

Island Coastal



ECONOMIC TRUST



March 31, 2008

STRATEGIC PLAN

2008-2010

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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

North Island-Coast Development Initiative Trust
Island Coastal Economic Trust

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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 2007-2010 Strategic Plan and Application Guidelines was published and made public on February 27, 2007.

The 2008-2010 Strategic Plan provides some updates and refinements and complies with the legislated mandate to produce a three year Strategic Plan every year on or about the end of March.



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 Mayor Jon Lefebure of North Cowichan.

The North Island-Sunshine Coast RAC is represented by Mayor Starr Winchester of Courtenay.

1.4 Board of Directors

In July, 2006, the following Mayors were elected for a term of two years to the Board of Directors:

Mayor Jack Peake, Lake Cowichan – Board Chair
Mayor Barry Janyk, Gibsons- Board Vice-Chair
Mayor Gerry Furney, Port McNeill
Mayor Roger McDonell, Campbell River
Mayor Ken McRae, Port Alberni
Mayor Sandy Herle, Parksville
Mayor Rob Hutchins, Ladysmith
Mayor Gary Korpan, Nanaimo

As well, on July 20, 2006, the Province of British Columbia by order-in-council appointed the following five directors to the Board for a term of three years:

Camela Tang – Board Secretary
Dave Mannix
Dallas Smith
Bob Bennie
Dave Formosa

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

Jon Lefebure – Mayor, North Cowichan (Chair)
 Ron Cantelon – MLA, Nanaimo Parksville
 Gerry Giles – Director, Cowichan Valley Regional District
 Colin Haime – Mayor, Lanzville
 Sandy Herle – Mayor, Parksville
 George Holme – Director, Nanaimo Regional District
 John Horgan – MLA, Malahat-Juan de Fuca
 Rob Hutchins – Mayor, Ladysmith
 Phil Kent – Mayor, Duncan
 Gary Korpan – Mayor, Nanaimo
 Leonard Krog – MLA, Nanaimo
 Jack Peake – Mayor, Lake Cowichan
 Doug Routley – MLA, Cowichan Ladysmith
 Joe Stanhope – Chair, Nanaimo Regional District

1.5.2 NORTH ISLAND-SUNSHINE COAST REGIONAL ADVISORY COMMITTEE MEMBERS

Starr Winchester – Mayor, Courtenay (Chair)
 Stewart Alsgard – Mayor, Powell River
 Craig Anderson – Chair, Strathcona Regional District
 Fred Bates – Chair, Comox Valley Regional District
 Lou Biggemann – Director, Regional District of Nanaimo, District F
 Hank Bood – Mayor, Port Hardy
 Jim Brass – Mayor, Comox
 Hira Chopra – Chair, Alberni-Clayoquot Regional District
 Garry Feschuk – Chief Councillor, Sechelt Indian Government District
 John Fraser – Mayor, Tofino
 Scott Fraser – MLA, Alberni Qualicum
 Gerry Furney – Mayor, Port McNeill
 Stan Hagen – MLA, Comox Valley
 Barry Janyk – Mayor, Gibsons
 Brenda Leigh – Director, Strathcona Regional District
 John MacDonald – Councillor, Sayward
 Roger McDonell – Mayor, Campbell River
 Dave McIntosh – Mayor, Tahsis



Ken McRae – Mayor, Port Alberni
Colin Palmer – Chair, Powell River Regional District
Cliff Pederson – Mayor, Zeballos
Larry Pepper – Mayor, Port Alice
Barbara Price – Director, Comox Valley Regional District
Cameron Reid – Mayor, Sechelt
John Rowell – Mayor, Alert Bay
Rod Sherrell – Chair, Mt. Waddington Regional District
Nicholas Simons – MLA, Sunshine Coast
Dianne St. Jacques – Mayor, Ucluelet
Ed Steeves – Chair, Sunshine Coast Regional District
Claire Trevena – MLA, North Island
Teunis Westbroek – Mayor, 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.
- After approximately one year of operations, the Board used its experience in dealing with many projects and applicants as well as a survey method of its key stakeholders, namely all the members of the Regional Advisory Committees, to obtain advice on amendments to the Strategic Plan and Application Guidelines. This has been incorporated into this Strategic Plan – 2008-2010 and the Application Guidelines.

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, while very strong, has been variable for sub-regions
- 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, rail and highway 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, highway, 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 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 • 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 • 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 regional port, airport, rail, 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

- 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.
- 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.
- 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.

Year One Goals

- Continue to implement the Strategic Plan.
- Refine and fine tune the Application Guidelines incorporating new policies established by the Board.
- Encourage the development of partnerships with other funding organizations.
- Continue administration of approved projects.
- Prepare annual economic evaluation scorecard report for approved projects.
- Continue to work directly with communities and project applicants to provide technical assistance.
- Publish a regular newsletter on projects.
- Seek additional financial resources.



