

The Coast Sustainability Trust II

Report of the Trustee as of December 31, 2015

General

The Province of British Columbia created the Coast Sustainability Trust (CST) in 2002 to mitigate the negative effects on workers, contractors and communities, including First Nations of:

1. provincial government land use decisions related to the Land and Resource Management Plan process; and
2. the implementation of Ecosystem Based Management (EBM)

in the Central Coast, North Coast, Haida Gwaii, Comox Strathcona Regional District and the Regional District of Mount Waddington. In December 2007 the CST was rolled over into the CST II.

CST II Account Balances and Distributions

As of December 31, 2015 the CST II balances and distributions were as follows:

Account Balances

Community Matching Fund Account	\$1,255,958
EBM Adaptive Management Account	\$579,193
EBM Matching Fund Account	\$830,871
Landscape Reserve Planning Account	\$16,245
Total available funds	<u>\$2,682,267</u>

Distributions to beneficiaries to date

Forest Worker Severance	LRMP process	\$2,933,857
	EBM	\$2,155,976
Contractor Mitigation	LRMP process	\$10,749,764
	EBM	\$2,983,342
Community Matching Funds		\$19,217,784
EBM Adaptive Management Sub-trust		\$129,234
EBM Land Use Planning Sub-trust		\$209,068
ESAMDAP Sub-trust		\$132,486
EBM Training		\$557,973
EBMWG Sub-trust		\$1,633,855
Landscape Reserve Planning Sub-trust		\$735,000
Total Distributions to beneficiaries		<u>\$41,438,339</u>

Total available funds plus distributions

\$44,120,606

In addition to the original \$35,000,000 given to the CST, five other sub-trusts of the CST and CST II were funded by the province. These five sub-trusts combined have received a total of \$3,373,320 from the Province of BC. Further, during 2011 the BC Forestry Revitalization Trust advanced \$2,767,714 to

the CST to help fund the mitigation of workers and contractors in Haida Gwaii that were negatively impacted by the implementation of EBM. Income to date from investments of the CST has also exceeded total administration expenses by over \$2.9 million so there was no need to use any of the capital of the CST to fund its administration. This allows approximately \$4.0 million more than originally planned to go to beneficiaries.

Community Matching Fund Account

When the CST Community Matching Fund started operations, the Advisory Board agreed that decisions related to specific initiatives in the communities should be made at the local level as opposed to by the broader Advisory Board. Five Regional Steering Committees (RSCs) were formed. They are the Central Coast, Comox Strathcona, Mount Waddington, the North Coast, and Haida Gwaii.

In the case of Comox Strathcona, Haida Gwaii and Mount Waddington, all the available funds have now been allocated to a variety of projects and substantially all of the funds have been or are about to be disbursed, so those RSCs have been disbanded.

In the case of the North Coast, all the available funds have also been allocated to a variety of projects, but some of those projects have not been completed. There is still a chance that the commitment for some of those funds will be withdrawn, and the funds made available for other projects.

Significant progress has been made to date with in the Central Coast RSC, but there are still some unallocated funds.

Leverage of CST Community Matching Funds

Each of the five RSCs were allocated \$4,100,000 to use towards developing Regional Economic Development Strategies and to support individual initiatives that fit those strategies. As of December 31, 2015, funding has been and remains approved for a total of 266 projects. An additional 35 projects were approved but were subsequently abandoned by the applicant for a variety of reasons and did not receive CST funding. The main reason for applicants abandoning their projects was an inability to source sufficient matching funds or other forms of financing.

The total commitment from the CST is \$19,869,413, for projects worth a total of \$181,309,052. On average a total of \$9.13 goes into approved projects for each \$1.00 of CST funds committed.

Status of Community Matching Fund funding requests

The table on the following page shows the total value of the requests for assistance, and the progress in approving funding for each of the RSCs. As of December 31, 2015, Funding Agreements have been negotiated with proponents of the most recently approved projects.

Types of Projects Approved for Community Matching Fund Assistance

Regional Steering Committee	Total Project Size	Amount Requested of CST	Rejected by CST or abandoned by applicant	Amount still under consideration by CST	Number of Approved Projects	Amount approved by CST	Amount disbursed by CST
Central Coast	\$26,821,242	\$7,066,220	\$3,096,545	\$500,000	64	\$3,469,580	\$3,301,233
Comox Strathcona	\$59,593,292	\$14,249,419	\$10,111,168	\$0	47	\$4,099,833	\$4,099,833
Mount Waddington	\$114,245,547	\$10,620,075	\$6,477,658	\$0	56	\$4,100,000	\$4,078,171
North Coast	\$74,534,659	\$10,258,065	\$5,795,566	\$262,500	42	\$4,100,000	\$3,687,733
QCI Haida Gwaii	\$60,832,006	\$8,258,769	\$4,158,769	\$0	57	\$4,100,000	\$4,050,815
Total:	\$336,026,746	\$50,452,547	\$29,720,634	\$762,500	266	\$19,869,413	\$19,217,784

