



Rural BC Action Plan

Rural BC Project Staff Working Group

June 2014 Submitted to Donna Barnett, Parliamentary Secretary for Rural Development to the Minister of Forests, Lands, and Natural Resource Operations

BACKGROUND

The three regional Beetle Action Coalitions (BACs) in the province – the Omineca, Cariboo-Chilcotin and Southern Interior BACs jointly sponsored an initiative called “The Rural BC Project”. The stated purpose of the Rural BC Project is to “...stimulate discussion and understanding of the challenges facing rural BC and the actions required to help rural BC communities succeed.” The Rural BC Project made six summary recommendations:

1. Cabinet Minister for Rural Development
2. Rural Strategy for BC
3. New Rural Economic Development Programming
4. Creation of a Rural Dividend
5. Creation of a non-government rural economic development catalyst/advocacy organization for BC
6. Creation of a Rural BC Venture Capital Program

With respect to the first recommendation, at the 2013 UBCM Convention, Premier Clark assigned the Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations (FLNRO), as Minister Responsible for Rural Development. As well, Parliamentary Secretary for Rural Development, Donna Barnett, was asked to support Minister Thomson by listening to rural residents in order to bring those issues/concerns and solutions to Victoria.

For the remaining five recommendations, and as a result of meetings between provincial government elected officials and the Rural BC Project Steering Committee, it was agreed to develop a joint BAC/government staff working group. The working group consists of staff from all three Beetle Action Coalitions and representatives from the Ministry of Forests, Lands and Natural Resource Operations; Ministry of Jobs, Tourism & Skills Training; Ministry of Community, Sport and Cultural Development; and Ministry of Social Development & Social Innovation.

The primary purpose of the joint BAC/government staff working group was to encourage collaborative discussions and to develop a set of recommended actions that would further rural development in the province. The working group reviewed research and background reports on rural economic development, heard presentation from key organizations and staff and held workshops on identified topics (i.e. venture capital, rural and regional economic development for). (See Appendix 3 for a selection of the documents that support the recommendations that support the action plan.)

There was a great deal of learning that went on amongst all members of the working group and as a result, many of the issues were clarified so that practical solutions could be developed, with the assistance of many workshop participants from a variety of organizations and backgrounds. The following action plan is the final set of recommended actions from the Rural BC Staff Working Group.

ACTION PLAN STRUCTURE

The Action Plan that follows is separated into three sections:

- A. Strategic level recommendations to the Parliamentary Secretary for Rural Development;
- B. Short-term actions and longer term considerations to help address the key recommendations of the Rural BC Project
- C. Appendices

A. RECOMMENDATIONS TO PARLIAMENTARY SECRETARY FOR RURAL DEVELOPMENT, DONNA BARNETT

Parliamentary Secretary Barnett requested that the Beetle Action Coalitions' Rural BC Project Steering Committee identify their top priority actions that they would like to see the provincial government address at a strategic or policy level. The following four recommendations are not in ranked order, but represent the high-level recommendations which would require consideration by senior government.

Rural Access to Investment Capital

In BC, the provincial government created the Venture Capital Corporation (VCC) program several decades ago in recognition of the need for increased investment capital for emerging industries – like biotechnology and digital media. The provincial Venture Capital Program is widely perceived as being extremely successful in stimulating the growth and expansion of these new emerging industries in the province. Since 1985, over \$1 Billion dollars of venture capital has been raised in the program and studies indicate that every \$1 raised through the tax credit leverages another \$3 into the VCCs.

Evaluations of the program, however, have also demonstrated the vast majority of funds raised thru VCCs are invested in businesses located in the lower mainland (approximately 77 to 85%). An evaluation of the VCC program in 2010 concluded:

“Our study finds clear differences between the two main urban centres of Vancouver (GVRD) and Victoria (CRD) versus the rest of BC, especially in terms of the availability of equity capital.” (Hellman 2010 “An Evaluation of the Venture Capital Program in BC” page 7.)

Several organizations have also completed research into other Canadian jurisdictions that have significantly increased access to local investment capital for rural areas. One of the most successful models in Canada is Nova Scotia's Community Economic Development Initiative Funds (<http://www.novascotia.ca/econ/cedif/background>). This program is now being emulated in other Atlantic Canada provinces. (See Appendix 1 for further information.)

In order to develop a new rural investment vehicle in BC, similar to Nova Scotia's CEDIF program, new enabling legislation (different from the existing Venture Capital Act) with a related tax credit would be required.

