors be the gravy." Finding new ways to strengthen existing businesses, as well as helping those in the 'start up' phase will help to bolster local employment options and keep more dollars circulating locally.

Further, with 61% of survey respondents—that's 190 local businesses—indicating they are making plans to expand their business, hire and/or make capital improvements, it is clear there is a strong appetite for economic development within the Gabriola business community. Yet more supports are needed (see the full list of training needs in the complete Survey Findings Report at http://www.gabriolaisland.org/gabriola-economic-readiness-project/).

As one participant in GICC's November Networking Event explained, "Expansion planning is difficult—how do you ramp up business when you're just trying to stay on top of the day-to-day? I.e. working *in* your business, instead of working *on* your business."

Supporting entrepreneurs is a long-term economic development strategy. By examining local assets and what community members collectively have to offer, entrepreneurs will be encouraged to identify opportunities and figure out how to best "harvest" those opportunities.

Island entrepreneurs have unique needs, and meeting those needs will require creative and innovative ways of providing assistance. Gabriola Island Chamber of Commerce plans to connect Gabriola Island entrepreneurs to a network of services, to leverage the expertise and experience of the many retirees and experienced business owners and associations on Gabriola, and to foster more peer-to-peer networking in the local community of businesses.