In order to stimulate economic activity, each RSC considers and approves projects that fit into the strategic priorities of their area or, if no formal strategic priorities have been developed, projects that clearly fall into the range of initiatives that likely would be included. The types of projects vary to some extent by the chosen strategic direction of each RSC. Following is a table that shows the type of projects approved for CST funding support:

Types of projects approved for CST Funding

Regional Steering Committee	Total Project Size	Amount approved by CST	Nature of Approved Project					Tourism
			Agriculture & NTFPs	Aquaculture & processing	Forestry	Infra-structure	Planning	
Central Coast	\$16,888,297	\$3,469,580	\$87,501	\$757,090	\$130,854	\$1,042,144	\$698,146	\$753,845
Comox Strathcona	\$32,987,254	\$4,099,833	\$12,500	\$1,137,000	\$0	\$824,000	\$190,500	\$1,935,833
Mount Waddington	\$41,567,183	\$4,100,000	\$91,400	\$292,111	\$15,000	\$1,652,856	\$39,500	\$2,009,133
North Coast	\$42,383,360	\$4,100,000	\$36,667	\$980,120	\$50,000	\$1,038,856	\$38,640	\$1,955,717
QCI Haida Gwaii	\$47,482,958	\$4,100,000	\$200,549	\$274,060	\$162,398	\$1,836,754	\$165,232	\$1,461,007
Total:	\$181,309,052	\$19,869,413	\$428,617	\$3,440,381	\$358,252	\$6,394,610	\$1,132,018	\$8,115,535

Percent of Approved Amounts

2.2% 17.3% 1.8% 32.2% 5.7% 40.8%

In the Mount Waddington and Comox Strathcona Regional Districts and on the North Coast the highest concentration of project approvals relate to the enhancement of tourism opportunities, with an emphasis on eco and cultural tourism. Examples are support for the BC Ocean Boating Tourism Association, the construction or renovation of First Nations Big Houses and carving sheds, construction of First Nations owned tourist accommodation in Haida Gwaii, Kitamaat and Klemtu, support for tourism associations

on the Central Coast, Northern Vancouver Island and Haida Gwaii, production of an Art Route brochure in Haida Gwaii, assistance to the Haida in the construction of a cultural center and a totem pole carving project, assistance to the Kwakiutl First Nation of a resort upgrade, assistance to the Bella Coola Valley Museum to help make it an even better attraction, funding for self directed walking tours in Campbell River and the Comox Valley, a mountain Sports Centre and an outdoor wilderness centre at Mount Washington, bear watching operations in Phillips Arm for the Kwiakah First Nation and in the Orford River Estuary for the Homalco First Nation, and the promotion of movie film sites in northern Vancouver Island. In aggregate, 40.8% of CST funding has gone to assist tourism related projects.

Infrastructure improvements are another primary focus, and the biggest one in the Central Coast and Haida Gwaii. Some are aimed at enhancing tourism, such as adding an interpretive garden, salt water aquarium and movable webcams to the Visitor Information Centre in Queen Charlotte, creating or improving destination hiking or mountain biking trails, establishing a waterfront trail in Prince Rupert, renovation of an RV park in Queen Charlotte, construction of RV and campground facilities and an all season all weather boat ramp in Campbell River, improving the dock at Holberg and upgrading the seaplane ramp in Seal Cove, Prince Rupert and improving cruise ship terminals, docks, harbours and marinas. Other projects enhance industrial or commercial opportunities, such as an improved and expanded recycling transfer station in Prince Rupert, an industrial park in Port Alice, building a new town square in the Village of Queen Charlotte, or assistance in creating an Economic Development Zone on Quinsam Indian Reserve 12 in Campbell River. The Central Coast RSC voted to contribute \$35,000 to a Central Coast Business Enterprise and Visitor Centre, \$302,500 towards a project that provides Broadband Internet to the communities on the Central Coast, and \$400,000 to help the Oweekeno acquire road building and maintenance equipment and barge facilities that would have been lost to them on the withdrawal of Western Forest Products from their area. Funding was also approved to assist in the installation of Broadband Internet in seven Northern Vancouver Island communities. In aggregate, 32.2 % of CST funding has gone to assist infrastructure related projects.

