

March 24, 2016

Evan Saugstad (Chair)
Northern Development Initiative Trust

Honourable Shirley Bond
Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour
Minister responsible for the *Northern Development Initiative Trust Act*

Subject: Five Year Review of the *Northern Development Initiative Trust Act*

We have been asked by the Chair and CEO of the Northern Development Initiative Trust (NDIT) to conduct a review of the *Northern Development Initiative Trust Act (Act)*. This letter constitutes our report of that review.

In carrying out our review we met with the Chair and CEO of NDIT to discuss with them the operations of NDIT, and we reviewed the legislation that guides its operations, other information provided to us by NDIT, including the last five year review report and its last annual report. We determined that it was not necessary to initiate consultations with business, labour, education providers, government or any other person or organization to complete our review.

We note that the accomplishments of the NDIT organization are impressive. From the original provincial capital endowment of \$185 million, the NDIT Board has approved 2,000 projects, invested more than \$142 million since 2005, and leveraged \$1.2 billion in new investment to the region and helped diversify the economy. NDIT's capital portfolio has averaged a 6.91% annual return, such that today its capital base is \$263 million. The NDIT Board decided early on to make its operations financially sustainable, and we anticipate the residents of the NDIT's regions will continue to benefit from NDIT's investments for some years to come.

While it is easy to get drawn into a review of the activities and effectiveness of the NDIT organization, we note that section 23.1 (1) of the *Act* contemplates a review of the *Act* itself, and not of the organization. As such our report focuses on an evaluation of the *Northern Development Initiative Trust Act* only.

We would like to congratulate government on the progressive nature of this legislation, and the extraordinary opportunity that it continues to provide to the NDIT regions. It is evident that the communities that have received funding and/or support from NDIT have benefitted immensely from it. Government had great foresight to give the NDIT communities decision-making authority over the NDIT fund so that the communities themselves identify and pursue their regional priorities for regional benefit. The level of engagement in NDIT activities across the region demonstrates the value that NDIT residents derive through this legislation.

Our review follows the structure of the *Act* itself. We looked at issues where the *Act* was requiring NDIT to do something that didn't appear to make sense, and issues where we felt the organization should legitimately undertake activities where they may not explicitly be supported by the *Act*. We discussed whether the issues identified 1) were significant in that they impeded the work of NDIT; 2) could be addressed through changes to regulation, policy and/or practice; and, 3) could only be addressed through legislative amendment.

1. Governance

Establishment of regional advisory committees and their composition

We note that in past NDIT reviews, former review committees identified issues associated with governance and a concern regarding the ability of NDIT to have adequate representation and directors at all times on its board. This was particularly a concern when elections may create the need to replace multiple municipal representatives on the board at one time. While several recommendations were made, we note that government chose not to introduce legislative amendments to the *Act* to address the governance issues identified. When we discussed these issues with the Chair and CEO, they indicated that NDIT's Board and government have found ways to address these issues through practice and policy changes. As a committee we therefore identified no requirement for legislative change.

Northern Development Initiative Trust Board

The Committee discussed the desirability of having First Nations' perspectives on the NDIT Board. The legislation requires that the NDIT Board be a 13-person board, where eight are appointed by the regional advisory committees and are locally elected officials, and five appointed by the Lieutenant Governor in Council (LGiC). The committee concluded that the provincial government's appointments through the LGiC have in the past been used to satisfy this objective, and could in future continue to be utilized in this way. As such our committee has identified no requirement for legislative change in this area.

2. Public Accountability

The NDIT appears to, and to be able to, meet the conditions of public accountability identified in the *Act*, and in fact does much more to communicate with the public and those potentially impacted by NDIT's activities than the *Act* requires. The committee therefore found no need for legislative changes to this section of the *Act*.

3. Allocations

The committee focused its deliberations on section 18 that deals with the purpose of the Cross-Regional Account.

The committee notes that the *NDIT Act* itself states no overarching purpose for the use of the NDIT funds or for the NDIT organization itself. The committee believes that the objective of the *NDIT Act* is to support strategic investments in regional priorities to increase economic growth and to create jobs, based on a review of statements made in the legislature when the *Act* was introduced and debated. Should government introduce legislative amendments for the *NDIT Act*, stating the purpose for which the *NDIT Act* was originally introduced would be worthwhile. The lack of such a statement does not however impede NDIT's work, and is therefore not critical.

The committee considered the current programs of NDIT against section 18 (1) that establishes the purpose of the Cross-Regional Account to support investment in certain legacy areas to determine the continued relevance of them.

The committee found that the direction to NDIT to support investment in 18 (1)(f) Olympic opportunities is likely outdated. The committee recommends that "Olympic opportunities" be removed from section 18. The committee also notes that section 18(1) does not require NDIT to invest in this area in any specific way (e.g. any amount or temporal requirements). As such, NDIT can simply not invest in Olympic opportunities, and if government is unable to make a legislative amendment in the short term, NDIT operations need not be impacted.

The committee considered that section 18 (1)(f) Economic development, may be somewhat limiting. The experience of NDIT has been that northern BC is unique in that it is populated with many small communities distributed across the NDIT regions. Communities themselves don't create economic development and jobs - businesses do. Small communities, however, often don't have the resources and/or capacity to create the conditions to attract and support business establishment, ongoing investment and job creation. In order to support communities to create positive hosting conditions, NDIT delivers several community development programs.

The committee believes these programs are valuable, and an important pre-cursor for economic development and job creation. It may, however, be difficult to characterize them as strictly "economic development" investments, as allowed for in section 18(1)(h). The committee therefore recommends that section 18 (1) the *NDIT Act* be amended to include "Community economic development."

4. General

The Committee had no issues to note or recommendations to make related to this portion of the *Act*.

Conclusion

The committee concluded that the *Northern Development Initiative Trust Act* was a visionary piece of legislation that, along with the funds provided to NDIT, has benefitted the NDIT regions tremendously. The committee identified three areas where legislative change would be beneficial:

1. Incorporating a statement clarifying that the purpose of the *Northern Development Initiative Trust Act* is to support strategic investments in regional priorities to increase economic growth and to create jobs;
2. Removing section 18 (1) (f) "Olympic opportunities"; and,
3. Amending section 18 (1) (h) to include "Community economic development."

Of these recommendations, the committee suggests that the only one that government might consider as a shorter-term priority is recommendation #3.

The Committee notes that section 23 (1) of the *NDIT Act* allows the Lieutenant Governor in Council to make regulations referred to in section 41 of the *Interpretation Act*. Section 41 (1) of the *Interpretation Act* allows government to (a) make regulations as are considered necessary and advisable, are ancillary to it, and are not inconsistent with it. It may be that recommendation #2, and potentially recommendation #3 could be implemented through regulatory change as opposed to Legislative amendment, but the Committee defers to government to determine that.

We would like to thank you for the opportunity to undertake a review of the *Northern Development Initiative Trust Act*, and hope that our comments are useful in supporting the continued work of NDIT.

Sincerely,



Dana Hayden



Charles Jago



Ron Poole

cc: Janine North
CEO
Northern Development Initiative Trust