Goals for 2009 and 2010

- Refine and amend *2008-2010 Strategic Plan* and Application Guidelines where necessary
- Refine and adjust implementation framework where necessary
- Refine and update ICET's website
- Seek additional financial resources



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 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 in short to medium term funds (5 to 10 year term).

Funds are invested through the Municipal Finance Authority pooled funds. These funds are managed by the investment firm of Phillips, Hager and North. Currently funds are held in the Money Market fund. The actual amount of funding required annually will depend on the project opportunities and the Board's decision on proposals. The Board will develop and modify its initial three-year investment projections as it annually revises the Strategic Plan.

The Trust's investment goal for the next three years is to respond to high quality economic development opportunities without setting specific investment or cash flow targets on an annual basis.

4. STRATEGIC ECONOMIC PROJECT INVESTMENT PROGRAM



4.1 Proposed Project Investment Mechanisms

All funding applications will ask applicants to demonstrate specific measurable returns on investment to the economy of the Trust region. Funding will be available for projects that will spur and trigger incremental regional economic development. Priority will be given to funding projects with regional economic impacts while respecting proposals with local economic development impacts.

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 guidelines. These are in a separate document titled 2008 *Application Guidelines*.

4.3 Loans

The Trust will not develop a specific program of loans. It is still open to receive proposals for loans and will assess such proposals on a case by case basis.

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5. APPLICATION PROCESS



The *2008 Application Guidelines* for the Island Coastal Economic Trust outline the guidelines and policies for making funding applications. The Trust's Strategic Plan, *2008 Application Guidelines*, and downloadable Stage 1 Application Form and other Trust materials are available online at www.islandcoastaltrust.ca

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APPENDIX A



OVERVIEW ANALYSIS OF ECONOMIC CONDITIONS

The Island Coastal Economic Trust (ICET) covers a vast geographic area spanning Vancouver Island, large coastal areas on the British Columbia mainland, and numerous islands in the Strait of Georgia and Johnstone Strait. 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 RDs 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 and reserves.

Most of the region is characterized by very 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, tourism and services industries have grown in importance to the region's economy.

POPULATION AND DEMOGRAPHICS

The total population of the ICET area exceeds 400,000, more than 85% of which is located on Vancouver Island. It accounts for just under 10% of BC's total population, while its land area of 61,000 square kilometres accounts for 6.6% of the total provincial land area. From 2001 to 2006, the region's population grew by 6.1%, slightly faster than the provincial growth rate of 5.3%.



An important feature of the region is the maturing of the general population. The median age in the ICET area increased by about 3.7 years from 2001 to 2006 (from 41.7 to 45.3), which is double the rate of aging of the general Canadian population (which increased by 1.9 years from a median of 37.6 to 39.5 years). The percentage of the region's population aged 65 and older (18.3%) also exceeds the BC (14.6%) and Canadian (13.7%) averages.

Having an older and aging population increases demand for some industries, such as health, personal, and food services, while also being associated with declining labour force participation that makes it more difficult to find and attract sufficient qualified workers for many industries. Skilled labour shortages are constraining growth, or have the potential to constrain future growth, in sectors ranging from construction to tourism to manufacturing. Many communities, particularly those that are smaller and more remote, will also be faced with the challenge of providing sufficient services and facilities to accommodate an elderly population.

GROWTH TRENDS

Growth has varied considerably throughout the region. Population growth from 2001 to 2006 ranged from a high of 9.1% in the Nanaimo RD to a loss of 11.1% in the RD of Mount Waddington. The Sunshine Coast, Cowichan Valley, and Comox-Strathcona RDs all grew faster than the provincial average, while the Powell River RD had a small decline and the Alberni-Clayoquot RD a small increase. The ICET area is, in many ways, a microcosm of the entire BC economy, with a clear division between the highly urbanized, services-oriented cities in the south (e.g. Nanaimo), and the small, remote communities in the north that remain reliant on traditional resource industries. Some communities have successfully leveraged their natural assets to create strong tourism and retirement living economies (e.g. Tofino, Sunshine Coast), while other communities are transitioning from resource reliance to a more diversified and services-oriented future (e.g. Campbell River, Powell River).

FOREST SECTOR

Despite the diversification that has occurred, however, the region's economy remains highly reliant on the forest sector (including logging and wood-related manufacturing industries). BC Stats' *Local Area Economic Dependencies 2001* report shows that of the 13 local areas it identifies in the ICET service area, an average of 20% of after-tax income in those 13 communities depends on the forest sector, which trails only the public sector (average of 23%) in its importance to the region's economic base. Although reliance on the forest sector has likely declined to some degree since 2001, the current difficulties in the coastal forestry sector remain a serious challenge for many communities in the ICET area.