1. That the Province creates a BC Community Economic Development Investment Fund (CEDIF) program, modeled on the Nova Scotia CEDIF program.

- ***Explanatory note: the CEDIF model would require (new) enabling legislation to define the tax credit that would be applied to private investments in the CEDIFs. The CEDIFs would be capitalized through non-government funds (i.e. private sector and community investments).***

Rural Dividend

Many of BC's rural communities grew rapidly during the 1950s and 1960s with the expansion of BC's natural resource industries. As new sawmills, pulp mills, mines and hydro-electric facilities were built; the province's rural communities flourished and many enjoyed a very large industrial tax base that provided an excellent level of municipal services for their residents.

However, with globalization, technological change and corporate consolidation, natural resource industries in BC now employ far fewer workers that they did in the 1970s and 1980s. Many rural communities have lost industrial operations and are facing continual lobbying from the industry that does remain to lower their industrial taxes.

In rural communities that are not growing and diversifying economically it is extremely difficult – if not impossible - to replace this industrial taxation from the residential and commercial tax classes. As a result, in 2002, the BC Progress Board’s “Restoring BC Economic Heartland” report recommended that the province create some form of “resource dividend” to assist rural communities. Iterations of this request have been made continuously by rural BC communities since then, including a long list of related UBCM resolutions.

The provincial governments of BC have responded over the past 20 years with a variety of geographically delineated responses (Fair Share Agreement in the Peace region; Northern Rockies Agreement; Resort Municipality Initiative for resort communities, etc.). The government and natural resource industries have also very recently instituted a variety of revenue-sharing agreements with BC’s First Nations.

Some of rural BC is now experiencing another project construction boom period. However, most of this development is located on crown lands outside municipal boundaries, with many of the workers only temporary residents - often living in camps. As a result, these rural communities often face social and other community pressures but without a direct local taxation gain.

There are also concerns about the ability to attract a large enough workforce to be able to meet demand. First Nations are the only part of the rural demographic with an expanding population in the workforce age group. To address these concerns maintaining healthy rural communities – including First Nations communities - with good infrastructure, housing and other services will be key to recruiting and maintaining the workforce necessary to develop and operate these natural resource industries; and to create the resource revenues so badly needed in the province.

As noted in a recent Union of BC Municipalities report, “Strong Fiscal Futures”, there is a need to develop a new framework of taxation and revenue sharing with BC communities that reflect the new business and economic realities of BC’s economy. Part of the solution involves finding new ways that ensures that resource-dependent rural communities and First Nations derive greater direct economic benefit from the natural resources that surround their communities and are within their traditional territories.

2. Engage and consult with rural communities and First Nations on development of a rural dividend to assist rural communities with economic development and diversification utilizing a share of natural resource revenues.

- ***Explanatory Note: the rural dividend needs to explore opportunities beyond just Northwest BC (or communities that may directly benefit from Liquefied Natural Gas development) and provide revenue sharing with ALL rural communities in BC.***

Suggestion: This could be a topic for discussion with the Rural Advisory Council noted below

Rural Advisory Council

Over the past decade government operations have become increasingly centralized - with the closure of government offices and services in several rural communities. Government policy development is often led by Victoria based government staff. Rural communities often feel that rural issues, perspectives and implementation implications are often over-looked during the government policy development process.

There is an urgent need to develop new mechanisms that allows rural communities and leaders to more fully engage with the provincial government in a positive dialogue that identifies solutions to rural issues.

While the three Beetle Action Coalitions are extremely pleased with both the re-appointment of Donna Barnett as a Parliamentary Secretary for Rural Development; and with the Premier's recent designation of Minister Steve Thompson as the lead Cabinet Minister responsible for rural issues; there is a need to create a forum for an on-going dialogue between the provincial government and rural leaders.

- 3. That the Province create a Rural Advisory Council to (i) provide a rural lens on government policy and (ii) to make recommendations to government that will help develop new ideas, opportunities, actions, policies and legislation that will further rural development and sustainability.**

Explanatory note:

- This Council would provide a useful forum for government to engage in discussions with rural leaders on government initiatives and policy development that will impact rural communities and regions. It is anticipated that each member would cover their own expenses.***
- For examples of rural issues and concerns that could be addressed by the Council see Appendix 2.***

Suggested approach to Advisory Council set-up:

