
Background Paper:
**Harmonization of Regulation, Service Delivery
&
Economic Development**

**Prepared for: Task Force
on Community Opportunities**

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A. INTRODUCTION

1. Background

The Task Force on Community Opportunities (Task Force) was established with a commitment “to review the relationship between local government regulation and economic development, and how local governments can more effectively support business investment and the growth and development of the economy.” As part of its work, the Task Force commissioned a number of distinct reports to provide background to its deliberations.

The purpose of this paper is to provide background context to support a discussion by the Task Force about regulation, service delivery and economic development as three key elements of the business friendliness of a community. The paper does this by discussing what regulation is and how it imposes costs and provides benefits with particular emphasis on the costs of duplication and overlap as the rationale for regulatory harmonization. The paper also discusses how these concepts can apply to government services and economic development policy. The paper goes on to describe and discuss a range of initiatives undertaken by local governments in several jurisdictions related to the harmonization of regulation, service delivery and economic development.

While the paper concludes with some observations, it is intended primarily to provide context and is neither a discussion paper focused on defining issues and seeking solutions, nor a best practices guide intended to provide advice or suggestions to governments about how to improve.

2. Organization of Report

Following this introduction, the second section of the paper explores the rationale for (and benefits of) regulation and describes the costs imposed by regulation and the approaches and barriers to mitigating those costs. Particular attention is paid to the potential for harmonization to improve effectiveness and reduce costs, in terms of regulation, service delivery and economic development. This section also includes a brief discussion of the application of performance measurement and reporting to regulatory and service delivery reform.

The third section of this paper outlines the framework for local government authority and governance in BC, including the legal framework in place to enable local governments to harmonize and coordinate their regulatory programs and service delivery.

The fourth section provides a summary of research into deregulation, harmonization and streamlining practices in BC and other jurisdictions. (Appendix A provides more detail on each of these initiatives as well as local government performance measurement examples.)

The final section outlines some observations based on the information presented in the report.

B. REGULATION, REGULATORY HARMONIZATION AND SERVICE DELIVERY

This section provides context about regulation, discussing what regulation is, why governments regulate, how governments regulate, how government regulation imposes costs and how harmonization can increase the effectiveness of regulation and reduce its cost. It goes on to apply the principles developed to government service delivery and to discuss the potential role for performance measurement as an incentive to change.

1. What is Regulation?

Regulation refers to actions taken by government to influence behavior in the public interest.

That simple definition includes several key elements:

- *Regulation is something that is done by governments* – all levels of government regulate, including federal, provincial and local government in Canada.
- *Much of what governments do falls within the broad category of regulation* – in general terms, government activities fall within one or more of four categories: revenue generation, service provision, regulation and administrative support. Regulatory activities are an important part of what governments do.
- *Regulation works by affecting behaviour* – through encouraging or discouraging behaviours that governments decide are beneficial or harmful to the public good. Both the reasons for regulating and the methods that are used to regulate are described below.
- *There are costs associated with all regulation* – there are administrative costs associated with all government activity, but the costs of regulation go beyond that because changing behaviour creates costs, but it can also create benefits.

2. Why Regulate?

One of the characteristics of government regulation is that it should be intended to increase the public good, creating a benefit that will be enjoyed by society. Generally, the idea is that without government intervention of some sort, some people will behave in a way that harms others or will not do things that would benefit others. Regulatory activities can eliminate some of that harm and/or create some additional benefits so that overall, society is better off.

Most regulation is aimed at generating benefits in one or more of three broad categories:

- *Public health and safety* – many regulatory programs are intended to protect or enhance health and safety such as food safety, traffic safety, occupational health and safety, waste management, air quality control and building construction regulatory activities.
- *Environmental protection* – examples include wildlife habitat and eco-system based management, waste management, air quality and water use regulation, resource

harvesting and extraction management, land use planning and zoning, and access to Crown land.

- *Economic efficiency* – includes regulatory programs related to monopolies, business licenses, land use planning and zoning, labour markets, resource extraction and harvesting, and financial institutions.

Note that in the examples given above (which are only a small sampling of existing regulatory programs), most are of regulatory areas where more than one level of government is active. In many cases the same activity is regulated under several different regulatory programs at the same time. That can include an activity being regulated by different levels of government (i.e. federal, provincial and local), by more than one local and/or provincial government at the same time and by different programs or agencies within each government.

While there should always be a good reason for a government to impose a regulatory requirement, it is often difficult to know how much benefit the program actually produces. It is especially difficult and often very controversial to try to put a monetary value on the benefits that result from regulating because it requires putting a dollar value on things like human life, the quality of life and environmental diversity. However, that does not mean that alternative approaches to achieving a given public policy goal can not be compared, at least qualitatively, to determine which is likely to be more effective.

