

ISLAND COASTAL ECONOMIC TRUST

Strategic Plan

2013 – 2015



The Island Coastal Economic Trust's primary objective is to be a catalyst to build a diverse and sustainable Island and Coastal Economy

North Island-Coast Development Initiative Trust

Island Coastal Economic Trust

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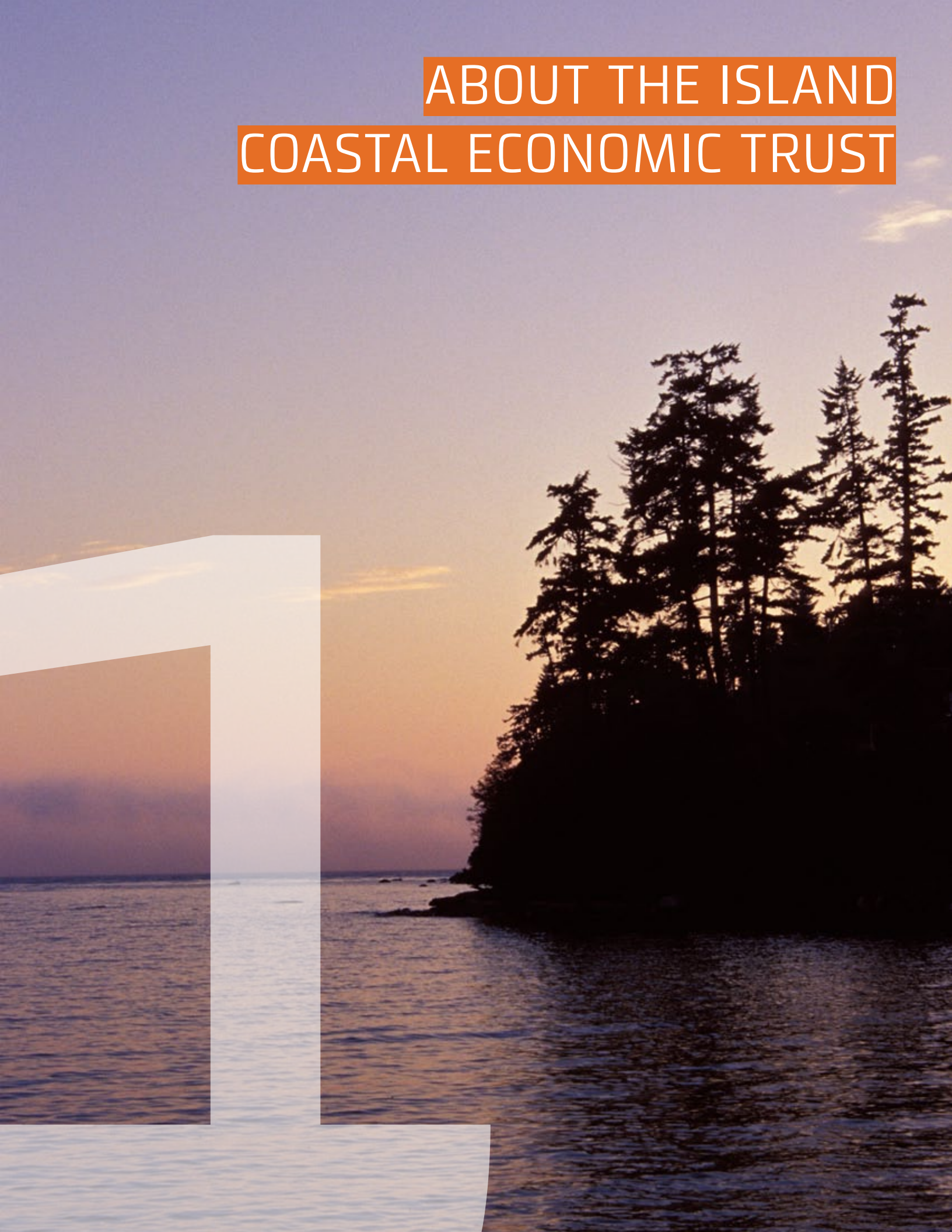
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ABOUT THE ISLAND COASTAL ECONOMIC TRUST



1.1 BACKGROUND

The \$50 million Island Coastal Economic Trust (ICET) was created by the Government of BC in 2006 to help diversify the economies of central and northern Vancouver Island and the Sunshine Coast.

ICET uses its funds to leverage partnerships, investments and opportunities for Island and Coastal communities, non-profit societies, First Nations, and other organizations.

ICET also makes strategic investments in targeted sectors to spark new and sustainable regional economic growth and jobs. These sectors include: forestry, transportation, tourism, mining, small business, energy, agriculture and aquaculture, and economic development.

ICET is guided by a 13-person Board and two Regional Advisory Committees (RACs). Board members are either appointed by the RACs (8 people) or by the Province (5 people). The RACs are made up of elected local government officials and MLAs. This exceptional team of local community leaders collaborates to set regional priorities and build vital multi-regional networks.

The specific region where the Trust may invest is shown on the map below and can be viewed in detail on the Trust's web page at www.islandcoastaltrust.ca

The Trust provides **funding** and leverages **partnerships** to create new and sustainable economic growth and jobs on the North Island and Sunshine Coast.



1.2 TRUST AREA



Ucluelet Aquarium Project



Homalco Wildlife Tours Project

1.3 ICET GRANT PROGRAMS

ICET's mission is to strengthen and diversify the economies of central and northern Vancouver Island and the Sunshine Coast region. Its core business is to leverage its principle funds to make strategic, non-repayable contributions to economic development projects within this region. Guided by its governing legislation, ICET invests its funds in projects that enhance the region's competitive position in eight key sectors:

Forestry	Transportation
Tourism	Mining
Small Business	Economic Development
Agriculture and Aquaculture	Energy

1.4 INVESTMENT APPROACH

The Board has approved an investment strategy for the \$50 million Regional Fund which is secure, flexible and provides the Trust with the liquidity it requires to respond to investment opportunities in key sectors and projects.