- The initial intake of council members could consist of three year appointments of the current Rural BC Project Steering Committee and additional elected local government and First Nations leaders from the Peace, Northwest, Vancouver Island and rural communities in the Fraser Valley. The additional members would be jointly selected by the Rural BC Steering Committee and the provincial government. The Council would meet quarterly with the Minister of Forests, Lands, Range and Natural Resource Operations and Parliamentary Secretary for Rural Development, with the Premier attending at least one of the meetings annually.***

Rural Strategy

Rural depopulation and economic decline has been common across western industrialized countries for the past four decades. The economic and social challenges faced by many of Canada's and BC's rural communities has been acknowledged and well documented by organizations such as the Federation of Canadian Municipalities (Rural Matters); the former BC Progress Board (the 250 region reports); and the Rural Revitalization Foundation. While some rural communities in BC are currently experiencing construction related growth from major projects, many continue to experience very limited permanent net employment and population growth.

In response, many Canadian, U.S. and western European jurisdictions have developed dedicated rural development strategies and initiatives. A dedicated rural strategy document is important for rural residents and communities as it provides a formal and tangible political acknowledgement by the provincial government of the specific challenges rural communities are facing.

In BC, although the provincial government has created several specific initiatives in response to rural problems (i.e. rural health initiatives) these initiatives have been developed over an extended time period and in isolation from one another.

The social and economic development challenges and systemic issues facing rural BC requires a strategic, holistic and integrated government strategic response and rural communities must be involved in the development of this government strategic response.

4. That the Province work with the recommended Rural Advisory Council to develop an over-arching rural strategy that would apply a rural lens to government decision-making and programming and facilitate coordination and strategic direction to agencies on advancing rural development.

Explanatory Notes:

- Provides the formal acknowledgement and recognition of rural challenges/issues that rural leaders are looking for and would help create a more holistic, strategic and coordinated government response to rural issues.
- Implementation of the strategy could be enhanced by supporting implementation mechanisms such as developing a cross-government MoU (and/or rural development coordination unit within government) to coordinate activities and programs across government agencies to ensure a rural lens is being applied in various ministries.
- The rural strategy could also explore how rural development catalyst organizations and regional economic development approaches (regional alliances) could help provide additional capacity to rural development and promote regional collaboration and coordination.

B. SHORT-TERM ACTIONS AND LONGER TERM CONSIDERATIONS FOR VARIOUS AGENCIES AND ORGANIZATIONS INVOLVED IN RURAL ECONOMIC DEVELOPMENT

The recommended actions identified below are based on the work of the Rural BC Staff Working Group and input from economic/business development professionals that attended workshops hosted by the working group. These actions can be completed using existing resources and organizations.

Rural Access to Investment Capital & Small Business Loans

1. The Province, in collaboration with various partners, will promote “Investment Readiness” for rural businesses through the provision of webinars and/or a tool kit to assist individuals during the different stages of business development.

Lead: Ministry of Jobs, Tourism & Skills Training – Economic Development Division

Potential Partners: Small Business BC

Explanatory Note:

Considerations for topics include: succession Planning, business expansion, investment readiness for equity investors (angel network seminar), and linking with existing resources (i.e. federal website: www.strategis.gc.ca).

2. The Province will work to raise the awareness of rural communities on the process for setting up community-based venture capital corporations through the provision of webinars and/or development of a guidebook.

Explanatory Note:

The venture capital program in BC has been very successful; however, there is interest in raising awareness in rural communities about this program and seeking ways to make the process of establishing community-based venture capital corporations more easily understood would be helpful. Most of the related information is currently available through Investment Capital Branch staff and through the ministry website.

Lead: Ministry of International Trade – Investment Capital Branch

Potential Partners: Ministry of Jobs, Tourism & Skills Training – Economic Development Division

- 3. The Rural BC Project Steering Committee, in partnership with the Regional Trusts and the Province, will explore opportunities to host Regional Investment and Business Development Forums to foster matching of business stakeholders/entrepreneurs with regional lenders (banks/credit unions), private investors, and economic development organizations (i.e. Community Futures, and First Nations business advisory services).**

Lead: Rural BC Project Steering Committee

Potential Partners: Regional Development Trusts, Ministry of Jobs, Tourism & Skills Training

Explanatory Notes:

- This would be a first step in addressing communication/collaboration challenges and foster collaboration amongst lenders and entrepreneurs.
- These events would be similar to Business Expos and the Aboriginal Business Match and could be offered in each of the seven economic development regions.
- The intent would be for these events to be held free of charge and require pre-registration.

