

# Our Vision and Case for Investment: Transformation of Island Coastal Economic Trust

Presented to:  
Honourable Minister Ravi Kahlon  
Ministry of Jobs, Economic Recovery and Innovation

Date Submitted: September 22, 2022  
**Summary Version**

Submitted by:



Prepared with:





GREAT BEAR RAINFOREST

NORTH ISLAND

SUNSHINE COAST

PACIFIC RIM

SOUTH ISLAND

SOUTHERN  
ISLANDS  
GULF

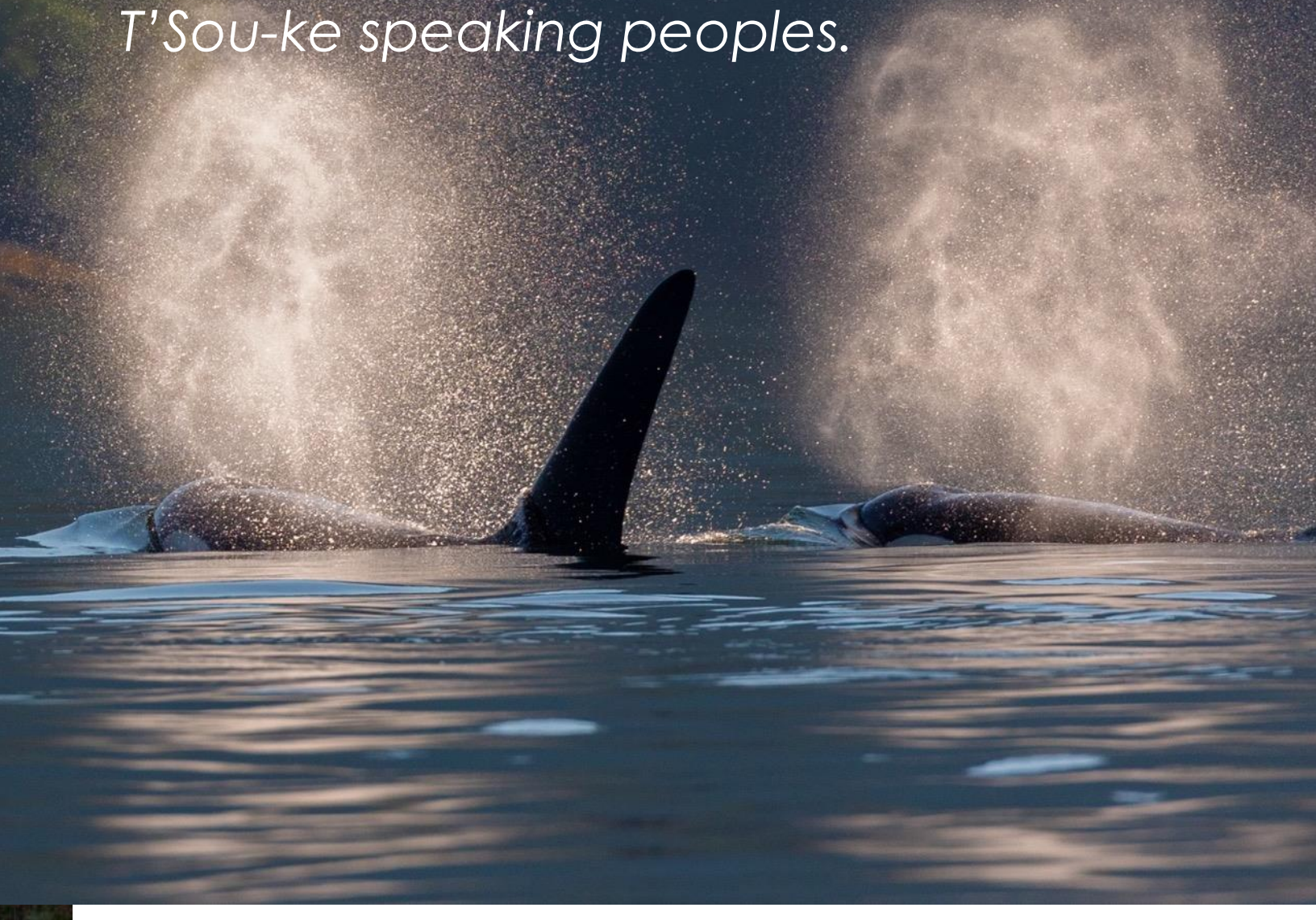
Communities  
have partnered with  
Island Coastal Economic Trust to invest  
**over \$300 million in our region,**  
strengthening and diversifying our coastal economy.

