

YSS Ocean Falls Development Report (2024)

Economic development history and overview of “the Rain People” and their city Ocean Falls

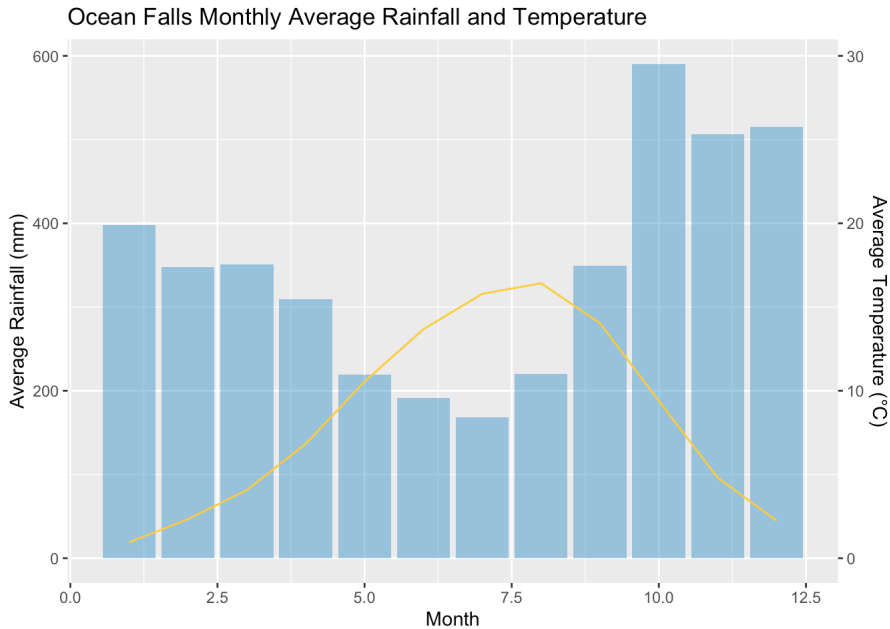
By Caleb Clarke



Introduction. Ocean Falls, British Columbia, presents a poignant case study in the rise and fall of industrial towns. Nestled on the rugged coast of British Columbia, Ocean Falls was once a bustling hub of economic activity driven by its pulp and paper industry. However, several factors contributed to its decline and eventual failure as a city.

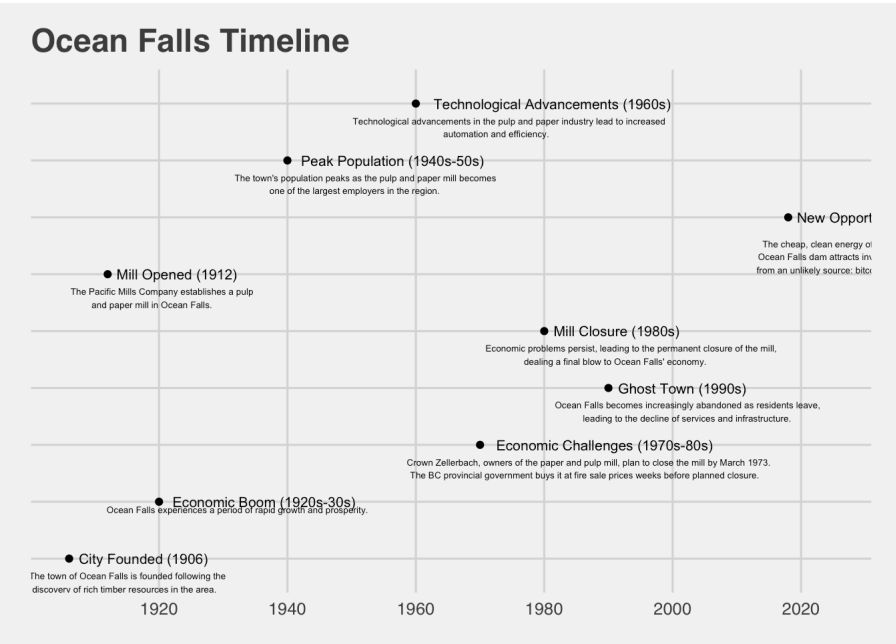
Ocean Falls was once home to one of the biggest paper and pulp mills in Canada, attracting a bustling population of over 5000 residents at its peak. During that time, the Ocean Falls community boasted its own school system, an orchestra, a musical and dramatic society, a hospital, and one of the province's largest hotels. It's swimming pool facilitated several Olympians, with seven, notably local Ralph Hutton, competing at multiple Olympic Games between 1948 until the 1968. The closing of the mill ended all that with most of the townsfolk leaving to begin new lives. The mill operated for roughly 70 years before permanently shutting in 1980.

