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REPORT TO ELECTORAL AREAS COMMITTEE MEETING OF MAY 8, 2019

SUBJECT UPDATE ON RURAL DEFINITION AND WESTERN DIVERSIFICATION

ISSUE

The unincorporated electoral areas of the Southern Gulf Islands, Juan de Fuca, and Salt Spring Island are within the Capital Regional District but contain communities that are rural by character, geography, population size, and capacity to sustain services. These small communities struggle with economic sustainability and the ability to improve community infrastructure. The electoral areas are excluded from some rural economic development and infrastructure funding programs as a result of being a part of the Capital Regional District (CRD), which is otherwise characterized by mostly urban municipalities.

BACKGROUND

In recognition that rural areas lack the service capacity or base to sustain services, the Federal and Provincial governments have established grant programs, criteria, and policy specifically targeting rural communities. Within British Columbia, the distribution of federal and provincial funding through grant program offers critical support to rural areas and smaller communities. The inclusion of the three electoral areas within the CRD does not provide for regional subsidies or the redistribution of funds to support local services. Further, the *Islands Trust Act*, applicable to the Salt Spring Island and Southern Gulf Islands Electoral Areas, establishes an obligation to preserve and protect the islands and their rural character on behalf of all the people of British Columbia.

The Capital Regional District has requested the BC government classify the electoral areas as rural so that they may qualify and receive the benefits from Provincial and Federal Government rural funding programs.

In 2016, the Union of British Columbia Municipalities passed a resolution asking the Provincial Government to officially recognize and classify the three CRD electoral areas as rural communities.

On July 11, 2018, the Electoral Areas Committee passed the following relevant resolutions:

That the subject of CRD Southern Gulf Islands Electoral Area Broadband Internet Connectivity be deferred until the issue of rural definition can be clarified.

That the Electoral Area Services Committee recommend to the Capital Regional District Board: That the attached late resolution be submitted to UBCM for consideration at this fall's AGM.

That the Capital Regional District Board write a letter to the Federal Government requesting that the three Electoral Areas be declared as rural for the purposes of economic development funding.

On February 13, 2019, the Electoral Areas Committee passed the following resolution:

That staff explore options to do business with Western Economic Diversification Canada to pursue funding in the Southern Gulf Islands and Salt Spring Island Electoral Areas.

On March 13, 2019, the Electoral Areas Committee passed the following resolution:

That the Capital Regional District Board Chair send a letter to MLA Olson to request clarification of the current position of the Province regarding the rural definition and confirm inclusion in the Island Coastal Economic Trust (ICET) program.

A letter dated March 14, 2019 was sent from Chair Plant to MLA Olsen (attached). The MLA's staff confirmed he has received the letter and is committed to working towards resolving the issue.

ALTERNATIVES

Alternative 1:

That the Electoral Areas Committee receive this report for information.

Alternative 2:

That this item be referred back to staff for more information.

DISCUSSION

Western Economic Diversification Canada

Western Economic Diversification Canada (WD) sponsors Community Futures, a community and economic development program focused on creating jobs outside of major urban centres. Community Futures programs are run by non-profit corporations with volunteer boards of directors, and supported by salaried staff. There is not a Community Futures centre serving the Southern Gulf Islands or Salt Spring Island. The closest WD service centre is the Cowichan Community Futures Office, but the office does not include the Electoral Areas in their stated service area.

On August 2, 2018, the CRD Office of the Board Chair sent a letter to the Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development in the House of Commons requesting that, "the three Electoral Areas be declared as "rural" for eligibility for economic development funding."

On August 30, 2018, the office of Minister Bains responded with confirmation that, "the WDP welcomes project proposals from organizations that promote economic growth in response to changing and challenging economic circumstances in their communities. Eligibility is not based on a community's rural or urban classification; rather, proposals are evaluated on the potential for the project to contribute to the community's economic development."

The Salt Spring Island Economic Development Commission Chair has also been advocating for inclusion of the SSI and SGI Electoral Areas in Provincial and Federal funding programs. She requested to present a delegation to the Cowichan Futures board but has so far not been successful.

CRD staff have consulted with staff from Western Economic Diversification Canada (WD). The following information has been clarified:

- Community Futures is open to applicants from the Salt Spring and Southern Gulf Islands Electoral Areas, despite the mapped service boundaries on the Cowichan Community Futures website.

- Community Futures provides loans to entrepreneurs, it is not a granting agency.
- WD's Regional Innovation Ecosystem (RIE) program is geared to assisting small businesses focussed on innovation, clustered business development, and inclusiveness (programs that target underrepresented groups such as women and indigenous youth). WD staff can help applicants understand how to gear their projects towards the WD priorities.
- The WD staff would be pleased to assist entrepreneurs and businesses from the island communities to make applications for funding from the programs they run, including the RIE program.

Province of British Columbia Rural Dividend and Island Coastal Economic Trust

The Province of British Columbia has been requested to make the CRD Electoral Areas permanently eligible for the Rural Dividend Program and to advance an Order in Council recommending cabinet approval to include them in the Island Coastal Economic Trust (ICET). The Island Coastal Economic Trust (ICET) provides funding for economic diversification, planning and regional revitalization in the Vancouver Island and Sunshine Coast region. To date, over \$50 million in funding has been approved to support more than 200 projects resulting in total regional investments of more than \$280 million. The Capital Regional District is not included in the Vancouver Island ICET program. A change in legislation is required to enable inclusion.

At the January 9, 2019 Electoral Areas Committee meeting, the EAC received a verbal update from Chief Administrative Officer (CAO) Lapham which clarified the rural definition issue is a result of restrictive eligibility criteria for individual funding programs and not the result of any general Provincial or Federal legislation classifying the Electoral Areas as urban or rural. In late 2018, the CAO and the Director of the Southern Gulf Islands Electoral Area attended a meeting with the Provincial Minister of Municipal Affairs and Housing, where the Minister committed to advancing the Order in Council to amend provincial legislation and include the CRD Electoral Areas in the ICET program. It is felt that such commitments from the Minister reduce the need for any further request for consideration of this issue by the Union of British Columbia Municipalities, if such a resolution would even be accepted for consideration, given UBCM's existing resolution on the same issue. Please see the correspondence attached to this report.

CONCLUSION

Funding for economic development in the CRD Electoral Areas is available on a project by project basis. While the CRD Electoral Areas are currently excluded from the ICET program, the Province of BC has committed to amending legislation to remedy this. The Province has been continuing to include the CRD Electoral Areas in the Rural Dividend program as evidenced in the attached letter from Minister Robinson.

While the SSI and SGI Electoral areas are not included in the mapped catchment area of the Cowichan Community Futures Office, entrepreneurs from these communities are eligible and able to make application for Community Future loans. There are also other programs run by Western Economic Diversification Canada that community businesses and projects from within the Electoral Areas may take advantage of.

It is understood that the economic struggles of the EAs differ and are distinct from those of the CRD's member municipalities, but there is not a general legislative amendment required at the Provincial or Federal levels to change the classification of the CRD Electoral Areas to be "rural." CRD staff can continue to assist the SSI and SGI communities by facilitating Federal and Provincial infrastructure and economic development funding as opportunities arise.

RECOMMENDATION

That the Electoral Areas Committee receive this report for information.

Submitted by:	Justine Starke, Manager, SGI Service Delivery, Corporate Services
Concurrence:	Kristen Morley, JD, General Manager, Corporate Service and Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

WRITERS INITIALS:js

Attachments: Appendix 1 – Relevant correspondence