**There is so much more we can do, together.**



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Together, we are working to build a sustainable and resilient coastal economy in reciprocal relationships with communities across the unceded territories of the Kwak'waka, Nuuc̓aan̓ut̓, Éy7á7juuthem, Ligwilda'xw, Pəntl'áč, She shashishalhem, Hul'q'umi'num', diitiidʔaatx, SENCÓFEN, Lekwungen, and T'Sou-ke speaking peoples.





## A. EXECUTIVE SUMMARY

The Island Coastal Economic Trust was created by the Province of British Columbia in 2006 to support economic diversification and revitalization across Vancouver Island, the Sunshine Coast, and surrounding island and inlet communities. Initially capitalized with \$50 million in 2006, an additional \$10 million funding contribution was committed towards a short-term extension of the Trust's mandate in 2017.

Since inception, the Trust has partnered with coastal communities to invest more than \$56 million into economic development projects that has been leveraged to attract more than \$250 million in additional new investment to the region. These investments have strengthened and diversified our regional economy, creating more than 2,750 permanent jobs and countless positive impacts across the coast. And there's much more we can do.

## A Critical Juncture

With a foundation of past success, the Trust finds itself at a critical juncture. The reality is that without new investment, the Trust must commence its dissolution process in 2023. This presents the very real possibility that the coastal region and its more than 500,000 residents will lose its sole regional trust at the very time our region needs us the most.

A commitment to invest in the Trust in Budget 2023 would avoid its dissolution. However, this is not merely a decision to preserve the Trust in its current form. As we emerge from the uncertainty and lingering impacts of the pandemic, we see a generational opportunity to open a new era for the coastal region—supported by a bold new vision for the Trust as a catalyst of transformational change.



If the pressures of the past few years have taught us anything, it's the importance of bold action and decisive leadership in the face of great change and uncertainty. Leaders at all levels across our province have been challenged to pivot, adapt and innovate to continue to support the people and communities who rely on programs and services. So too has our leadership team.

As we contemplate the future of the Trust, we are not requesting a short-term extension such as in 2017. Nor are we proposing a \$50 million investment such as when the Trust was founded in 2006. These temporary solutions from yesterday are no longer sufficient to solve the complex challenges we face today and in years ahead. The world has changed. We believe it's time for a permanent solution.

Recognizing there is a short timeframe to avoid the Trust's dissolution, we present this case for investment for the Province of British Columbia to determine if it wishes to invest in Budget 2023 to transform the Trust into a sustainable regional economic development organization for coastal communities.

## Recommendation

Building on the strong foundation Island Coastal Economic Trust has built in the past 16 years, we recommend that the Province of British Columbia:

-  Commit to our immediate objective of an investment of at least \$150 million in Budget 2023 to transform Island Coastal Economic Trust into a permanent, environmentally and socially responsible Trust that will be led by and empower First Nations and local governments to build an inclusive and resilient coastal economy for the benefit of our current and future generations;
-  Consult with the approximately 50 First Nations governments whose territories span the Trust's service region, and the 35 local governments in the region, to achieve a shared perspective and enact new legislation to replace the North Island-Coast Development Initiative Trust Act by early 2024; and
-  Continue to work in partnership with First Nations, local governments and the Trust to collectively achieve our long-term objective of fully capitalizing the Trust with a total of \$250 million (inclusive of \$150 million in 2023), or by developing new revenue sources for the Trust to generate an equivalent annual financial impact of \$19.2 million in the region, through new partnerships, innovative revenue mechanisms, or through further public or private investment in the Trust.

## A Permanent Solution

*Our Vision* presents a generational opportunity for the Province of British Columbia to transform Island Coastal Economic Trust into a permanent and sustainable regional economic development organization serving the coastal region.

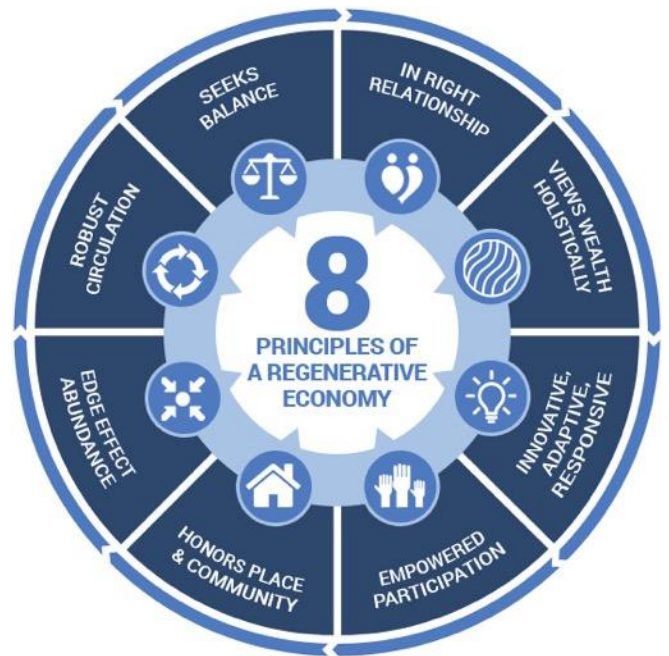
Through an investment of at least \$150 million in Budget 2023—and a commitment to work collectively toward a long-term capitalization of \$250 million, or other strategies capable of generating \$19.2 million in annual financial impact—the Province will be positioned to leverage the Trust as a key partner, just as we have served through the pandemic, to deliver new targeted funding programs and initiatives over time.

