

SOUTHERN INTERIOR DEVELOPMENT INITIATIVE TRUST

Independent Legislative Review of the Southern Interior Development Initiative Trust Act 2005

REPORT OF THE LEGISLATIVE REVIEW COMMITTEE

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Alan Shaver
Steve Thomson
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**Facilitation and report preparation provided by
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EXECUTIVE SUMMARY

Background:

The Southern Interior Development Initiative Trust (SIDIT) was established in 2005 pursuant to the Southern Interior Development Initiative Trust Act (the “Act”) with the purpose of using its resources and expertise to support economic development in the Southern Interior of British Columbia.

As of March 2021, SIDIT has rebranded and is now doing business as the Economic Trust of the Southern Interior (ETSI-BC).

Pursuant to Section 26.1 of the Act, on or before every fifth anniversary of the Act coming into force, the directors must appoint a committee of qualified individuals to review the Act and evaluate how it is functioning.

The members of the Legislative Review Committee, Karen Hamling, Alan Shaver, Steve Thomson, and Rosalie Yazzie have reviewed the Act. This report outlines the process and their conclusions.

Conclusions:

The Legislative Review Committee has identified three areas that require legislative amendment and has included two governance recommendations for ETSI-BC.

Rationale for each recommendation is included in the body of this report.

Recommendations for Legislative Change:

1. **First Nations Community Representation:** The Legislative Review Committee recommends that the Southern Interior Development Initiative Trust Act be amended to include a mechanism that ensures sustainable First Nations Community inclusion at a regional dialogue, advisory, and decision-making level. The committee further recommends that the government consult with regional First Nations Communities and ETSI-BC to determine the best mechanism for this inclusion.
2. **Purpose of the Regional Account:** The Legislative Review Committee recommends that the Southern Interior Development Initiative Trust Act be amended to define the Regional Account Investment Areas in a way that would both define the overall objective and also allow flexibility to respond to changes in regional economies and context.
3. **Board Appointment of Chief Financial Officer:** The Legislative Review Committee recommends that The Southern Interior Development Initiative Trust Act be amended to remove the appointment of a Chief Financial Officer as a responsibility of the directors.

Governance Recommendations:

1. **Board Diversity:** The Legislative Review Committee recommends that the ETSI-BC Board intentionally seek to increase and maintain board diversity and inclusion by requesting specific types of appointments to the board, by both the Regional Advisory Committees and the Crown Agencies and Board Resourcing Office (CABRO), through a skills and diversity matrix and by actively identifying individuals that would increase board diversity for inclusion in the CABRO pool of potential appointees.
2. **Regional Advisory Committee Development:** The Legislative Review Committee recommends that ETSI-BC continue to intentionally engage with and support the Regional Advisory Committees to organize and be more involved in decision-making and regional dialogue. It is recognized that there is a reciprocal responsibility on the part of the Regional Advisory Committees to proactively engage. The committee further recommends that the government provide access to best practices resources to support the engagement and development of the Regional Advisory Committees.

PROCESS

Members of Legislative Review Committee

- Karen Hamling
- Alan Shaver
- Steve Thomson
- Rosalie Yazzie

(see biographies in Appendix A)

Research

Review of SIDIT reports including:

- 2020 Annual Report
- 2022-2024 Strategic Plan
- 2021-2022 Annual Operating Plan
- Regional Advisory Council – Columbia/Kootenay Region – Terms of Reference
- 2011 Legislative Review Report
- 2016 Legislative Review Report

Interviews with key informants:

- Laurel Douglas (CEO, ETSI-BC)
- Chris Pieper (Board Chair, ETSI-BC)
- Greg Goodwin (Executive Director, Regional Programs and Engagement Branch, Ministry of Jobs, Economic Recovery and Innovation)
- Charley Beresford (Senior Executive Lead, Crown Agencies and Board Resourcing Office, Ministry of Finance)

Key informants were identified as those who would have knowledge regarding the effectiveness and challenges of the legislation. The committee has determined that no further research or consultation with additional groups (e.g. business, labour, education providers) were necessary for the purposes of review of the legislation.