There are a multitude of problems affecting coastal forestry, including declining markets (e.g. U.S. housing), increased competition from lower cost producers around the world, the rising Canadian dollar that further hampers global competitiveness, the need for significant re-investment to upgrade obsolescent mills and other facilities to enable more efficient processing of second-growth timber (which accounts for a 29%, and increasing, share of timber harvested on the coast), and the loss of harvesting land base to parks and other protected areas. An increasing number of raw logs have been exported in recent years without providing any additional value-added to local communities.



The Ministry of Forests and Range released a *Coastal Forest Action Plan* in October 2007 that includes a variety of initiatives to reinvigorate the coastal industry. These include:

- changing export taxes on raw logs to mitigate the perverse incentives that sometimes make it more economic for companies to export raw logs than to process them in BC;
- various measures to improve the harvesting of second-growth timber (including fertilization of existing second-growth stands, collecting seed from high-performing species to enhance reforestation efforts, and improvements in site productivity data);
- funding for innovation in areas such as log scaling and quality evaluation, the ability to track trees from forest to market, and the development of new secondary uses (e.g. bioenergy); and
- various other policies to support the pulp and paper sector, improve the viability of First Nations tenures, and to improve land use certainty for all users.

TOURISM

Many of the economic diversification initiatives underway in the region are focused on building the tourism industry. Projects range from high-end resorts to wilderness getaways, from waterfront improvements to mountain recreation. The region has an excellent reputation for its spectacular scenery, wide range of sporting, culinary, artistic, cultural, and First Nations activities, and excellent and improving transportation connections. Yet the opportunities for expanding tourism revenue are not without challenges. The rapid rise in the Canadian dollar has restricted travel by Americans, and also made Canadians more likely to venture south rather than west to Vancouver Island. Increasing identification requirements for crossing the Canada/US border, and widespread confusion over the timing of their implementation, is also a negative factor for potential US visitors. Furthermore, the Chinese travel market, which has been proclaimed for many years as a potential source of significant visitation to the region, remains stalled by the Chinese government's unwillingness to grant approved destination status to Canada.

The upcoming Winter Olympic Games in 2010 will provide direct tourism benefits to those parts of the region that have successfully attracted visiting teams for training purposes, as well as the more accessible parts of the region that are likely to see a spike in visitors in the weeks surrounding the Games themselves. But the entire region has an unprecedented opportunity to use the Games as a promotional vehicle for both tourism and other investment opportunities. Provincial plans to leverage the Games for economic development purposes are well under way and include a strong presence at the 2008 Olympics in Beijing and Expo 2010 in Shanghai, both of which provide partnership opportunities for individual communities and regions to promote themselves to a global audience.

OTHER GROWTH SECTORS

Further economic growth prospects exist in many industries, although the potential often varies for different parts of the region.

Mining has a long history on Vancouver Island. Coal mining was one of the Island's original dominant industries and is responsible for the development of many communities in the Nanaimo and Comox Coalfields. Only one coal mine remains on the Island, but other types of mining have emerged, including limestone, granite, silica, and various metals. The resurgence

of mining exploration in BC in recent years has created the opportunity for some expansion of mining in the ICET area, particularly in more remote areas, including for relatively new types of extraction such as coalbed methane.

Aquaculture continues to grow in importance to the provincial fishery. In 2006, farmed salmon accounted for more than half of the total landed value of all BC fish, including wild and farmed finfish and shellfish. Yet salmon farming remains highly controversial, with competing claims made by scientists, government agencies, and industry groups of the impact of fish farms on natural salmon populations. Shellfish farming currently produces lower values than finfish, but also continues to introduce new production technologies and new species into commercial cultivation, such as pinto abalone. Market demand for aquaculture products is strong as the health benefits of fish consumption become better known, but the expansion of the industry in BC remains uncertain due to regulatory and environmental concerns, as well as the need to accommodate the interests of First Nations in their traditional territories. It should also be noted that a 2002 study of gross domestic product (i.e. total economic value) created by the various components of the fishing industry showed that sport fishing overall generated greater economic value than either wild or farmed fish.



The search for new and more environmentally friendly sources of **energy** continues throughout British Columbia. The ICET region has multiple sites for proposed independent power projects, including many run-of-river developments, especially in the mainland part of the region. Wind power proposals have been discussed for sites in the North Island, while gas-fired power generation is another option being considered, perhaps in connection with a new liquefied natural gas terminal.