Once fully capitalized, there will be no further requirement to invest in the Trust.

## A Bold New Vision

Just as the provincial government states in the StrongerBC Economic Plan, we believe the wellbeing of the more than half a million people who call the coast home is our most important economic advantage. A provincial investment to transform the Trust will empower our region—people and families, communities, industries, local businesses, and social purpose organizations—to build a strong, inclusive, clean and regenerative economy that benefits everyone here on the coast.

The Trust is committed to working in close partnership with First Nations governments, local governments, and the Province of British Columbia to realize transformational change—not just for the coastal region, but for the benefit of the entire province. Together, we will create a leading example of Indigenous and local government co-governance and regional economic decision making across British Columbia. This new model will create a pathway for further partnership and reconciliation with Indigenous peoples, while empowering coastal communities to invest in a sustainable future.



**In achieving *Our Vision*, we will transform the Trust in several ways:**

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We will transform the Trust from a short-term, sinking fund that cannot generate sustainable returns to support the vast region it serves, into a permanent fund capable of supporting coastal communities to achieve their economic priorities for generations.
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**Our vision to fully engage First Nations and local governments in co-governance of a regional economic development organization will be a first in Canada.** While our current legislation offers no opportunity for First Nations governments to participate in the Trust's decision making, transformational changes to our governance structure will empower First Nations to self-determine to be full and equal participants in the Trust's decision making, creating a new three-way partnership between First Nations, local governments, and the Province.
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**We will be the first regional economic trust in British Columbia to develop and execute a comprehensive Environmental, Social and Governance (ESG) strategy, inclusive of Indigenous Rights (IR).** We believe our investment strategy can and should play an important role in achieving this vision and maximizing our impact—and not just financially. We will not only consider ESG+IR factors in our investment decisions but strive to be a leader in Canada.
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**Harnessing the power of a \$150+ million institutional-grade investment portfolio, the Trust will deploy a portion of our invested capital into the coastal and provincial economy through impact investments.** We anticipate committing at least 10 percent of our portfolio to impact investments, while incorporating ESG and Indigenous Rights considerations throughout the total investment portfolio.
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**Our Trust will adopt a Wellbeing Impact Framework—the first for trusts in British Columbia—with a focus on strengthening wellbeing across the coastal region.** We will also be the first regional trust with the ability to report to the Province, public, and international investors on our impact and progress toward UN Sustainable Development Goals.





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**“Our success as a Nation in creating economic opportunities for our region through our partners in the Trust is a testament to the importance of a model of inclusion, shared decision making, and sustainable economic planning throughout our territory.**

**We believe in this vision for the Trust and strongly recommend the Trust be recapitalized in Budget 2023 to enable the opportunity for ‘Namgis to fully participate in long-term decision-making and regional economic development through a governance role in the Trust.”**

— Chief Don Svanvik, ‘Namgis First Nation

# Regional Investment and Impact

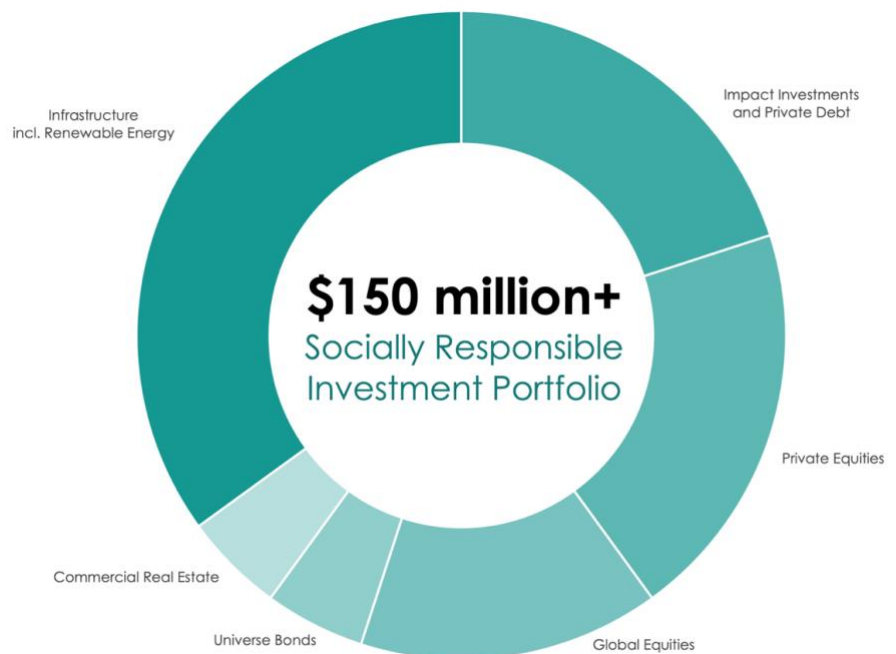
In the regenerative economic model we are committed to building, First Nations and local governments will achieve their goals for economic prosperity through the stewardship of a permanent, environmentally and socially responsible Trust that funds and finances initiatives led by communities and social purpose organizations.