Scope of the Review

Interviewees shared information with the Legislative Review Committee regarding both legislative impact and operational information; however, section 23.1 (1) of the *Act* contemplates a review of the *Act* itself, and not of the organization.

The recommendations included in this report focus on an evaluation of the *Southern Interior Development Initiative Trust Act*. The activities and effectiveness of the ETSI-BC organization were deemed to be outside the scope of this review; however, operational aspects were discussed in the interviews and referenced by the informants.

The review of the *Act* addressed the following matters (see Appendix B for further descriptions of areas):

- *Governance*
- *Core Purposes, Regional Account Allocations*
- *Operations*
- *Public Accountability*
- *General*

Per the Legislative Review Committee Terms of Reference (see Appendix B), “Responses obtained, or conclusions arrived at during the consultation process that are not pertinent to the legislative review, may be provided under separate cover to the SIDIT Board and CEO (similar to a Management Letter that an Auditor would prepare).”

The Legislative Review Committee has identified two Governance Recommendations for ETSI-BC. Because these recommendations also include recommendations for action on the part of the government, the committee has elected to include them in the body of this report under the appropriate sections identified by the Scope of Review in the Terms of Reference.

REVIEW AND RECOMMENDATIONS

GOVERNANCE

First Nations Community Representation

The Legislative Review Committee has identified a glaring omission in the Southern Interior Development Investment Trust Act; namely, there is no mechanism within the legislation to ensure that First Nations Communities within the Southern Interior Development region are included at a decision-making level.

Background

- 8 of 13 board members are appointed by the Regional Advisory Committees. 5 of 13 board members are appointed by the Lieutenant Governor in Council (through CABRO).
- The current Southern Interior Development Initiative Trust Act states that “*the only persons who are eligible to become members of the regional advisory committee are elected officials of municipalities or regional districts that are, in whole or in part, within the region, or Members of the Legislative Assembly who have been elected, in whole or in part, by electors from the region*”¹. There is also provision for “*an opportunity for municipalities or regional districts within the region that have populations of less than 500 to be represented on the regional advisory committee*”². However, there is no provision for First Nations Communities within the region to be represented on the Regional Advisory Committees. Because 8 board members must be “*appointed by the regional advisory committees...of their number*”³ this does not ensure regional First Nations Communities are included at the decision-making level. Furthermore, the Regional Advisory Committees are also intended to facilitate dialogue at the regional level. Because First Nations Community representatives are not eligible for Regional Advisory Committee membership, there is no legislative requirement to include these communities in meaningful participation in the regional dialogue.
- Although CABRO follows a commitment to diversity⁴, the appointment by the Lieutenant Governor in Council is not required by any legislation to include representation by regional First Nations Communities.
- The United Nations Declaration on the Rights of Indigenous People and associated BC legislation recognize the importance of including First Nations Communities at the decision-making level on matters that impact their citizens. Although there may be engagement with First Nations Communities regarding funding opportunities; and the government appointee approach can be used to facilitate Indigenous representation on the ETSI-BC board, there is no legislative requirement for First

¹ Southern Interior Development Initiative Trust Act s. 3 (a)

² Southern Interior Development Initiative Trust Act s. 3 (b)

³ Southern Interior Development Initiative Trust Act s. 6 (2) (a)

⁴ CABRO Commitment to Diversity:

<https://www2.gov.bc.ca/gov/content/bcpublicsectorboardapplications/learn/requirements>

Nations Community representation to be included at the decision-making level of Regional Advisory Committees or Board.

- The First Nations Communities in the ETSI-BC region are many and diverse (See Appendix C). Over 40 communities within the region are excluded from decision-making and meaningful participation in regional dialogue.

Legislative Recommendation

First Nations Community Representation

The Legislative Review Committee recommends that the Southern Interior Development Initiative Trust Act be amended to include a mechanism that ensures sustainable First Nations Community inclusion at a regional dialogue, advisory, and decision-making level. The committee further recommends that the government consult with regional First Nations Communities and ETSI-BC to determine the best mechanism for this inclusion.

Board Diversity

The board of ETSI-BC currently does not reflect the diversity of the region it serves. As well as the specific legislative amendment recommended regarding First Nations Communities, the Legislative Review Committee recognizes the importance of board diversity in terms of gender, race, age, physical ability, professional background, geographical representation, community size, Indigenous representation, etc.

