

Strategic Plan

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

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1. About the North Island-Coast Development Initiative Trust

1.1 Background to the Trust

On September 22, 2005 the provincial government initiated legislation (Bill 7) creating a \$50 million North Island-Coast Development Initiative Trust. The objective of the Trust is to help diversify the economy of the North Island-Coast region (including the Sunshine Coast) by leveraging new investment and for expanding regional economic opportunities.

The intent of the Trust is to provide communities, not for profit societies, First Nations, and other organizations with the funding and mechanisms to support strategic investments in the regional economy of the north Island and Sunshine Coast.

The Trust uses its funds to leverage partnerships and other investments with local governments and authorities, non-profit societies and other organizations.

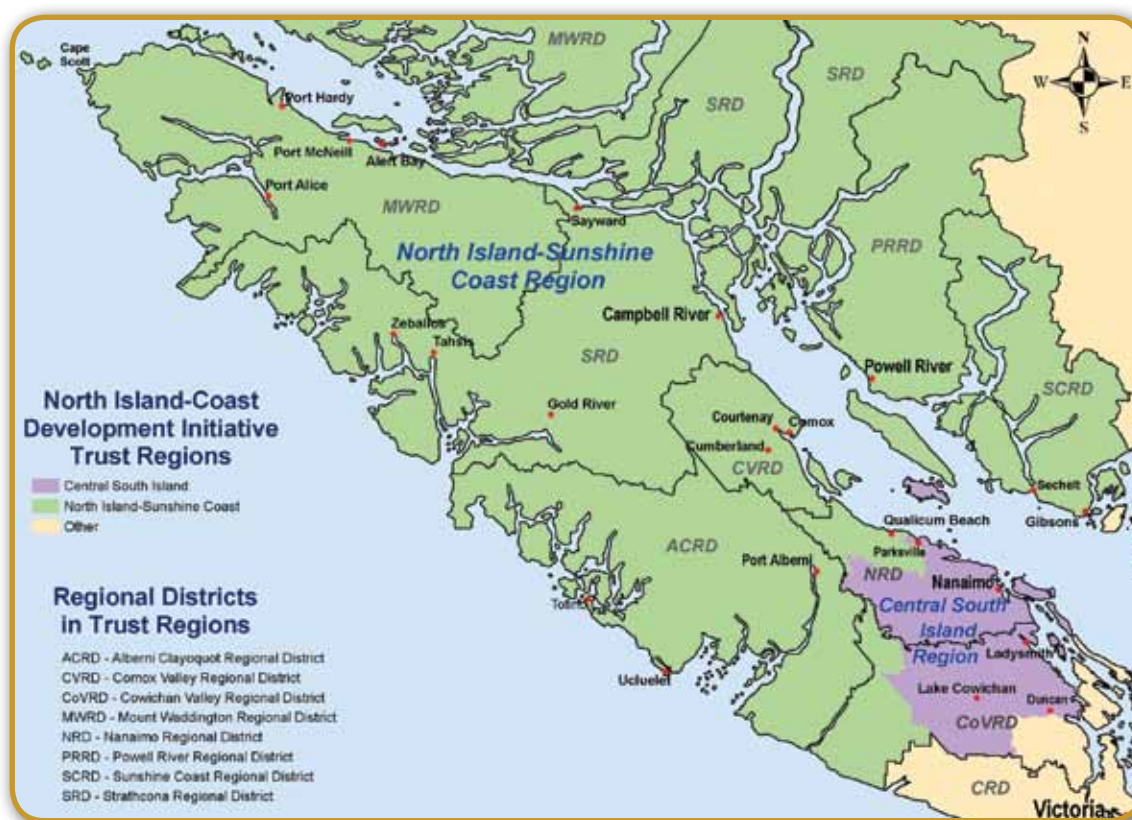
The Trust provides funding to create new and sustainable economic growth and jobs through strategic investment in targeted sectors within the regional economy.

Elected representatives of the region's communities control the Trust and make the decisions regarding the most prudent approach to realize economic benefits. This unique initiative benefits communities north of the Malahat on Vancouver Island and on the Sunshine Coast. 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.

As required under the Act, the Directors of the Trust have established a Regional Account in which the one-time \$50-million allocation from the Province was deposited.

The first ICET Strategic Plan titled the *2007-2010 Strategic Plan* was published and made public on February 27, 2007. This will be the fourth edition of the Trust's Strategic Plan addressing the 2010-2012 period to comply with the legislated mandate to produce a three year Strategic Plan every year.

As part of the Strategic Planning process, ICET continues to monitor economic circumstances in the region and identifies issues and opportunities. The decline in the Forest Sector continues to adversely impact the region and specific communities in particular with few signs of recovery in the near term. While the Strategic Plan continues to see modest modifications in its content from year to year, the Board remains concerned about the challenges in the Forest Sector and will continue to examine what role the Trust can play to assist in whatever way it can, given its modest remaining resources.



1.2 Strategic Sectors

Bill 7 sets out that the purpose of the Regional Account is to support investment within the following sectors in the Trust area:

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



1.3 Trust Governance

Bill 7 established the North Island-Coast Development Initiative Trust 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 the provincial government.

The RACs are comprised of the mayors within the regions, the chairs of each regional district and the members of the Legislative Assembly from the region. MLAs cannot be members of the Trust Board.

The regional advisory chair representing the Central South Island RAC is Gerry Giles, Chair of the Cowichan Valley Regional District.

The North Island-Sunshine Coast RAC is represented by Mayor Greg Phelps of Courtenay.

