

ISLAND COASTAL ECONOMIC TRUST

**2026 INDEPENDENT LEGISLATIVE REVIEW OF THE
NORTH ISLAND-COAST DEVELOPMENT INITIATIVE TRUST ACT 2006**

**A CASE FOR CHANGE:
REPORT OF THE LEGISLATIVE REVIEW COMMITTEE
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A. EXECUTIVE SUMMARY

The [North Island-Coast Development Initiative Trust](#) (more commonly known as the Island Coastal Economic Trust and referred to in this report as the “Coastal Trust”) was established in 2005 by the [North Island-Coast Development Initiative Trust Act 2006](#) (the “Act”) to support regional economic development on northern Vancouver Island and the Sunshine Coast. Its area of responsibility (the “North Island-Coast Area,” as defined in the 2006 [North Island—Coast Development Initiative Trust Regions Regulation](#)) has since been expanded to include almost all of Vancouver Island. The Act requires that a legislative review of the effective functioning of the Act take place every five years.

Context for this review:

This review has taken place in a significantly different context to previous reviews, which the Committee has considered in coming to its conclusions. That context is set out in detail on **pages 8—10** of this report. Briefly, since the last review was concluded in 2022:

- **DRIPA:** In 2019, the Government of British Columbia (BC) enacted the [Declaration on the Rights of Indigenous Peoples Act](#), or DRIPA, as it is commonly known, with an Action Plan for its implementation.
- **Reinvestment request:** the Coastal Trust presented a business case in 2022 for re-investment by BC of \$150 million to establish it as a permanent regional economic development organization. In 2024, BC reinvested \$10 million in the Coastal Trust.
- **Co-governance recommendations 2025:**
 - In 2024, the Coastal Trust commissioned Indigenous consultancy group [Sanala Planning](#) to lead engagement with First Nations within the North Island-Coast Area on co-governance and recapitalization of the Coastal Trust.
 - The First Nations Strategic Recommendations Report (or the “[Sanala Report](#),” as it is commonly referred to) received unanimous support from the thirty-three First Nations who participated directly in the engagement process for the work of the Coastal Trust, its co-governance, and its recapitalization.
 - The [Sanala Report](#) was also unanimously endorsed by the Coastal Trust’s Board.
- **Winding up:** without recapitalization, the Coastal Trust has indicated it will have no choice but to commence winding up proceedings after a last call for projects in 2027 (for which it will only have \$2 million to expend).
- **Forthcoming legislative change:** The Committee has been advised that a working group has been established by BC to consider amendments to the legislation and regulations for all three regional economic trusts across the province. The provincial review is also considering the [Sanala Report](#) and other factors. A draft legislative Intentions Paper (the “Intentions Paper”) was issued by BC in January 2026 and provided to the Committee to inform its work.

Approach to legislative review:

While the Act’s broad scope has empowered the Coastal Trust to follow its chosen policy and operational direction to a certain extent to date, with positive results, the

changing context summarized above (and described in detail on **pages 8—10**) means that in 2026 that is not the case for the future operation of the Coastal Trust.

In light of this, and the Coastal Trust’s clearly stated goals of establishing co-governance and recapitalization, the Committee assessed not only the Act’s functioning in its current form but anticipated changes to the Act that require consideration if the Act is to function effectively in the future to accommodate co-governance of the Coastal Trust and its recapitalization.

The Committee also reviewed the Intentions Paper¹ for the purpose of our review of the future effective functioning of the Act and have made recommendations which may helpfully inform the working group’s discussions. In our view, the amendments recommended in **Section C** (commencing on **page 14**) would objectively improve the functioning of the Act and Regions Regulation and support the Coastal Trust’s purposes, its current strategic goals, and its future strategic planning process. In particular, recapitalization is a fundamental starting point to support the effective functioning of most, if not all other amendments to the legislation.

The scope and definition of the North Island-Coast Area requires consideration. We therefore also reviewed the Regions Regulation, which currently defines the North Island-Coast Area by regional district boundaries.

Previous legislative reviews:

Independent legislative reviews of the Coastal Trust were undertaken in 2011, 2016, and 2022 . As required under the Act, those reviews focussed on the effective functioning of the legislation. The recommendations arising out of those reviews (with which the Committee’s recommendations in this report are aligned) were all consistent:

- Amend the Act to provide for First Nations co-governance of the Coastal Trust;
- Eliminate the cap on financial contributions to the Coastal Trust by the provincial government; and
- Make other adjustments that would be helpful in more effective functioning of the Act to support the Coastal Trust’s purposes.

The Committee supports these previous recommendations, and our specific recommendations are consistent with them.

Rationale and recommendations:

Our detailed rationale and recommendations for consideration of specific amendments to the Act and the Regions Regulation that will support the future effective functioning of the Act (and Regions Regulation) set out in **section C** of this report are reproduced for convenience in standalone form in **Appendix A** at **page 31**.

¹ The Committee notes that the draft Intentions Paper may change subsequent to the publication of this report and following consultation with affected parties. All references in this report to the “Intentions Paper” are to the original January 2026 version reviewed by the Committee.

Broadly, our recommendations are grouped in the following categories:

- General approach: for example, take a non-prescriptive approach to the legislation, co-develop an implementation plan, and deal with the three regional trusts separately in terms of specific amendments that may be required to their respective legislation;
- General improvements to the functioning of the legislation: for example, ensure clarity of purpose, adopt more practical winding up provisions, and update place names;
- Recapitalization and long-term financial sustainability: for example, enable provincial recapitalization of the Coastal Trust, explicitly support third party funding, and provide flexibility in capital investment approaches; and
- Governance: for example, provide for at least equal representation of First Nations in governance of the Coastal Trust, review the number and composition of the regional advisory committees and Board, review the approach to Crown appointments of directors, and retain the role of MLAs on the regional advisory committees.

B. INTRODUCTION

i. The Island Coastal Economic Trust

History of Establishment:

The [North Island-Coast Development Initiative Trust](#) (the “Coastal Trust,”² also commonly known as the Island Coastal Economic Trust) was established by the [North Island-Coast Development Initiative Trust Act 2006](#) (the “Act”) with an initial \$50 million contribution from the provincial government to support regional economic development on northern Vancouver Island and the Sunshine Coast. Its area of responsibility (the “North Island-Coast Area,” as defined in the 2006 [North Island—Coast Development Initiative Trust Regions Regulation](#)) has since been expanded to include almost all of Vancouver Island.

Its funds may be expended to support investment in the following areas only: forestry, transportation, tourism, mining, small business, economic development, energy, agriculture, and technology and innovation. A Board comprised of local government elected officials and individuals appointed by the provincial government currently govern the Trust with support from two regional advisory committees (“RACs”) comprised of local government elected officials from the North Island-Coast Area and MLAs with electoral areas spanning the North Island-Coast Area.

One of three regional trusts:

The Coastal Trust is one of three regional economic developments trusts independently established between 2004 and 2006.

The Southern Interior Development Initiative Trust, serving southern British Columbia, was established in 2006 with an initial \$50 million provincial government contribution, later increased to \$60 million.

The Northern Development Initiative Trust (the “NDIT”) was established in 2004 with an initial \$135 million in provincial government funding to support regional economic development in northern British Columbia. That initial contribution included a permanent endowment of \$25 million to support the NDIT’s operations (the Committee was advised that this fund has since grown to approximately \$50 million). An additional \$50 million was contributed by the provincial government to the NDIT in 2005. The NDIT, which currently employs 15 staff, has also received provincial program funding to deliver province-wide economic development programs, including in the region served by the Coastal Trust. Program funding of this kind includes administration fees, subsidizing the NDIT’s operating fund.

² While the Act contemplates the use of “trust” (for public messaging purposes), the Trust is in fact a no-share corporate entity.

The Coastal Trust has received a total of \$20 million in additional capital funding since its establishment, but unlike the NDIT, did not receive any permanent operational endowment. The Coastal Trust has also never received funding from the provincial government to deliver programs on its behalf due to its lack of sufficient operational capacity.

Differences between the trusts:

It is important to understand the distinctions between the three regional trusts, as the provincial working group are concurrently considering amendments to the legislation for all three trusts.

The three trusts do have similar structures and serve similar purposes. However, they also operate in significantly different geographic, economic, and cultural landscapes, serving diverse communities with diverse needs and priorities. They have also all taken different approaches to the expenditure of their funds. The Coastal Trust determined at the outset to “put the money to work” by investing its capital in projects. The rationale was that investing income on the capital alone would not have any meaningful impact on regional economic wellbeing and growth as the amounts to be invested would be relatively small. The Coastal Trust also has consistently maintained a lean operating budget and currently employs only 2.5 staff.

These are all relevant factors which we have taken into consideration in our assessment of the effective functioning of the Coastal Trust’s legislation.

ii. Requirement for legislative review

Under the Act, independent committees must be appointed by the Board of the Coastal Trust every five years to review the Act and evaluate how it is functioning. Reviews were carried out in 2011, 2016, and 2022. This is the fourth legislative review of the Act.

iii. Appointment and proceedings of committee

Committees must be comprised of “qualified individuals” as defined in the Act. The committee appointed for this review is comprised of [Angela Wesley](#), [Merv Child](#), and [Doug Caul](#). Consultant [Katherine Gordon](#) has assisted the Committee with interviews, research, analysis, and the writing of this report, which reflects the unanimous views of the Committee.