Trust funds are invested through the Municipal Finance Authority pooled funds. Currently ICET funds are distributed between the Money Market Fund, the Intermediate Fund, and the Bond Fund. The Trust does not invest in equities, given its short term need for capital. The Board regularly monitors the performance of its investment funds to ensure maximum earnings and the preservation of capital, while ensuring liquidity to respond to project demands.

The total amount of funding disbursed annually will depend on the project opportunities, the Board's project investment decisions and the speed of project implementation and completion.

1.5 TRUST GOVERNANCE

ICET's governance is defined in its legislation, the *North Island Coast Development Initiative Trust Act*.

BOARD OF DIRECTORS

ICET is governed by a Board of Directors consisting of 13 directors, 8 of whom are appointed by two Regional Advisory Committees (RACs), representing the Central South Island Region and the North-Island Sunshine Coast Region. The remaining 5 Directors are appointed by BC's Lieutenant Governor in Council.

The Board occupies a central role in ICET's governance. It is responsible for guiding the strategic direction of ICET, providing oversight of management, and making all final funding decisions. The ICET Board provides direction to the Chief Executive Officer, who in turn is responsible for the daily operations of ICET.

The Board includes representatives from diverse areas, including the largest and smallest communities in the region. This diverse Board, complemented by the specific expertise of the provincial appointees, brings an exceptional skill set and wide ranging perspectives to the table at each monthly meeting.

REGIONAL ADVISORY COMMITTEES

The ICET Board is advised by two Regional Advisory Committees comprised of the mayors, chairs or other elected representatives from each regional district and Members of the Legislative Assembly from the region. Regional Advisory Committees meet three or four times a year to review all funding applications to the Trust, and provide advice to the Board on strategic issues. The Chairs from each of the RACs attend Board meetings as ex officio members.

The Regional Advisory Committees play a key role in ICET's operations. Their regional knowledge and ground truth perspective provides the Board with stronger regional understanding of issues, projects and partnerships. The RACs also bring the region's voice to the table in the development of strategy and policy ensuring that no community is left unheard.

STAFF

ICET is managed by a core staff of three, including the Chief Executive Officer, a Project and Corporate Administrator and an Administrative Coordinator. All other services are provided by consultants on an as-needed basis to provide ICET with the high level expertise needed for the diverse nature of its work.

1.6 BOARD OF DIRECTORS

Mayor Phil Kent, Duncan – Board Chair
 Camela Tang – Provincial Appointee – Board Vice-Chair
 Mayor Gerry Furney, Port McNeill – Board Treasurer
 Mayor Bev Parnham, Port Hardy – Board Secretary
 Dallas Smith – Provincial Appointee – Member at Large
 Mayor John Henderson, Sechelt
 Mayor Rob Hutchins, Ladysmith
 Mayor Edward Lewis, Zeballos
 Dave Mannix – Provincial Appointee
 Arlette Raaen – Provincial Appointee
 Mayor John Ruttan, Nanaimo
 Joe Stanhope, Chair, Nanaimo Regional District
 Kevin Tevington, Provincial Appointee

1.7 REGIONAL ADVISORY COMMITTEE MEMBERS

NISCRAC MEMBERS (NORTH ISLAND-SUNSHINE COAST REGIONAL ADVISORY COMMITTEE)

Mayor Teunis Westbroek, Qualicum Beach – RAC Chair
 Mayor Paul Ives, Comox – RAC Vice-Chair
 Mayor Jan Allen, Port Alice
 Mayor Craig Anderson, Gold River
 Mayor Leslie Baird, Cumberland
 Mayor Michael Berry, Alert Bay
 Mayor John Douglas, Port Alberni
 Gary Feschuk, Chief Councillor,
 Sechelt Indian Government District
 Mayor Dave Formosa, Powell River
 Scott Fraser, MLA, Alberni-Qualicum
 Mayor Gerry Furney, Port McNeill
 Edwin Grieve, Chair, Comox Valley Regional District
 Mayor John Henderson, Sechelt
 Al Huddleston, Chair, Mt.Waddington Regional District
 Mayor Bill Irving, Ucluelet
 Mayor Walter Jakeway, Campbell River
 Mayor Larry Jangula, Courtenay

Mayor Edward Lewis, Zeballos and Chair,
 Strathcona Regional District
 Mayor John MacDonald, Sayward
 Honourable Don McRae, MLA, Comox Valley
 Garry Nohr, Chair, Sunshine Coast Regional District
 Colin Palmer, Chair, Powell River Regional District
 Mayor Bev Parnham, Port Hardy
 Mayor Wayne Rowe, Gibsons
 Mayor Josie Osborne, Tofino
 Mayor Jude Schooner, Tahsis
 Nicholas Simons, MLA, Powell River-Sunshine Coast
 Cindy Solda, Chair, Alberni-Clayoquot Regional District
 Claire Trevena, MLA, North Island

CSIRAC MEMBERS (CENTRAL SOUTH ISLAND REGIONAL ADVISORY COMMITTEE)

Gerry Giles, Director, Cowichan Valley Regional District –
 RAC Chair
 Joe Stanhope, Chair, Nanaimo Regional District –
 RAC Vice-Chair
 Mayor Chris Burger, Parksville
 Ron Cantelon, MLA, Parksville-Qualicum
 Mayor Jack deJong, Lantzville
 Mayor Ross Forrest, Lake Cowichan
 George Holme, Director Area “E”,
 Regional District of Nanaimo
 Mayor Rob Hutchins, Ladysmith and Chair,
 Cowichan Valley Regional District
 Mayor Phil Kent, Duncan
 Leonard Krog, MLA, Nanaimo
 Mayor John Lefebure, North Cowichan
 Bill Routley, MLA, Cowichan Valley
 Doug Routley, MLA, Nanaimo-North Cowichan
 Mayor John Ruttan, Nanaimo

1.7 ICET STAFF

Line Robert, CEO
 Denice Regnier, Project and Corporate Administrator

STRATEGIC PLANNING PROCESS



The legislation governing the Trust (Section 14(1)a of the Act) requires that the directors of the Trust must:

“Each year establish a 3 year strategic plan for the North Island-Coast Development Initiative Trust including goals for each year of the strategic plan relating to the fulfillment of the purposes identified in section 20 in relation to the Regional Account from Section 14(1)a of the Act.”



