

2.3 The municipality of North Cape, a 'fringe' community under development.

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Introduction

I would like to begin by explaining how I am able to speak to you about North Cape and its potential for business development, by giving you a little background information about myself and my involvement in the area. I was born and brought up in Honningsvåg, and have experienced changes which have, amongst other things, led to a reduction in the population of the area from over 5000 people to 3200 today. My work experience includes teaching, in primary and secondary schools, project leadership within the fishing industry, insurance advisor, business manager for North Cape Municipality, and Daily leader for North Cape Business Park. This last position I have held since 2007. We have 43 member businesses, locally and regionally. Our network includes both commercial industries and official institutions/organisations. Besides this, I lead the civic network of business managers in West Finnmark, and am leading the Business Park Network in Finnmark. I also work closely with the University in Tromsø, the High School in Finnmark, University in Trondheim (NTNU) and one of the most renowned research institutes in Norway, Sintef. As an active sportsman and a representative at the highest level of our local, 600 strong sports club, I feel I also have very good knowledge in this field. In this chapter I will comment on the current status and challenges within our main businesses of fishing, tourism, oil, and culture.

Fishing

North Cape has always been a fishing community, and I believe that the changes which have taken place are largely related to the fisheries. Large on-shore fishing plants with several hundred employees in the 1960s and 1970s are today vastly reduced. Improved efficiency and technology has also affected the structure of the fishing fleet. Even though North Cape is today one of the largest fishing communities in Finnmark, with the most registered fishing vessels



(119) and number 2 on the list with regard to “Sheet 2” fishermen (119), the fisheries are no longer the businesses which can sustain the population.

The fishing industry is a complicated activity with many variables. We have previously had a varying raw material situation. This is now improving, thanks maybe to successful regulation and better control of what ‘catch clause’ lands, or in other words – what the fishermen deliver to the industry on land. In the last few years we have experienced a restructuring of the fishing fleet with merging of quotas, purchase and sale of quota vessels, etc. This has resulted in better profitability, but despite this recruitment is still wanting. This is maybe because the entrance ticket for young fishermen is too expensive. I don’t want to expand further on all the variables which affect the industry; my focus is to look at the potential.

In a survey carried out in 2009 (Kystflåten i Nordkapp, En utredning om verdiskaping og Ringvirkninger – Polar Consulting) found the following:

Many of the owners admit they have a good life, even though the work can be hard. The desire to fish in coastal waters, so they can spend more time at home is an important factor for the fishermen themselves. Some are sorry that the big fishing vessels have disappeared but most are happy to carry on as they do today. ‘We row to the fish. We don’t travel to the fish’.

Most of our fishermen in the survey have fewer working days than the national average, but a higher income. This shows that that they have leisure time as well as a good income. Several of the owners experience that being a fisherman is associated with low status despite good income and well run plants. One explanation for this could be a lack of knowledge about the industry and what it means to the local community. Informants in the survey, at all levels of the production chain, highlight that both the general population and officialdom need more knowledge about fishing as a business.

Of those surveyed, in the 10-15 metres vessel size group an average of 2.2 ‘man labour years’ per vessel is recorded which is 0.5 ‘man labour years’ more than the national average. The owners are very keen to use local businesses when delivering and buying services. Coastal fishing makes this possible. The interviews show that some of the positive factors of the coastal fleet are the possibility of a good income, closeness to home, and what the owners describe as ‘a good life’.



Some of the challenges experienced are renewal of the fleet, uncertainty with regard to limit/quota conditions, uncertainty about community services in the fishing villages and the required infrastructure such as quays and servicing provision, the lack of knowledge amongst the population and politicians regarding the business, and the recruitment new fishermen to the business. North Cape follows the national trend with fewer fishermen and challenges with regard to recruiting. So we are in no worse position than other areas, on the contrary when one looks at the survey which was carried out. If we can increase our efforts in renewing the fleet and clarify limit factors, fishing can continue to be a good local and growth industry. If we also invest on new products then the fish processing industry will remain a central part of the economy in the future. There are signs that local contributors are developing in the right direction with regard to the production of split cod and king crabs.