Background

- 8 of 13 board members are appointed by the Regional Advisory Committees. 5 of 13 board members are appointed by the Lieutenant Governor in Council (through CABRO).
- While it remains the purview of the appointing body to determine the individuals that are ultimately appointed as directors, the board can request specific qualifications for appointees from both Regional Advisory Committees and from CABRO.
- Boards are also able to suggest that specific individuals be added to the pool of potential candidates for appointment by CABRO (final decisions remain the purview of CABRO).

Governance Recommendation

Board Diversity

The Legislative Review Committee recommends that the ETSI-BC Board intentionally seek to increase and maintain board diversity and inclusion by requesting specific types of appointments to the board, by both the Regional Advisory Committees and the Crown Agencies and Board Resourcing Office (CABRO), through a skills and diversity matrix and by actively identifying individuals that would increase board diversity for inclusion in the CABRO pool of potential appointees.

Organization and Support of Regional Advisory Committees

There are two Regional Advisory Committees (RACs) that are part of the Trust (Columbia-Kootenay and Thompson-Okanagan). ETSI-BC is a regional trust and as such, deep engagement of the regional committees is critical to successfully fulfil the mandate. Involvement of the RACs is the mechanism articulated in the Act to provide the board with knowledge, education, and awareness of the needs of the region and the communities they serve. Although both committees have appointed board members, further organization on the part of the RACs would facilitate increased regional involvement in funding decisions, regional dialogue, and board priorities.

The current Board and CEO recognize this gap and are working to address it. This recommendation from the Legislative Review Committee is intended to reinforce the development and support of the Regional Advisory Committees as a critical component for the Act to work effectively.

Background

- The Act requires the Regional Advisory Committees to determine their own processes⁵; however, there has historically been limited support from either SIDIT (now ETSI-BC) or government support resources.
- The Columbia-Kootenay Regional Advisory Committee has a Terms of Reference (amended 2014), the Thompson-Okanagan does not.
- The current Operating Plan of ETSI-BC identifies an action to “Refresh the way the organization works with its Regional Advisory Committees (RACs) and how they engage in the granting process”.⁶ Best practices tools provided by government or shared learnings from other Trusts would assist in this development.

Governance Recommendation

Organization and Support of Regional Advisory Committees

The Legislative Review Committee recommends that ETSI-BC continue to intentionally engage with and support the Regional Advisory Committees to organize and be more involved in decision-making and regional dialogue. It is recognized that there is a reciprocal responsibility on the part of the Regional Advisory Committees to proactively engage. The committee further recommends that the government provide access to best practices resources to support the engagement and development of the Regional Advisory Committees.

⁵ Southern Interior Development Initiative Trust Act s. 2 (3) (b) & s. 3

⁶ ETSI-BC Annual Operating Plan 2021-2022

CORE PURPOSES, REGIONAL ACCOUNT ALLOCATIONS

Purpose of the Regional Account

The purposes of the Regional Account currently outlined in the Act⁷ have the potential to limit ETSI-BC actions to further the objective of supporting economic development in the Southern Interior of British Columbia.

Background:

- The purposes currently outlined in the Act include specific areas of investment for the Regional Account. Some of these areas were critical when the Act was originally drafted but have become less important as regional economies and context have changed (e.g. pine beetle recovery). Additional areas of investment (e.g. technology and innovation) that have emerged since the original drafting of the Act are missing.
- ETSI-BC is currently able to “fit” most programs and initiatives into the existing investment areas; however, a review of these purposes and an amendment to this section that more generally describes the objective of the Regional Account areas of investment would allow ETSI-BC more flexibility to easily respond to changes in regional economies and context.

Legislative Recommendation

Purpose of the Regional Account

The Legislative Review Committee recommends that the Southern Interior Development Initiative Trust Act be amended to define the Regional Account Investment Areas in a way that would both define the overall objective and also allow flexibility to respond to changes in regional economies and context.

⁷ Southern Interior Development Initiative Trust Act s. 20 (1)

OPERATIONS

Board Appointment of Chief Financial Officer

The Act states that “*the directors must appoint a qualified individual as the chief executive officer of the Southern Interior Development Initiative Trust, and the same or a different qualified individual as the chief financial officer of the Southern Interior Development Initiative Trust*”⁸.