The first ICET strategic plan was developed as a result of a comprehensive stakeholder consultation process and round table discussions held in the winter of 2006 at the Mt. Washington Strategic Planning Conference. This process led to the establishment of the current ICET model of funding disbursement and operations and the first [ICET strategic plan](#), published in 2007.

Since that time, the Board has stayed focused on the original mandate and direction it was given by its stakeholders. However, the objectives and strategic priorities and actions are reviewed on an annual basis during a formal strategic planning process.

On January 18, 2013 the Board of Directors met for a one day planning session to prepare the 2013-2015 Strategic Plan. The Board reviewed the results of a Board consultation survey, data on the current economic environment, existing opportunities and threats, and identified the most significant issues facing the Trust in the upcoming three years. With this process the Board validated the long range vision and mission, amended its strategic objectives and identified the annual priorities and actions for the 2013-2015 term.

The 2013-2015 Strategic Plan is the seventh edition. To view all Strategic Plans, visit www.islandcoastaltrust.ca/strategic-plan.

ENVIRONMENTAL SCAN



ICET operates in a strategic environment which is highly influenced by external forces. These external economic, political and strategic forces have direct and indirect impacts on ICET operations and strategic priorities.

ECONOMIC CONTEXT

The ICET region continued to face economic challenges in 2012 as the recovery from the 2008-2009 recession stalled and even regressed in some areas. There are bright spots and reasons for optimism but the region is lacking some of the major employment opportunities on the horizon for other regions of the province, particularly northern BC.

The largest decline in employment is in the construction industry, followed by tourism related accommodation and food services and manufacturing. Average employment incomes in the ICET region are lower than in all other regions of the province. This is the result of the declining fortunes of key island industries like forestry and the resulting loss of high income employment in sawmills, pulp and paper and forestry supply companies and the failure of other high paying alternatives to emerge.

There are also some positive trends and opportunities. The forest sector is slowly recovering due to growth in exports to Asia and a greater focus on specialty products with higher value. Further growth is expected as the US housing market recovers. Agriculture and related food processing is also a growth industry due to the rising interest in locally grown food and the potential for higher value agricultural and seafood processing. While mining is not as prominent in the ICET region as in other areas of the province, exploration continues on Northern Vancouver Island and there are some proposals for mining development which could be realized in the longer term. Growth in the education sector is a positive sign and some of the higher value services sectors such as professional, scientific and technical services should rebound as activity increases in larger centres and as a result of the attraction of skilled professionals and businesses due to the quality of life advantages in the region.

The key to reversing the declining income and employment trends in the coming years will be to continue to encourage growth in high value

industries while also supporting high value economic activity within the existing dominant sectors in the regional economy.

IMPACT ON ICET OPERATIONS

The global economic challenges have affected all levels of government. Fiscal tightening is shrinking the available pool of matching government funding resources for ICET projects. A challenging economic environment at the community level is also shrinking the available pool of private sector and community level contributions to projects as well as tempering the optimism and economic certainty required to move certain projects forward.

In the past year, ICET disbursed over \$7 million dollars to previously approved projects in varying stages of implementation and completion. New project approvals for 2012-2013 have been more limited in scope, with approximately \$2 million in new initiatives approved.

The smaller value of new project approvals is a result of declining matching funding sources and fewer large capital projects. Projects moving forward are smaller in scope, with the primary matching funding sources coming from the communities and non-government sources of funding. Most of these projects are coming from ICET's most economically challenged communities who benefit from a more favorable matching ratio of 1: 1 and 1:2. The result is that the total amount of funding leveraged into the community is lower than during the recent federal stimulus funding period, where larger projects from thriving communities with a 1:3 matching ratio were approved. The result is that while total leveraging may have decreased, ICET's role as a key player and tipping point in projects is increasing. In many projects, ICET is the only major source of funding outside of applicant and community resources.

The most significant internal challenge facing ICET in the coming year remains the uncertainty regarding future funding in a climate of political and fiscal uncertainty. To date the organization has committed more than \$47 million of its original \$50 million endowment. In 2012-2013, recapitalization of the fund, with a view to becoming a long term regional economic development resource, was one of ICET's

key strategic priorities. A significant amount of time and resources have been invested in obtaining further funding and these activities will continue into the next fiscal year until either interim or long term funding is secured.

Regardless of financial uncertainty, the ICET Board is moving forward with optimism and implementing new programs and tools needed by the region to respond and adapt to the changing economic climate, within its ability to do so with remaining funds. In early January 2013 ICET launched a new Economic Development Readiness program to support community and regional economic development capacity, by providing funding for strategic economic development planning and investment readiness initiatives. Early results are very encouraging as several communities with no economic development functions are now involved in the development of new local and/or regional economic development services. More new programs have been planned but cannot be implemented until additional funding is secured.