Characterized by one of the highest rainfall levels in Canada – about 4,390mm annually, Ocean Falls is sometimes referred to as the “Land of the Rain People.” The Heiltsuk (helts-uk) First Nations people have inhabited the coastal region surrounding Ocean Falls for more than 9,000 years. Remote in nature, today the town is only accessible by private boat, B.C. Ferries, or waterplane. It is situated around a waterfall from Link Lake straight into the head of Cousins Inlet, nearby towns include Bella Bella to its west and Bella Coola to the east.

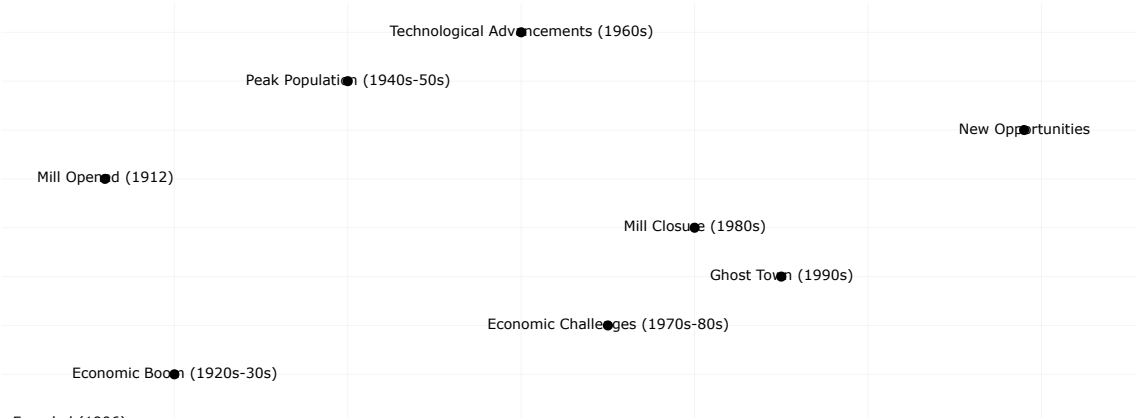


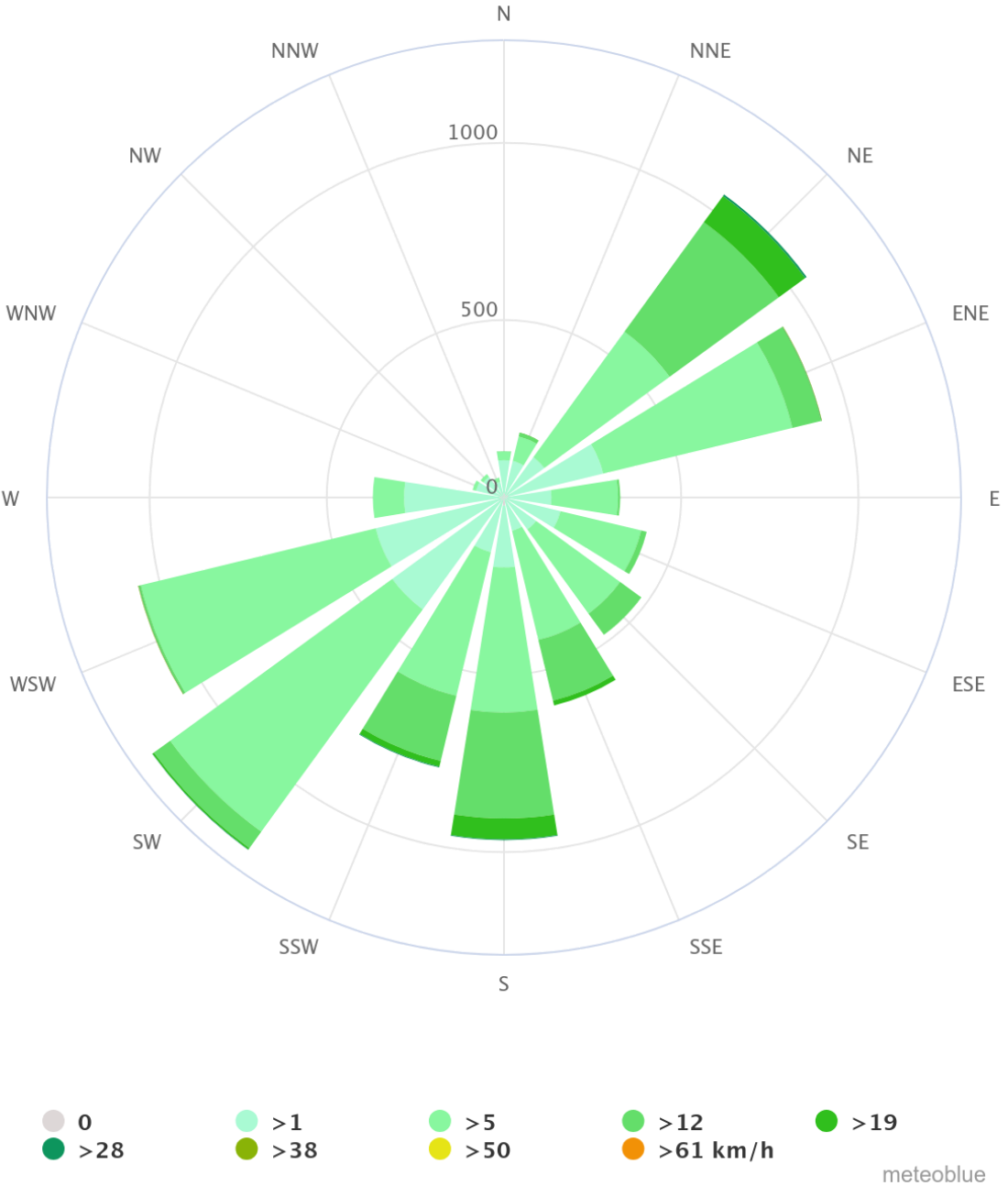
Source: *Climate & Weather Canada* ¹

Ocean Falls maintains a small residential community and social network of former residents remaining a popular stop with boaters and travellers on the Inside Passage BC Ferries connector routes. In recent years, the area around Ocean Falls has emerged as an eco-adventure hub, with terrific hiking, wildlife viewing, freshwater and saltwater fishing. The downtown displays deteriorating remnants of its flourished past, while its large hydro-electric dam still churns on.



Ocean Falls Timeline





Economic Pitfalls A few key factors helped incite the Ocean Falls’ economic downfall. Before looking at solutions, it is key to look at previous weaknesses to prevent the same recessionary trap.

Dependency on a Single Industry: Ocean Falls relied heavily on its pulp and paper mill, which was the primary source of employment and economic activity in the town. When the mill faced challenges such as market downturns and technological obsolescence, the entire community suffered. The town lacked diversification in its economy, leaving it ill-equipped to withstand economic shocks.

Technological Changes: Advances in technology, particularly in the pulp and paper industry, led to the automation of many processes and the closure of older, less efficient mills. Crown Zellerbach failed to modernize and quickly struggled to remain competitive in the face of newer, more efficient facilities elsewhere.

Environmental Concerns: The pulp and paper industry often faces scrutiny for its environmental impact, including pollution of air and waterways. Environmental regulations and community pressure to mitigate these impacts could have added additional costs and challenges for Crown Zellerbach and the Ocean Falls mill.

Geographic Isolation: The town’s remote location, accessible only by boat or seaplane, made it difficult and costly to transport goods and attract new residents or businesses. This isolation and lack of investment to solve it hindered economic growth and limited opportunities for diversification beyond the pulp and paper industry.