The board's long-term objective is to sustainably allocate at least 4.5 percent of the Trust's invested capital to support annual funding and financing activities. Based on our detailed *Investment Strategy and Model Portfolios* and 25-year *Pro Forma Financial Model*, we conservatively estimate the Trust will generate between \$7.0 and \$11.7 million annually for disbursements into local and regional economic development initiatives.

To achieve *Our Vision* as a sustainable regional development organization, we will focus on the following *Strategic Goals* that will align with and deliver on the Province of British Columbia's priorities for generations to come:

1. Reconciliation
2. Fostering Inclusive Local Economies
3. Facilitating Community and Economic Transitions
4. Leading on Environmental and Social Responsibility
5. Making Impact Investments in our Region
6. Improving Rural Housing Affordability
7. Increasing Local Food Security
8. Tourism as a Force for Good
9. Spurring New Technologies and Innovation
10. Building a Climate-Resilient, Low Carbon Economy

Our independent actuarial investment advisor, George & Bell Consulting, believes that as a permanent Trust capitalized with at least \$150 million, the Trust could commit at least 10% of its portfolio to impact investments, in addition to incorporating Environmental, Social and Governance (ESG) and Indigenous Rights considerations throughout our socially responsible investment of the total portfolio entrusted to us.





Like the work the Province of British Columbia already has underway regarding ESG priorities, our recommendations are progressive, aligned, and will innovate the Trust model in terms of reconciliation and sustainable economic development across a large region of British Columbia. The Trust will also play a critical role in addressing climate change and building coastal communities' resiliency to adapt and mitigate the effects of climate change in the future.

## Return on Investment

In making an investment of \$150 million in Budget 2023, the Province of British Columbia will realize a full return of the capital through investments in the coastal economy within 14 years.

With a transformed Trust, every year, we will initially inject \$7 million into economic development initiatives in coastal communities. This level of investment will grow through time as demonstrated in our 25-year *Pro Forma Financial Model*. Sustaining this level of annual investment will equip people across our region with stable employment and family-supporting incomes, enabling them to stay in their home communities.

**Within 25 years, the Trust will yield a 180% return on investment for the Province of British Columbia, while enabling a direct economic impact of \$980 million across the coastal region—and still growing.** At the same time, we will grow the permanent fund itself to \$170 million—ensuring the Trust is sustainable and the Province's return on investment continues to grow.