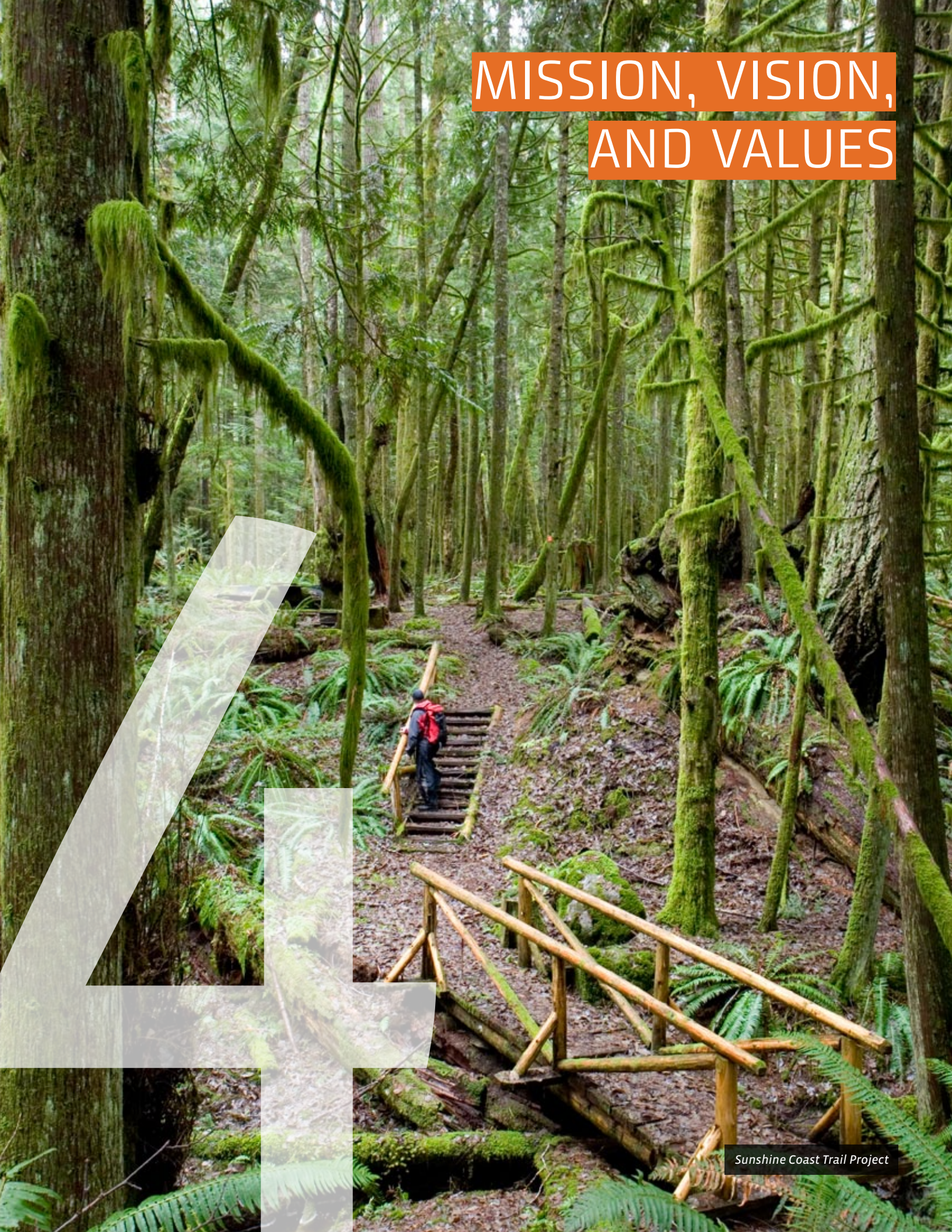


Campbell River Airport Expansion Project



Cowichan Estuary Nature Centre Project

MISSION, VISION, AND VALUES



MISSION

The Trust is a partner and catalyst to build a diverse and sustainable Island and Coastal economy.

**LONG-RANGE
VISION**

The North Island and Sunshine Coast area is a diversified, globally competitive regional economy.

VALUES

Integrity
Transparency
Accountability
Collaboration



Ladysmith Community Marina Visitor Facilities Project



Nanaimo Visitors Centre



STRATEGIC
OBJECTIVES

LEVERAGE economic development and diversification investment in the ICET region

INVEST in the development of key economic development infrastructure

IMPROVE the environment required for increased investment attraction and job creation

ADVANCE regional collaboration and planning

MAXIMIZE the impact of Trust resources through increased efficiency, responsiveness and implementation of best practices



Port Hardy Seine Float and Area Improvement Project



Sunshine Coast Trail Project Tin Hat Hut

STRATEGIC PRIORITIES AND ACTIONS 2013–2015



1

LEVERAGE ECONOMIC DEVELOPMENT AND DIVERSIFICATION INVESTMENT IN THE ICET REGION

For a detailed summary of strategic priorities, actions, targets and timelines, download the [2013–2015 ICET Workplan](#).

ICET will use its \$50 million endowment as a lever to attract incremental investment from other levels of government, non-government sources of funding, and community as well as private sector investment, in individual project investments as well as larger community and regional investments.