Rural Access to Business Development Supports

- 1. The Province in partnership with Venture Connect and Community Futures in British Columbia will assist with business succession planning through regional outreach and forums across the province.**

Lead: Venture Connect

Potential partners: Community Futures Development Corporations, Province of BC

Explanatory Notes:

- Hosting forums on business succession and train the trainer will provide assistance to retiring operators that would enable them to provide mentoring to a younger operator.
- Ensures the business is transition ready and the new operator is business ready.

- 2. Small Business BC has capacity to provide forums/webinars on financial resources to highlight regional lending and financial resource available for entrepreneurs.**

Lead: Small Business BC

Potential partners: Community Futures Development Corporations, Financial lenders, Mentorship BC

Explanatory Notes:

- Forum/webinar topics could include entrepreneurial readiness, how to start a business, specialized topics (cash flow etc.) Entry level Business 101 to Growth/Expansion and potential development of a Rural Financing Seminar.
- Explore opportunities to enhance one on one support, coaching via an online platform/virtual incubator, designated coach, phone support/Skype/face time (regional/industrial/specialized expertise).
- Explore developing a provincial network for business development mentorship in partnership with Mentorship BC.
- Include regional senior level financial services on an outreach basis.

- 3. Continue to build capacity to support early stage entrepreneurs and businesses with “business readiness” through the provision of information/tools applicable to new business entrants.**

Lead Organization: Small Business BC

Potential Partners: Aboriginal Business Advisory Services, Community Futures

Explanatory Notes:

- Provision of resources, education and free or affordable expertise for new entrants is critical. Potential tools/approaches could include:
 - Small Business BC webinars & application of Start Smart program
 - Forum/webinar topics could include entrepreneurial readiness, how to start a business
 - Potential to develop an inventory/directory of resources/services, use of colleges/universities
 - Explore outreach tools such as a 1-800 (hotline), Front Counter BC information provision
 - Train the trainers program; podcasts for updates/training and utilization of “in community” service providers (i.e. CFDCs, aboriginal business advisory centres)
 - Potential to offer virtual tradeshow for rural business supports including financial institutions and service providers.

LONGER TERM CONSIDERATIONS

- **Explore opportunities to educate rural municipal staff on business investment programs/tools available and coordinate training, mentorship and coaching (i.e. through a single authoritative source of information) for local community investment across BC’s rural and remote communities.**

Potential Lead Organization: Rural BC Project Steering Committee

Potential Partners: Union of BC Municipalities, BC Economic Development Association

APPENDIX 1

Recommendation to Create a BC Equivalent to the Nova Scotia Community Economic Development Investment Funds (CEDIF) program

One of the four priority rural development recommendations recently made to Parliamentary Secretary Donna Barnett; is for the creation of a BC equivalent to the Nova Scotia CEDIF program.

The Nova Scotia CEDIF program has been operating now for over 10 years. It has proven to be an extremely popular and successful way to raise economic and business development capital in rural communities in Nova Scotia. Through the Nova Scotia CEDIF program, investors are provided a tax credit for investing in a CEDIF. The funds in the CEDIF are then invested in rural businesses – normally in the same community or region the funds were raised in. More detailed information about the CEDIF program is attached to this document and available at <http://www.novascotia.ca/econ/cedif/background>.

Based on the success of the Nova Scotia program, Prince Edward Island has recently started a similar program and other Canadian provinces are exploring the Nova Scotia CEDIF model.

Background:

This recommendation builds upon the Rural BC Project's earlier recommendation that the provincial government increase access to rural equity/venture capital investment funds for rural business development. These recommendations are based on extensive background research completed by the Rural BC Project, SIBAC, CCBAC and other initiatives such as the Reversing the Tide initiative. This research demonstrated the critical and positive role increased access to rural investment capital played in supporting rural economic revitalization of rural regions in the United States and western Europe (e.g. New Market Tax Credit Program in the U.S.).

In BC, the provincial government created the Venture Capital Corporation (VCC) program several decades ago in recognition of the need for increased investment capital for emerging industries – like biotech and digital media. The provincial Venture Capital Program is widely perceived as being extremely successful in stimulating the growth and expansion of these new emerging industries. Since 1985, over \$ 1 billion dollars of venture capital has been raised in the program and studies indicate that every \$1 raised thru the tax credit leverages another \$3 into the VCCs.

However, evaluations of the program have also demonstrated the vast majority of funds raised thru VCCs are invested in businesses located in the lower mainland (approximately 77 to 85%). An evaluation of the VCC program in 2010 concluded:

“Our study finds clear differences between the two main urban centres of Vancouver (GVRD) and Victoria (CRD) versus the rest of BC, especially in terms of the availability of equity capital.” (Hellman 2010 “An Evaluation of the Venture Capital Program in BC” page 7.)