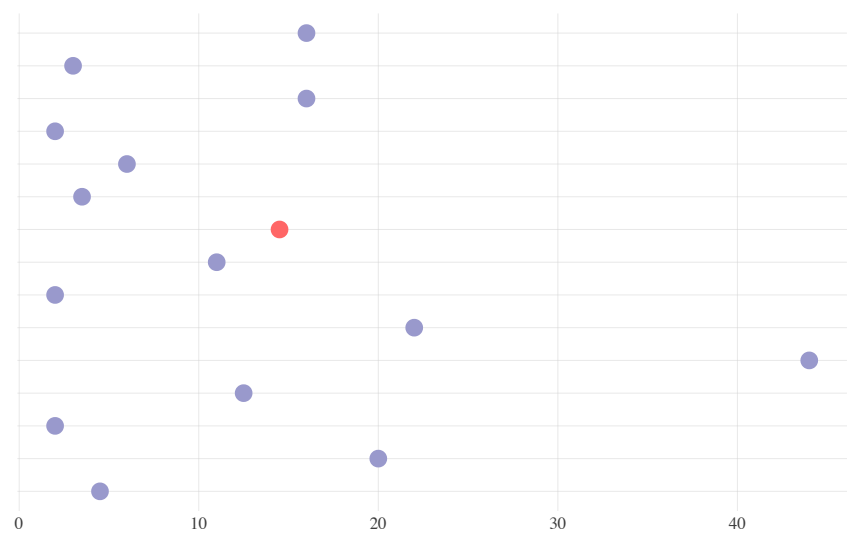
A Recessionary Trap: As job opportunities dwindled and residents left in search of employment elsewhere, the exodus further weakened the local economy and reduced tax revenues. Lack of investment to maintain deteriorating infrastructure-including housing, roads, and utilities- deterred potential investors and residents, further perpetuating economic decline.

Economic potential: Ocean Falls Boralex Dam

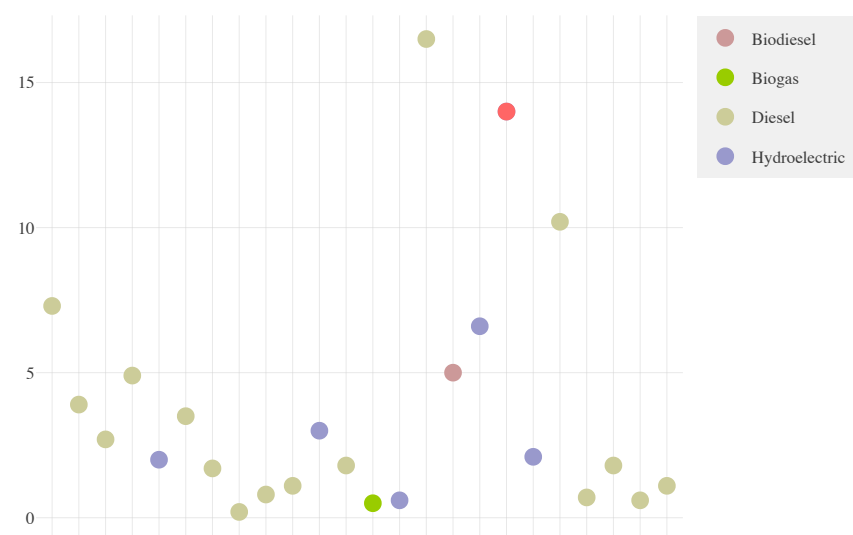
Ocean Fall’s hydroelectric dam, run by the energy company Boralex, has been in operation since 1912. Its energy output is a significant 14.5 megaWatts (MW), making it Boralex’s 6th biggest hydroelectric dam, and the second biggest off-grid energy station in BC. ² Off-grid simply means it is not connected to the provincial power grid that centrally managed by BC Hydro. To put 14.5 MW into context, the average Canadian

household uses ~1-1.5 kiloWatts (or 0.001MW) at any given time,³ meaning that the Ocean Falls dam could power anywhere from 10000-14500 typical houses. So, even after powering the two nearby towns of Bella Bella and Shearwater at peak usage in winter, residents use less than a third of the dam's electricity output, leaving a significant surplus of energy going unused.⁴ Hydroelectricity is a environmentally friendly energy source, its clean energy output is the equivalent of 296 tons of CO2 emission annually. This is the equivalent of the missions of over 80 round-trip flights from Vancouver to Toronto, or the amount of CO2 that over 300 acres of forest would absorb in an entire year.