Strategic priorities 2013–2015

1.1 SEEK LONG TERM FUNDING FROM THE GOVERNMENT

Key Actions 2013

- A) Liaise with Province regarding the business case submission for interim funding
- B) Implement new programs as per available funding and business case

Actions 2014–2015

- A) *Continue to review operations, systems and staffing to adjust to new funding*
- B) *Measure success of new initiatives and make necessary adjustments*
- C) *Develop and implement new targeted sector programs or measures as required*
- D) *Develop long term financing plan for the Trust*

1.2 CONTINUE TO MAINTAIN OR EXCEED LEVERAGING TARGETS

Key Actions 2013

- A) Increase the focus on ICET leveraging targets in the guidelines and project review process
- B) Continue to support applicants with the search for matching funding
- C) Maintain and improve existing relationships with other funders to encourage and increase funding in the ICET area

Actions 2014–2015

- A) *Continue to maintain or increase leveraging of funding to the region*
- B) *Build on existing and new relationships with funders to increase investment in ICET area*

1.3 INCREASE THE DIVERSITY OF MATCHING FUNDING PARTNERS AND FUNDING SOURCES

Key Actions 2013

- a) Increase the focus on the diversity of sources of matching and non-government sources of funding in the application guideline documents and project approval process
- b) Link applicants with potential sources of non-government funding

Actions 2014–2015

- c) *Continue to build new relationships and partnerships with non-government and private sector partners*

Performance measures

- Amount of funding leveraged
- Number of sources and percentage of funding leveraged
- Amount of incremental diversification investment
- Number of projects leading to economic diversification
- Percentage of projects where ICET funding is a tipping point

2

INVEST IN THE DEVELOPMENT OF KEY ECONOMIC DEVELOPMENT INFRASTRUCTURE

ICET will support strategic investment in key local and regional economic development infrastructure, with a strong focus on incremental economic benefits, economic growth and diversification, regional cooperation and long term economic and environmental sustainability through its two grant programs; the Economic Infrastructure Grant Program and the Economic Development Readiness Program.

Strategic priorities 2013–2015

2.1 INCREASE THE IMPACT AND EFFICIENCY OF THE ECONOMIC DEVELOPMENT INFRASTRUCTURE GRANT PROGRAM

Key Actions 2013

- a) Increase and diversify stakeholder awareness and applications to the program
- b) Increase the diversity of funding applications

Actions 2014–2015

- A) Monitor the number and diversity of new applicants and adjust initiatives as required
- B) Monitor the diversity of funding applications and adjust initiatives as required

2.2 RESEARCH AND DEVELOP NEW PROGRAMS AND INITIATIVES**Key Actions 2013**

- A) Conduct research on the economic benefits and best practices in the energy sector
- B) Review the potential for the development of energy sector programs or partnerships

Actions 2014–2015

- A) Implement new energy initiatives (if required)
- B) Review the opportunity to develop targeted initiatives to support small business

Performance measures

- Amount of funding invested in infrastructure
- Number of projects and communities supported
- Number of significant regional infrastructure projects
- Project performance stories

3

IMPROVE THE ENVIRONMENT REQUIRED FOR INCREASED INVESTMENT ATTRACTION AND JOB CREATION

ICET will invest in projects, planning and training to support the development of attractive, liveable and competitive investment-ready communities capable of attracting high value investment and job creation for the region.

Strategic priorities 2013–2015**3.1 SUPPORT ECONOMIC DEVELOPMENT READINESS IN COMMUNITIES OF ALL SIZES****Key Actions 2013**

- A) Increase stakeholder awareness of the new Economic Development Readiness program
- B) Provide on-on-one assistance to maximize the impact of the new program



GeoScience BC — Northern Vancouver Island
Exploration Project (W. Jackaman)

Actions 2014–2015

- A) Continue to increase awareness of the new program
- B) Monitor success of the program and make required adjustments
- C) Continue to liaise with provincial government and other levels of government to optimize linkages with provincial investment attraction tools, courses and other resources
- D) Monitor applicant performance measurement and develop best practices case studies
- E) If required, develop and implement regional economic development readiness tools for use by communities

3.2 PROMOTE HIGH VALUE PROJECTS AND INVESTMENT IN THE ICET REGION

Key Actions 2013

- A) Increase the focus on high value investment in the program guidelines and project review process
- B) Share sectoral and regional statistics with applicants to support the investment decision process
- C) Share information and best practices related to high value projects and investment

Actions 2014–2015

- A) Monitor number of new high value investments in region
- B) Develop case studies to share with potential applicants
- C) Continue to share sectoral and regional statistics with applicants

Performance measures

- Number of communities receiving economic readiness support
- Number of economic development readiness projects funded
- Number of new strategic plans developed, new local or regional ED corporations formed, investments attracted/ attraction websites or documents developed, hosting events held, regional marketing initiatives planned
- Number of new permanent jobs created by ICET investments
- Number/type of new high value investments attracted
- Value of incremental investments and spin off investments generated by ICET funded projects

- Increase in tourism to region/communities/attractions attributable to ICET funded projects
- Increase in population, corporate tax base or other measureable indicators of community growth

4

ADVANCE

REGIONAL COLLABORATION
AND PLANNING

ICET will facilitate and provide financial or operational assistance to support regional collaboration, key networking or learning events as well as long term regional or sectoral planning initiatives.

Strategic priorities 2013–2015

4.1 SUPPORT REGIONAL ECONOMIC DEVELOPMENT PLANNING AND LEARNING INITIATIVES

Key Actions 2013

- Develop a regional visioning and planning process in collaboration with VIEA and other regional partners
- Continue to support regional or sectoral planning, networking or learning events related to economic development
- Continue to provide support for partnership studies related to regional or sectoral economic development planning

Actions 2014–2015

- Develop and present workshops/educational materials to support the regional visioning and planning process
- Develop and present the regional visioning and planning process
- Prepare a regional vision and strategy and report to stakeholders

4.2 FACILITATE ECONOMIC DEVELOPMENT COLLABORATION

- Continue to organize and support regular in-person meetings of the Regional Advisory Committees and Board of Directors
- Develop new relationships with First Nations communities and organizations

Actions 2014–2015

- A) *Continue to use various methods to facilitate regional economic development collaboration*
- B) *Research and, if appropriate, develop new initiatives to maximize First Nations involvement in regional economic development planning and collaboration*

