

The Coast Sustainability Trust II

Report of the Trustee as of March 31, 2024

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 March 2007 the CST was rolled over into the CST II.

CST II Account Balances and Distributions

As of March 31, 2024, the CST II balances and distributions were as follows:

Account Balances

| | |
|---------------------------------|---------------------------|
| Community Matching Fund Account | \$514,549 |
| EBM Adaptive Management Account | \$641,713 |
| EBM Matching Fund Account | <u>\$416,250</u> |
| Total available funds | <u>\$1,572,512</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 | | \$20,000,000 |
| EBM Adaptive Management Sub-trust | | \$129,234 |
| EBM Land Use Planning Sub-trust | | \$209,068 |
| ESAMDAP Sub-trust | | \$132,486 |
| EBM Training | | \$858,267 |
| EBMWG Sub-trust | | \$1,633,855 |
| Landscape Reserve Planning Sub-trust | | <u>\$735,000</u> |
| Total Distributions to beneficiaries | | <u>\$42,520,849</u> |

Total available funds plus distributions

\$44,093,361

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 over \$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 were the Central Coast, Comox Strathcona, Mount Waddington, the North Coast, and Haida Gwaii.

In the case of Comox Strathcona, Haida Gwaii, Mount Waddington and the North Coast all the available funds have been allocated to a variety of projects and have been disbursed, so those RSCs have been disbanded.

All the available funds for the Central Coast RSC have also been allocated, but there are funds that have not yet been disbursed to the Nuxalk First Nation. The projects to which those funds are allocated are under way, and the funds are expected to be disbursed over the next few months.

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 March 31, 2024, funding has been and remains approved for a total of 272 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 \$20,500,000, for projects worth a total of \$167,923,775. On average a total of \$8.19 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 March 31, 2024, Funding Agreements have been negotiated with proponents of all the 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 | \$33,865,780 | \$7,666,220 | \$3,566,053 | \$0 | 68 | \$4,100,167 | \$3,600,167 |
| Comox Strathcona | \$59,593,292 | \$14,249,419 | \$10,149,585 | \$0 | 47 | \$4,099,833 | \$4,099,833 |
| Mount Waddington | \$114,245,547 | \$10,620,075 | \$6,520,075 | \$0 | 56 | \$4,100,000 | \$4,100,000 |
| North Coast | \$75,666,499 | \$10,384,990 | \$6,184,991 | \$0 | 44 | \$4,100,000 | \$4,100,000 |
| QCI Haida Gwaii | \$60,832,006 | \$8,258,769 | \$4,158,769 | \$0 | 57 | \$4,100,000 | \$4,100,000 |
| Total: | \$344,203,124 | \$51,179,472 | \$30,579,472 | \$0 | 272 | \$20,500,000 | \$20,000,000 |

To stimulate economic activity, each RSC considered and approved projects that fit into the strategic priorities of their area or, if no formal strategic priorities had been developed, projects that clearly fell into the range of initiatives that likely would have been 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 | | | | | |
|-----------------------------|----------------------|------------------------|----------------------------|--------------------------|------------------|--------------------|--------------------|--------------------|
| | | | Agriculture & NTFPs | Aquaculture & Processing | Forestry | Infra-structure | Planning | Tourism |
| Central Coast | \$25,105,846 | \$4,100,167 | \$87,501 | \$757,090 | \$130,854 | \$1,436,461 | \$598,146 | \$1,003,845 |
| Comox Strathcona | \$32,887,773 | \$4,099,833 | \$12,500 | \$1,137,000 | \$0 | \$824,000 | \$190,500 | \$1,935,833 |
| Mount Waddington | \$38,767,183 | \$4,100,000 | \$91,400 | \$292,111 | \$15,000 | \$1,652,856 | \$39,500 | \$2,009,133 |
| North Coast | \$23,422,772 | \$4,100,000 | \$58,147 | \$980,120 | \$50,000 | \$788,856 | \$38,640 | \$2,184,237 |
| Haida Gwaii | \$47,740,201 | \$4,100,000 | \$200,549 | \$274,060 | \$162,398 | \$1,836,754 | \$165,232 | \$1,461,007 |
| Total: | \$167,923,775 | \$20,500,000 | \$450,097 | \$3,440,381 | \$358,252 | \$6,538,927 | \$1,018,268 | \$8,694,055 |

Percent of Approved Amounts

2.2% 16.8% 1.7% 31.9% 5.0% 42.4%

In the Mount Waddington and Comox Strathcona Regional Districts and on the North Coast the highest concentration of project approvals related to the enhancement of tourism opportunities, with an emphasis on eco and cultural tourism. Examples are support for Nisga'a in the construction of a Welcome House in Gitwinksihlkw, 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, 42.4% 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 the Village of Queen Charlotte, creating or improving destination hiking or mountain biking trails, establishing a waterfront trail in Prince Rupert and renovating another so it is safe to use again, renovation of an RV park in the Village of Queen Charlotte, construction of RV and campground facilities and an all season all weather boat ramp in Campbell River, improving the dock at Holberg, upgrading the seaplane ramp in Seal Cove, Prince Rupert, improving cruise ship terminals, docks, harbours and marinas, and funding the rehabilitation of a resource trail and a new Bighouse in Bella Coola for the Nuxalk Nation. Other projects enhance industrial or commercial opportunities, such funding 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, \$400,000 to help the Wuikinuxv 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, and \$33,087 to the Wuikinuxv Economic Development Corporation to refurbish a tugboat. Funding was also approved to assist in the installation of Broadband Internet in seven Northern Vancouver Island communities. In aggregate, 31.9 % 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 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 KITASOO 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, 16.8% of CST funding has gone to assist aquaculture and processing related projects.

CST funding has been fairly evenly split, with 53.1 % of funding going to First Nations sponsored initiatives, and 46.9 % 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 | 63 | 138 | 268 | 269 |
| Comox Strathcona | 84 | 249 | 202 | 209 |
| Mount Waddington | 86 | 268 | 180 | 222 |
| North Coast | 126 | 174 | 186 | 107 |
| Haida Gwaii | 217 | 259 | 100 | 119 |
| Total: | 576 | 1,088 | 936 | 926 |

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. Due to a lack of applications in some of the Regional Steering Committee areas, the Advisory Board decided in Q1 2021 to open the training opportunities to the entire CST area. As a result, more applications and enquiries have been received, and more approvals have been made. To date 42 training initiatives worth \$1,173,149 have been approved. Of those, approvals worth \$219,883 were abandoned, resulting in net approvals of \$953,267. All but two of the net approvals have now been disbursed, for total disbursements to date of \$858,267. 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 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. The Trustee is currently in discussions with staff from the Ministry of Forests about possible new initiatives that will utilize these funds. At present it appears significant disbursements will likely not be made until later in 2024

Looking Ahead

Over the next year or two, I expect the following activity in CST II:

- The last of the committed Community Matching Fund funding will be disbursed to the Nuxalk Nation, depending on the Nation's capacity to move the projects along as quickly as they hope.
- The EBM Adaptive Management sub-trust should become active.
- More forest worker training programs will be developed by industry, First Nations and the Province of BC and be funded by the CST.

Eric van Soeren

Trustee