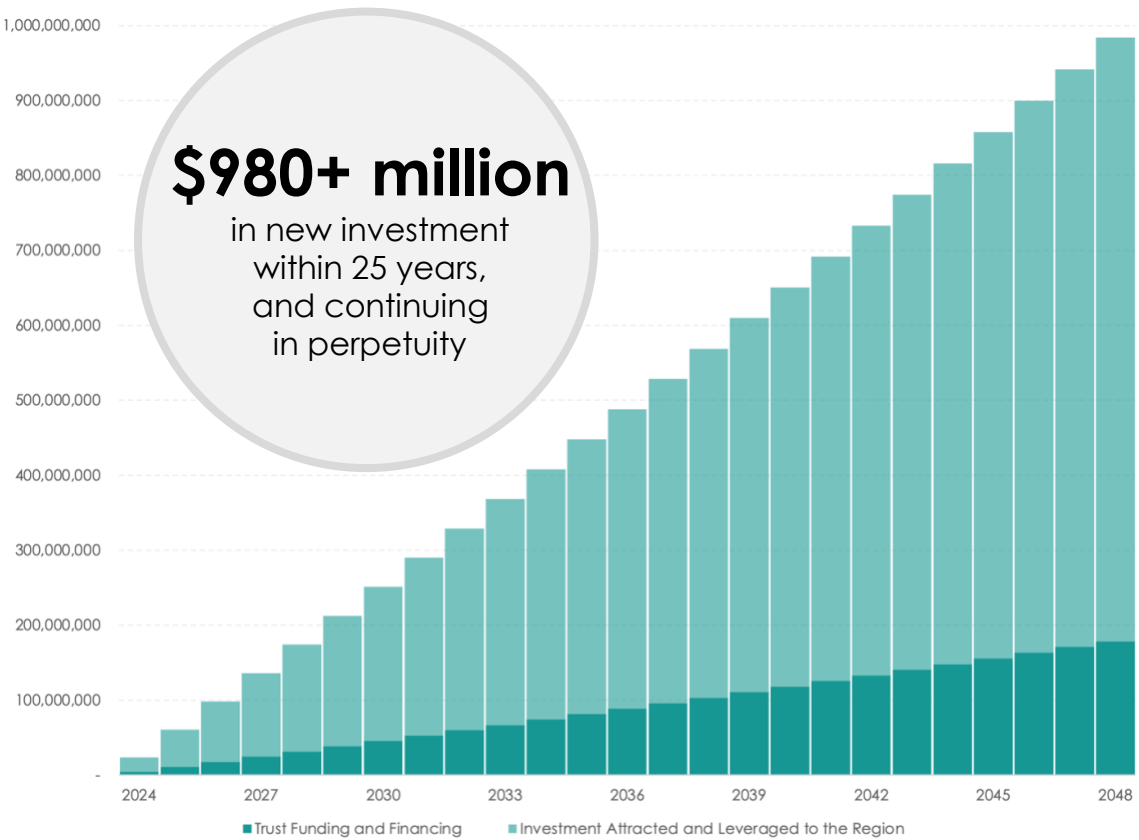


Table 1: Return on Investment for Two Capitalization Scenarios, per George & Bell Consulting

Please refer to the *Investment Strategy and Model Portfolios* and *25-year Pro Forma Financial Model* papers enclosed in the Appendix for detailed information on the following summary.

	Minimum viable scenario for sustainability, permanence and requisite regional economic impact		Long-term objective to realize the Trust's full potential to drive the transition to a regenerative economy in coastal B.C.	
Trust Capitalization	\$150 million		\$250 million	
Long-Term Average Annual Return	7.0%	<b>\$10 million</b> in first full year  Grows to <b>\$11.7 million</b> in 25th year	7.0%	<b>\$16.9 million</b> in first full year  Grows to <b>\$21.4 million</b> in 25th year
<b>Total Investment Return</b> <i>First 25 years</i>	<b>\$272 million</b>		<b>\$473 million</b>	
<b>Return on the Province of British Columbia's Capital Investment in the Trust's Transformation</b> <i>First 25 years</i>	<b>180%</b>  of the Province's capital investment in the Trust's transformation will be directly invested into the regional economy within 25 years, and  <b>\$170 million</b>  will be the asset value of the Trust.  The Trust's assets will continue to grow and remain permanently invested, resulting in a perpetually increasing return on investment for the Province.		<b>189%</b>  of the Province's capital investment in the Trust's transformation will be directly invested into the regional economy within 25 years, and  <b>\$320 million</b>  will be the asset value of the Trust.  The Trust's assets will continue to grow and remain permanently invested, resulting in a perpetually increasing return on investment for the Province.	
Long-term Average Annual Investment in the Region <i>Disbursements for projects</i>	4.5%	<b>\$6.8 million</b> in first full year  Grows to <b>\$7.7 million</b> in the 25th year	4.5%	<b>\$11.3 million</b> in first full year  Grows to <b>\$14.2 million</b> in the 25th year
Total Regional Investment Impact within 25 years <i>Using our actual leveraging ratio of funds since 2006</i>	\$4.46 dollars invested for every \$1 contributed by the Trust	<b>\$980 million</b>	\$4.46 dollars invested for every \$1 contributed by the Trust	<b>\$1.72 billion</b>



As a permanent fund, the Trust will never encroach upon the capital the Province of British Columbia invests in our transformation. The founding capital will remain invested in perpetuity. All that we commit to in the following case for investment will be achieved with far less capital than prior and enduring provincial investments in trusts for other rural regions of British Columbia.