Committees are empowered under the Act to undertake appropriate consultations as part of the process. Based on criteria that included knowledge and understanding of the Coastal Trust, its work and its objectives, and/or experience of working with the Act and the Coastal Trust, eleven individuals with relevant knowledge, understanding, and experience were interviewed for this purpose. The group included Coastal Trust staff,

Board members (both Crown- and RAC-appointees), a provincial government official, and an MLA who is an active participant on a RAC.

iv. Background to the Act

Provincial objectives

When the draft Act was introduced into the Provincial Legislature in 2005, the government outlined a number of its objectives for the Coastal Trust³. Those objectives included:

- Supporting strategic investments in regional priorities to increase economic growth and create more jobs.
- Providing as broad a scope as possible to the range of activities that fall within the strategic areas for economic development set out in the Act.
- Giving communities control over the Coastal Trust fund to pursue their regional priorities for regional benefit.
- Supporting regional collaboration between communities for mutual advantage.
- Achieving a multiplier effect from the original \$50 million through leveraging matching capital from other sources.

The government also clearly stated that it wished to afford the Coastal Trust complete freedom to determine how its funds should be allocated, without government direction or interference, and to set its own operational and funding policies.

A provincial official involved in the original architecture of the Act was interviewed to ascertain other relevant background regarding the original provincial objectives as well as the original structure of the Act and the Trust. Key elements of that background are described in **Appendix A**.

v. Relevant context in 2026

Previous reviews:

The Committee endorses the conclusions reached in previous legislative reviews that while the Act has functioned to serve the purposes of the Coastal Trust, two significant barriers continue to inhibit it in fulfilling its purposes:

- The Act does not support explicit inclusion of First Nations governments within the North Island-Coast Area in the governance of the Coastal Trust (either on the Board or on RACs). This is a significant flaw in the effective delivery of the Coastal Trust's purposes .
- The cap on provincial funding has prevented provincial government reinvestment in the Coastal Trust without legislative amendment. Removal of the cap would not

³ Hansard, October 18 and 19 2005: <https://www.leg.bc.ca/hansard-content/Debates/38th1st/H1018am-07.pdf>; <https://www.leg.bc.ca/hansard-content/Debates/38th1st/H1019pm-09.pdf>.

commit the provincial government to further reinvestment but instead provide the flexibility to do so as part of standard budget processes. Without recapitalization, however, we note that other substantive amendments to the Act will have minimal effect as the Coastal Trust will, as noted below, be required to commence winding up proceedings as early as 2028.

Context in 2026:

To inform its review of the functioning of the Act in 2026, the Committee also considered the following current relevant context:

- **DRIPA:** In 2019, BC enacted the [Declaration on the Rights of Indigenous Peoples Act](#), or DRIPA, as it is commonly known, and published an Action Plan to implement DRIPA. That Action Plan includes a requirement under Action 4.39 of the Plan that the government “work with the Province’s Economic Trusts and First Nation partners to develop a mechanism that ensures inclusion of First Nations at a regional decision-making level.”
- **Previous reinvestment requests:** In 2022, the Coastal Trust presented a business case for re-investment by BC in the Coastal Trust of \$150 million as a baseline to establish it as a permanent regional economic development organization.
 - That reinvestment would enable the Coastal Trust to leverage additional third party funding and broaden its operational capacity to enable it to deliver economic programs on behalf of BC and Canada, something it does not currently have the capacity to do.
 - In 2024, BC reinvested \$10 million in the Coastal Trust.
- **DRIPA Action Plan:** Also in 2022, BC created a five-year [Action Plan](#) to implement DRIPA objectives.
 - In its 2022 business case for reinvestment, the Coastal Trust noted that recapitalization (and the establishment of co-governance with First Nations) would support a significant number of articles in the UN Declaration, including articles 3-5, 11(1), 18-19, 21, 23, 25, 32(1) and 39.
 - Action 4.39 of the Plan provides that the government will “work with the Province’s Economic Trusts and First Nation partners to develop a mechanism that ensures inclusion of First Nations at a regional decision-making level.”
- **2022 resolutions:** Local governments within the Coastal Trust’s North Island-Coast area formally supported moving to a co-governance model with First Nations, including through a [Union of British Columbia Municipalities resolution](#).
- **Co-governance recommendations 2025:** In 2024, the Coastal Trust commissioned Indigenous consultancy group [Sanala Planning](#) to lead extensive engagement with First Nations within the North Island-Coast Area on co-governance and recapitalization of the Coastal Trust. Thirty-three Nations participated directly in the engagement process and the draft recommendations arising out of the process were provided to all fifty-three Nations in the North Island-Coast Area for feedback. In 2025 Sanala published [the First Nations Strategic Recommendations Report](#), the product of those consultations.

- The Sanala Report indicates a high level of support from First Nations governments and communities for the work of the Coastal Trust and unanimous support among those First Nations who participated in the engagement process for both co-governance and recapitalization. The Coastal Trust’s Board has unanimously endorsed the report and all of its recommendations.
- The key recommendations to BC contained in the report (which was presented to the provincial government in June, 2025) include:
 - Establish a co-governed Coastal Trust board with at least equal representation by First Nations appointees;
 - Ensure that the Coastal Trust receives long term sustainable funding to enable collaboration and foster a stronger and more resilient economy for the region;
 - Enable First Nations representation on RACs by amending the Coastal Trust’s legislation; and,
 - Increase the number of RACs to allow for full First Nations inclusion across the North Island-Coast Area.
- 2024-2025 Impact Report:
 - The Coastal Trust has defined its primary goals as transformation to a permanently funded, co-governed regional development entity that will support the building of an “increasingly inclusive, productive, adaptive, and resilient coastal economy” in the North Island-Coast Area.
 - In its latest [annual report](#), the Coastal Trust noted it has adopted a Wellbeing Impact Framework against which it now measures the Coastal Trust’s return on investments using four indicators: economic prosperity, social empowerment, climate resilience, and cultural vitality.
 - In 2024-2025, the Coastal Trust reported that among other investments it made it:
 - Partnered with third parties to attract and invest \$26 million (\$2.23 million contributed by the Coastal Trust).
 - Supported 110 business and social enterprise start-ups and expansions.
 - Engaged in the creation of 146 partnerships.
 - Supported the creation of 303 new jobs in the region.
 - Partnered with local organizations to create 412 local volunteer opportunities.
 - 76% of the Coastal Trust’s project investments were Indigenous-led and/or partnered. Partnered with local organizations to attract and invest \$20 million in adaptable, low-carbon infrastructure with 12 climate resiliency outcomes, and \$16.7 million in carbon emission reduction and avoidance projects.
 - Partnered with local organizations to attract and invest \$24.5 million in building inclusive public spaces, creating 46 cultural outcomes, and \$24.2 million in projects celebrating unique arts and histories.

- Winding Up: without sufficient confirmed recapitalization⁴ by the provincial government in Budget 2027, the Coastal Trust has advised the Committee it will have no choice but to commence winding up proceedings in early 2028/2029 after a last call for projects in 2027.
 - In that event, the Coastal Trust considers that it will be challenging to move to a co-governance model as confidence in the Coastal Trust’s ability to continue operations will be severely eroded.
 - If a recapitalization decision is deferred until Budget 2028, there is a corresponding risk of failure due to the scheduled 2028 provincial election.
- Economic landscape: Geopolitical and climate change impacts on the economic landscape within the North Island-Coast Area since 2022 have been significant (for example, on the forestry industry). Natural disaster resilience is increasingly central to regional economic development strategies. Part of the Coastal Trust’s case for recapitalization rests on its ability to permanently support innovation and diversification in regional economic development through investment and leveraging of partner contributions.
- Working Group:
 - The Committee has been advised that a working group has been established by BC to consider necessary amendments not only to the Act but to the Regions Regulation, in light of the Sanala Report and other considerations.
 - The Committee also understands that BC is considering amendments to the respective legislation currently governing all three regional trusts. While we acknowledge that the trusts have some aspects in common, our comments and recommendations in this report are specific to amendments of the Act applicable only to the Coastal Trust.
 - The establishment of co-governance as part of the working group’s activities is an opportunity to align the Act with DRIPA objectives.
 - A draft legislative Intentions Paper was issued by BC in January 2026 and provided to the Committee to inform its work. The draft Intentions Paper has been reviewed by the Committee for the purpose of this review, which coincides with and may helpfully inform the working group’s discussions. As previously acknowledged, the Intentions Paper may change subsequently to the publication of this report.

vi. Comments on context

In light of that changing context, the Committee considers that the specific amendments we have recommended in this review would objectively improve the functioning of the Act and Regions Regulation and support the Coastal Trust’s purposes, its current strategic goals, and its future strategic planning process (a public accountability requirement under section 14 of the Act). We also note that recapitalization is a

⁴ As noted above, the Trust’s business case for recapitalization has established that \$150 million is the target contribution to establish a permanent and stable base for operations.

fundamental starting point to support the effective functioning of most, if not all other amendments to the Act.

vii. Approach to legislative review:

While the Act’s broad scope has empowered the Coastal Trust to follow its chosen policy and operational direction to a certain extent to date, with positive results, the current changing context summarized above means that the “goalposts have changed,” and in 2026, that is not the case for the future operation of the Coastal Trust. In particular, recapitalization is a fundamental starting point to support the effective functioning of most, if not all other amendments to the legislation.

In light of this, and the Coastal Trust’s clearly stated goals of establishing co-governance and recapitalization, the Committee assessed not only the Act’s functioning in its current form but anticipated changes to the Act that require consideration if the Act is to function effectively in the future to accommodate co-governance of the Coastal Trust and its recapitalization.

The Committee also reviewed the Intentions Paper⁵ for the purpose of our review of the future effective functioning of the Act and have made recommendations in this regard which may helpfully inform the working group’s discussions.

The scope and definition of the North Island-Coast Area requires consideration. We therefore also reviewed the Regions Regulation, which currently defines the North Island-Coast Area by regional district boundaries.

viii. Interviews

An extensive range of individuals were interviewed in the process of the three previous legislative reviews that have taken place, informing the recommendations contained in the reports arising out of those reviews (recommendations this Committee endorses).