This is problematic in terms of clear executive delegation that is required for effective governance. As well, this section of the Act assumes that the corporation requires the position of Chief Financial Officer and the associated corporate structure and compensation while, in fact, the corporation may be better served by identifying a different position (e.g. Finance Manager).

Background:

- Effective governance best practices indicate that a clear reporting structure and delegation of authority are critical. While the legislation does not explicitly state that the Chief Financial Officer reports directly to the board, the requirement for the board to appoint the Chief Financial Officer can result in this assumption. This potentially confuses the authority for management of the corporation and creates problems regarding direction and accountability. Clear delegation of authority to the Chief Executive Officer for administration and operations of the corporation (including the management of all staff) is necessary for effective separation of governance and operations.
- While some corporations may be best served by the position of Chief Financial Officer, this level of expertise and oversight may not be necessary for all organizations and often comes with significant compensation expectations (and associated resource allocation to administration instead of project funding). Including this position in the legislation precludes a strategic staffing assessment that may indicate a different position for the corporation.

Legislative Recommendation

Board Appointment of Chief Financial Officer

The Legislative Review Committee recommends that The Southern Interior Development Initiative Trust Act be amended to remove the appointment of a Chief Financial Officer as a responsibility of the directors.

PUBLIC ACCOUNTABILITY

No legislative recommendations

GENERAL

No legislative recommendations

See governance recommendations included above

⁸ Southern Interior Development Initiative Trust Act s. 11

Appendix A: Biographies of Legislative Review Committee Members

Karen Hamling

Karen Hamling served four terms as the mayor of Nakusp. Ms. Hamling retired after many years at the Arrow Lakes Hospital, most of which were spent as the Health Records Supervisor. She previously owned two businesses and is an active member in the community. Ms. Hamling is one of the original directors and founders of the Nakusp and Area Community Foundation. She has sat on several committees including the Nakusp and Area Development Board, Community Futures Development Corporation of Central Kootenay, Halcyon Home Redevelopment Committee, Southern Interior Development Trust, and Columbia River Treaty Local Government's Committee.

Ms. Hamling received an Honourary Diploma in Community Leadership from Selkirk College in 2017 and is a recipient of the Diamond Jubilee Medal for Mayoral roll.

Passionate about her community and the health care system, she has worked to improve health care in her community.

Ms. Hamling is the mother of two children, grandmother of six, and great-grandmother of three great-grandchildren.

Alan Shaver

Alan Shaver is a former President of Thompson River University (2010-2018) and until recently was Chair of the Board of Innovate BC, a Crown Agency dedicated to building the Province's tech economy. He is an avid promoter of university-community partnerships and actively supports university collaborations with industry. In 2019 his service to the community was recognized by the City of Kamloops "Pioneer Spirit Award" and the Kamloops Chamber of Commerce "President's Award". He is Professor Emeritus (McGill), and PhD (MIT), BSc (Carleton).

Steve Thomson

Steve Thomson was born and raised on the Thomson family farm in Okanagan Mission and has a long record of service to the community. He represented Kelowna Mission as the MLA from 2009 to 2020 and served as Minister of Agriculture and Lands, Minister of Forests, Lands and Natural Resources and Rural Development. He has developed extensive knowledge and experience in economic development and land management and natural resource issues across the province.

Mr. Thomson is the former executive director of the BC Agriculture Council and has spent much of his career working on behalf of British Columbian farmers and ranchers. He has served as general manager of the BC Fruit Growers Association and the BC Milk Producers Association. He has also served as the President of the Kelowna Chamber of Commerce and as a director of the Kelowna Museum, the Okanagan Innovation Fund. He is currently a Board member of the Central Okanagan Land Trust, the Invasive Species Council of BC, the Kelowna Child Advocacy Center, and the Kelowna Meals on Wheels Society.