1.4 Board of Directors

The following directors were elected by the regional advisory committees for a two year term beginning July 14, 2008:

Mayor Barry Janyk, Gibsons – Board Chair
 Mayor Phil Kent, Duncan – Board Vice-Chair
 Mayor Gerry Furney, Port McNeill – Board Treasurer
 Mayor Charlie Cornfield, Campbell River
 Mayor Rob Hutchins, Ladysmith
 Mayor Ken McRae, Port Alberni
 Mayor John Ruttan, Nanaimo
 Joe Stanhope, Chair, Nanaimo Regional District

The Province of British Columbia by order-in-council appointed the following five directors to the Board of Directors for a term of three years starting August 27, 2009:

Camela Tang – Board Secretary
Bob Bennie
Dave Mannix
Arlette Raaen
Dallas Smith



1.5 Regional Advisory Committee Members

Under Bill 7, there is established two Regional Advisory Committees. These are made up of mayors, chairs of regional districts, and provincial members of the legislative assembly.

The membership of each of the two regional advisory Committees are set out below.

1.5.1 CENTRAL SOUTH ISLAND REGIONAL ADVISORY COMMITTEE MEMBERS

Gerry Giles, Chair, Cowichan Valley Regional District – Chair
Ron Cantelon, MLA, Nanaimo
Mayor Ross Forrest, Lake Cowichan
Mayor Colin Haime, Lantzville
George Holme, Director Nanaimo Regional District, District E
Mayor Rob Hutchins, Ladysmith
Mayor Phil Kent, Duncan
Leonard Krog, MLA, Nanaimo
Mayor Ed Mayne, Parksville
Bill Routley, MLA, Cowichan Valley
Doug Routley, MLA, Cowichan-Ladysmith
Mayor John Ruttan, Nanaimo
Joe Stanhope, Chair, Nanaimo Regional District
Mayor Tom Walker, North Cowichan

1.5.2 NORTH ISLAND-SUNSHINE COAST REGIONAL ADVISORY COMMITTEE MEMBERS

Mayor Greg Phelps, Courtenay - Chair
Mayor Stewart Alsgard, Powell River
Mayor Craig Anderson, Gold River
Mayor Fred Bates, Cumberland
Mayor Michael Berry, Alert Bay
Lou Biggemann, Director Area “F” Regional District of Nanaimo
Hira Chopra, Chair, Alberni-Clayoquot Regional District

Mayor Charlie Cornfield, Campbell River
 Mayor Corrine Dahling, Tahsis
 Gary Feschuk, Chief Councillor, Sechelt Indian Government District
 Mayor John Fraser, Tofino
 Scott Fraser, MLA, Alberni-Pacific Rim
 Mayor Gerry Furney, Port McNeill
 Mayor Paul Ives, Comox
 Al Huddleston, Chair, Mt. Waddington Regional District
 Mayor Darren Inkster, District of Sechelt
 Mayor Barry Janyk, Gibsons
 Mayor Edward Lewis, Zeballos
 Mayor John MacDonald, Sayward
 Don McRae, MLA, Comox Valley
 Mayor Ken McRae, Port Alberni
 Mayor Gail Neely, Port Alice
 Colin Palmer, Chair, Powell River Regional District
 Mayor Bev Parnham, Port Hardy
 Mayor Eric Russcher, Ucluelet
 Donna Shugar, Chair, Sunshine Coast Regional District
 Nicholas Simons, MLA, Powell River-Sunshine Coast
 Claire Trevena, MLA, North Island
 Mayor Teunis Westbroek, Qualicum Beach



1.6 Development of the Strategic Plan

Prior to the Trust commencing to make investments, the Board of Directors was required to establish a three year Strategic Plan with goals for each year of the plan relating to the fulfillment of the purposes identified in the Act as follows:

The legislation governing the Trust requires that the directors 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 Bill 7.

To meet this requirement, in the last half of 2006 and early part of 2007, the Board undertook a Strategic Planning process and published its first Strategic Plan on February 27, 2007. The Board reviews the content of each successive Strategic Plan and makes adjustments and revisions in accordance with extant economic conditions, the experience with projects that have been approved, and demands for economic support from communities and other applicants in the Trust’s mandate area.

1.7 Key Sector Themes

Based on the initial Round Table discussions in the winter of 2006 at the Mount Washington Strategic Planning Conference, consensus was reached around the following key themes:

- Economic recovery has been variable for sub-regions with some key resource communities struggling in the face of the weakened resource sectors
- There is significant support for economic diversification and strategic regional alliances and regional cooperation and partnerships to maximize opportunities
- Trust funding needs to be strategically directed at projects and programs that result in increased economic activity and wealth creation for targeted sectors
- The opportunity for economic development to proceed in a sustainable manner will be a significant competitive advantage for the region
- Greater regional cooperation is required to develop a broad-based integrated regional economic development strategy to ensure sound sector investments
- Table One below outlines an overview of the Constraints and Opportunities summarized from the Round Table Strategic Planning Conference.



TABLE ONE
Summary of Constraints and Opportunities from Round Table Planning Conference

CONSTRAINTS	OPPORTUNITIES
Skills/labour shortages	Developing a skilled workforce
	Access to high quality post-secondary educational facilities
Transportation	Expansion of port, airport and rail infrastructure
Lack of working relationships between First Nations and local governments	New opportunities for First Nations private sector joint-venture business partnerships
Historic and geographic barriers to work regionally targeting investment and development in key sectors/clusters (community and sub-regional competition)	Significant sector and regional development/ investment opportunities include: <ul style="list-style-type: none"> – Value-added forestry – Transportation (airport, port and rail expansion) – Tourism – Aquaculture – Energy production – Agriculture – Minerals/aggregates
Resource sectors affected by policy and regulatory (both provincial and federal) limitations that need to be addressed to maximize sector development (particularly shellfish, agriculture and log supply)	Develop critical mass across sectors and regions to influence public policy
Limited capacity funding (particularly in small communities)	Access to Trust capacity funding
Affordable housing	Quality of life Renowned retirement destination



1.8 Sector Constraints and Opportunities

The Planning Conference format also provided key stakeholder “sector” representatives with an opportunity to provide their advice regarding strategic constraints and opportunities to help guide the development of the Strategic Plan. These presenters were also requested to provide the planning conference with suggested areas for the Trust to invest its funds.