In addition, during this review, ten individuals currently connected to the Trust (including Coastal Trust staff, both Crown- and RAC-appointed Board members, and an MLA who is an active participant on a RAC) were interviewed. The objective was to gain insights from a diverse range of perspectives not only on the functioning of the Act as it currently operates, but on changes that will support the ability of the Coastal Trust to continue to function effectively (consistent with its vision to continue as a permanent, co-governed regional development trust with the ability to deliver its own funding and regional programs on behalf of governments). The collective feedback received in the interviews is summarized in **Appendix C**, commencing on **page 39**.

⁵ The Committee notes that the draft Intentions Paper may change subsequent to the publication of this report and following consultation with affected parties. All references in this report to the “Intentions Paper” are to the original January 2026 version reviewed by the Committee.

A provincial official involved in the original design of the Coastal Trust’s legislation was also interviewed to provide insights into the background to the drafting of the Act , the history of the Coastal Trust and its purposes, and provincial objectives in establishing the Coastal Trust.

The Committee appreciates the valuable information provided by this individual in explaining some of the nuances and details of specific provisions in the original Act, as summarized in **Appendix B** on **pages 37—38**.

ix. Themes arising from interviews

The broad themes that arose from the interviews with individuals currently connected with the Coastal Trust include:

- Support for greater flexibility in the Act to enable the Coastal Trust to fulfil its purposes (including addressing emerging issues such as climate change and natural disaster resilience).
- Support for substantial recapitalization of the Coastal Trust in order to meaningfully support co-governance and continue the delivery of its purposes. This would require elimination of the financial cap in the legislation and other related amendments to provide the Coastal Trust with the flexibility and capability to deliver programs on behalf of the government, and to attract third party funders.
- Support for amendments to the Act and the Regions Regulation to enable co-governance, including consideration of the definition of the North Island-Coast Area to include First Nations as well as local governments and an increase to the number of regional advisory committees.
- A desire for a review and modification of the process for Crown appointments of directors to the Board, and to enable both local and First Nations governments to appoint their chosen representatives to the RACs and to the Board (i.e. not be confined to appointing elected officials and Chiefs).
- Support for enabling remuneration of Directors so as to attract skilled and diverse candidates and reward time and expertise.
- Support for additional amendments to reflect current place names, gender-neutralize the Act, and update the Coastal Trust’s purposes.

C. RECOMMENDATIONS AND RATIONALE

i. General recommendations supporting the effective functioning of the Coastal Trust's legislation

Recommendation 1: previous legislative reviews

That in the approach to amending the Coastal Trust legislation, the recommendations of previous legislative review committees be taken into consideration.

Rationale:

Independent legislative reviews of the Coastal Trust were undertaken in 2011, 2016, and 2022 . As required under the Act, those reviews focussed on the effective functioning of the legislation. The recommendations arising out of those reviews (with which the Committee's recommendations in this report are aligned) were all consistent:

- Amend the Act to provide for First Nations co-governance of the Coastal Trust;
- Eliminate the cap on financial contributions to the Coastal Trust by the provincial government; and
- Make other adjustments that would be helpful in more effective functioning of the Act to support the Coastal Trust's purposes.

Recommendation 2: one size does not fit all

That amendments to the Act and the Regions Regulation be considered for the Coastal Trust separately to those being considered for the legislation applicable to the other two regional trusts, and with flexibility to incorporate amendments that may be different to those adopted for the other two trusts.

Rationale:

The draft Intentions Paper makes it clear that it is BC's intention to amend the statutes governing all three of the regional trusts. It does not appear to distinguish between them in terms of the proposed substantive options for amendment.

The Committee recognizes that the three trusts have some aspects of their establishment and purposes in common, and proposed changes to their respective legislation in that regard may not only be applicable to all of them but desirable for consistency and certainty in their application. However, as noted in the **Introduction** to this report commencing on **page 6**, there are also significant differences in the amount of funding provided to each trust, and in how they serve the specific needs and interests of their respective regions. Relationships between First Nations and local governments in each service area will almost certainly also be different, as will their respective priorities.

The three trusts may well have different views as to how well any or all of the proposed options may meet those needs, interests and priorities to support their purposes and

those relationships. Accordingly, some of the options in the draft Intentions Paper may not be appropriate or feasible for the other trusts.

Our consideration of the proposed options and our recommendations for legislative amendment naturally focuses only on options that may be appropriate for the Coastal Trust only. It is up to the other two trusts (or those conducting similar reviews of their legislation) to advise whether they consider their legislation should be amended in the same way.

To be clear, we are of the view that amendments to the Act and the Regions Regulation should be considered for the Coastal Trust in its own right, with flexibility to incorporate amendments that may be different to those adopted for the other two trusts.

As a final comment in this regard, treating all three trusts as identical in approach and needs is also inconsistent with respecting the different approaches that First Nations engaging in co-governance of each of the other trusts may bring to them, and indeed, the distinctive approaches that each First Nation may bring to the Coastal Trust. This has been recognized in BC's [Distinctions-Based Approach](#), in which it recognizes the diversity and rights of individual First Nations in government-to-government relationships.

Recommendation 3: implementation plan:

An implementation plan to support the transition of the Coastal Trust from its current incarnation to a co-governed, permanently financed organization be co-developed by First Nations, local government, and BC in parallel with the enactment of the updated Act and Regions Regulation.

Rationale:

The Sanala Report included several recommendations for the Coastal Trust as well as for BC in implementing the proposed changes to governance and embedding financial stability institutionally. In particular the report recommended that the Coastal Trust: "Support collaboration among First Nations, local governments, and the Government of British Columbia ("the partners") to form a consensus action plan that will capitalize and transform the Trust as a co-governed, permanently financed regional development organization for Vancouver Island and the coast."

The Committee recognizes that its primary task is to review and make recommendations regarding the effective functioning of the legislation. However, we also consider that, for the updated legislation to function effectively, it will be critical for an implementation plan as recommended in the Sanala Report to be co-developed to ensure that momentum and efficiency are maintained and to support the smooth transition of the Coastal Trust from its current incarnation to a co-governed, permanently financed organization.

Recommendation 4: principles of legislative drafting

That amendments to be made to the Act and Regions Regulation be enabling rather than prescriptive.

Rationale:

As a general principle, the Committee encourages amendments to the Act and Regions Regulation to be enabling, rather than prescriptive, so as to allow the Coastal Trust the greatest flexibility in fulfilling its mandate and purposes.

Recommendation 5: purpose of the Coastal Trust

That the purpose of the Coastal Trust be clearly articulated in the Act in a way that does not limit its ability to self-determine how best to serve the region's economic development priorities.

Recommendation 6: purposes of the Regional Account

That the purposes of the Regional Account set out in section 20(1) of the Act be reviewed at the same time for relevance to regional economic development in the North Island-Coast Area in 2026 (for example, consider adding "climate change and natural disaster resilience" to the list of purposes).

Recommendation 7: alignment of priorities

That opportunities for collaborative discussions between the Coastal Trust and BC of potential alignment between regional and provincial economic development priorities be supported through enabling mechanisms rather than prescribed in the Act.

Rationale:

The draft Intentions Paper (item 8) notes that the Act does not identify the purpose of the Coastal Trust (but only the purpose of the Regional Account, as set out in section 20(1)). It proposes that the "primary function of the Trust" be articulated as "the provision of economic development funding to local and First Nations governments, non-profits and other eligible organisations in the region."

The paper also notes that the rationale for this is based on clarity that the provision of planning and funding be "in alignment with regional and provincial economic priorities." The extent to which the Coastal Trust is required to align with provincial economic priorities is also raised in item 5 of the draft Intentions Paper. In this item, BC identifies that there is no current "mechanism for government to communicate expectations and priorities" to the Coastal Trust and proposes two options:

- Enable BC to issue a mandate letter to the Chair of the Coastal Trust, or
- Provide for BC to send an annual letter to the Chair "outlining areas where alignment is encouraged."

Creating the opportunity for collaborative discussion of alignment of regional and provincial priorities is appropriate, particularly in light of our recommendation that the Act be amended and consideration be given to recapitalization of the Coastal Trust to ensure that it has the capacity to deliver economic development programs on behalf of BC from time to time. We note that while the parties can meet for discussions of this nature at any time without requiring statutory authority to do so, including enabling provisions to this effect in the Act would support and encourage such collaborative discussions taking place on a regular basis.

However, a mandatory direction to the Coastal Trust requiring it to align its work to provincial priorities risks inconsistency with the original intent of the Act as described on **page 8** of this report, which supported investment in regional priorities and enabled “as broad a scope” as possible to the range of activities to be undertaken, giving control to communities to pursue their regional priorities for regional benefit, and affording the Coastal Trust “complete freedom to determine how Trust moneys should be allocated.”

Reducing the autonomy of the Coastal Trust through provincially directed mandate letters imposing obligations on what is intended by the Coastal Trust itself to be a co-governed entity in future also departs from the key themes of the Sanala Report (as unanimously endorsed by the Coastal Trust Board) supporting First Nations self-determination and participation in governance of the Coastal Trust. It is also inconsistent with the application of regional and local knowledge in determining the highest priorities for the North Island-Coast Area.

Finally, as noted above, the Committee supports the adoption of enabling rather than prescriptive legislative tools in updating the Act. Overall, in terms of purpose of the Coastal Trust, the Committee supports the Act being clear about the purpose in terms of its primary mandate of regional economic development but urges caution in how this is articulated to ensure that the Act is not unduly prescriptive in limiting the ability of the Coastal Trust to serve the region according to its needs and priorities.

The Committee also considers, in light of the proposed inclusion of a specific purpose provision, that the purposes set out in section 20(1) of the Act be considered in tandem with the new provision to ensure consistency and contemporary relevance.

Recommendation 8: five-year reviews

That if the Act is to be amended to enable co-governance and/or other substantive changes, that at minimum the requirement be retained for another legislative review five years after the amendments come into effect.

Recommendation 9: cost of reviews

That if reviews at Ministerial discretion following the final mandatory review are provided for in the amended Act, consideration be given to as to how the costs of such discretionary reviews will be covered.