Indeed it was the lack of venture equity capital in the Okanagan that led the Southern Interior Development Initiative Trust and several regional credit unions to invest in the Southern Interior Innovation Fund (SIIF). While successful and certainly fulfilling a need – it would seem that the vast majority of SIIF investments in turn remain in the Kelowna – Okanagan corridor and are focussed on more traditional venture capital investments.

Although there is a non-metro community sub-component to the provincial VCC program; this tax allocation is not always fully utilized. The Rural BC Project believes that this can be at least be partially explained by the relative difficulty of establishing a community based VCC in smaller rural communities and the lack of professional intermediaries that typically help establish VCCs in urban areas (e.g. private venture capital firms, specialized tax accountants, etc. etc.).

For example, in Christina Lake BC, a group of community individuals are in the process of establishing a community-based Venture Capital Corporation (VCC) for the area. While the VCC structure has some distinct advantages (tax credits for investors); creating a rural community-based VCC is not an easy task for individuals and organizations in smaller rural communities. Significant expertise and funds are required just to create the VCC even before potential investors and business investment opportunities are identified.

While the Rural BC Project believes that actions can and should be undertaken to make community-based VCCs easier to establish and operate in rural BC; the Rural BC Steering Group believes that an additional program like the Nova Scotia CEDIF program is required to fully assist with rural economic revitalization.

Why a CEDIF program?

The Rural BC Project, SIBAC and other organizations have completed research into other Canadian jurisdictions that have significantly increased access to local investment capital for rural areas. Two of the most successful models in Canada include Nova Scotia's Community Economic Development Initiative Funds and the Unleashing Local Capital (ULC) initiative led by Alberta's Community and Cooperative Association – which was based on the Nova Scotia program (www.acca.coop/unleashing/).

Both the Nova Scotia and the Alberta models have demonstrated there is very strong interest from rural residents in creating and operating local rural investment capital organizations. The experience in both provinces has shown that there is significant interest from both potential investors and from the business development side. Indeed in Nova Scotia – a province with less than 25% of the population of BC - \$66 million has already been raised through their CEDIF program; most of which came from rural residents. In both Nova Scotia and Alberta the CEDIF/ULC initiatives has demonstrated that the programs are particularly useful in assisting with financing and enabling business succession – a challenge facing all of rural Canada.

During the workshops held by the joint BAC/Government Staff Working Group, there was considerable support expressed for the creation of a BC CEDIF like program. In Nova Scotia and Alberta, organizations like economic development commissions, Community Futures Development Corporations and Credit Unions have quickly realized the benefits and advantages of these types of rural investment capital raising programs. In both Alberta and Nova Scotia, local organizations like CFDCs and Credit Unions are often directly involved in the delivery of these programs as they supplement the more traditional debt financing roles of these organizations.

In mid May 2014, the Southern Interior Beetle Action Coalition brought in representatives from both Nova Scotia and Alberta to present and discuss their respective programs. As a result of these sessions, at least three new organizations and communities have expressed an interest in developing a local investment organization.

Finally, separate from the Rural BC Project process, the Social Planning Council of Victoria was also examining models of raising local investment capital. The Social Planning Council came to the same conclusion and is also advocating that the BC provincial government create a program based on the Nova Scotia CEDIF model.

The Rural BC Project Steering Group would welcome the opportunity to work provincial government officials to further explain the benefits and advantages of the Nova Scotia CEDIF model.



ABOUT CEDIF - A Community Economic Development Investment Fund (CEDIF) is a pool of capital raised through the sale of shares. The money raised is invested in new or existing local businesses. Since the program began in 1999–2000, over \$66 million has been raised to support local businesses across the province, in more than 121 offerings. Over 6,000 individual Nova Scotians have invested in CEDIFs.

COMMUNITY - CEDIFs help keep investment dollars working in the local community. Statistics Canada data indicates that approximately \$600 million was contributed to RRSPs by Nova Scotia taxpayers in 2012, however, less than two per cent of that is estimated to have been re-invested in the Province. CEDIFs support locally produced products and services, create jobs and stimulate economic growth.