4.3 PARTICIPATE AND PRESENT AT KEY ECONOMIC DEVELOPMENT EVENTS

- A) Make presentations at key economic development or sectoral events to promote ICET, its program and best practices
- B) Participate in relevant economic development or sectoral events, conferences and courses
- C) Provide communities facing economic challenges with sponsorship funding to attend key regional economic development events

Actions 2014–2015

- A) *Continue to use raise ICET's profile in the region and province by targeting specific events for participation*
- B) *Continue to participate in relevant economic development events and increase ICET's leadership role within sector in the region and province*

Performance measures

- Number of regional networking/learning events funded/supported
- Number of regional plans, initiatives developed
- Number of Regional Advisory Committee meetings
- Number of Board Meetings
- Number of presentations made to stakeholder groups
- Number of new relationships with First Nations communities
- Number of new collaborative initiatives between First Nations and communities

5

MAXIMIZE THE IMPACT OF TRUST RESOURCES THROUGH INCREASED EFFICIENCY, ACCOUNTABILITY AND IMPLEMENTATION OF BEST PRACTICES

ICET will ensure that Trust resources are maximized with frugal administrative practices, continuous improvement of operations and programs and strong accountability processes as well as the implementation and sharing of best practices to promote state-of-the-art administrative and economic development practices.

Strategic priorities 2013–2015

5.1 INCREASE RECOGNITION OF ICET AND ITS POSITIVE TRACK RECORD THROUGH IMPROVED COMMUNICATIONS

Key Actions 2013

- A) Develop and implement social media communications strategy
- B) Make key improvements to ICET website
- C) Share project and economic development best practices

Actions 2014–2015

- A) Monitor the success of the new social media strategy and tools and make adjustments as required
- B) Continue to increase the number and diversity of followers and users
- C) Increase the interactive component of the strategy
- D) Continue to improve the quality, pertinence and diversity of information provided

5.2 ENSURE MAXIMUM BENEFIT OF ICET RESOURCES THROUGH CONTINUOUS OPERATIONAL IMPROVEMENT AND EFFICIENCIES

Key Actions 2013

- A) Improve administrative systems, forms and documents to simplify process for applicants and increase administrative efficiency
- B) Continue to develop project case studies to measure economic impact and benefits of Trust investments
- C) Continue to match or exceed market returns on ICET investments

Actions 2014–2015

- A) Continue to monitor and document project performance
- B) Continue to match or exceed market returns on ICET investments

5.3 IMPLEMENT MANAGEMENT, GOVERNANCE AND ECONOMIC DEVELOPMENT BEST PRACTICES

Key Actions 2013

- A) Continue to implement management best practices on an ongoing basis
- B) Continue to implement governance best practices on an ongoing basis

Actions 2014–2015

- A) *Continue to research and implement best practices in management and governance*
- B) *Continue to develop unique best practices in regional economic development*

Performance measures

- Number and type of new processes, forms and documents created or implemented
- Improvements in service delivery
- Project and organization evaluations and reviews
- Number and type of analysis and reports produced
- Number and type of stakeholder consultations and communications
- Number of followers on social media
- Rate of return on investments



Bear Cove Recreation Site

KEY PERFORMANCE TARGETS





KEY
PERFORMANCE
TARGETS

LEVERAGE economic development and diversification investment in the ICET region

- Leverage investment of more than \$3 for every dollar of ICET funding
- Increase funding leverage from non-government sources to at least 25% of total matching funding sources

INVEST in the development of key economic development infrastructure

- Disburse \$4 million to approved projects
- Approve \$2M in new projects

ADVANCE regional collaboration and planning

- Provide support for at least 3 regional economic development or sectoral networking, learning or planning events
- Develop new relationships or partnerships with at least three new non-government funding or sectoral organizations
- Develop new relationships with at least five First Nations communities or organizations

IMPROVE the environment required for increased investment attraction and job creation

- Provide funding for at least 12 new economic development readiness initiatives
- Create at least 4.4 permanent jobs per \$100,000 in ICET investment

MAXIMIZE the impact of Trust resources through increased efficiency, responsiveness and implementation of best practices

- Implement new social media strategy and tools
- Ensure a market rate of return on Trust investments

REGIONAL ECONOMIC UPDATE

Prepared by Jamie Vann Struth, Consulting Economist, VANNSTRUTH Consulting Group

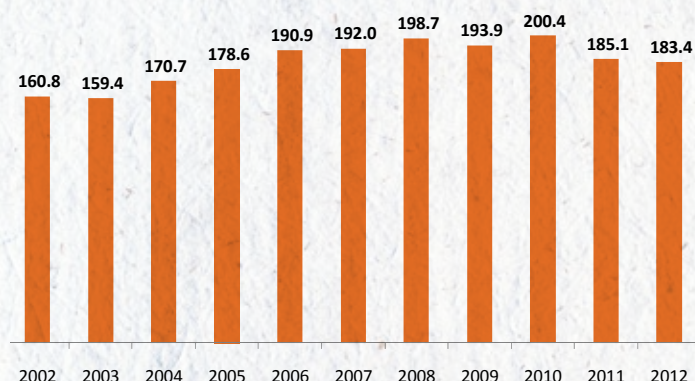
The ICET region continued to face economic challenges in 2012 as the recovery from the 2008-09 recession stalled and even moved backward in some areas. There are bright spots and reason for optimism, but the region is lacking some of the major employment opportunities on the horizon for other regions of the province, particularly northern BC.

EMPLOYMENT

Employment in the ICET region averaged 183,400 jobs in 2012, a drop of 1,700 jobs from the previous year and the lowest regional total since 2005.