1.9 Summary of Key Constraints and Trust Strategies

A common theme of the Round Table discussions and sector presentations was the need for greater regional cooperation. Meeting participants expressed optimism about the future for our communities and saw evidence that Island/Coast communities are committed to developing new partnerships important to maximize wealth creation.

Participants identified significant opportunities for improvement and expect the Trust to play a major role as a catalyst for diversified economic development. There was also strong recognition that leadership and accountability for the Trust must come from within the region. It must be guided and supported by community leaders who are prepared and motivated to work collaboratively to make things happen.



TABLE TWO

Consolidated Summary of Key Constraints and Strategies

KEY CONSTRAINTS	KEY STRATEGIES
Need to improve regional and sectoral strategic planning	<p>Trust could play a pro-active leadership role to support and develop the strategic regional and cross-sector alliances and partnerships needed to maximize opportunities</p> <p>Assist in developing and implementing community and sectoral strategic plans</p> <p>Direct funding to projects and programs that deliver development outcomes for targeted sectors/programs</p> <p>Provide capacity funding (particularly in small communities)</p> <p>Provide funding support for initiatives that improve working relationships between communities, local governments and First Nations</p> <p>Support information sharing and network development</p>



KEY CONSTRAINTS	KEY STRATEGIES
Need for Sector/Cluster Development Strategies	<p>Ensure that all Trust investments are consistent with community and sector development strategies</p> <p>Support the development of integrated regional and sectoral/cluster economic development strategies where they do not exist or need to be updated</p> <p>Support activities that advance sector/cluster development including:</p> <ul style="list-style-type: none"> • Market development programs and marketing intelligence • Business planning and entrepreneurial management skills • New product development and innovative technologies • Establishing a stable policy environment • Joint-venture partnership opportunities with First Nations • Build local knowledge for the financial, regulatory and environmental services that support the industry • Development of innovative technologies • Business succession planning • Fast tracking accreditation • Housing initiatives and incentives to address the issue of affordability • Improving public transportation • Energy infrastructure upgrades
Labour Market	Support for the development of a longer-term human resource strategy to address regional labour recruitment and skills training
Leveraging Olympic Opportunities Legacy	Develop and support a pro-active cross-regional Trust initiative to secure trade and investment opportunities associated with the Olympic Legacy initiative
Transportation	Support for infrastructure development with particular emphasis on initiatives that result in improvements to port, corridor and trail infrastructure



2. TRUST MISSION, OBJECTIVE AND GOALS

2.1 Mission

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

2.2 Objective

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

2.3 Long-Range Vision

The North Island and Sunshine Coast successfully transition to a more diversified, globally competitive resource and knowledge based regional economy

2.4 Goals

1. The investment goal of the Trust is to leverage economic development and diversification investments in the economies of the regions. For every dollar the Trust invests, it expects that an additional \$3.00 will be invested.
2. The Trust will be managed judiciously, consistent with the intent of the Act, Mission and Goals with an emphasis on sound strategic and operational planning and will be responsive to changing circumstances and opportunities.
3. Preference will be given to partnerships and leveraged investments that achieve the projected economic and diversification impacts for the broader region, with a bias for projects which have a broad regional impact while recognizing that local benefits of projects are also valuable.

2.5 Strategic Priorities and Actions 2010 -2012

The Trust has identified the following Five Strategic Priorities for 2010-2012:

1. Continue to maintain or exceed additional investment and leveraging targets

Actions 2010

- Maintain and reinforce existing partnerships and cooperative relationships with other funding agencies
- Continue to assist applicants with their search for matching funding
- Monitor economic circumstances and adjust to the decline of federal and provincial funding opportunities

2011-2012

- Continue to monitor economic circumstances in the region to identify issues and opportunities
- Seek additional funding or partnerships to increase the Trust's impact in the region and maximize existing administrative capacity

2. Focus on the consistent implementation of the Strategic Plan in concert with the Application Guidelines

Actions 2010

- Fine tune application guidelines to reflect changing circumstances, economic priorities, sources of available financing and emerging opportunities
- Reaffirm the ineligibility of projects with a focus on research, pre-commercialization, education and training, core operating funding, local capacity building or private enterprise
- Discontinue Olympic Opportunities as an eligible economic "sector" for new applications

2011-2012

- Refine and adjust implementation framework to deal with remaining amounts of capital or new sources of available capital

3. Manage declining capital to maximize regional and community benefits, effective project management and efficient financial administration

Actions 2010

- Perform a critical review of all current project commitments, with a view to maximizing the impact of ICET funding over the next two years.
- Prioritize all new applications to ensure efficient selection of projects which can proceed to implementation as soon as possible
- Review project budgets and financial projections semi-annually to ensure maintenance of sufficient capital for project management and administration



2011-2012

- Proactively manage approved projects to ensure timely implementation
- Review project budgets and financial projections quarterly to adjust to declining capital and project expenditures

4. Prioritize effective communications with a focus on ICET successes and impact in the region

Actions 2010

- Ensure effective distribution of ICET communications
- Refine media strategy to focus on ICET success stories

2011-2012

- Develop Best Practices model to assist other similar agencies

5. Undertake the required Year 5 review of the Trust's legislation

Actions 2010

- Establish a Legislative Review and Evaluation Committee
- Develop the review strategy and process in consultation with the Province

2011-2012

- Implement the review strategy and process
- Disseminate the review documents to stakeholders and the Province
- Refine and adjust Trust framework and operations subject to results of review and evaluation





3. INVESTMENT GOALS FOR TRUST FUNDS

The Trust Board is required to establish a three-year investment plan as part of the Strategic Plan.