The question is, are these contributors thinking big enough? Large fishing vessels with shift patterns and other comforts on board recruit better than smaller coastal vessels. Are we becoming too concerned with 'the good life' as opposed to building a future oriented industry and local community? Is it the lack of capital which is slowing this development or is it the lack of good entrepreneurs, or is it simply a cultural thing?

Tourism

The North Cape plateau is one of our greatest tourist attractions. It has a long history. Ship traffic round North Cape goes right back to Viking times. North Cape was an important landmark for the eastern route to the White Sea and north to Svalbard. In the 1600s, the first travelers to North Cape appeared. Hurtigruta was established in 1893, but the real cruise traffic, the so called 'floating hotels' started so early in the 1880s. Up to the opening of the North Cape road in 1956, tourists had to access North Cape on foot from Hornvika where the ships anchored. In the 1970s, Honningsvåg became the cruise destination and tourists were taken to the plateau by bus. Right from the start, Honningsvåg was an international destination for cruise traffic. In the summer of 1882, the British ship 'Ceylon' one of the world's first specially built cruise ships sailed to North Cape and Vestlandet.



The shipping traffic increased with more and more contributors from many countries up to the First World War, when the tourist traffic suddenly stopped and it was many years before it got going again.

The turnover from tourism today is approximately 200 million NOK and it employs 420 people. The latter constitutes 160 'man labour years'. This all sounds very positive, but it is proven that the business lacks profitability. Touring tourism is going down and structural changes in the market weaken profitability and competitiveness. A few large contributors dominate so strongly that they are in fact becoming monopolies. This reinforces a previously weak development capability and desire for innovation on the destination as a whole. Furthermore analysis shows that cooperation is too random, and that there is a lack of expertise and economic resources. There is no common arena for debate.

At the same time North Cape has a competitive advantage that few in the region can compete with:

- Geographically Europe's most northerly mainland;
- Impressive natural beauty;
- Lively local community (one of the world's most northerly communities);
- Good opportunities for both fishing and bird watching (North Europe's largest sea bird colony);
- Strong local history;
- Well-built infrastructure, contributors with resources and competency, long experience and presence in the market.

In the process taking place locally on Magerøya, it is clear that North Cape be seen as the world's most experience-rich cape destinations. The North Cape of the future will continue to be known as Europe's most northerly point and Norway's most important and talked about tourist attraction – the North Cape plateau. The North Cape of the future will be known for giving its guests strong personal experiences associated with nature and distinctive meeting places on the whole island throughout the year. Those who are observant have maybe noticed that the tourist industry on the island is better organised than the fishing industry. But there are common threads:

- Lack of capital/resources;
- No common arena for strategy debates;



- Lack of expertise and entrepreneurs.

Do these weaknesses make tourism a driver in the development of our community or are there other businesses which will bear the brunt?

Oil

We who live on the coast of Finnmark have rightly or wrongly had great hopes for the oil activity in the Barents Sea. In 2011, this activity increased and we had expected great ripple effects. There has been a great need to create new workplaces in the last few years. North Cape was early in signalling its desire to sharpen expertise and investment in oil emergency readiness. The background for this was a secondary school in the area with expertise and equipment for this purpose. This included amongst other things a very advanced sailing simulator and the addition of facilities for training in connection with oil safety. There was also a local private company within this field.

The oil industry is a demanding business, and craves much over and above what the business people in large parts of Finnmark are used to. The business people in the smaller coastal communities have great challenges in offering their services, even though there is an expected ripple effect. In this case, oil safety readiness can be a good example. This is a maritime area where fishermen have basic expertise. Instead of using this possibility and creating a readiness based on local expertise and workforce, there has been a long way to go. Today we maybe see some possibility, but the willingness to pay leaves a lot to be desired.