Since the start of the last recession in 2008, regional employment recovered strongly in 2010 but has since dropped again and is now down 8% over the last four years. While the ICET region has lost employment in the last two years, the other major regions of BC (Southern Interior, Northern BC and the Lower Mainland/Victoria areas) all saw an employment increase for the third consecutive year in 2012 and all

ICET Region Employment (thousands)
(Source: Statistics Canada Labour Force Survey, annual averages)



Employment Change in ICET Region, 2008-2012

(Source: Statistics Canada Labour Force Survey, annual averages)



regions except the North are now exceeding pre-recession employment levels (Northern BC is only 1% below its 2008 employment level).

Looking at specific industries, the largest employment decline in the ICET region from 2008 to 2012 is in construction, which is down by 9,300 jobs. Tourism-related accommodation and food services have lost 4,700 jobs and manufacturing is down by 2,500 jobs. (Note that this data is based on a monthly survey and averaged over the course of a year so there is a certain amount of random variation from year to year. The exact changes are not considered as reliable as the general trends).

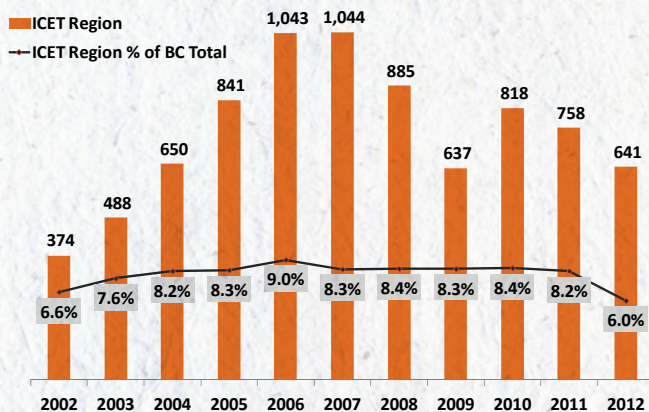
There are some positive trends, however. Education has added 3,000 jobs and the “resource-based and utilities” sector, which includes agriculture, forestry, fishing and mining, has increased by 1,200 jobs. Over a longer period of time resource-based employment has declined significantly, but there appears to be a small positive rebound in the last few years.

Apart from the statistics, there are some reasons for optimism. The forest sector is slowly recovering due to growth in exports in Asia and greater focus on specialty products with higher value. Further growth is expected as the US housing market continues to recover and penetration into Asia grows. Agriculture and related food processing is also a growth industry due to rising interest in locally-grown food and the potential for higher-value agricultural and seafood processing for both local consumption and exporting. Mining and oil and gas are not nearly as prominent in the ICET region as other parts of BC but exploration continues, particularly in northern Vancouver Island, and there are some proposals for mining development that could be realized in the longer term. Growth in the education sector is also a positive sign and some of the higher-value services sectors that were growing rapidly earlier in the last decade, such as professional, scientific and technical services, should rebound in the larger centres in the region and as the attraction of skilled professionals for quality of life reasons continues.

CONSTRUCTION ACTIVITY

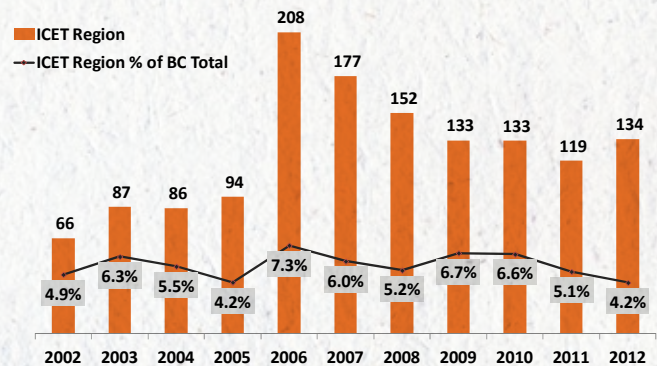
The value of building permits in the ICET region has followed the same general pattern as employment, with a strong post-recession recovery in 2010 followed by further declines the last two years.

Total Building Permit Values in ICET Region (\$millions)
(Source: BC Stats, based on Statistics Canada data)



Commercial & Industrial Building Permit Values (\$millions)

(Source: BC Stats, based on Statistics Canada data)



The region has followed provincial trends quite closely in most years, with somewhere between 8% and 9% of total building permit values every year from 2004 to 2011 (as a reference, the ICET region has 9.5% of the provincial population). But while the provincial economy continued moving upward in 2012, the ICET region saw its share of building permits fall to 6.0%, its lowest level in more than a decade.

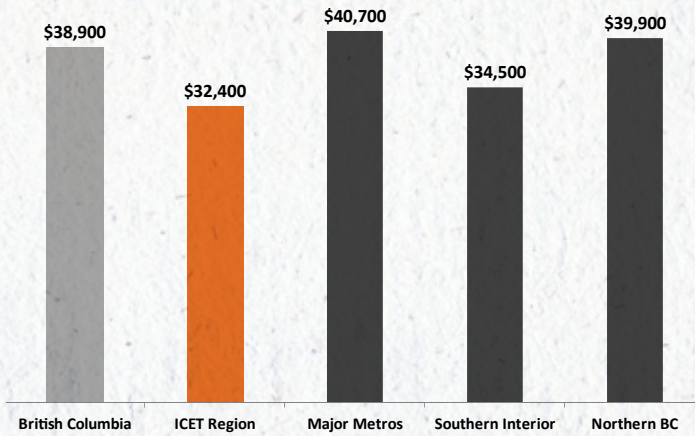
Focusing only on commercial and industrial construction shows the level of investment in new employment and income-generating assets. While these investments have also slowed from their peak in 2006 and 2007, the fall-off is not as sharp as for residential construction. The share of provincial activity did trend down for the 3rd straight year in 2012 as activity increased significantly in both the Lower Mainland and northern BC.

INCOMES

Average employment incomes are lower in the ICET region than any other major region in BC.