Rosalie C.N. Yazzie, J.D., MBA

Rosalie C.N. Yazzie, Barrister and Solicitor, Nesika Law

Rosalie Yazzie is Syilx from the Okanagan Indian Band with ancestral ties to the Secwepemc Nation. She is the Vice-Chair of the BC First Nations Justice Council and an 11-year member of the Law Society of British Columbia. Rosalie holds a Juris Doctor from the University of British Columbia and an MBA from Simon Fraser University in Indigenous Business & Leadership.

Ms. Yazzie owns and operates Nesika Law Corporation which specializes in Aboriginal law, title and rights and Nation rebuilding. She is a passionate champion for Nation building approaches based in traditional governance values, customs and First Nations legal traditions. Her firm supports First Nations clients to achieve their governance and institutional development goals through sound policy, strategic engagement, and communication.

Ms. Yazzie applies a unique lens to her practice, earned through decades of professional experience in First Nations political advocacy, human rights, and social development issues including – child welfare, health and education.

Ms. Yazzie currently serves as general counsel to the Chiefs Executive Council of the Syilx Okanagan Nation and is a past member of the Law Society of B.C.'s Truth and Reconciliation Advisory Committee. She is a member of the Columbia River Treaty Negotiations Advisory Team and has recently been appointed to the Southern Interior Development Initiative Trust 2021 Legislative Review Committee.

Appendix B: Scope and Structure of the Review

Scope of Review⁹

Objectives: The primary objective of the Legislative Review as per Section 26(1) of the SIDIT Act is to review the SIDIT Act and evaluate how it is functioning. The committee is not being asked about whether SIDIT complies with the Act, but rather, whether the Act is helping achieve the intended outcomes. The results of this Legislative Review will be presented to the SIDIT Board, which will in turn share them with the Province of BC and the general public.

Consultation: The committee may consider consulting with appropriate individuals and organizations on the functioning of the Act. The key criteria for selection of those individuals and organizations will be their knowledge and understanding of SIDIT, its work and objectives and/or experience working with the Act and the Trust over the previous five years.

Recommendations: The Committee will make recommendations for changes to the Act that its members deem necessary or desirable to support and/or improve the effective functioning of the Act and of SIDIT.

Structure of Review

Without limiting the scope of its review and the Committee's evaluation of the functioning of the Act, the Committee will be asked to address the following matters:

Governance

- *Board:*
Composition of the Board of SIDIT, term of office and proceedings (Sections 6 – 10(2) of the SIDIT Act); operating expenses and remuneration (Section 13, SIDIT Act).
- *Regional Advisory Committees:*
Composition of Regional Advisory Committees (RACs), terms of membership, structure, oversight, and procedures (SIDIT Act, Sections 2–4), and the role of the RACs (SIDIT Act, Section 21).
- *Regions:*
Definition of regions as defined in the SIDIT Regions Regulation (BC Reg. 35/2006).

Core Purpose, Regional Account Allocations

- *Purpose and focus:*
Purpose of the Regional Account and the target investment areas (Section 20, SIDIT Act).

⁹ Legislative Review Committee Terms of Reference

- *Allocation:*
Limit on total allocation to SIDIT (Section 17, SIDIT Act); management of regional account (Section 18, SIDIT Act).
- *Investments*
Permitted investment approach (Section 22 of the SIDIT Act and relevant provisions of the Trustee Act) and whether it's adequate to safeguard SIDIT funds; Interest and other income on invested money (Section 19, SIDIT Act)

Operations

- *CEO and CFO:*
Appointment and authorities of CEO and CFO (SIDIT Act Section 11, plus documents referenced in Section 10(3): *Governance & Disclosure Guidelines for Governing Boards of BC Public Sector Organizations (Section 2, Board Responsibilities), Review of the Governance Framework for Canada's Crown Corporations (Sections 4.1(3), 4.3, 5.1, 6.2)*).
- *Officers and Staff:*
Authority of CEO to appoint other officers and staff (Section 12(1), SIDIT Act, may also refer to the other documents outlined in Board Governance above).

Public Accountability

- *Strategic plans:*
Relevance of doing a 3-year strategic plan every year (Section 14, SIDIT Act).
- *Annual reports and Audit:*
As per Sections 15 and 16 of the SIDIT Act.