The ICET region will continue to attract retirees from across Canada and around the world. While this phenomenon may change the need for some types of public services, **retirement living** also produces economic benefits. Retirees, particularly those that can afford to settle in the higher-cost areas in the south of the region, are typically high net-worth and have considerable spending power. Their pension and investment income forms part of the region's economic base and supports local employment and economic activity – indeed, non-employment income is already the largest component of the economic base of the Parksville-Qualicum area. The spending patterns of retirees are typically not focused on the same types of consumer goods as younger generations, but rather on a wide range of services such as personal services, health, arts and cultural experiences, and travel.

The Vancouver Island/Coast development region has the lowest rate of **manufacturing** shipments per capita of any region in BC, clearly indicating that large-scale manufacturing operations are not a regional strength. Yet high-value niche manufacturing is an ever-present opportunity that may or may not be connected to the traditional industries of the region. For example, high-value food products connected to the region's agriculture or fishing/aquaculture sectors is connected to the resource sector, while the production of aircraft components or sporting goods are independent of resource industries.



The location of niche manufacturing companies is often driven by the lifestyle preferences of the entrepreneur, who may be attracted by the region's recreational opportunities, or simply because it's home. In a similar vein, **high technology and professional services** can be provided from almost anywhere with modern communications technologies. Most technology companies in the ICET region will not be large, but require little more than ingenuity and a modem to operate in the region. Similarly, a wide variety of professionals can operate from anywhere, and can take advantage of good and improving transportation connections to travel out of the region when necessary.

Transportation is an opportunity in and of itself. Much of the recent talk of BC's role as the Asia Pacific Gateway to North America is focused on port facilities from Vancouver to Prince Rupert, but there are also opportunities for the ICET region. It too has expanding airports, upgraded marinas, and quality port facilities that create opportunities for both tourism and general movement of goods and people.

CONCLUSION

Overall, the challenge for companies and communities in the ICET area, as it is throughout British Columbia, is to create and sustain high-value goods and services that capitalize on the region's comparative advantages, while contributing to export growth and enhanced productivity. As some of the traditional sources of high-value economic activity in the region are struggling, particularly the forest sector, ICET is committed to supporting diversification into other growth industries.

The region's advantages on a global stage include its educated and skilled workforce, the ingenuity of its entrepreneurs, scientists, and researchers, the quality of its infrastructure and public institutions, its location and natural resource, and the quality of life enjoyed by its citizens. Becoming more innovative and productive, whether by producing higher-value goods and services, or making better use of existing resources, is the key to long-term improvements in personal incomes and standard of living. This is particularly true in an environment of labour shortages and a commitment to environmental sustainability.

It is also important for the economic benefits created in the region to be shared among all of its citizens. First Nations are important participants in the region's economy, and with greater cooperation between First Nations and other communities, there is the potential to create greater benefits for all.

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APPENDIX B



SECTOR PRESENTERS

The following presenters provided overviews for the economic sectors identified by the Trust Act:

FORESTRY PANEL

Michael Armstrong, RPF, CA
Director in the PricewaterhouseCoopers
Global Forest, Paper & Packaging Practice

Jim Girvan, RPF, MBA
Executive Director
Truck Loggers Association

Bill Downing, RPF, MBA
Chief Executive Officer
BC Wood Specialties Group

Doug Greig
Vice-President
Finance and Administration
Forestry Innovation Investment

TRANSPORTATION PANEL

Kathie Miller
Assistant Deputy Minister
Ministry of Transportation

TOURISM AND OLYMPIC OPPORTUNITIES PANEL

Dave Petryk
President and CEO
Tourism Vancouver Island

Brian Krieger
Director
2010 Commerce Centre
BC Olympic and Paralympic Winter Games
Secretariat

**ECONOMIC DEVELOPMENT AND
SMALL BUSINESS PANEL**

Marilyn Hutchinson
Economic Development Officer
City of Nanaimo

Lori Camire
Executive Director
Community Futures Development
Corporation of Alberni-Clayoquot

**AGRICULTURE AND
AQUACULTURE PANEL**

Gary Rolston
Consulting Agrologist, P. Ag.

Tom Bradley
Chief Executive Officer
IEC International

Roberta Stevenson
Executive Director
British Columbia Shellfish Growers
Association

Norm Penton
Research and Development Coordinator
British Columbia Salmon Farmers
Association

MINING AND ENERGY PANEL

Paul Wieringa
Executive Director
Energy Plan
Ministry of Energy, Mines and
Petroleum Resources

Byng Giraud
Senior Director
Policy and Communications
Mining Association of British Columbia



Table B-1
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 • Fuel price/supply uncertainty • 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 harvest 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 the 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 	<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 Panel	<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 	<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"> • 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"> • Improved public transit • Energy infrastructure upgrades
Transportation Panel	<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 airport infrastructure planning and development • Developing a regional rail, port, airport 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