Rationale:

Item 9 in the Intentions Paper proposes the removal of a mandatory five-year legislative review in favour of reviews being required at the discretion of the responsible Minister. The rationale given is to save money and administrative complexities. The authors of the Intentions Paper consider that previous reviews have been of “limited strategic value.”

It is the Committee’s understanding that the findings of previous reviews, including feedback obtained through consultations, have in fact been highly valued by the Coastal Trust and utilized in its annual strategic planning. The costs of these reviews have been borne by the Coastal Trust rather than BC and do not appear to have been unduly onerous, especially in light of their relative strategic value to the Coastal Trust. However, if discretionary reviews are directed to take place in the future, how the costs of such reviews should be covered should be considered.

If no changes to the Act were being contemplated, the Committee would be of the view that further legislative reviews under section 26 of the Act would have little ongoing merit as they would be likely to simply make the same findings regarding flaws in the effective functioning of the legislation, which are now well-established. Removing the obligation would not preclude the ability of the Coastal Trust and/or the provincial government to conduct a review in the future or make proposals for legislative change at any time.

Given the extensive prospective changes to the Act and Regions Regulation that may soon be implemented, however, the Committee considers that retaining at least one further five-year mandatory review has merit. This would enable consideration of adjustments and corrections that could further improve the functioning of the Act.

Recommendation 10: Regions Regulation

That the Regions Regulation be reviewed in tandem with the Act to determine what amendments may be required to enable co-governance and potential changes to the way in which the North Island-Coast Area should be defined.

Rationale:

Consideration must be given to how First Nations (and potentially, more local governments) will be included in the North Island-Coast Area in the Regions Regulation as well as in the Act.

Recommendation 11: winding up

Amend section 23(1) to provide the Board with the flexibility to decide when winding up should commence, how remaining resources should be allocated (subject as recommended below), the ability to comply with requirements of third party funders in the event of winding up, and how the process should be implemented.

Recommendation 12: distribution of assets

Provide for distribution of remaining assets upon winding up (after appropriate payment of costs and return of donor funds as required) to be distributed to First Nations as well as local governments.

Rationale:

Section 23(1) of the Act requires the Coastal Trust to wind itself up when the Regional Account has been reduced to a nil balance. This seems impractical and unduly prescriptive.

Given the Coastal Trust's stated intention to leverage provincial funding to grow its capital with third party funding, which may be held separately to the Regional Account, this provision of the Act should be reviewed not only for its practicality but so as to ensure that the Coastal Trust is not inadvertently forced to wind up prematurely should provincial funding be eliminated. If recapitalization is to occur, with provisions requiring the retention of capital (as posited in item 12 of the draft Intentions Paper) section 23 (1) may not be necessary but should still be reviewed for consistency with other amendments.

Consideration also should be given to ensuring the Act's provisions on winding up do not preclude the Coastal Trust from complying with any relevant conditions on third party funding in the event of winding up (e.g. return of outstanding funds to the donor in the event that the Coastal Trust has successfully attracted third party funding and/or has been engaged to deliver program funding by BC or the Government of Canada).

Item 14 in the draft Intentions Paper notes that distribution of remaining assets in a winding up is currently confined in section 23(a)(ii) to local governments, and that First Nations should be added to list of beneficiaries. This is a logical consequence of the inclusion of First Nations that the Committee supports.

Recommendation 13: name change

Change the name of the Coastal Trust to "Island Coastal Economic Trust," the name by which is commonly known, and which clearly distinguishes it from the other two regional economic development trusts.

Recommendation 14: gender-neutral references

Neutralize gender references in the Act.

Recommendation 15: Update place names

Update out-of-date names as applicable (e.g. update Powell River Regional District to qathet Regional District).

Rationale:

The Coastal Trust has previously proposed to the provincial government that several technical amendments be enacted to bring the legislation up to date in its terminology and to ensure clarity and certainty in its operations, all of which the Committee supports. The Committee accordingly also supports the options proposed in items 10, 11, and 17 of the draft Intentions Paper, which overlap with these recommended amendments.

Strategic planning: Item 7 in the draft Intentions Paper proposes wider powers for the Coastal Trust in creating 3-year regional economic strategies in collaboration with local governments, First Nations, and the provincial government. The Committee notes that it is supportive of this proposal but also that the Coastal Trust could create these kinds of regional strategies without the need for legislative support. Accordingly, the Committee has no specific recommendation to make on this proposal in terms of improving the functioning of the Act.

ii. Recommendations regarding recapitalization of the Coastal Trust and its long-term financial sustainability**Recommendation 16: relevant factors in recapitalization decision**

In determining whether and in what amount to recapitalize the Coastal Trust, that BC take into consideration relevant factors that include the Coastal Trust's track record to date, the constraints on the Coastal Trust from having no permanent operating funds and an insufficient permanent capital base, the viability of co-governance without recapitalization, supporting the Coastal Trust's capacity to deliver government programs, and the Coastal Trust's role in building stronger relationships between First Nations and local governments.

Recommendation 17: removal of cap on provincial funding

To avoid the need for legislative amendment in the future, that (consistent with the principle that the legislation be enabling rather than prescriptive) the cap on provincial funding in section 17, which is unnecessary to the functioning of the Act, be eliminated.

Recommendation 18: explicitly enable third party funding

The Coastal Trust be explicitly enabled to solicit and accept third party donations and funding.

Recommendation 19: flexibility on investment of capital funds

Any potential restrictions on the investment by the Coastal Trust of its capital funds be carefully articulated so as not to restrict it from expending other types of funding, for example “sunset” funding from third parties to support its purposes or funding to deliver programs on behalf of governments that is intended to be expended in full.

Recommendation 20: pooling of funds

Any amendment regarding pooling of investment funds be enabling rather than prescriptive, leaving it to the discretion of the Coastal Trust as to which, if any, of its funds it would choose to pool and to choose an appropriate investment manager.

Recommendation 21: use of British Columbia Investment Management Corporation (BCI)

If the Act is amended to mandate the use of BCI with respect to investment of and/or pooling of funds that this be restricted to the investment/pooling of funds contributed by BC, and it be otherwise left to the discretion of the Coastal Trust to choose investment managers for other third party funds it receives.

Recommendation 22: Retain Regional Account for provincial contributions

That the Regional Account be retained to receive any future provincial contributions (e.g. an endowment for operational costs).

Recommendation 23: eliminate section 18(2)

That the requirement in section 18(2) that all donations be deposited in the Regional Account be eliminated.⁶

Recommendation 24: agency

While the Coastal Trust may deliver provincial programs without it being an agent of government, section 5(3) of the Act be reviewed to ensure its purpose is clear and that it does not inadvertently inhibit the Coastal Trust’s ability to act on behalf of government from time to time in supporting regional economic development.

Rationale:

Recapitalization: It is outside the scope of the Committee’s mandate to recommend that the provincial government recapitalize the Coastal Trust. However, we do note the following points in relation to recapitalization and the effective functioning of the Act and Regions Regulation which we consider are relevant to a decision in this regard:

- The Coastal Trust’s considerable success to date in fulfilling its purposes to the benefit of all communities in the North Island -Coast Area;

⁶ Note in addition the earlier recommendation to the effect that the Trust be explicitly enabled to solicit and receive third party funding.

- This is the case despite the limited amount of its funding on establishment and the fact that the Coastal Trust did not receive an endowment to support its operating costs;
- The lack of an operating endowment has limited the ability of the Coastal Trust to engage fulltime staff and its capacity to deliver provincial government programs in the North Island-Coast Area;
- Confidence in the proposed co-governance model is likely to be low if the Coastal Trust faces a short lifespan with no option but to commence winding up proceedings in 2028/2029.

Use of capital: Item 12 in the draft Intentions Paper proposes that the Act provide “guidance for long-term sustainability” by requiring the Coastal Trust to preserve capital “in real terms and in perpetuity where appropriate” and establish standards for administrative costs.

- This presupposes an intention on the part of BC to recapitalize the Coastal Trust. A distinction should however be made between capital funds provided to the Coastal Trust by BC for its specific purposes, and other funds, e.g. funds provided to the Coastal Trust to deliver programs or initiatives on behalf of the provincial or other governments, and third party donations which may be provided as sunset funds rather than permanent endowments.
- Care needs to be taken to ensure that the Coastal Trust is given appropriate flexibility to expend such funds according to their terms.
- The Committee also notes that while the current Act permits acceptance of third party funds by implication in section 18 (2), which refers to “any donation” being made to the Coastal Trust, it would be preferable if this was explicitly permitted, to avoid any doubt in this regard.

Pooling of funds: Item 13 in the draft Intentions Paper proposes enabling the three trusts to pool their funds for greater leverage through a collective investment model, to be managed by the British Columbia Investment Management Corporation (BCI). Again, this presupposes an intention on the part of BC to recapitalize the Coastal Trust.

Although the paper is silent in this regard, it is also assumed that:

- While BCI is a proven and stable investment manager, all the same this would not be a mandatory requirement as that would inhibit the autonomy of the Coastal Trust to determine the best strategy for the maintenance of its capital funds;
- The requirement to utilize BCI as the management entity would only apply to pooling of capital funds provided by BC, and not to any other funds under its management that it might choose to pool, and the use of BCI with respect to other funds would be left to the discretion of the Coastal Trust.

Non-fiscal considerations: The non-fiscal benefits of the Coastal Trust model (in addition to cost-efficiencies and economic benefits as demonstrated to date) are also worthy of consideration. These include:

- The building of stronger regional relationships between local governments and First Nations governments;
- The application of local knowledge and experience to supporting regional economic priorities; and
- Enhancing the ability of the Coastal Trust to effectively deliver programs on behalf of the Province.