INVESTORS - As an investor, there are several benefits to buying shares in a CEDIF:

- You receive a 35% non-refundable provincial income tax credit on your investment. If you roll the investments over for a further 5 year term you receive an additional 20% tax credit; if at 10 years you roll-over your investment again you receive a final additional 10% tax credit.
- Your investment is RRSP eligible; this deduction is in addition to the Nova Scotia Tax Credit
- Shares must be held for a minimum of five years
- You have input into investment decisions by the fund through the board of directors

A CEDIF is managed by a board of directors, which is elected by shareholders. The return on investment is determined by the performance of the business(es) in the fund. The fund will provide shareholders with financial statements and hold an annual general meeting.

BUSINESS DEVELOPMENT - CEDIFs provide an important new source of business development capital – particularly in rural communities. CEDIFs must invest in profit making ventures, but can invest in a variety of business structures including traditional businesses, co-ops and community owned businesses.

NOVA SCOTIA SECURITIES LEGISLATION - CEDIFs are regulated similarly to publicly traded companies. As a registered CEDIF, a fund must do the following to avoid a Cease Trade Order (CTO):

- Submit audited or reviewed annual financial statements 140 days after the financial year end of the CEDIF
- Submit interim financial statements 60 days after the end of 2nd quarter

SUMMARY INFORMATION

- Each CEDIF must raise a minimum of \$100,000 from at least 25 investors. The CEDIF must elect a minimum of 6 directors at their AGM.
- However, the average amount raised from each CEDIF share offering is about \$500,000.
- Of the over 60 CEDIFs that have been created to date, only three have failed. Nine of the CEDIFs are currently paying dividends.
- In 2012/2013 over \$9 million was raised in CEDIFs.
- The 60 CEDIFs are located throughout Nova Scotia and support a wide variety of investments.

- The program has been extremely successful in raising funds for the construction of community owned green energy projects like wind farms.
- Because of the success of the Nova Scotia CEDIF program, several other provinces have been in contact with Nova Scotia to learn about the program. Prince Edward Island has just recently launched a similar program. New Brunswick is examining the program.
- It is estimated that the Return on Investment to the Province of Nova Scotia - in terms of recouping the tax credits - is approximately two years.

More information is available at www.novascotia.ca/econ/cedif/

IMPORTANCE OF NOVA SCOTIA CEDIF PROGRAM IN SUPPORTING RURAL DEVELOPMENT

The Nova Scotia CEDIF program is extremely popular in rural Nova Scotia. It is seen as major tool to help capitalize new business start-ups, business expansions and to assist with business succession ownership in smaller rural communities. The program has also been extremely successful as a vehicle to raise local investment capital so that rural communities can invest in – and benefit from – green energy projects in Nova Scotia.

New Dawn Enterprises in Sydney Nova Scotia makes extensive use of the CEDIF program in their rural development initiatives. New Dawn services an area of approximately 150,000 people (one fifth of the population of Nova Scotia) on Cape Breton Island. The area that has faced major industrial restructuring and out-migration of population (they lose approximately 1,000 people per year). Unemployment is historically high in Cape Breton and access to capital for small businesses is extremely difficult. Yet in this same region the population invests approximately \$100 million per year in RRSPs – the vast majority of which is then invested in Ontario or globally.

Even in a region as economically challenged as Cape Breton Island, however, the CEDIF program has been extremely popular and successful.

Since 2004, New Dawn has completed nine (9) CEDIF offerings and has raised over \$ 9 Million from 450 individual shareholders. New Dawn’s CEDIF funds are currently paying between 3 to 4% annually and almost \$1 Million in dividends have been paid to investors to date. The CEO and executive team of New Dawn see the CEDIF program as the single most important rural development tool they have available.

Some Comparative Statistics between Nova Scotia and BC

	<u>Nova Scotia</u>	<u>BC</u>
2013 Census Canada Population Estimates	940,800	4,582,000
2011 Median Family Income	\$66,030	\$69,160
2012 RRSP Contributors	123,960	731,500
2012 RRSP Total Contributions	\$676 Million	\$ 4.5 Billion

APPENDIX 2

EXAMPLES OF RURAL CHALLENGES FOR DISCUSSION BY THE RECOMMENDED RURAL ADVISORY COUNCIL

Parliamentary Secretary Barnett requested that the elected members of the Rural BC Project Steering Committee provide examples of major rural issues and concerns that had been raised recently in their communities. The following are some examples of issues identified by the Steering Committee members.