The Board has maintained an investment strategy for the Trust Fund which is secure, flexible and provides the Trust with the liquidity it requires to respond to investment opportunities in key sectors and projects in short to medium term funds.

Trust funds are invested through the Municipal Finance Authority pooled funds. These funds are managed by the investment firm of Phillips, Hager and North. Currently ICET funds are distributed between the Money Market Fund, the Intermediate Fund, and the Bond Fund. The Trust does not invest in equities. The Trust's investments to date have resulted in positive growth yielding 4% interest per annum on average on its initial \$50 million contribution from the Government of British Columbia. The Board regularly monitors the performance of its investment funds to ensure maximum earnings of its investments and the preservation of capital, while ensuring liquidity to respond to project demands.



4. STRATEGIC ECONOMIC PROJECT INVESTMENT PROGRAM

4.1 Proposed Project Investment Mechanisms

All funding applications must demonstrate specific measurable returns on investment to the economy of the Trust region. Projects that promote incremental regional economic development are encouraged to proceed to implementation as soon as possible. The Trust will also prioritize funding projects with regional economic impacts while respecting proposals with local economic development needs.

4.2 Grants

Funds will be granted to support eligible projects. There will be no direct financial return to the Trust from these investments. Grant size will be limited by the established Application Guidelines. These Guidelines are updated as circumstances warrant.

4.3 Loans

The Trust does not provide loans.



5. APPLICATION PROCESS

The *Application Guidelines* for the Island Coastal Economic Trust outline the guidelines and policies for making funding applications. The Trust's Strategic Plan, *Application Guidelines*, Stage 1 Application Form and other Trust materials are available online at www.islandcoastaltrust.ca.



APPENDIX A

Overview of Economic Conditions in ICET Region

The Island Coastal Economic Trust (ICET) covers a large geographic area spanning Vancouver Island north of the Malahat and large coastal areas on the British Columbia mainland. With the exception of the Capital Regional District in the south, it includes all regional districts on Vancouver Island — Cowichan Valley, Nanaimo, Alberni-Clayoquot, Mount Waddington, Comox Valley and Strathcona plus the Sunshine Coast and Powell River regional districts on the mainland. The Mount Waddington and Strathcona regional districts encompass land on both Vancouver Island and the mainland. In total, the ICET area includes 26 incorporated municipalities, numerous smaller unincorporated settlements, and many First Nations communities.

Most of the region is characterized by rugged, mountainous topography. The majority of the population is concentrated in a relatively narrow plain along the southeastern coast of Vancouver Island. This area is known around the world for its mild climate, scenic beauty, and close proximity to the major cities of Vancouver, Victoria, and Seattle. As a whole, the region has historically been reliant on wealth created from resource extraction, primarily forestry, but also mining, fishing and agriculture. More recently, aquaculture, tourism and service industries have grown in importance to the region's economy.

The theme of this year's economic overview of the ICET region is one of economic challenge and the beginning of recovery. Indicators show that the region's economy was sharply affected by the global financial meltdown in the fall of 2008, leading to contractions in economic activity through the end of 2008 and into the middle of 2009, followed by clear signs of economic recovery in the latter half of 2009. The regional economy has not yet regained its previous strength.

Most indicators show that the ICET region weathered the recession relatively well compared to other regions in BC. In general, the major metro areas of the province were least impacted, while central and northern regions (e.g., Cariboo and North Coast) were hit the hardest. There are some significant differences within the ICET region. Communities like Port Alberni, Campbell River and those in northern Vancouver Island continue to face challenges.



Labour Force

Annual Average Employment

Region	2007	2008	2009	Change 08-09
ICET Region (less SCRD)*	195,400	203,300	198,000	- 2.6%
British Columbia	2,266,300	2,314,300	2,259,400	- 2.4%

Source: Statistics Canada Labour Force Survey, compiled by BC Stats

*Data for the ICET region is calculated by taking the Vancouver Island/Coast development region and subtracting the Greater Victoria Census Metropolitan Area. The Sunshine Coast Regional District is not included because it is in the Mainland/Southwest development region.

The average number of jobs in the ICET region (not including the Sunshine Coast Regional District) declined by 5,300 in 2009 compared to 2008. This 2.6% job loss is slightly higher than the provincial decline of 2.4%.

Jobs were lost in all regions of BC in 2009 compared to 2008, but the ICET region fared relatively well. The Cariboo region, for example, had a 9% decline in employment. The 2.6% decline in the ICET region is smaller than all other regions except Kootenay and Mainland/Southwest (including Metro Vancouver).

Similar data is not available for individual parts of the ICET region, with the exception of the Nanaimo area, which lost 600 jobs from 2008 to 2009, a decline of 1.1%.

Unemployment Rate (Annual Average)

Region	2007	2008	2009	Change 08-09
ICET Region (less SCRD)	5.2%	5.4%	7.8%	+ 2.4 percentage points (pp)
British Columbia	4.2%	4.6%	7.6%	+ 3.0 percentage points (pp)

Source: Statistics Canada Labour Force Survey, compiled by BC Stats

The average unemployment rate in the ICET region in 2009 was 7.8%, an increase of 2.4 percentage points from 2008. Unemployment rates increased significantly throughout the province in 2009 and only the Northeast region had a smaller increase than the ICET region. (It must be noted, however, that official unemployment rates may not capture the “hidden” unemployed who drop out of the labour force or are First Nation members who do not show up in the statistics).

