

# Born in Hard Times: Formation of the Department of Municipal Affairs

## British Columbia's Municipalities During the Depression

In the early 1930s, five British Columbia (B.C.) municipalities went into bankruptcy. Each had its own story, but all suffered from the effects of the Depression (the five municipalities were: Burnaby, Merritt, Prince Rupert and the City and District of North Vancouver). Burnaby, for example, was a bedroom community whose working-class residents commuted to Vancouver and New Westminster for employment.

Once the Depression took root, many of these residents lost the income that ordinarily would have gone to pay property taxes in Burnaby. Moreover, in the 1930s, the responsibility for unemployment relief rested with municipalities. Burnaby's already thin financial resources were stretched further as an increasing number of its residents sought economic relief from the city.

In Prince Rupert, unemployment was also a major factor in its bankruptcy. The unemployment rolls swelled as resource workers from all over the north coast of British Columbia fled bankrupt resource camps and converged on what was, for a time, the only viable community remaining on the north coast.

## The Provincial Response

The Depression's difficult consequences led many people to reconsider the roles and responsibilities of Canada's federal, provincial and municipal levels of government. Most immediately, the provincial and federal governments recognized changes needed to be made to the delivery of social services. But the municipal bankruptcies also exposed deep fault lines in B.C.'s local government system. The Province's initial response to the problems local governments faced was two-fold:

1. Provincially-appointed commissioners



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replaced the city councils that had declared bankruptcy. These commissioners had strict mandates to renegotiate outstanding debts and eventually, return these municipalities to a council form of government.

2. In 1933, the Province initiated the Harper Commission to investigate municipal problems. Among many other recommendations, this commission advised the Province to:
  - improve municipal property assessment practices and taxation policies;
  - develop new methods for municipal borrowing;
  - elevate the Inspector of Municipalities (a one-person office in the Attorney-General's department) into a full department (now ministry) of the provincial government.

Following the advice of the Harper Commission, Duff Patullo's new Liberal government established the Department of Municipal Affairs (DMA) in 1934 to assist the Province's municipalities as they dealt with the problems of the Depression. According to the legislation which established it, the DMA would be the "medium of communication between the Province and its municipalities". Arthur Wells Gray, a former mayor of New Westminster, became the first minister. **Robert Baird**, who had been the well-regarded inspector of municipalities since 1917, was named the first deputy minister.

### **The Influence of the Department of Municipal Affairs in the 1930s**

Over the course of the 1930s, the DMA sought to assist municipalities in developing the tools they required for financial viability. While the three levels of government debated formulas for the delivery of unemployment relief and other social services, the DMA focused on building the capacity of municipal officials to both analyze and manage the financial affairs of their communities. It increased its supervisory role over municipal borrowing, and made important changes to the *Municipal Act's* assessment provisions. In an era before commercial plane travel, DMA staff ventured throughout the province by car and by train to help municipal officials in B.C.'s small communities.

In 1939, the Department sponsored the first stand-alone provincial meeting of municipal administrative officers in Victoria. This meeting became an annual event that fostered the professional development of those responsible for running the day-to-day affairs of the Province's municipalities. What began as the Municipal Officers' Association (MOA) at

that time, continues to this day as the Local Government Management Association (LGMA).

The difficulties B.C.'s municipalities encountered during the Depression were not wholly resolved by 1939. Problems stemming from social service provision, borrowing and property assessment continued to vex municipal governments until the 1970s. Provincially-appointed commissioners continued to govern the five bankrupt municipalities until the 1950s. The establishment of the DMA and its efforts in the 1930s enabled a more systematic and rational relationship between the Province and municipalities. Just as important, the DMA's first staff members (many of whom came from the ranks of municipal government administration) established a respectful ethos within the DMA. This ethos included:

- ❖ Respect for local autonomy.
- ❖ A mutual understanding of provincial and municipal concerns.
- ❖ Systematized analysis of municipal problems.
- ❖ A collaborative approach to problem-solving.

As the DMA has evolved into the present-day Local Government Department (LGD), the spirit of respect and collaboration remains an integral aspect of the LGD's work.

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