These provide examples of the types of issues that could be examined in much greater depth by the recommended Rural Advisory Council. Indeed, the RBC Steering Committee believes that there would be tremendous benefit to both Government and rural communities to the Rural Advisory Council providing a forum for focussed dialogue and joint solution development between Government and rural leaders. For example, the Rural Advisory Council could spend two days focussed on current and new recommended initiatives to address common concerns regarding rural education issues.

The Rural BC Steering Committee appreciates that the provincial government has created several initiatives to try and address specific rural concerns and issues. However, at times it seems that there may be unintended or unforeseen rural consequences from the implementation of these policy initiatives. The RBC Steering Committee believes that the recommended Rural Advisory Council could provide a valuable service to identify potential rural issues during the *policy formulation* stage.

Broadband Internet Connections

Despite the provincial government's recent efforts, access to broadband connections remains a point of frustration for many rural communities.

Grace McGregor, Director Christina Lake, Board Chair RDKD, "In my community the local community association was approached by a very successful business man to see if they would be interested in trying to bring high speed into the valley. He had tried the satellite connection but it was not a fit for what he needed. When he came to speak to the community association he talked about the need for the system to do his payroll and bids and other such things and he felt that if we were not able to bring the service into the area that the community would be at a disadvantage. Long story short, we do have a system, a partnership with Telus and a provider that reaches a small portion of the valley. During the summer months the connection is okay, sometimes if too many people are on the system it slows down and in the winter someone has to go up the mountain by snowmobile to charge the batteries (solar) with a generator as there is not enough sunshine. In the winter the service provider will shut things down after 2 am to try to conserve battery life. Without connectivity in small rural remote and First Nations communities we cannot do such things as:

- *remote health care support*
- *education for those who cannot travel to larger centre*
- *filling out applications for job training*
- *assistance for those starting a business*
- *enabling entrepreneurs to work from home."*

Health Care

Mayor Gerry Thiessen, District of Vanderhoof on the Physician Privileging Project. "Rural doctors and communities leaders are concerned about the application to rural BC. The province has requested a full assessment of patient risk and the consequent need for appropriate support, Continuous Quality Improvement (CQI) and the resultant privileging. Rural physicians describe their serious concerns about predicted 'unintended consequences' of the PPP as it is now planned – the loss of maternity, anesthesia, surgery and emergency services in rural BC, potentially the loss of full service family practice in many rural communities. For example, if the Provincial Privileging Project is designed to improve a specialist problem in diagnostic imaging, it cannot be expected to be equally effective and will have unintended consequences when transplanted to generalist rural medicine. Rural is not small urban.

Education

Mayor Stephanie Killam, District of Mackenzie, "The current system of education, training and skill development is inadequate to address the employment and workforce needs of individuals, employers, communities, education providers, industry, and government as a whole. Although the quality of education currently offered is not in question, the widely dispersed communities, the changing demographics, social – economic barriers and limitations of education resources, all contribute to the challenge. Access to training and education is critical to supporting sustainable and thriving communities and increases the retention of youth."

Mayor Gerry Thiessen, district of Vanderhoof, "We found as a school board that when students were asked to go as part of their last 2 years to Prince George to take trades training that only 1 or 2 people would apply. Once we understood that these young people were intimidated with big city life and SD 91 was able to work with CNC and they got training closer to home, they found young people sought this training many times more than under the previous system. The school is willing to guarantee these seats so that CNC can get the class size to an acceptable level. Working together with CNC is good in that older students can mentor high school students."

The Province is forcing that education only happens if there is a lot of need for the course and they base this on waiting lists, rather than how much need there is for filling jobs in that area or the success graduates have in the location where the course is given. We will never have waiting lists for trades training in our area. We see the government forcing CNC to cancel trades training courses in our communities long before the closing date because there isn't a waiting list in a small resource based community."

Rhona Martin, Director, Area E Columbia Shuswap Regional District, "If part of a Rural Strategy included connectivity perhaps there could be a whole conversation with the Ministry of Education that created and supported new technology that would allow kids to stay in their home community and receive the courses that they require in order to gain entrance into post-secondary opportunities. It seems that there are more and more doors closing for rural students and wouldn't it be wonderful if we could be part of the reason they are opened up again."

Rural Dividend

Grace McGregor, Director Christina Lake, Board Chair RDKD, "A Rural Dividend would help address many rural issues and could support communities in their rural economic development efforts. Another perfect example that supports a Rural Dividend is the Regional District of Kootenay Boundary who has part of the regional district in the Columbia Basin Trust and the other part not in the trust. Time and time again small rural communities cannot match funding for the grant process because they have nowhere to draw from it then pits one community against the other at the regional district table."