The 7.8% unemployment rate for 2009 is nearly identical to the provincial rate of 7.6% and is one of the lower regional rates in the province. Several regions in BC had rates exceeding 10%, while the Northeast was the lowest at 6.8%.

Nanaimo is the only ICET community for which specific data is available. Its unemployment rate increased from 6.5% to 7.6%.

Social Benefits

Population Age 19-64 Receiving Employment Insurance or Temporary Income Assistance*

Regional District (RD)	Sept 2008	March 2009	Sept 2009	Sept 08 – Sept 09
Comox-Strathcona	3.2%	8.3%	6.0%	+ 2.8 pp
Alberni-Clayoquot	5.4%	11.7%	8.0%	+ 2.5 pp
Powell River	3.2%	7.5%	5.6%	+ 2.4 pp
Sunshine Coast	1.9%	5.1%	4.2%	+ 2.3 pp
Nanaimo	3.3%	6.6%	5.5%	+ 2.2 pp
Mount Waddington	4.8%	11.7%	7.0%	+ 2.2 pp
Cowichan Valley	3.0%	6.3%	4.6%	+ 1.6 pp
British Columbia	2.4%	5.1%	4.4%	+ 2.0 pp

Source: BC Stats

*Temporary Income Assistance does not include various long-term benefits, such as Disability Assistance or assistance for those with persistent multiple barriers to workforce participation.

All areas in British Columbia had a substantial increase in benefit recipients between the financial setback in September 2008 and March 2009 as economies throughout the developed world fell into recession. The number of recipients then declined significantly by September 2009, but not back to the levels of a year earlier. The rate of benefits recipients was 2.0 percentage points higher in BC in September 2009 than it had been in September 2008.

Compared to other parts of BC, the ICET region fared reasonably well. Many of the northern and central Interior regional districts in the Province had a greater increase in benefit recipients. Within the ICET region, only the Cowichan Valley RD had a smaller increase in recipients (+1.6%) than BC while the Comox-Strathcona RD had the largest increase of 2.8 percentage points.

As of September 2009 (the latest month for which data is available), the percentage of benefit recipients in the region ranged from a low of 4.2% in the Sunshine Coast RD to a high of 8.0% in the Alberni-Clayoquot RD (4th highest in BC). Only the Sunshine Coast RD had a lower rate than the 4.4% in BC overall.





Population Age 19-64 Receiving Employment Insurance or Temporary Income Assistance

Municipality	Sept 2008	March 2009	Sept 2009	Sept 08 – Sept 09
Campbell River	4.0%	10.6%	8.3%	4.3 pp
Port Alberni	7.4%	14.4%	10.9%	3.5 pp
Sechelt	2.4%	6.3%	5.4%	3.0 pp
Duncan	5.6%	10.0%	8.5%	2.8 pp
Powell River	3.3%	7.6%	6.0%	2.7 pp
Courtenay	3.9%	8.3%	6.5%	2.6 pp
Nanaimo	4.1%	7.2%	6.6%	2.5 pp
Parksville	2.9%	6.9%	4.9%	2.1 pp
North Cowichan	2.9%	6.3%	4.7%	1.8 pp
Ladysmith	3.2%	6.6%	5.0%	1.8 pp
Qualicum Beach	1.4%	4.3%	2.9%	1.5 pp
Comox	2.0%	5.2%	3.3%	1.2 pp
British Columbia	2.4%	5.1%	4.4%	+ 2.0 pp

Source: BC Stats

The table above shows benefit recipients for some of the larger municipalities in the ICET region. This table highlights the challenges in Duncan, Port Alberni and Campbell River. Not only did those three communities have the greatest increase from September 2008 to September 2009, but their benefits rates are the highest in the region.

Business Formation

Business formation, as measured by the number of incorporations, is an indicator of business vitality and entrepreneurial activity.

Business Incorporations

Regional District (RD)	2007	2008	2009	Change 08-09
Powell River	66	45	104	+131%
Sunshine Coast	100	76	74	-3%
Cowichan Valley	257	267	217	-19%
Nanaimo	790	716	579	-19%
Alberni-Clayoquot	100	79	59	-25%
Comox-Strathcona	452	445	331	-26%
Mount Waddington	48	42	30	-29%
ICET Region	1,813	1,670	1,394	-17%
British Columbia	34,036	30,085	26,431	-12%

Source: Ministry of Finance, compiled by BC Stats



The number of business incorporations grew steadily throughout BC during the last decade, peaking in 2007. The number of incorporations declined in 2008 and fell further in 2009. It was down 12% provincially from 2008 to 2009 and declined even more (17%) in the ICET region. Compared to other parts of BC, only the Mainland/Southwest region (including Metro Vancouver) had a smaller drop in incorporations (9%) than the ICET region. Every other region in the province fell by at least 24%.

Most regional districts within the ICET region followed a similar pattern, with the notable exception of the Powell River RD, which more than doubled the number of incorporations in 2009 compared to 2008. The Cowichan Valley RD also differs by being the only RD that increased its incorporations in 2008.

Construction

The value of building permits is a good indicator of economic strength, particularly when viewed over a multi-year period. Values can vary significantly from year to year depending on the timing of major project applications, especially in smaller communities and regional districts.