Removal of fiscal cap: If the Coastal Trust is to receive additional provincial funding, section 17 of the Act requires amendment or elimination to permit that to occur. Repeatedly raising the fiscal cap currently requires the time-consuming and resource-intensive process of legislative change. The fiscal cap is not required for the effective functioning of the Act.

Regional Account: The Act currently requires that all moneys provided to the Coastal Trust, whether provincial or received from third parties, must be paid into the Regional Account established to receive the first provincial contribution of funding (sections 18(2) and 19). The Committee has considered feedback received in the interviews and agrees that this constraint unnecessarily inhibits the ability of the Coastal Trust to obtain third-party funding. Private funders are sometimes unwilling to contribute to funds which (rightly or wrongly) are perceived to be controlled by the provincial government and prefer to see their contributions held in separate restricted accounts. This is also typically true of federal government contributions.

We also note that other trusts in the province that have received provincial contributions (e.g. Coast Funds and the New Relationship Trust) do not appear to be constrained by a similar provision. Finally, like the fiscal cap, this requirement does not appear to be essential to the functioning of the Act.

Agency: Section 5(3) of the Act states that the Coastal Trust is not “an agent” of the provincial government. The Committee supports the ability of the Coastal Trust to deliver programs on behalf of the provincial government from time to time. It will be important to ensure that section 5(3) is clarified so that it does not inadvertently inhibit this ability.

iii. Specific Recommendations: Governance:

Recommendation 25: at least equal representation

Given the Coastal Trust’s proven track record of building strong relationships between First Nations and local governments, and the support of both the Coastal Trust and First Nations for co-governance of the Coastal Trust, the Committee recommends amending the Act (and, as required, the Regions Regulation) to enable at least 50% representation in governance by First Nations in the Coastal Trust’s North Island-Coast Area.

Recommendation 26: continuing consultation on approach

That consultation continue to take place on the specific approach to co-governance proposed by the legislative working group with all affected First Nations to ensure the approach continues to receive broad support when implemented.

Recommendation 27: definition of North Island-Coast Area

For certainty in the Coastal Trust Board's consideration of project applications and their eligibility for funding, the North Island-Coast Area should continue to be clearly defined. That could be by way of a geographic boundary. Existing regional district boundaries could continue to be used for that purpose.

Recommendation 28: specific identification of relevant governments

In addition to delineating a clear geographic North Island-Coast Area boundary, the Act and Regions Regulation be amended to specifically name all of the First Nations and the local governments eligible to apply for projects in or connected to the North Island-Coast Area.

Recommendation 29: review section 20(1)

The language in section 20(1) of the Act be reviewed for consistency with the above recommendations and to ensure projects in or connected to the North Island-Coast Area are eligible for funding from the Regional Account.

Recommendation 30: number of RACs

The number of RACs be increased.

Recommendation 31: inclusion of First Nations in RACs

The Act and Regions Regulation be amended to include First Nations in the North Island-Coast Area in the RACs.

Recommendation 32: choice of RAC participation

That local and First Nation governments may choose which RAC they wish to participate in within their areas of jurisdiction (if those areas span more than one RAC).

Recommendation 33: eligibility for RAC participation

Eligibility for appointment to RACs be broadened to include not only elected officials but staff of local and First Nations governments and other First Nations governments representatives as the First Nations and local governments may self-determine.

Recommendation 34: co-Chairs of RACs

The RACs be enabled to appoint co-Chairs.

Recommendation 35: MLAs be retained on RACs

In light of the beneficial role that MLAs play with respect to supporting the Coastal Trust, including relationship-building, advocacy, and liaison with the provincial government generally, the role of MLAs on RACs continue.

Recommendation 36: MLA delegation

Recognizing all of the responsibilities that MLAs have in their roles, they be authorized to send alternates or delegates to RACs on their behalf when they are not able to attend in person.

Recommendation 37: model for Board appointments

The model for appointments to the Coastal Trust Board and the composition of the Board should be reviewed to ensure at least equal First Nations representation.

Recommendation 38: RAC appointments to Board

The number of appointments to the Board made by RACs requires review and provision made to ensure that RACs appoint equal numbers of local government and First Nations government representatives to the Board.

Recommendation 39: re-appointment of directors

The Act be amended to enable the re-appointment of directors to the Board.

Recommendation 40: review provincial government appointments

The potential for and number of provincial government appointments requires review. These could be reduced or eliminated entirely to enable the Board to make the independent appointments, ensuring that the composition of such appointments results in at least equal First Nations representation.

Recommendation 41: joint process as an option

If retained, the process for appointment should become a joint process between the provincial government and First Nations representatives on the Board. Any such process must mandate the appointment of at least equal numbers of First Nations representatives to the Board.

Rationale:

General: The Committee has considered the recommendations made in the Sanala Report, which were unanimously supported by the Coastal Trust Board, and feedback provided in the interviews undertaken for this report indicating that the success of regional economic development in the North Island-Coast Area is dependent on all communities and governments in the region participating in decision-making on regional priorities. Inclusion of First Nations governments in the Coastal Trust's decision-making in that regard is also consistent with DRIPA.

We have also reflected upon the Coastal Trust’s considerable success in building and strengthening relationships through local government and First Nations partnerships in economic and community development initiatives, and the Coastal Trust Board’s unanimous support for co-governance as well as the support of all of the First Nations who participated in the S̓anala Report.

As currently drafted, the Act confines the membership of RACs to local government representatives, and the membership of the majority of the Board to members of the RACs. Clearly this requires amendment to include First Nations. In addition:

- While the provision for appointment of five independent Board members by the provincial government theoretically enables the appointment of First Nations representatives to the Board, that is not guaranteed, nor does it enable equal representation. The Board currently has three First Nations directors, two of whom were appointed by BC, out of thirteen directors.
- The proposed approach to co-governance is one that requires great care. While the S̓anala Report is an excellent starting point to use in determining that approach, and we recognize that all of the First Nations in the North Island-Coast Area had the opportunity to participate in the development of that report and that thirty-three Nations did participate and unanimously endorsed its recommendations, nonetheless we consider that it will also be important to continue consultation on the specific approach proposed by the legislative working group with all affected First Nations to ensure the approach continues to receive broad support when implemented.

Inclusion of First Nations governments in the Act and Regions Regulation: Participation by local governments in the Coastal Trust and the North Island-Coast Area is currently defined in the Act and Regions Regulation by regional district boundaries. Only projects within or connected to the North Island-Coast Area are eligible for investment by the Trust.

Almost all of Vancouver Island and the Gulf Islands are now included in the North Island-Coast Area, with this exception: there is an anomaly with respect to the Capital Regional District in that only certain electoral areas within that district are included, including the Juan de Fuca Electoral Area, and all lands classified as “Indian Reserves” in the Capital Regional District.

Careful consideration must be given as to how to bring First Nations governments into the Act and Regions Regulation. Relevant factors include:

- First Nations governments do not delineate their areas of jurisdiction in the same way as regional districts.
- Reserve boundaries under the *Indian Act* are not, in the view of the Committee, appropriate to use in this context as they do not accurately reflect First Nations’ areas of jurisdiction.

- First Nations with an interest in applying for projects within or connected to the North Island-Coast Area may have territories that overlap with but extend beyond the North Island-Coast Area.
- Certainty in the definition of the North Island-Coast Area for the purpose of determining the eligibility of project applications is therefore essential.

Participation in RACs: There are currently two regional advisory committees (RACs). With the addition of the First Nations governments as participants in the Coastal Trust, the number of RACs requires review. Item 1 in the draft Intentions Paper proposes two options to add First Nations to RAC membership:

- An “equal amount to match the current level of local governments (one-to-one ratio)”
- An “equal amount of representatives from First Nation and local governments are nominated for a rotational term (i.e. 7 First Nation leaders and 7 local government leaders to a total of 14 RAC members).”

The Committee considers that:

- Neither option is consistent with the findings and recommendations in the Sanala Report (which were unanimously endorsed by the Coastal Trust Board), which proposed that each First Nation whose territories span the North Island-Coast Area be empowered to appoint an individual of their choice to RACs, and that the number of RACs be increased to accommodate the increased number of members on the RACs.
- While the options purport to establish “equality” in numbers they do not reflect the conclusions in the Sanala Report that amendments to the Act support “at least” equal representation of First Nations, noting that there are more First Nations governments in the North Island-Coast Area than local governments, and that the Coastal Trust operates on the territories of those First Nations.
- The two proposed options, which are prescriptive in nature, are inconsistent with the feedback summarised in this report that encourages greater flexibility for the Coastal Trust and its members to self-determine its approach to governance and decision-making and the general principle that the Act should be enabling rather than prescriptive.
- They are also inconsistent with the current approach in the Act under which the eligible RAC members self-determine their size and numbers.
- Instead, the Committee supports an increase to the number of RACs. This would support not only the efficient functioning of the Act but focussed local discussion of regional economic priorities, greater efficiency in the operation of the RACs (with fewer participants on each RAC) and help build good relationships between existing and new members of the RACs.
- In addition, we note that both First Nations and local governments may have areas of jurisdiction within more than one RAC area (for example, the Regional District of Nanaimo boundaries span both existing RACs). We consider that both First Nations

and local governments in that situation should be able to choose to which RAC they wish to appoint representatives.

- We also consider that at minimum, First Nations governments should have the power to self-determine who they wish to appoint to the RACs (for example, elected Chiefs, elected Councillors, staff of economic development arms, and Hereditary Chiefs).
- Both local governments and First Nations governments should be enabled to appoint representatives to the RACs that they believe will best serve the purpose of the RACs and the Coastal Trust. The current restriction on local governments to only appoint elected Mayors and Councillors should be reconsidered to enable a broader option to delegate the role to staff with relevant experience and skills.

Chairs of RACs: Item 3 of the draft Intentions Paper proposes that the Act enable appointment of co-Chairs for RACs to reflect the new co-governance approach. The Committee supports this approach.