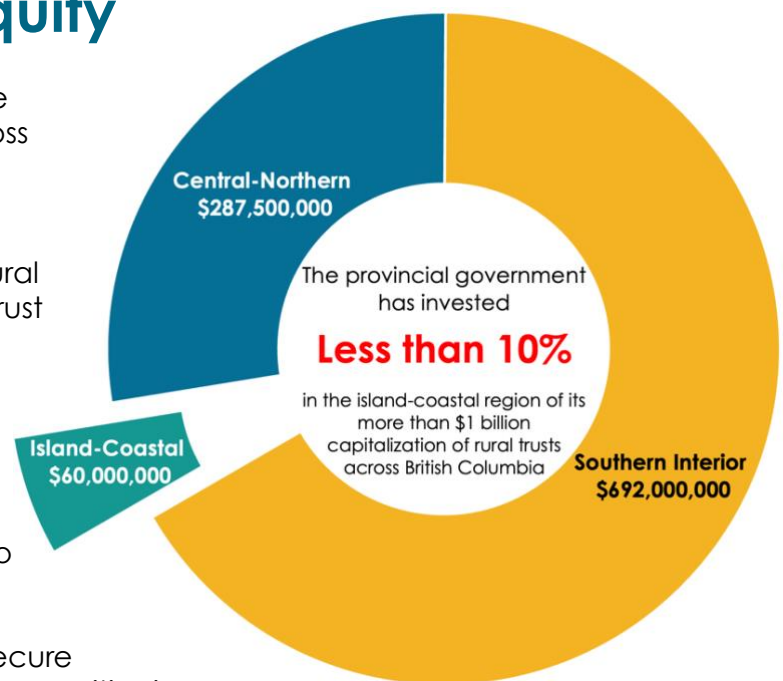
Perhaps most importantly, the Province's return on investment will be deeper than simply a focus on financial and economic measures. Through the application of our *Wellbeing Impact Framework*, the Trust's investments in communities will generate an economic, social, environmental and cultural return on investment. Our robust impact reporting system will make it possible to report these impacts to the Province, which in turn can report out to British Columbians and international investors on provincial progress toward the UN Sustainable Development Goals.

## Restoring Regional Equity

Over time, the Province has invested more than \$1 billion to capitalize rural trusts across British Columbia. Less than 10 percent of those funds—\$60 million—have been invested in the coastal region, despite the region accounting for 32 percent of the rural BC population. The lack of a permanent trust in our region has been a structural barrier impeding coastal communities' access to finance on a long-term basis.

This regional inequity directly obstructs coastal First Nations', local governments', and social purpose organizations' ability to raise capital to invest in economic development and infrastructure projects over time—particularly when working to secure government grants in competition with communities in other well-funded regions.

The Province can directly address this historic inequity through a one-time investment to establish a permanent fund for the coastal region's only trust. This will restore a level of fairness with other regional trusts in the province.





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**“It is past time that Indigenous governments have a defined role in Trust governance.**

There is an opportunity to combine recapitalization with a renewed vision for the Trust that sees it as a 3-way partnership between Indigenous governments, local governments and the provincial government.”