Total Building Permit Values (\$ 000)

Regional District (RD)	2007	2008	2009	Change 08-09
Mount Waddington	9,427	5,527	7,349	33%
Alberni-Clayoquot	46,733	45,572	46,706	2%
Sunshine Coast	117,660	95,108	88,407	-7%
Cowichan Valley	166,910	146,886	111,255	-24%
Powell River	14,371	18,118	12,758	-30%
Nanaimo	409,563	347,086	229,265	-34%
Comox-Strathcona	279,764	226,624	142,619	-37%
ICET Region	1,044,428	884,921	638,359	-28%
British Columbia	12,544,691	10,577,155	7,619,479	-28%

Source: Statistics Canada, compiled by BC Stats

After continual growth throughout the first part of the decade, building permit values peaked in both BC and the ICET region in 2007 and have now fallen for two consecutive years. The decline from 2008 to 2009 was 28% both regionally and provincially. The decline was similar for other regions of BC, which all fell by 24% to 40%, with the exception of the Northeast region which was only down by 9%.

Within the ICET region, permit values in most regional districts were down substantially from 2008 to 2009 although there was modest growth in the Mount Waddington and Alberni-Clayoquot RDS and only a slight decline in the Sunshine Coast RD. Ucluelet, Port Hardy and the unincorporated Area F in the Sunshine Coast RD had large increases in permit values in 2009.



Housing

Housing is important to the economy of the ICET region for several reasons. Residential construction was one of the key drivers of economic and employment growth prior to the recession, while the region is one of the leading areas in Canada in attracting residents for quality of life rather than employment purposes. Many of these new residents are retirees while others are part-time residents using the region mainly for recreation.

Housing Starts

Urban Areas	2007	2008	2009	Change 08-09
Powell River Area	35	43	42	-2%
Nanaimo Area	833	921	801	-13%
Duncan Area	281	275	168	-39%
Port Alberni Area	104	82	41	-50%
Parksville/Qualicum	216	205	100	-51%
Comox Valley	650	517	245	-53%
Campbell River Area	269	384	131	-66%
Major Centres in ICET Region	2,388	2,427	1,528	-37%
British Columbia	39,195	34,321	16,077	-53%

Source: Canada Mortgage and Housing Corporation, compiled by BC Stats

Housing starts are more responsive to economic conditions than building permits because even if a permit is secured, a builder or developer needs to feel confident about the market before actually constructing new housing units.

The overall pattern of housing starts is similar to that for building permits — it grew both provincially and regionally for most of the decade, peaking in 2007 provincially and 2008 in the major centres in the ICET region. Housing starts fell dramatically in BC in 2009, down 53% whereas the ICET regional decline was only 37%. The larger provincial decline was driven by extreme drops in the major metro areas of the province.

Within the ICET region, several areas fell by more than half, including the Port Alberni and Campbell River areas that are experiencing significant economic challenges. The Parksville/Qualicum and Comox Valley markets were also down significantly, in part due to a lessening of the rapid pace of recreational and retiree housing development of recent years. The decline was much less severe in the Nanaimo area while Powell River's modest total of 42 housing starts was only down by 1.

Residential Property Sales (Multiple Listing Service only)

Real Estate Board	2007	2008	2009	Change 08-09
Powell River Area	9,887	6,817	7,280	7%
Nanaimo Area	296	210	263	25%
British Columbia	102,805	68,923	85,028	23%

Source: Canadian Real Estate Association and BC Real Estate Association, compiled by BC Stats

Note: Real estate data for the Sunshine Coast Regional District is combined with Greater Vancouver data and therefore cannot be reported separately.

Residential property sales, including the sale of both new and existing homes, was most affected by financial conditions in 2008. The key role of subprime mortgages and the credit market collapse in late 2008 was far more severe in the United States than in Canada, but the availability of credit was also affected here. And regardless of credit conditions, the hot housing market of prior years reached its inevitable slowdown in 2008.

The housing resale market rebounded quickly in 2009, however, with home sales growing by 23% provincially. The recovery was more modest on Vancouver Island with 7% growth.



Average Residential Price (Multiple Listing Service only)

Real Estate Board	2007	2008	2009	Change 08-09
Vancouver Island	\$297,046	\$315,252	\$280,561	-11%
Powell River	\$329,280	\$354,307	\$336,541	-5%
British Columbia	\$439,119	\$454,599	\$465,725	2%

Source: Canadian Real Estate Association and BC Real Estate Association, compiled by BC Stats

Part of the reason for the increase in housing sales in 2009 was the reduction in prices in markets like Vancouver Island and the lessening of price inflation elsewhere in the province. Whereas average Vancouver Island prices were higher in 2008 as markets declined, prices dropped in 2009 and sales rebounded.

Single-Family Home Sales (Multiple Listing Service only)

Real Estate Zones	2007	2008	2009	Change 08-09
Cowichan Valley	987	679	829	22%
Parksville/Qualicum	779	518	628	21%
Nanaimo	1,702	1,174	1,326	13%
Campbell River	651	437	479	10%
Comox Valley	1,054	734	770	5%
Other Vancouver Island	243	180	175	-3%
Port Alberni/West Coast	421	337	317	-6%
Vancouver Island Total	5,837	4,059	4,524	11%

Source: Vancouver Island Real Estate Board

The pattern of housing sales for single-family homes is similar in most markets on Vancouver Island. A significant decline in sales occurred in 2008, followed by a rebound in 2009. The Port Alberni/West Coast market is the only large market on the Island that had fewer home sales in 2009.