MLAs: MLAs within the North Island-Coast Area currently participate on RACs but may not be appointed to the Board of the Coastal Trust.

Item 4 of the draft Intentions Paper proposes the removal of MLAs from the RACs to provide “for a clearer distinction of accountabilities and authorities.” However:

- MLAs play an important role on the RACs. They are in a position to provide broader provincial perspectives in regional economic development discussions and act as advocates for regional issues as well as a liaison between regional governments and BC. Participation by MLAs on the RACs also provides a formal opportunity for knowledge and information exchange between local and First Nations governments and MLAs that does not otherwise exist.
- MLAs with experience on the RACs could also play a helpful role in supporting the transition to RACs that will include First Nations governments participants, through relationship-building and facilitation of regional priority discussions.
- Feedback from interviews generally indicates that the role is a valuable one, with no perceived blurring of the lines between the roles of MLAs and of local government representatives.
- All the same, experience also indicates that attendance by MLAs is not uniform, and MLAs are not currently enabled to send a delegate or alternate in their place when time does not permit their own attendance.

Board:

Size of Board: The current size of the Board is 13, enabling broad representation without being unwieldy in size. It is typically good governance practice to have an uneven number of Board members to avoid deadlock situations (even where consensus is the preferred principle for decision-making). Two Co-Chairs (one each appointed from local

and First Nations government appointees to the Board) could be considered to support equal representation of First Nations and local governments.

RAC appointments: Eight members of the Board are currently appointed by the existing two RACs. There is currently no formal requirement for RACs to consider competency or skill sets when making their appointments.

With the introduction of co-governance, and the consequential proposed increase to the number of RACs, consideration needs to be given to the overall size of the Board to accommodate formal First Nations participation through the RACs (and as noted below, through provincial appointments).

Consideration also needs to be given to the mechanism for both the RACs and the provincial government (the latter subject to our further comments below) to appoint at least equal numbers of local and First Nations government representatives to the Board.

Provincial appointments: Five members of the Trust Board are currently appointed by the provincial government.

- The Committee understands that the original intent of this mechanism is to ensure that the Board includes individuals with governance skillsets, or from relevant economic sectors, and/or First Nations government representatives.
- There is however no formal requirement for any of those appointees to be First Nations government representatives. Even if all five were to be First Nations appointees, that would still not provide for at least equal representation.
- With the introduction of co-governance, and if the Act is amended to enable self-determination of the most appropriate appointees to the RACs by local and First Nations governments, these drivers for provincial appointments seem likely to become redundant.
- In the Sanala Report, First Nations participants indicated dissatisfaction with a continuing role for the provincial government in making appointments to the Coastal Trust, preferring that they and their local government counterparts be self-determining in appointing the Board. Self-determination of appointees would also be more aligned with the objectives of DRIPA.
- It was proposed that, if independent appointments to the Board are to be retained, that they be made jointly by First Nations governments and the provincial government. The mechanism for doing so could be a joint selection process by the First Nations members of the Board and provincial appointees.

Draft Intentions Paper: Item 2 of the paper proposes three options for adding First Nations representation to the Board:

- An equal number to match current local government numbers, increasing the size of the Board to 21;
- Adopting a competency matrix model including at least one First Nations and one local government representative;

- Reducing the number of provincial appointees and local government appointees to attain equal representation within the current Board size of 13 members.

As noted above, the Committee does not consider that increasing the size of the Board will lend itself to good governance and efficiency. The competency matrix model does not guarantee at least equal representation on the Board. The Committee understands that the Board already has a competency policy and encourages the RACs to align its Board appointments to the policy. A prescriptive model in the Act is not consistent with an enabling approach that provides the Coastal Trust with flexibility to adopt its own policies to achieve its governance objectives effectively.

At least equal representation on the Board for First Nations can more readily be achieved through the other potential options which the Committee recommends be considered.

Reappointment of directors: Item 6 of the draft Intentions Paper proposes that the Act be amended to enable Directors to be re-appointed. The Committee supports this option as it enables more effective knowledge retention and succession planning.

APPENDIX A: RECOMMENDATIONS

i. General recommendations supporting the effective functioning of the Coastal Trust's legislation

Recommendation 1: previous legislative reviews

That in the approach to amending the Coastal Trust legislation, the recommendations of previous legislative review committees be taken into consideration.

Recommendation 2: one size does not fit all

That amendments to the Act and the Regions Regulation be considered for the Coastal Trust separately to those being considered for the legislation applicable to the other two regional trusts, and with flexibility to incorporate amendments that may be different to those adopted for the other two trusts.

Recommendation 3: implementation plan:

An implementation plan to support the transition of the Coastal Trust from its current incarnation to a co-governed, permanently financed organization be co-developed by First Nations, local government, and BC in parallel with the enactment of the updated Act and Regions Regulation.

Recommendation 4: principles of legislative drafting

That amendments to be made to the Act and Regions Regulation be enabling rather than prescriptive.

Recommendation 5: purpose of the Coastal Trust

That the purpose of the Coastal Trust be clearly articulated in the Act in a way that does not limit its ability to self-determine how best to serve the region's economic development priorities.

Recommendation 6: purposes of the Regional Account

That the purposes of the Regional Account set out in section 20(1) of the Act be reviewed at the same time for relevance to regional economic development in the North Island-Coast Area in 2026 (for example, consider adding "climate change and natural disaster resilience" to the list of purposes).

Recommendation 7: alignment of priorities

That opportunities for collaborative discussions between the Coastal Trust and BC of potential alignment between regional and provincial economic development priorities be supported through enabling mechanisms rather than prescribed in the Act.

Recommendation 8: five-year reviews

That if the Act is to be amended to enable co-governance and/or other substantive changes, that at minimum the requirement be retained for another legislative review five years after the amendments come into effect.

Recommendation 9: cost of reviews

That if reviews at Ministerial discretion following the final mandatory review are provided for in the amended Act, consideration be given to as to how the costs of such discretionary reviews will be covered.

Recommendation 10: Regions Regulation

That the Regions Regulation be reviewed in tandem with the Act to determine what amendments may be required to enable co-governance and potential changes to the way in which the North Island-Coast Area should be defined.

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That consultation continue to take place on the specific approach to co-governance proposed by the legislative working group with all affected First Nations to ensure the approach continues to receive broad support when implemented.

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Recommendation 30: number of RACs

The number of RACs be increased.

Recommendation 31: inclusion of First Nations in RACs

The Act and Regions Regulation be amended to include First Nations in the North Island-Coast Area in the RACs.

Recommendation 32: choice of RAC participation

That local and First Nation governments may choose which RAC they wish to participate in within their areas of jurisdiction (if those areas span more than one RAC).

Recommendation 33: eligibility for RAC participation

Eligibility for appointment to RACs be broadened to include not only elected officials but staff of local and First Nations governments and other First Nations governments representatives as the First Nations and local governments may self-determine.

Recommendation 34: co-Chairs of RACs

The RACs be enabled to appoint co-Chairs.

Recommendation 35: MLAs be retained on RACs

In light of the beneficial role that MLAs play with respect to supporting the Coastal Trust, including relationship-building, advocacy, and liaison with the provincial government generally, the role of MLAs on RACs continue.

Recommendation 36: MLA delegation

Recognizing all of the responsibilities that MLAs have in their roles, they be authorized to send alternates or delegates to RACs on their behalf when they are not able to attend in person.

Recommendation 37: model for Board appointments

The model for appointments to the Coastal Trust Board and the composition of the Board should be reviewed to ensure at least equal First Nations representation.

Recommendation 38: RAC appointments to Board

The number of appointments to the Board made by RACs requires review and provision made to ensure that RACs appoint equal numbers of local government and First Nations government representatives to the Board.

Recommendation 39: re-appointment of directors

The Act be amended to enable the re-appointment of directors to the Board.

Recommendation 40: review provincial government appointments

The potential for and number of provincial government appointments requires review. These could be reduced or eliminated entirely to enable the Board to make the independent appointments, ensuring that the composition of such appointments results in at least equal First Nations representation.

Recommendation 41: joint process as an option

If retained, the process for appointment should become a joint process between the provincial government and First Nations representatives on the Board. Any such process must mandate the appointment of at least equal numbers of First Nations representatives to the Board.

APPENDIX B: SUMMARY OF BACKGROUND

The following background information was provided by a provincial official involved with the original design of the Act and Regions Regulation.

Governance:

- The Act was drafted to:
 - Be consistent with principles and approaches used for the other two trust entities created at much the same time
 - Reflect the purposes and objectives of the use of public money granted to the Coastal Trust
 - Reflect best practices in governance and reporting at the time.
- The legislation development included consultation with the provincial comptroller general and auditor general, as well as well as local and provincial elected representatives in the regions, including First Nations.
- In the design of the Board of the Coastal Trust, the Province intended that representation include elected officials (mayors or regional district chairs at the time). Provincial MLAs could be members of RACS (to provide provincial input to development of strategic regional plans) but MLAs were specifically excluded from becoming Board members.
- Five seats were reserved for provincial appointments to ensure the Board included individuals with appropriate governance skill sets, and flexibility to include representation by First Nations (elected or otherwise) or in specific sectors, such as forestry and mining. The Province's view was that the interests and representation of Nations were adequately addressed through the provincial appointments process, where the Minister responsible for the Act(s) could receive nominations from First Nations for representation on the Boards, and then make appointments.
- The size and composition of the Coastal Trust's Board (13 members) was chosen for the following reasons:
 - To be consistent with be consistent with the approaches used for the other two trust entities
 - To ensure a reasonable balance of local elected representation (8 members)
 - To provide flexibility for augmentation by provincial appointments (5 members, which could also include experts and First Nations representation).
 - To ensure that the Province does not control the overall composition of the Board (by limiting provincial appointments to 5 out of 13 Board members in total),

- To ensure continuity of Board operations by having different appointment terms for provincially appointed members than for locally elected members (i.e., due to recurring local elections) – see section 6(3), and
- So as not to create a Board size that became too unwieldy to function.