Culture

Culture-based business development on the coast of Finnmark is more and more in focus. Coastal culture and experiences become more important in the development of exciting and attractive products and places in Finnmark. The government has an aim, that coastal culture can be used as a resource for business development on the coast. Analysis shows that cultural businesses in Finnmark are 3.9% of the total employment. In speaking about this one needs to give some explanation of the concepts. Culture businesses include companies with products which communicate meanings and messages to the consumer. Cultural products are another form of communication. In this category we find announcement and advertising businesses, architecture, libraries, museums, books, newspapers, and magazines. Culture-based businesses



are ones where the artistic and cultural dimensions are foremost. These are primarily businesses which are highly dependent on investment contributions (goods and services) from culture companies. Also included here are tourism and recreation, as well as small scale food and restaurant arrangements. The interaction between culture business and culture-based business maybe gives the greatest possibilities to trigger the culture industry's potential for value creation whilst also increasing the number of culture-based businesses.

With regard to culture and businesses associated with it, North Cape is neither better nor worse than other communities in Finnmark. My experience from within the sports movement shows that there are possibilities for value creation in the traditional way in this area. We have no football team to draw thousands of spectators hence returning large revenues. Our sports teams are most concerned in financing their own activities, which they do by means of sponsors, raffles, volunteering, etc. There are also some business leaders amongst the volunteers in the sports movement.

How widely these establish worthwhile networks, making a difference in business life I don't know, but it is reasonable to believe that this could be the case. As a member in the largest sports club, I have some experience of organizing fundraising events. The sports club organizes an annual revue/show between Christmas and the new year for 6-700 people which raises approximately 2-300,000 NOK. From this environment, a commercial group has been established which travels round Norway. This has been ongoing now for approximately 10 years and has a constantly good income. The development of this group has led to them all moving away from the area and established themselves at a more central location in the country.

Conclusion

So which common challenges do we meet in these businesses and which to a greater degree can hinder the development in North Cape? I will point out some central challenges as I see it.

Both within the fishing and tourist industries, the lack of expertise at differing levels can be seen as a challenge. This also applies to the oil industry. It is largely only Alta and Hammerfest which follow the national trend with regard to university or high school education (27%). For the remaining communities in West Finnmark this figure varies from 12-16%. Besides this, there is roughly double the number of women in West Finnmark with higher education than there are



men. The lack of expertise is, therefore, central to the further development of the North Cape community. To the extent that there is expertise within the various sectors, it can also seem that the will or ability to develop and grow is limited. One can only speculate on the reasons for this.

There are also difficulties with:

Available venture capital. It is a known fact that this has been a challenge in Finnmark. Those who for one reason or another earn large sums are not particularly keen to invest in new development projects/new growth. Luckily there are exceptions and they are very important. The official funds under the direction of 'Innovation Norway' means that the Finnmark county and council becomes more important.

Entrepreneurs. There are limited settings for the education of entrepreneurs in the community. In such marginal areas as ours, efforts should be completely different. Our future will not be created by others but by ourselves, and is rarely adopted in the council offices. The council can and should organize this with respect to the infrastructure, and it ought to quite clearly increase efforts to grow the number of entrepreneurs. The most important single factor is the entrepreneurs themselves, and the culture they can establish.

In our work in North Cape Business Park, we work with networks. We endeavour to ensure that businesses collaborate and work together on the innovations process. This is challenging and demands a high degree of cooperation and openness. We see that we are successful in some areas, but also have examples of failure. The reasons are complex, but sometimes so simple that the whole issue depends on one person.



In conclusion it is important to emphasize that even though we have great challenges around business development, North Cape is a fantastic community to live in. We have good schools of high quality. We also have excellent leisure opportunities and many varied cultural opportunities. This means that the community continues to be attractive with good hopes for the future.

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