General

- The Committee is also asked to consider:
 - the flexibility and transparency of the Act;
 - aspects of the Act that have supported or been barriers to the objectives of the SIDIT;
 - aspects of the Act that have supported or been barriers to the operational efficiency and capacity of SIDIT to meet its intended objectives;
 - general sections not listed previously (Definitions, Section 1, SIDIT; General, Part 5, SIDIT) as required.
- Responses obtained or conclusions arrived at during the consultation process that are not pertinent to the legislative review, may be provided under separate cover to the SIDIT Board and CEO (similar to a Management Letter that an Auditor would prepare).

Appendix C: First Nations Communities – ETSI-BC (SIDIT) Region

Note to Reader:

This is an initial compilation of First Nations communities prepared for the 2021 Southern Interior Development Initiative Trust Legislative Review Committee (LRC). This initial list is not exhaustive; it is intended to provide the LRC with an increased understanding of the number of First Nations communities that may be excluded under the current legislation.

This list may exclude independent First Nations communities such as Sts'ailes - Chehalis Indian Band¹⁰ that are not associated with any tribal councils. As well, this list has not been reviewed to confirm whether each of these communities are within the geographical boundaries of the SIDIT; however, these communities are associated with Tribal Councils that operate within the SIDIT geographical boundaries.

The SIDIT geographical boundaries should also be reviewed to determine additional tribal councils that fall within its geographical boundaries such as the Northern Shuswap Tribal Council¹¹.

Syilx Okanagan Nation represented by Okanagan Nation Alliance¹²

1. Okanagan Indian Band
2. Westbank First Nation
3. Penticton Indian Band
4. Upper Nicola Band
5. Lower Similkameen Indian Band
6. Upper Similkameen Indian Band
7. Osoyoos Indian Band

Secwepemc Nation represented by Shuswap Nation Tribal Council¹³

8. Adams Lake Indian Band
9. Bonaparte Indian Band
10. Neskonlith Indian Band
11. Shuswap Indian Band
12. Simpcw First Nation
13. Skeetchestn Indian Band
14. Splotsin First Nation
15. Tk'emlups Indian Band
16. Whispering Pines/Clinton Indian Band

Secwepemc Nation represented by Northern Shuswap Tribal Council¹⁴

17. Xatsull Cmetem – Soda Creek/Deep Creek
18. Stswecemc Xgat'tem – Canoe Creek/Dog Creek
19. Texelc – Williams Lake
20. Tsq'escen – Canim Lake

¹⁰ <https://www.stsailes.com/we-are-stsailes>

¹¹ <https://nstq.ca/>

¹² <https://www.syilx.org/governance/member-communities/>

¹³ <https://shuswapnation.org/about/council-of-chiefs/>

¹⁴ <https://nstq.ca/the-4-autonomous-nations/>

Nlaka’pamux Nation represented by Nlaka’pamux Nation Tribal Council¹⁵

21. Snepa
22. Nteq'em
23. Lytton
24. Skuppah
25. Boothroyd

Ktunaxa Nation represented by Ktunaxa Nation Tribal Council¹⁶

26. Akisqnuq First Nation
27. Tobacco Plains Indian Band
28. Aqam/St. Mary's Indian Band
29. Yaqan Nukiy – Lower Kootenay Indian Band

Sto:lo Nation represented by Sto:lo Nation Chiefs Council¹⁷

30. Aitchelitz First Nation
31. Shxwha:y Village
32. Leq'a:mel First Nation
33. Squiala First Nation
34. Matsqui First Nation
35. Sumas First Nation
36. Popkum First Nation
37. Tzeachten First Nation
38. Skawahlook First Nation
39. Yakweakwioose First Nation
40. Skowkale First Nation

Sto:lo Nation represented by Sto:lo Tribal Council¹⁸

41. Chawathil
42. Cheam
43. Kwantlen
44. Kwaw-kwaw-Apilt
45. Scowlitz
46. Seabird Island
47. Shwx'ow'hamel
48. Soowahlie

¹⁵ <https://www.nntc.ca/structure-member-communities.html>

¹⁶ <https://www.ktunaxa.org/who-we-are/ktunaxa-communities/>

¹⁷ <https://www.stolonation.bc.ca/bands>

¹⁸ <https://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations/first-nations-a-z-listing/st-lo-tribal-council>