Average Single-Family Home Price (Multiple Listing Service only)

Real Estate Zones	2007	2008	2009	Change 08-09
Nanaimo	\$343,168	\$365,173	\$351,286	-4%
Comox Valley	\$329,280	\$354,307	\$336,541	-5%
Parksville/Qualicum	\$379,433	\$392,344	\$369,446	-6%
Cowichan Valley	\$350,008	\$383,101	\$352,817	-8%
Port Alberni/West Coast	\$218,650	\$238,137	\$217,849	-9%
Other Vancouver Island	\$261,529	\$269,498	\$241,665	-10%
Campbell River	\$297,046	\$315,252	\$280,561	-11%
Vancouver Island Total	\$329,133	\$349,510	\$330,499	-5%

Source: Vancouver Island Real Estate Board



Sale price trends are also very similar throughout Vancouver Island. In each of the major Island markets average sale prices increased in 2008 and then declined in 2009.

Economic Sectors

Statistics Canada produces annual estimates of employment by sector for BC regions. Because this data is based on the Labour Force Survey, it has a higher margin of error than Census-based data and consequently may vary up or down in a given year for no apparent reason. For example, the table below shows that combined employment in forestry, fishing, mining and utilities was estimated to be 2,000 jobs higher in 2009 than in 2008, which does not seem reasonable given the region's economic challenges, particularly in forestry.

Growth rates are therefore shown over a three-year period from 2006 to 2009.

Estimated Employment by Sector in ICET Region (Not including Sunshine Coast Regional District), 000s

Real Estate Zones	2006	2007	2008	2009	Growth 06-09	Growth 06-09
Primary Industries + Utilities	11.8	12.8	9.9	11.6	-2%	1%
Construction	18.1	20.5	25.9	20.2	12%	9%
Manufacturing	14.3	12.3	13.5	11.8	-17%	-17%
Goods-producing sector	44.2	45.6	49.3	43.6	-1%	-4%
Trade	35	36	32.2	35.5	1%	4%
Transportation and warehousing	10.1	8.8	11.9	9	-11%	-4%
Finance, insurance, real estate and leasing	8.8	12.7	9	10.6	20%	4%
Professional, scientific and technical services	9.3	9.1	11.9	8.9	-4%	1%
Business, building and other support services	10.4	7.5	8.2	8.2	-21%	-5%
Educational services	10.7	11.5	9.4	10.7	0%	4%
Health care and social assistance	24.4	26.1	28.9	20.1	-18%	12%
Information, culture and recreation	10.2	8.5	7.3	9.5	-7%	5%
Accommodation and food services	17	15.2	17.4	19	12%	1%
Other services	7	8.1	8.7	11.6	66%	12%
Public administration	7.4	6.3	9.2	11.2	51%	16%
Services-producing Sector	150.1	149.9	154	154.4	3%	5%
ICET Region less SCRD*	194.3	195.4	203.3	198	2%	3%

Source: Statistics Canada Labour Force Survey, compiled by BC Stats

* Data for the ICET region is calculated by taking the Vancouver Island/Coast region and subtracting the Greater Victoria Census Metropolitan Area. The Sunshine Coast Regional District is not included because it is in the Mainland/Southwest region.





APPENDIX B

Summary of Sectoral Constraints, Opportunities and Key Strategies

SECTOR	CONSTRAINTS	OPPORTUNITIES	KEY STRATEGIES
Forestry Panel	<ul style="list-style-type: none"> • Access to timber (functioning log market) • Labour recruitment • Land claims settlement • Implementation of ecosystem based management • Financial policy to support industry recovery • Product development • Capital to expand manufacturing • New competition in traditional markets • Utilization of discarded waste wood • Struggling local primary and secondary manufacturing firms (high cost producers) • Pulp mill viability 	<ul style="list-style-type: none"> • Excellent quality of wood supply • Significant job opportunities • Specialty wood product development • Opportunity to expand domestic log supply • Export of innovative technologies 	<p>Support:</p> <ul style="list-style-type: none"> • Market development programs and marketing intelligence • Labour recruitment and skills training • Business planning and entrepreneurial management skills • New product development and innovative technologies • Industry awareness programs • Funding a specialty woods product specialist advisor for the region • Expanding log market supports • Improved access to capital • Development of the regional wood market



SECTOR	CONSTRAINTS	OPPORTUNITIES	KEY STRATEGIES
Mining and Energy Panel	<ul style="list-style-type: none"> • Remote locations with limited or limited infrastructure (i.e. northern Island) • Limited opportunities for large hydro projects • Community opposition • Need to protect the environment and advance sustainability • Projects face challenges of being of suitable size and potential to off-set significant capital requirement associated with cost of development • Scientific knowledge to support coal bed gas extraction • Moratorium on offshore oil and gas • Alternative energy constraints affected by cost, availability of technology, reliability, commercial acceptance and financing • Very difficult to make and develop a mineral discovery into an operating mine • Significant labour shortages/requirements • Require a stable policy environment • Relationships with First Nations need improvement • Significant investments in rural and remote infrastructure are required 	<ul style="list-style-type: none"> • Geographic market location which provides a significant competitive advantage • Northern Island has significant potential for wind energy development • Northern Island and Sunshine Coast have numerous areas well suited to run-of-the-river hydro • Coastal areas have opportunities for tidal and wave power <p>Opportunity for:</p> <ul style="list-style-type: none"> • Community and regionally based energy projects (micro hydro development) • Coal bed gas and offshore oil and gas • To build financial, regulatory and environmental services support industry • Joint-ventures with First Nations • Aggregate export market • Industrial mineral for export 	<p>Support:</p> <ul style="list-style-type: none"> • Development of a sectoral and regional plan to address significant labour shortages and skill requirements • Establishing a stable policy environment • Improving joint-venture partnership opportunities with First Nations • Investments in rural and remote infrastructure • Development of community strategies to pursue alternative energy opportunities • Development of a regional strategy to explore opportunities for coal bed gas and offshore oil and gas • A pro-active role to “prospect” suitable energy development sites • Build local knowledge for financial, regulatory and environmental services that support industry • Financing to support energy prospecting • Development of opportunities for aggregate export market • Industrial mineral development for export