— Report from the  
2022 Independent Legislative Review  
Committee



## Justification

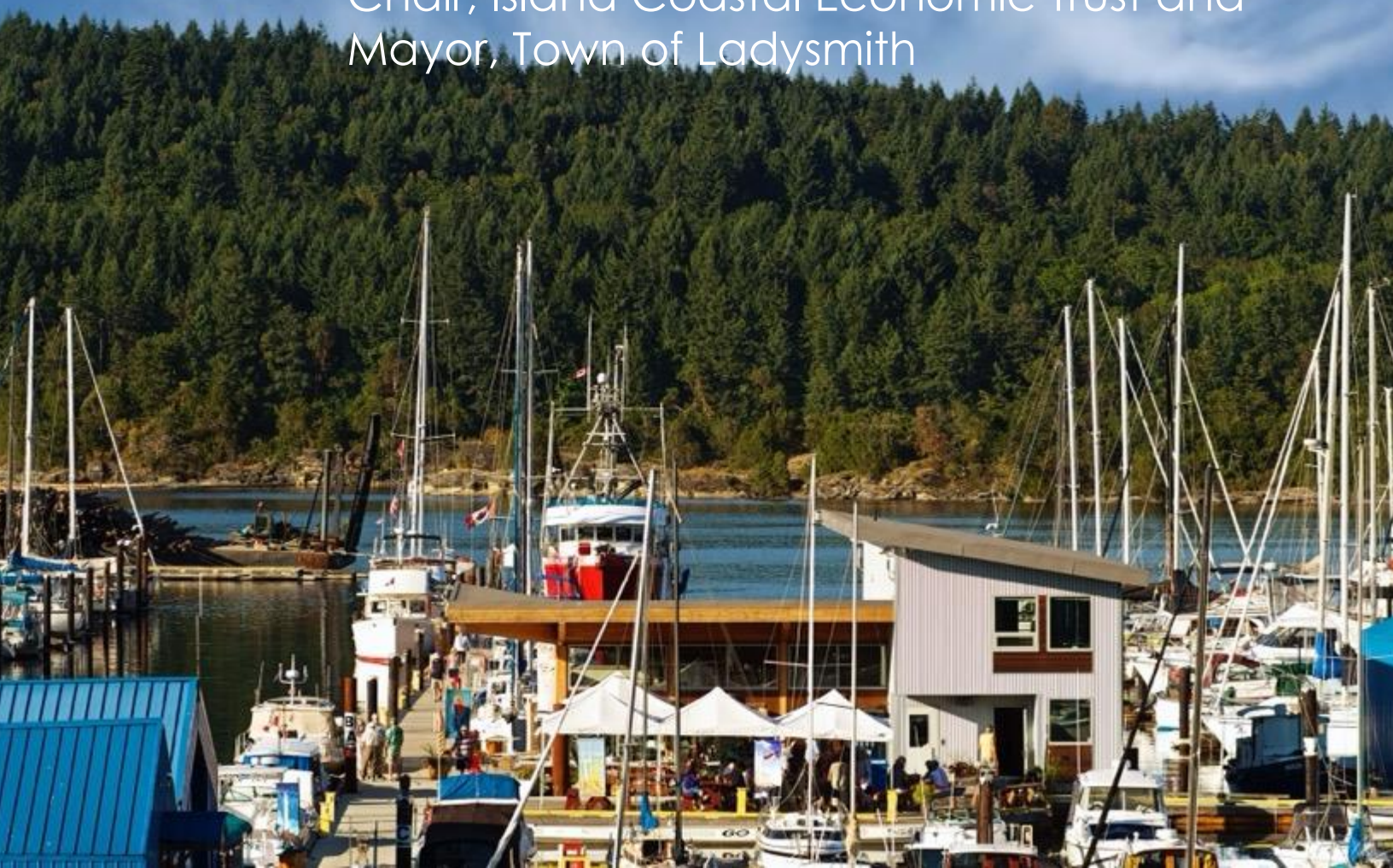
- Island Coastal Economic Trust is the only regional trust serving the most populated region in coastal British Columbia. Loss of this progressive, inclusive economic development organization would result in direct effects for more than 100 First Nations and coastal communities.
- The Trust plays a pivotal role in supporting local decision making, facilitating regional economic coordination, and overcoming structural challenges for infrastructure investments. It is also a key pathway for advancing reconciliation efforts through the inclusion of First Nations in regional economic planning and decision-making.
- Island Coastal Economic Trust, transformed as a permanent trust, will deliver on the provincial government's goals for inclusive growth and clean growth on a continuous, long-term basis.
- Since being legislated, the need for the Trust has only grown. The coastal economy is in a time of a challenging transition. The regional economy has seen a gradual shift away from natural resources towards knowledge-based industries, as well as services to support the growing population, which increased by 17.5 percent since 2006. Managing this transition will require significant investment and leadership to build a strong, sustainable future for coastal communities.
- Reconciliation calls for greater engagement of First Nations governments in regional economic decision making and influencing development throughout their traditional territories. Transformational changes to the governance structure of the Trust will empower First Nations to self-determine their involvement as full, equal, and active participants in a regional economic development and financial decision-making structure that creates a new three-way partnership between First Nations, local governments, and the Province of British Columbia.
- A generational investment by the Province of British Columbia would not only transform the Trust to build a diversified, high-quality portfolio that makes economic development project investments, but would also enable our Trust to make a direct social impact by deploying a portion of our invested capital into the provincial and coastal economy.
- At the Union of British Columbia Municipalities convention on September 16, 2022, local government delegates from across British Columbia voted unanimously in support of a generational investment from the Province of British Columbia to support the transformation of Island Coastal Economic Trust into a sustainable, permanent Trust co-governed by First Nations and local governments.

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**“The imminent risk that our coastal communities will lose their sole economic Trust calls on us to work swiftly to create a solution.**

**As the community leaders comprising the board of Island Coastal Economic Trust, we view this moment as a generational opportunity to evolve our Trust into a sustainable long-term financial institution that’s dedicated to socially responsible Environmental, Social and Governance (ESG) investing.”**