A third focus is shellfish aquaculture and both shellfish and fin fish processing. The Comox Strathcona and Mount Waddington RSCs jointly elected to help fund a Shellfish Industry Investment Attraction Initiative promoted by the Vancouver Island Economic Developers Association (VIEDA). This was expanded to assist in attracting investment for shellfish processing. Support was given to the BC Shellfish Growers Association to help it with a business and market development initiative. The Homalco First Nation received a grant to assist in developing a scallop farming venture. The Central Coast, North Coast and Queen Charlotte Islands - Haida Gwaii RSCs agreed to support a combined North Coast – Skeena First Nations Stewardship Society and Turning Points Initiative Society application for assistance in developing a coast wide shellfish aquaculture initiative. The Central Coast RSC has also provided support to the Heiltsuk Nation Shellfish Co-operative, the Kitsoo Wild Fisheries Operation and the Bella Coola Harbour Authority Ice Plant. The North Coast RSC has provided funding to assist in performing Biotoxin studies. On Haida Gwaii, the Skidegate and the Old Massett Haida have received funding to help in training shellfish farm workers at two pre-commercial pilot projects. The Comox Strathcona RSC has also agreed to help the Komox First Nation in its plans to build a new shellfish processing facility. In aggregate, 17.3% of CST funding has gone to assist aquaculture and processing related projects.

To date, CST funding has been fairly evenly split, with 51.8 % of funding going to First Nations sponsored initiatives, and 48.2 % going to civic community sponsored initiatives. In fact, a significant number of initiatives related to shellfish aquaculture, tourism, planning and broadband internet installations were joint initiatives between First Nations and civic communities.

Employment Impact of CST Funding

Following is a table which displays the employment impact of CST funding. The numbers are based on a combination of information submitted in the original applications, quarterly reporting as the project proceeded, and results of a survey taken of recipients of CST funding after the projects were completed. Numbers shown are actual employment or contract positions and have not been reduced to full time equivalents. Spin off jobs were not included as, especially in the case of tourism, the provision of high speed internet and long range planning, they are very difficult to estimate.

Regional Steering Committee	Full time Jobs while Project Active	Part time Jobs while Project Active	Full time Jobs when Project Completed	Part time Jobs when Project Completed
Central Coast	44	136	271	266
Comox Strathcona	84	249	202	209
Mount Waddington	86	268	180	222
North Coast	153	151	181	93
Haida Gwaii	217	259	100	119
Total:	584	1,063	934	909

Ecosystem Based Management Matching Fund Account

The purpose of the EBM Matching fund is to help mitigate the negative impacts of the implementation of Ecosystem Based Management on forest workers, contractors and both civic and First Nations Communities in the CST operating area.

Eleven replaceable contractors and 35 employees that were identified as having been negatively impacted by the implementation of EBM on Haida Gwaii have received the mitigation for which they were eligible, with total mitigation paid out of \$5,139,318.

In addition, the CST II Advisory Board agreed that up to \$200,000 per RSC could be used to match with industry, First Nations and/or civic communities to provide training for people that want to enter the harvesting side of the forest industry. To date thirteen training initiatives worth \$735,814 have been approved. Of those, approvals worth \$168,123 were abandoned, resulting in net approvals of \$557,973. Funding of \$557,973 has been disbursed. The Trustee continues to have discussions with several other contractors, First Nations and licensees that plan to develop training programs specific to the needs of their operations, and the employees they have or intend to hire.

EBM Adaptive Management sub-trust

The goal of the EBM Adaptive Management sub trust is to invest in the Central Coast, North Coast and Haida Gwaii plan areas by:

1. funding the successful implementation and management of an Adaptive Management program that supports the goals of Ecosystem Based Management,
2. funding projects in an Annual Work Plan approved by the Joint Land and Resource Forum, and
3. investing in and supporting Adaptive Management, Ecosystem Based Management, and other specific uses as directed by the donor.

To date, five contracts totaling \$139,449 have been signed related to Ecosystem Based Management Adaptive Management on the North and Central Coast. All of those projects have been completed, and three came in under budget. Disbursements of \$129,234 have been made. The balance of the funds allocated to the EBM Adaptive Management sub-trust remains available for future projects.

Landscape Reserve Planning sub-trust

The Landscape Reserve Planning (LRP) sub-trust was established in 2009 to support the First Nations represented by the Nanwakolus Council, the Coastal First Nations, and the Tsimshian Stewardship Committee in Landscape Reserve Planning. To date disbursements of \$735,000 have been made to those groups out of this fund.

Looking Ahead

During the first quarter of 2016, I expect the following activity in CST II:

- Funding requests will continue to be received and evaluated by the one RSC that still has uncommitted funds.
- Funding Agreements for Community Matching Fund projects will continue to be signed and further disbursements will be made.
- The EBM Adaptive Management sub-trust will enter into more contracts.
- More forest worker training programs will be developed by industry and First Nations and be funded by the CST.

Eric van Soeren

Trustee