Regional Advisory Committees (RACs):

- Through government’s direction at the time of developing the Act, the legislation contemplates First Nations representation through the RACs when First Nations governments are recognized as local governments under the provincial *Local Government Act*.
- However, the Act also provides that the Minister responsible for the Act has express powers to make provincial appointments directly to the Coastal Trust Board, and this could include elected or non-elected First Nation representatives.

APPENDIX C: SUMMARY OF FEEDBACK FROM INTERVIEWS

“This is a unique and ground-breaking opportunity for First Nations and municipalities to work together for everyone’s benefit, and to advance justice and reconciliation at the same time.”

“The long term sustainability of the Trust will create greater opportunity for building good working relationships with Nations, with communities, and between neighbouring governments.”

“There’s almost a paternal role that comes into play between BC and local governments, and that shows in the way the Trust has been set up. But the relationship between First Nations and BC is a government-to-government relationship. Respect for First Nations’ autonomy and rights must be at the forefront of the new structure of the Trust. That fundamentally shifts the way in which BC should relate to the Trust in the future.”

General:

- **Enable, don’t prescribe:** Both the Act and the Regulation should be reviewed thoroughly to ensure they are enabling of the Coastal Trust’s ability to fulfil its purposes rather than prescriptive or constraining.
- **Purposes:** The purposes of the Coastal Trust need review to ensure they reflect current reality. Should they now include climate change resilience, for example?
- **Regional development:** The work of the Coastal Trust with larger urban municipalities such as Nanaimo and Campbell River as well as small communities is best characterized as regional economic development, as evidenced by the projects funded to date and their outcomes. That focus is an appropriate lens through which to view the definition of the North Island-Coast Area (see detailed comments below).
- **Clarity of roles:** In moving to co-governance, it will be important to ensure that all concerned clearly understand the roles of RAC members and of Board members, regardless of who has appointed them: that is, to support the purposes of the Coastal Trust.

“This is really about a renewed opportunity to ensure that the governance model, and the representatives in the governance model are all positioned to support the authentic, true vision of why we are doing what we are doing. How that unfolds is still to be determined but it will be important to ensure there is real clarity about both the Board and the RAC roles.”

- **MLAs:**⁸
 - Several interviewees commented that MLAs are considered to be valued members of the RACs, given their local knowledge of key issues. In considering the RACs, they all agreed that MLAs are valued, independent members of the

⁸ Sənala did not engage with First Nations participants regarding the role of MLAs.

RACs with broader perspectives to bring to the table than local representatives and should continue to be members.

“If MLAs were no longer at the RACs, there would be no elected members of the provincial government involved in the Trust’s regional decision-making. As we look to build a more inclusive and strategic approach through co-governance, the role of MLAs remains a vital linkage with the provincial government, to be inclusive of all levels of government”.

- One MLA who is an active participant on RACs was interviewed and commented that while they felt it is a valuable role, especially in terms of the exchange of local and provincial knowledge and perspectives in the discussions on regional priorities, it is also a large demand on their time, especially for MLAs who also have additional roles in government (i.e. Cabinet positions). This leads to sporadic participation on the RACs, especially by government MLAs.
- One size does not fit all: It is important to consider what is needed for the Coastal Trust separately to any changes being considered for the other two regional economic development trusts. All three trusts are at different stages of development, working in different environments, and need the space and flexibility to thrive on their own terms.
- Implementation: Given the legislation is proposed to be introduced close to the next local government elections, consideration should be given to ensuring a smooth transition and a co-developed implementation plan in light of potential changes to leadership.
- Transitions: a phased-in approach to the new governance structure, including (for example) reducing the number of Crown appointments over time, could be considered to assist with the transition.
- Five-year review: The five-year legislative review mechanism should be retained in order to evaluate the legislative changes the Ministry of Jobs and Economic Growth intends to table in 2026.

Inclusion of First Nations in the Act:

- Formal inclusion: With the proposed move to co-governance, First Nations must formally be included in the Act in the same way as municipalities and regional districts, and in the governance structure of the Coastal Trust.
- 50% representation: First Nations should enjoy at least 50% representation on the Board of the Coastal Trust.

“With funds [for the Trust] being generated from resources extraction, they should be redistributed back into communities through shared decision making.”

- Population not relevant:

- Relative populations of the communities served by local and First Nations governments should not influence or prevent representation on the RACs or Board of those governments.
- At present, representatives of communities with populations of 500 or less are ineligible to participate on RACs (section 2(1)(a)(ii)). This needs reconsideration and should be removed as a barrier to participation.

“First Nations-driven economic development is absolutely key in the coastal and Coastal region. In BC, when we think about economic development, does it flow from per capita population, or from the lands, waters, and resources? We know it is absolutely the latter.”

North Island-Coast Area:

- **Scope:** The North Island-Coast Area was originally confined to northern Vancouver Coastal and the Sunshine Coast, defined by boundaries of the relevant regional districts.
- **Expansion:** It has since been expanded to include most of Vancouver Coastal, excluding the Capital Regional District (with the exceptions of Salt Spring Coastal, Juan de Fuca Electoral District, and First Nations’ reserve lands within the CRD. It continues to exclude some small rural communities on the South Coastal, such as Sooke.
- **Clear definition needed:** The legislation (and therefore the Coastal Trust) would benefit from a clearer definition of the North Island-Coast Area in the Regions Regulation to ensure it encompasses First Nations as well as local governments, but an expansion of the North Island-Coast Area beyond its existing boundaries should also be considered through the lens of the Coastal Trust’s focus on regional development on Vancouver Coastal and the Sunshine Coast, local decision-making, and the need for recapitalization to accommodate any expansion of the North Island-Coast Area as well as to continue and build on existing outcomes.
- **Victoria:** Although there are some smaller more rural communities within the CRD that are not currently included in the North Island-Coast Area (e.g. Sooke) there were mixed views as to whether Victoria should be included in the North Island-Coast Area.
 - Some felt it would be logical to simply fill out the remaining area to include all of the CRD, which would enable First Nations to lead projects and partnerships within the CRD outside of their reserve lands. The South Coastal Prosperity Partnership, through its [Rising Economy Task Force](#), has recommended that the CRD be included in the Trust’s North Island-Coast Area.
 - Others felt it was not appropriate to include a large city like Victoria as its needs cannot compare to smaller and more impoverished communities elsewhere on Vancouver Island.

“When we look at what is going on in our small resource-dependent communities like Crofton, it shows the desperate need for recapitalization and

transformation. If we start to add in a city like Victoria, it throws that desperate need out of the window. I don't support expansion to include Victoria for that reason."

- First Nations-led projects: A third option that was proposed was to leave the North Island-Coast Area unchanged but to ensure that First Nations with territories encompassing the CRD can bring forward projects outside their reserve lands that are connected to them or otherwise accrue benefits to their communities. That would enable those Nations to leverage partnerships and build relationships with third parties, including neighbouring local governments, with respect to those projects.
- Certainty is key:
 - In general, the options to include First Nations in the legislation and North Island-Coast Area require careful consideration.
 - As noted immediately above, there are First Nations with reserve lands in the CRD that do fall within the current North Island-Coast Area, but with projects of interest in their broader territories within the CRD.
 - Likewise, there are First Nations whose territories fall partially within the North Island-Coast Area who have an interest in economic projects in those parts of their territories.
 - In addition, there is more clarity would be required the geographic extent of territories.
- Options to address North Island-Coast Area definition:
 - Geographically, the collective feedback was that (subject to the three comments immediately below) retaining the existing North Island-Coast Area definition for the purpose of identifying eligible projects would be most appropriate, to ensure certainty in decision-making regarding eligibility of projects within the North Island-Coast Area, and to avoid unintentionally making larger urban areas (such as the City of Victoria) eligible to receive funding.
 - Retaining a geographic boundary to the North Island-Coast Area (within which projects are eligible for funding) and specifically naming which First Nations are included in the Coastal Trust and eligible to be members of the RACs is likely to be the most effective means to approach this and resolve uncertainties. For balance, it was suggested that the Act and/or Regulation specify the relevant local governments as well as the First Nations governments.
- Connection to North Island-Coast Area:
 - As previously noted, projects with connections or accruing benefits to the North Island-Coast Area should also be considered eligible. For example, First Nations participating in the Coastal Trust may wish to partner with local governments within the North Island-Coast Area on projects that are outside that geographic area, but which accrue benefits to their communities within the North Island-Coast Area (e.g. a fuelling dock outside the North Island-Coast Area may enable a water taxi service servicing that area to operate more effectively, or a habitat

- restoration project outside the North Island-Coast Area may be connected to food security and climate resilience for Trust communities).
- That should be combined with the naming of specific First Nations with territories wholly or partly within the North Island-Coast Area. That would ensure that all eligible communities would be included but that only projects within or connected to the North Island-Coast Area, or accruing benefits to the North Island-Coast Area, would be considered. It would also be consistent with naming all the local governments within the North Island-Coast Area.
 - It was noted that naming the First Nations specifically who will participate in the Coastal Trust also ensures that First Nations who have historically been displaced by Crown actions from their homelands (e.g. Tlowitsis, Mamalilikulla, Gwa'Sala Nakwaxda'xw, Haxwa'mis) remain eligible to apply for projects to benefit their communities.

Regional Advisory Committees:

- **Increase number of RACs:** The number of RACs will need to increase from two to at least three to accommodate the inclusion of First Nations (which will bring the total number of participating governments in the Trust to close to 100) and in order to maintain efficiency of RAC processes.
- Four RACs would nominally increase administrative costs but may be strategically beneficial in focussing the dialogue within each RAC on their geographic area and building closer relationships among governments with common interests.
- **Area and membership of RACs:**
 - The geographic delineation of the RAC areas needs consideration.
 - It would be appropriate to be specific in the Act or Regulation regarding which RAC(s) each government would participate in, to avoid uncertainty and unnecessary tension as new relationships are formed and develop within the RACs.
 - Governments may be members of more than one RAC if their area of jurisdiction spans more than one RAC (as, e.g., does the Regional District of Nanaimo at present).