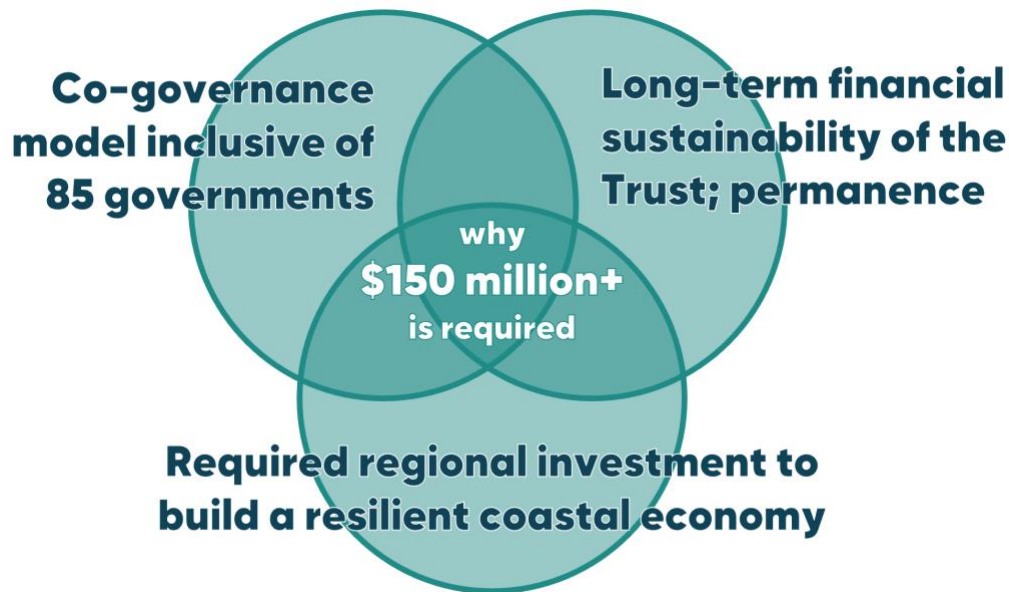
— Aaron Stone,  
Chair, Island Coastal Economic Trust and  
Mayor, Town of Ladysmith





## Closing


This is our long-term vision for the Trust. We believe it lays out a clear path to meaningfully shift the coastal economy to a new regenerative economic model and create a substantial direct return on investment for the provincial government, First Nations, local governments, communities, and people across the coast.



When we speak about our vision of an intergenerational trust working in our region, we are thinking about all who we work for today, and yet also about the future we want to create for our children and grandchildren. A provincial investment of at least \$150 million in Budget 2023 is the first step to transform the Trust, enabling us to invest in each other, deepen collaboration and reconciliation among our communities, strengthen people's wellbeing, and generate strong financial returns—all in the service of building a resilient coastal economy.

As the Trust's board of directors and management, we are committed achieve all that we outline in the enclosed case for investment through close working relationships with the Province of British Columbia, First Nations governments, and local governments across the coastal region.

We invite you to join us in achieving this new vision.

A background image featuring a close-up of pink flowers with white centers and green leaves, slightly out of focus.

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**“A social innovation is any initiative that challenges and, over time, contributes to changing the defining routines, resource, and authority flows or beliefs of the broader social system in which it is introduced.**

**Successful social innovations have durability, scale, and transformative impact.”**

— Francis Westley  
J.W. McConnell Chair of Social Innovation,  
University of Waterloo

**Our vision is for true social innovation. We offer our bold vision for transformational change with deep commitment to achieving it in partnership with each other and the Province of British Columbia.**

**We do this for our communities, for our children, and for those yet unborn who will call this place home.**



# Documents Available Upon Request

## Investment Strategy and Model Portfolios

- Investment Strategy and Model Portfolios for the \$150M and \$250M Permanent Trust, prepared by George and Bell Consulting

## 25-year Pro Forma Financial Model

- 25-Year Detailed Pro Forma Financial Model for the \$150M and \$250M Permanent Trust, MNP Consulting

## Letters of Support from Coastal Communities

Local governments, First Nations governments, and regional economic development organizations across the coast have convened council and board discussions regarding the Trust and have provided their perspectives on how the Trust should evolve which has formed the basis of Our Vision and Recommendation. Letters have been supplied to the Minister's Office and Members of the Legislative Assembly directly by organizations.

## About The Trust And Our Economic Impact

- [Island Coastal Economic Trust website](#)
- [2021-2022 Annual Impact Report](#)
- [\\$10M Provincial Investment In ICET Adds Focus On Technology And Innovation Sectors for the Island And Sunshine Coast](#)
- [10 Years of Impact and Change — 2006 to 2016, An Impact Report](#)

## Trust Governance

- [North Island-Coast Development Initiative Trust Act](#)
- [North Island-Coast Development Initiative Trust Regions Regulation](#)
- [North Island-Coast Development Initiative Trust — Procedure By-law](#)
- [Ministry of Finance — Review of Economic Development Initiatives, Internal Audit and Advisory Services, 2012](#)
- [2022 Independent Legislative Review of the North Island-Coast Development Initiative Trust Act](#)
- [2016 Independent Legislative Review Report of the North Island-Coast Development Initiative Trust Act](#)
- [Office of the Auditor General of BC — Development Initiative Trusts, An Audit of Legislative Compliance and Public Accountability Practices in the Three Statutory Trusts, 2021](#)
- [2011 Independent Legislative Review Report of the North Island-Coast Development Initiative Trust Act](#)





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