Boralex Hydroelectric Dams by Energy Capacity(MW)



Off-grid Energy Stations (BC)



In recent years this has attracted bitminers, which relish the cheap energy to power their decentralized networks of computers. These computers confirm transactions in the process of mining the cryptocurrency known as bitcoin, an alternative asset and currency source unaffected by traditional government banking systems. Mining farms expend a lot of energy and heat yet require minimal upkeep, only needing cooling infrastructure and occasional hardware repairs and updates.

While this seems an ideal use of the surplus energy of the Boralex dam, in terms of economic development for Ocean Falls and the surrounding region, it offers little long-term benefits. Bitcoin due to its low operating costs and labor requirements, creates little to no job creation, a key requirement for attracting more permanent residents. The owners of the mining farms do not need to even necessarily live in Ocean Falls, periodic visits from Vancouver suffice.

Providing energy to industries and firms that create economic spillovers would be more ideal. Consider aquaculture, particularly a salmon hatchery. With a high demand for energy to maintain ideal conditions to farm and grow smolt, the Boralex dam could provide clean, cheap and sustainable energy. Investment and transportation infrastructure would be require to ship products from the area, boosting not only hatchery labour demand, but demand for trucking and boat transport labour, as well as administrative support to manage finances, supply chains, and other day-to-day activities. From one hatchery, dozens of jobs could be created and develop increased traffic within Ocean Falls and interdependence within the region and province.

Ocean Fall's hydroelectric potential would be a key driver of investment and economic growth. Choosing the right type of industries to use this energy potential will be important for inciting long-term development within the region. Ocean Fall's remoteness still remains a challenge as many businesses see transportation and logistical costs offsetting the benefits of cheap power.

Transportation Challenges

Ocean Falls is located approximately 480 km north of Vancouver and 88 km west of Bella Coola, at the head of Cousins Inlet off Dean Channel. Isolated by the steep terrain, complex island terrain and coastal mountains, there are no roads, making Ocean Falls reachable only by sea or air. Most commercial flights land in Bella Bella or Bella Coola and from there Ocean Falls is accessed by boat. Some private seaplanes can be hired at a premium cost to fly into Ocean Falls during the summer months.

The most popular way of access is by the ferry. The Discovery Coast route–Bella Coola – Ocean Falls – Shearwater – Bella Bella–is a seasonal summer route operated by Northern Sea Wolf vessel. In the off-season, sporadic weekend times are available via a makeshift schedule of vehicle-only tug & barges and passenger-only water taxis.⁵



Source: BC Ferries

Consistent and reliable transport development will be key towards economic development as it will reduce transport costs, supply chain and delivery times, and increase general traffic.

Economic solutions

Revitalizing a town like Ocean Falls would require a multifaceted approach addressing its economic, social, and infrastructural needs. By improving these areas, it could mitigate economic shocks and allow for a sustainable community and moderate growth within the region.

Diversification of Economic Activities. Market research and investment into a diverse set of industries could help create new job opportunities avoiding a dependence solely on the hydro-electric dam potential. This could include tourism, sustainable forestry, aquaculture, further renewable energy alternatives based in water or wind, or technology-based enterprises. One example of positive spillover and diversification would be potential development of using the heat generated by the bitcoin mines to heat salmon hatcheries, reducing waste and creating circular economic effects.

Infrastructure Improvement. Upgrading infrastructure such as transportation networks, utilities, and public facilities is crucial for attracting new businesses and residents. Improvements could also include renovating existing buildings for new purposes or constructing new facilities to support economic growth.