Appointment of Board:

- RACs should continue to appoint Board members, but to ensure equal representation of First Nations and local governments, appointments should be of equal numbers of First Nations and local government representatives.
- There is currently no requirement for RACs to consider competency or skill sets when making their appointments. The RACs should be required to review any current policy of the Coastal Trust on Board competencies prior to making their appointments.
- With three RACs, if each RAC appoints four Board members (as is the current practice) this would bring the number of RAC-appointed Board members to twelve. Four RACs might appoint only two members, retaining the current number of RAC-appointed Directors.
- The number of RAC appointees and the size of the Board therefore both need careful consideration. If the number of appointees were reduced to three, for example, to ensure equal representation the RACs should be required to appoint two First Nations members and one local government member. The number of Crown appointees could then be reduced to four members, including non-First Nations candidates but requiring that the Crown appoint a First Nations candidate as Chair. (Also see note on Crown appointments, below).
- **Ability to self-determine skilled appointments:**
 - Recognizing that both elected local government officials and Chiefs and Council members are busy individuals and may not have experience and skills relating specifically to regional economic development, appointees should be given the flexibility to delegate their position on the Board to their chosen representatives and/or appoint alternates (with decision-making authority) to attend on their behalf. The Sanala Report (endorsed by local government and the Coastal Trust Board) noted that First Nations should be able to self-determine who will best represent their government.
 - This will ensure the Board comprises skilled and experienced directors and obviate the need for Crown-appointed directors to ensure adequate skills and experience on the Board (one interviewee noted that they do not always necessarily have the right skill sets, anyway, e.g., they do not understand how trusts operate or have a broader understanding of regional economic development strategies).

“It’s ironic, the original thinking behind the Act is that the province has to appoint directors because these mayors on the Board may not be governance or economic development experts, but then not allow those mayors to replace themselves with someone with more time or capacity to take on the role. It makes a lot of sense to allow local governments—and now of course the First Nations—to tap into the best person in the organization for the job.”

- Size of Board: It is considered undesirable to increase the size of the Board (for reasons of efficiency and good practice). The number of Crown appointees could be reduced to four, as noted above, or to one) or three (potentially increasing the size of the Board to fifteen). In all cases, having the Chair appointed from among the First Nations leadership may be desirable.
- Co-Chairs: One interviewee suggested that both the RACs and the Board would benefit from having co-Chairs, one each from a local government and a First Nation. The co-Chairs could take turns chairing or jointly chair the Board.
- Crown appointments:
 - The role of the Crown in appointing independent directors requires review.

“In many ways, the move to co-governance is about localized self-determination for both First Nations and local governments. Because the decisions made by the Trust Board are about localized investment, there is no better poised to make those decisions than local representatives. It’s a strong argument to seriously look at the Crown’s role in overseeing so many appointments to the Board, or even any appointments to the Board, especially as we can expect First Nations and local governments to appoint people with the right skill sets to the Board if they are given the flexibility to do so.”

- In light of the above, the total number of Crown-appointed directors requires review (given the increased number of RACs and the ability to delegate to skilled representatives).
 - If RAC appointees to the Board may delegate to skilled representatives, the safeguard of Crown appointees becomes less compelling.
 - Moreover, a colonial process by which the Crown appoints directors to the Board is no longer considered appropriate. The preference expressed in the Sanala Report was for First Nations directors to be appointed by the First Nations, not by the Crown. Several interviewees suggested that if there is to be a process for appointment of independent directors it should be a joint process by First Nations and the Crown to appoint the independent directors, to support Indigenous self-determination and to ensure equal representation on the Board of First Nations.
- Cultural representation: One interviewee was strongly of the view that of the First Nations directors, there should be at least one representative of each of the three distinct cultures on Vancouver Coastal: Coast Salish, Nuu-chah-nulth, and Kwakwaka’wakw, and that this is a matter that should not be “left to chance.” Others considered that local RAC appointments are likely to ensure appropriate geographic and cultural representation without the need for prescription.

Remuneration of Directors:

“Receiving compensation would support more interest in participating, as there is an opportunity cost for everything we do and it takes time away that could be spent on direct issues for our government.”

- **Remove the prohibition:** Section 13(2) of the Act currently prevents directors of the Coastal Trust from receiving remuneration.
- **Policy rather than prescription:** All of the interviewees emphasized that director remuneration is a matter to be addressed with care and thoughtfulness, based on the specific circumstances of the organization and the composition of the Board. Accordingly, whether and how a remuneration framework is put into place this should be a matter of policy for the Board to decide rather than proscribed by the Act.
- **Supports co-governance model:** To facilitate effective co-governance, it will be important to put into place the ability to compensate directors, commensurate with the skills and competencies they are expected to bring to the role (it was emphasized that these two aspects go together – enabling participating governments to appoint competent representatives is supported by providing appropriate compensation).
- **Scale and scope:** The scale and scope of compensation and a framework for compensation is also a matter for Board policy once director remuneration is enabled.
- **A barrier to recruitment:** It was emphasized that the inability to remunerate directors prevents the Trust from offering respectful compensation for time and expertise brought to the Board by its directors. Most elected officials are not only extremely busy they are typically poorly compensated in their roles as it is. Crown appointees are also typically busy people with full time occupations. The experience with Crown appointees has also been that it can be a struggle to have them show up at meetings.
- **Diversity:** Experience also shows that providing appropriate remuneration for the role encourages participation by a broader and more diverse range of candidates, including younger people and people from a range of economic circumstances.

“The statutory constraint on compensation is a barrier to attracting the best, brightest, smartest people to be part of it and offers no incentive to agree to participate when they are already oversubscribed in their duties.”

Recapitalization:

- Investing a substantial sum in recapitalization of the Coastal Trust is essential for several reasons:

- Stability: To enable the Coastal Trust to provide stable, consistent funding to support regional economic development projects on a permanent basis and to avoid a “scarcity mindset”
- Operational capacity: To support permanent and stable operational capacity to deliver both Coastal Trust funding and program delivery on behalf of other providers (by comparison, the NDIT was endowed with a permanent \$25 million operating fund in addition to the provincial contribution to its investment fund)
- Co-governance: To meaningfully support co-governance in a stable fiscal environment
- Leverage: To enable effective leveraging of third party funding.
- Remove financial cap: The current financial cap on provincial contributions must be removed. This does not commit BC to providing more funding, but it does enable the opportunity to do so without the expense and resource-intensive process of legislative amendment that is currently required and the potential for lost opportunities that result from that process (previous initiatives to recapitalize the Coastal Trust have fallen through, for example, as a result of simply being unable to get the amendment onto the legislative calendar).
- Coast Funds is an excellent example of an Indigenous-led permanent, stable fund that creates significant additional value for its members. It illustrates the potential in the Coastal Trust adopting a similar model and framework for financial stability and governance. The [Gwaii Trust](#) is another good model.

“Meaningful co-governance requires stability. Without recapitalization, you don’t have the long-term commitment required for shared decision-making. You create a scarcity mindset. Even just testing the waters by putting in a much smaller amount, like \$10 million, to see how things go with co-governance—you immediately put people into that scarcity mindset instead of an abundance mindset, challenged for funding when they should be able to focus entirely on the new framework for governance, new relationships being created, and long-term strategic investments into the economy.”

“First Nations in particular need to see the value of committing time and energy into co-governance of the Trust. Why commit that time and energy into developing this whole new way of operating if it is just going to end in a few years because of the lack of capital?”

Use of Regional Fund:

- Remove the restriction: The requirement that all third-party contributions must go into the provincial Regional Account should be lifted. This is a significant barrier to attracting donations from industry partners or even other governments like Canada.
- Donor preference: Such donors may have different conditions on funding, or accounting timelines, and these need to be managed separately. They may also

simply have an aversion to contributing money into what is seen as a provincial government fund. Common practice within trusts and foundations in B.C. is to use restricted fund accounting (employed by the Coastal Trust) and to simply create a new restricted fund that can be used to transparently track, report and account for funds for different purposes. This is not possible as the existing Act requires all contributions to be accounted within the single provincially established account.

“There’s a greater opportunity to put boundaries or conditions in place around a donor-specific fund than around an account perceived to be government-controlled.”

- An existing model: Other models (such as Coast Funds) exist whereby private donation and federal funding contributions are managed in separate pools. This is not an administratively burdensome process.

“Is there any technical barrier to all donations going into the Regional Account? Can we legally do that? Sure. But would the donors be willing to? Experience working with the federal government and with philanthropic organizations shows that the practical answer is absolutely they would not agree to that.”

Agency:

- Enable agency: The Coastal Trust, if recapitalized so as to expand its operational capacity, would be well-positioned to deliver economic programs in the North Coastal-Coast Area on behalf of the provincial and federal governments. The Trust currently does not have the operational capacity to do so, nor the means to expand its capacity without increased operational funding.
- Remove barriers: Section 5(3) of the Act, which declares that the Coastal Trust is not an agent of the provincial government, may also need amendment to ensure it does not inadvertently prohibit the Coastal Trust from delivering programs on behalf of BC.

“There’s an inequity between the trusts because our Trust doesn’t have the capacity to deliver third-party programming because we have no available staffing capacity and are not viewed by government as stable and permanent. The provincial government provides hundreds of millions to the other Trusts it has capitalized and positions them administer funds in our region where it would be more effective and appropriate to partner with our Trust in our region.”

“Tidy-up” provisions:

All interviewees supported the opportunity to “tidy up” other minor anomalies in the Act (e.g. introduce gender neutrality and update place names).