Mayor Stephanie Killam, District of Mackenzie, "First Nations get revenue sharing agreements with companies but communities do not – have to fund extra strain on their infrastructure, services, business development from taxes. Companies need to invest in the rural areas they are moving through. I.e. LNG pipelines – don't go through communities but use the nearest community's services and infrastructures with the cost being Boom/bust issues of rural communities especially in resource abundant areas. Capacity issues/ mobility of employees/ lack of stability for families – communities cannot build without families – thus depopulation of the rural areas as they cannot provide right services in education, health care, recreation. Small businesses need incentives to start up – or continue (lack of succession planning). Often these incentives fall to the small communities to provide but their resources are limited due to taxation rules/lack of revenue from other sources such as resource extraction."

Venture Capital

Grace McGregor, Director Christina Lake, Board Chair RDKD, "Rural Communities need Venture Capital but the process of establishing a VCC is very onerous for a small rural community. We at Christina Lake have already started this and have heard first hand many positive examples from those who have been successful both in Nova Scotia and in Alberta. In BC there are several issues that make it difficult for smaller rural communities:

- a. You need \$25,000 of capital committed before you can begin creating the VCC
- b. The legislation needs to be changed to make it a little easier
- c. We need a manual for those communities who want to start VCC
- d. The initial audit requirements and legal due diligence just to create the VCC entity is very onerous and expensive."

Rural Advisory Council

Rhona Martin, Director, Area E Columbia Shuswap Regional District, "Putting a RURAL LENS on decision making will really happen if there is a RURAL ADVISORY COUNCIL that will give small rural communities and First Nations an opportunity to give voice to the concerns they have."

APPENDIX 3

A SELECTION OF THE DOCUMENTS THAT SUPPORT THE RECOMMENDATIONS IN THE RURAL BC PROJECT'S JUNE 2014 SUBMISSION TO PARLIAMENTARY SECRETARY DONNA BARNETT

Rural Access to Investment Capital

- See Appendix 1

Rural Dividend

- [Meeting the Future on Our Own Terms - Final Report of the Northern BC Economic Vision and Strategy Project II, Community Development Institute - April 2012](#)
- [Sharing Benefits From Natural Resources with Local Stakeholders in British Columbia, Columbia Basin Trust - May 2013](#)
- [Strong Fiscal Futures – UBCM 2013](#)
- [Multiple UBCM resolutions](#)

Rural Advisory Council and Rural Strategy

- [The Pathway to Prosperity in BC Runs through its Rural Places - 2011](#)
- [Fifty Years of Rural Development Strategy in BC 1961 to 2010 – Sept 2010](#)
- [Creating Effective Rural Advocacy and Rural Catalyst Development Organizations – Nov 2013](#)
- [Exploring the Creation of Successful Rural Development – Feb 2013](#)
- [Exploring the Creation of Successful Regional Development – Feb 2013](#)
- [Rural Issues – Federation of Canadian Municipalities](#)
- [Beyond Freefall: Halting Rural Poverty: Final Report of the Standing Senate Committee on Agriculture and Forestry June 2008](#)
- [Exploring Rural Poverty, Community Development Institute – March 2012](#)
- [On the Move: Mackenzie, Community Development Institute - Aug. 2012](#)
- [On the Move Williams Lake, Community Development Institute - 2013](#)
- [Meeting the Future on Our Own Terms - Final Report of the Northern BC Economic Vision and Strategy Project II, Community Development Institute - April 2012](#)
- [Career Training Available in Northern BC, Community Development Institute – March 2014](#)
- [Growing the BC Interior Value Added Wood Sector, SIBAC – June 2013](#)
- [The Way Forward: A Proposal to Modernize BC's Forest Policy, OBAC – 2014](#)
- [Effects of Reduced Connectivity in Rural and Remote Communities – May 2011](#)
- [Integrated Community Sustainability Planning — Implications for Rural British Columbia, FBC – Dec. 2012](#)
- [Opportunities to Meet the Health Needs of the Stuart Lake/Na'kal Bun Area: A Baseline Study of Community Health, Community Health and Social Services and Reported Impacts from Local Mining Developments](#)
- [Understanding the State of Industrial Camps in Northern BC, Northern BC, Northern Health – Oct. 2012](#)
- [Understanding Resource and Community Development in Northern British Columbia, Northern Health – June 2013](#)
- [Revitalizing Rural BC: Some Lessons from Rural America – Spring 2009](#)
- [Alberta's Rural Development Strategy](#)