This is due primarily to the different mix of industries in the ICET region that is oriented more toward lower-paying sectors, including sectors that provide a lot of part-time and/or seasonal work, such as tourism and resource industries like fishing.

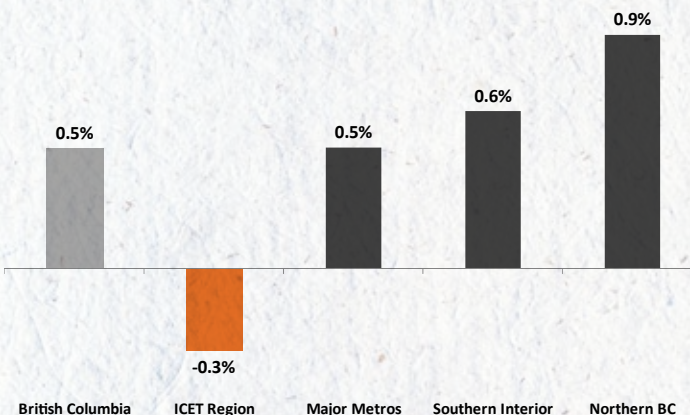
Average Employment Income, 2009
(Source: Canada Revenue Agency taxfiler data)



Employment incomes have not always been lower in the ICET region. As recently as 2000, the ICET region had a higher average income than the Southern Interior and was only 11% lower than the BC average compared to 17% lower in 2009. The declining fortunes of key Island industries like forestry and the failure of new, high-paying alternatives to emerge has caused employment incomes to stagnate.

The average real employment income (after removing inflation) in the ICET region declined by 0.3% per year from 2000 to 2009. This compares to an annual increase of 0.5% in BC and larger increases in both the Southern Interior and Northern BC.

Annual Change in Average Real Employment Income, 2000-2009
(Source: Canada Revenue Agency taxfiler data)



The remedy from an economic development perspective is to encourage growth in higher-value industries (e.g., professional services, niche manufacturing of wood and agri-food products) while also supporting higher-value economic activity within existing dominant sectors (e.g., tourism).

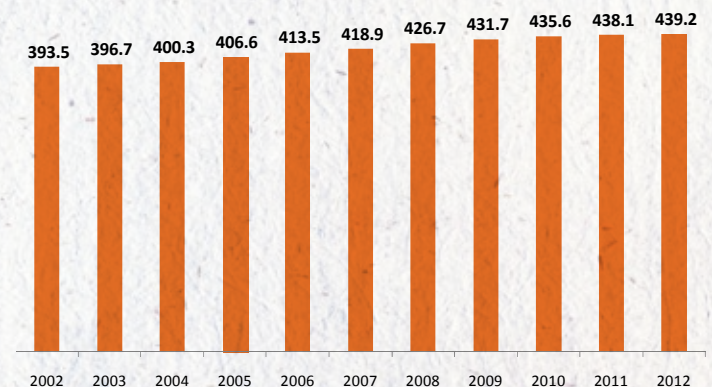
POPULATION

Population and employment trends usually move in the same direction. Growth in employment opportunities will attract people to move to a region, but growth in population also creates employment in sectors like retail, personal services and public services.

Following this logic the declining employment in the ICET region might also be reflected in a declining population. So far this is not quite occurring as regional population continued to grow to an estimated 439,000 people in 2012.

However, the rate of population increase is slowing down, dropping for the 4th straight year in 2012. The region may be heading toward population decline if the trend continues.

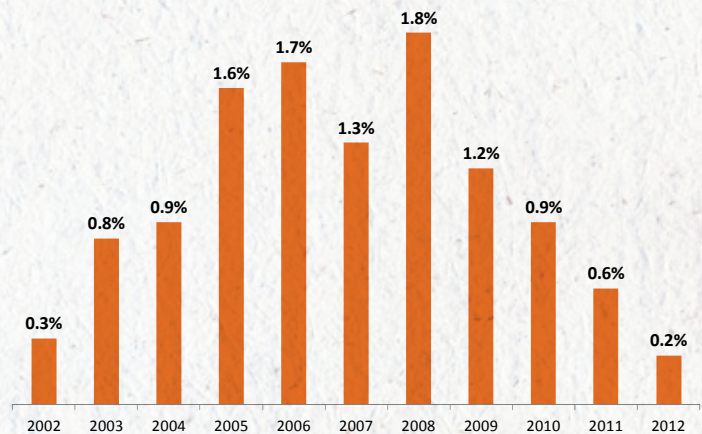
ICET Region Population Estimates (thousands)
(Source: BC Stats)



With a growing and aging population, yet declining employment, there are more and more people living in the region who are not working. The number of people age 15+ in the ICET region who are not in the labour force increased by 22% from 2008 to 2012 (from 131,000 to nearly 160,000 people), a much greater increase than in BC overall (10%) or the economically similar Southern Interior (5%).

Part of the increase is based on the ICET region's older age profile and continuing attractiveness to retirees, but such a dramatic increase in only four years suggests there are also younger adults who would like to work but cannot find suitable employment in the region. Some of them will pursue post-secondary education as an alternative (which is a common tactic during economic downturns) but an ongoing challenge for non-metropolitan regions,

Estimated Population Growth in ICET Region
(Source: BC Stats)



particularly in smaller communities, is having enough quality employment opportunities to attract and retain young adults.



Ground-breaking for the Cowichan Regional Visitor Centre

B.C. Forest Discovery Centre president Steve Lorimer (left), North Cowichan Mayor Jon Lefebure, Cowichan Bay director Lori Iannidinardo, Duncan Mayor and ICET Chair Phil Kent, Duncan Cowichan Chamber of Commerce president George Gates, and Cowichan Tribes' Councillor Lester Joe.