SECTOR	CONSTRAINTS	OPPORTUNITIES	KEY STRATEGIES
Agriculture and Aquaculture Panel	<ul style="list-style-type: none"> Restrictive regulations and policies (i.e. new federal regulations limiting meat/livestock processing) High agriculture potential of the land base is largely unknown to outside investors Food sector lacks the critical mass required to effectively market and grow the industry Access to aquaculture growing sites Poor public perception of the industry Need to expand public support for industry Challenging profitability and efficiency of operations Human resources shortages Multi-jurisdictional zoning and regulations Access to investment and long-term financing Business certainty (supportive political climate) Adequate research funding Community opposition Need to address environment impacts and advance sustainability Negative campaigns 	<ul style="list-style-type: none"> Very productive and favourable agricultural and aquaculture growing season Replacing imported inputs with regional alternatives (expand competitive niche markets and develop regionally focused marketing) <p>Opportunity to expand economic activity by:</p> <ul style="list-style-type: none"> Increasing the profile for regional food products Expanding agri-tourism Developing value-added products/products/processing Expanding vineyards Expansion of farmers markets New species development <p>The aquaculture sector has significant potential for:</p> <ul style="list-style-type: none"> Sustainable wealth creation for rural and remote communities (market demand is strong) Significant employment and wealth creation (joint-venture) potential for First Nations Excellent opportunities for product development and innovative technologies 	<p>Support for:</p> <ul style="list-style-type: none"> Initiatives that raise the profile of Vancouver Island food products Direct marketing and agri-tourism activities Value added and regional processing developments Development of a comprehensive regional aquaculture sector development strategy addressing the key issues facing the industry: access to new sites, improving business certainty and funding for research Expanding market development programs and marketing intelligence Improving public awareness of aquaculture industry Skills training Business planning and entrepreneurial management skills



SECTOR	CONSTRAINTS	OPPORTUNITIES	KEY STRATEGIES
Olympic Legacy Opportunities Panel	<ul style="list-style-type: none"> Absence of broad regional partnerships and cross community organization 	<ul style="list-style-type: none"> Leverage the hosting of the 2010 Olympic and Paralympic Winter Games Regional trade and investment opportunities Beijing 2008 Vancouver 2010 Commerce Centre London 2012 Olympics 	<p>Support and if necessary sponsor the development of a pro-active cross regional Trust partnership initiative to secure trade and investment opportunities associated with the Olympic Legacy initiative</p>
Tourism	<ul style="list-style-type: none"> Availability of skilled labour (aging population, unaffordable housing, growing demand) Transportation Access to the land base for recreational activities Maintaining the natural character of the region Understanding the social, economic and environmental value of tourism Financing for small business start-ups Investment in marketing Limited research Short season 	<p>The extensive and diverse tourism amenities and outstanding natural and cultural resources provide considerable opportunity to capture new and expanding visitor interest and demand trends, including:</p> <ul style="list-style-type: none"> Adventure tourism (experiential and authentic) Wellness tourism Destination marine Marine/waterfront tourism Events and festivals tourism Agri-tourism (wine and cuisine) Authentic Aboriginal tourism Expanded accommodations New attractions Expanding tour operators Trail and corridor development 	<p>Support specific investment activities including:</p> <ul style="list-style-type: none"> Assistance developing community tourism plans Education and new product development Trail and corridor development Transportation linkages and infrastructure Improving signage Research Development of alliances and partnerships Marketing



SECTOR	CONSTRAINTS	OPPORTUNITIES	KEY STRATEGIES
Economic Development and Small Business Panel	<ul style="list-style-type: none"> • Challenge to established businesses to maintain what we have grown • Hot economy coupled with significant labour shortages • An older demographic that will require more service support from a shrinking labour supply (particularly young people) • 70% of businesses are in transition • Migration of talent and brain power • Significant market adjustments 	<ul style="list-style-type: none"> • Opportunity to revise community plans to adjust to new demographic realities • Growth in regional technology services • Small business start-ups in high technology • Opportunity to embrace growth management strategies that are strategic and sustainable 	<p>Business retention and attraction investment opportunities require support for activities that expand:</p> <ul style="list-style-type: none"> • Financial incentives • Labour pool • Marketing incentives • Support for innovative technologies • Support for business succession planning • Fast tracking accreditation <p>Infrastructure opportunities include:</p> <ul style="list-style-type: none"> • Housing initiatives and incentives that address: • Affordability • New recreation facilities • Improved public transit • Energy infrastructure upgrades



SECTOR	CONSTRAINTS	OPPORTUNITIES	KEY STRATEGIES
Transportation	<ul style="list-style-type: none"> Limited funding Competition with other capital projects Economic viability of potential projects Absence of effective regional partnerships that has dampened interest in pursuing partnership investments Need to develop compelling business case 	<ul style="list-style-type: none"> Leveraging off existing provincial transportation initiatives (Transportation Partnership Program, BC Ports Strategy, Pacific Gateway Action Plan, Cycling Infrastructure Partnerships) Improving transportation transfer points Reorganization of the Vancouver Island rail service Improving local and community operated airports Port infrastructure improvements 	<p>Support for</p> <ul style="list-style-type: none"> Broad regional highway and airport infrastructure planning and development Developing a regional rail, port, airport and highway infrastructure plan Leveraging transportation (private and community owned airports) opportunities with the Pacific Gateway provincial initiative Maximizing the multi-modal and integrated transportation opportunities (transfer points) associated with the Vancouver Island Highway Sound business and regional support to secure new capital for infrastructure investment Funding incentives to leverage new partnerships and secure regional support for new capital for infrastructure



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