Regional community engagement and regional economic development. Ocean Falls will not develop on its own. Investment in neighboring towns like Bella Bella, Bella Coola, and Shearwater, will create positive spillover growth effects. More people, businesses and capital in the region will help develop Ocean Falls indirectly, adding its own value to regional growth. Community building and tourism boosting initiatives such as affordable housing, recreational activities, or cultural events can enhance quality of life and attract new residents. Developing low-maintenance, cost efficient amenities such as hiking trails, camping facilities, guided tours, or annual cultural events could increase tourist traffic and revenue.

Support for Small Businesses and Entrepreneurship and Public Goods Providing incentives and support for small businesses and entrepreneurs can stimulate local economic activity and innovation. This could include grants, low-interest loans, business incubators, or training programs to help locals start and grow their ventures. Projects such as Connected to Innovate, supplying fibre optic internet access to remote Canadian regions, is an example of public good projects that will reduce business costs, while increasing connectivity and information flows. From small-scale enterprises to large public projects, it would require more government funding, local indigenous support, and regional collaboration to attract business, capital and families to the region as a whole. Further, convincing influential past residents, like Ambassador of Canada to Germany and ex-Vancouver Premier John Horgan, to help support and leverage regional development at the provincial and federal government levels could help expedite funding and planning.⁶

Regional development will create positive spillover effects, allowing Ocean Falls to embark on its own re-development plans. By using its current assets, such as its hydroelectric clean energy potential, it could create value added in the region, thus boosting its own.

1. Average rainfall and temperature data based on historical data from 1924-1986. This is only an estimate of today, not accounting for climate change and its effects. Climate Weather Canada. [https://climate.weather.gc.ca/climate_data/monthly_data_e.html?hlyRange=%7C&dlyRange=1924-01-01%7C1986-11-30&mlyRange=1924-01-01%7C1986-12-01&StationID=4148&Prov=BC&urlExtension=_e.html&searchType=stnName&optLimit=yearRange&StartYear=1840&EndYear=2024&selRowPerPage=25&L](https://climate.weather.gc.ca/climate_data/monthly_data_e.html?hlyRange=%7C&dlyRange=1924-01-01%7C1986-11-30&mlyRange=1924-01-01%7C1986-12-01&StationID=4148&Prov=BC&urlExtension=_e.html&searchType=stnName&optLimit=yearRange&StartYear=1840&EndYear=2024&selRowPerPage=25&L(https://climate.weather.gc.ca/climate_data/monthly_data_e.html?hlyRange=%7C&dlyRange=1924-01-01%7C1986-11-30&mlyRange=1924-01-01%7C1986-12-01&StationID=4148&Prov=BC&urlExtension=_e.html&searchType=stnName&optLimit=yearRange&StartYear=1840&EndYear=2024&selRowPerPage=25&L)

2. Boralex, owner of the Ocean Falls hydroelectric dam. (<https://www.boralex.com/projects/ocean-falls/>) (<https://www.boralex.com/projects/ocean-falls/>) ↗
3. Renogy. Average household energy consumption Canada. <https://ca.renogy.com/blog/how-many-kwh-does-the-average-home-use/> (<https://ca.renogy.com/blog/how-many-kwh-does-the-average-home-use/>) ↗
4. BNN Bloomberg. <https://www.bnnbloomberg.ca/the-bitcoin-boom-reaches-a-canadian-ghost-town-1.1132476> (<https://www.bnnbloomberg.ca/the-bitcoin-boom-reaches-a-canadian-ghost-town-1.1132476>) ↗
5. BC Ferries. <https://www.bcferries.com/current-conditions/service-notices?serviceNoticeCode=8802090069768&subscriptionRoute=PPH-PBB-SHW-POF-BEC&routeCode=10POFA-1> (<https://www.bcferries.com/current-conditions/service-notices?serviceNoticeCode=8802090069768&subscriptionRoute=PPH-PBB-SHW-POF-BEC&routeCode=10POFA-1>) ↗
6. CBC News. *Not dead yet: The wet beauty of Ocean Falls, B.C.* <https://www.cbc.ca/news/canada/british-columbia/ocean-falls-government-25-people-town-british-columbia-canada-remote-1.5177001> (<https://www.cbc.ca/news/canada/british-columbia/ocean-falls-government-25-people-town-british-columbia-canada-remote-1.5177001>) ↗