3. How do Governments Regulate?

There are many different regulatory instruments that are used by governments. Some of the most common include:

- *Prohibitions* – making it illegal to undertake certain activities;
- *Licenses, permits and approvals* – requiring that a specific approval, usually based on set criteria or conditions, be given by a regulatory agency before certain activities can be undertaken;
- *Requirements* – specifying how a certain activity must be performed – can be, but is not necessarily a condition of a license or permit;
- *Standards* – instead of requiring that an activity be performed in a certain way, setting a standard that must be met in terms of a specified, measurable outcome, with reporting to demonstrate that the standards are being met;
- *Economic incentives* – use of taxes or the creation of markets for goods and services that are not usually bought and sold (like greenhouse gas emissions) to encourage changes in behaviour.

Most regulatory programs include enforcement mechanisms that are used to encourage compliance, including reprimands, publication of failures to comply, fines, fees, revoking of a license or permit and banning participation in certain markets or activities.

Many regulatory programs use a combination of regulatory instruments. These are all very simple concepts, but when they are applied the details can be, and often are, extremely complex. None of these approaches is necessarily better or worse than any other in general. The effectiveness and cost of a given regulatory program will depend on those details.

4. How does Regulation Impose Costs?

All regulatory programs impose costs, some of which are obvious and easy to measure, but others are hidden and difficult to quantify. The following describes several different types of costs of regulation going from the most obvious and measurable costs to the most hidden and difficult to quantify costs.

- *Administrative costs* – every regulatory program requires some effort by the government or an agency mandated by government to administer the program. Administrative costs are the costs of operating the program. In many cases, these costs are recovered (partially, fully or in excess of full recovery) by imposing fees or charges on those being regulated. In some cases, administrative costs fall partly or fully on the general taxpayer.
- *Costs of compliance* – in most cases those being regulated must do things to demonstrate compliance, such as applying for a permit or license, providing a periodic report, purchasing equipment or paying for testing to monitor an outcome (such as waste discharge quality) and paying penalties imposed for non-compliance. Costs of compliance generally fall on those being regulated and are a type of cost that is widely recognized. The cost can usually be measured, but there are challenges associated with generating accurate measures.
- *Economic costs* – these are the costs imposed by regulation affecting behaviour, including intended and unintended consequences. These costs are often the largest part of the overall cost, but these are also the costs that are most hidden and difficult to estimate. Examples of economic costs include:
 - *Opportunity costs*, which are foregone profits as a result of activity being regulated. That can arise because an activity is delayed awaiting regulatory approval or because the activity is prohibited or must be done differently as a result of a regulatory program.
 - *Reduced innovation and competition costs*, which arise if a regulatory program reduces innovation and/or competition. Often regulation limits competition in a market or requires that activities be done in a certain way. That, in turn, generates costs because the benefit to consumers of lower costs and better products or service generated by competition and innovation is lost.
 - *Reduced economic efficiency costs*, which arise if a regulatory program causes a misallocation of resources by distorting prices or otherwise interfering with the operation of a market.

It is sometimes argued that the costs of regulation should not be considered. One argument is that it is inappropriate to compare costs and benefits because one cannot put a value on life, environmental protection or other public interests. Another argument against consideration of regulatory costs is that most costs cannot be accurately measured. An accurate monetary comparison of benefits and costs is not possible or appropriate in many cases. Nevertheless, public decision-makers have an obligation to the taxpaying public to try to make all programs, whether regulatory or not, as effective as possible in achieving their objectives and as efficient as possible. That can only be done by ensuring that decisions are informed in terms of both benefits and costs, at least qualitatively.

There are always many possible ways to achieve a public policy objective and those alternatives will differ in how effective they are in achieving the objective and in the costs that they impose. Even though costs and benefits cannot always be accurately measured, it is usually possible to qualitatively compare the effectiveness of alternatives and the types of costs that are being imposed so that at least the tradeoffs inherent in every decision can be better understood when the decision is taken.

In summary, regulatory programs comprise a large part of the activity of all levels of government and affect almost everything that happens in our society. That is mostly a very good thing, with many of the features we value in our society the direct result of government regulation and many important benefits accruing to us all as a result of regulation. However, regulation also imposes costs, many of which are hidden and impossible to measure. There is no “right” answer about the best way to regulate – regulatory policy is complex due to the intertwining of regulatory programs by multiple governments at multiple levels, the importance of detail and complexity of multiple objectives and hidden costs.

5. Approaches to Regulatory Reform

One approach to improving regulatory policy is “**deregulation.**” This approach implicitly assumes that in many cases the benefits of regulation are far outweighed by the costs so that there will be a net benefit from no longer regulating many activities. As discussed above, in some cases, that may be true. Deregulation has often been the focus of regulatory reform efforts over the past several decades. It has the benefit of relative simplicity, but does not help much with the majority of regulatory programs that do serve a valid public interest.

British Columbia itself has put considerable stake in regulatory reform, initially focusing on deregulation (i.e., the 2001 election commitment to reduce number of regulatory requirements by one-third within a three-year period) and recently moving to a broader concept of improving BC’s regulatory systems. A new target of a zero percent increase in regulatory requirements and development by ministries and government agencies of three-year regulatory reform plans has been imposed, together with an increased focus on improving the quality of regulations and working with the federal government on “smart regulation”.

“**Smart regulation**” refers to a process of reforming regulation by maximizing the effectiveness of programs and minimizing the costs. It is often much more difficult to do than deregulating, but has much greater potential because it can be applied to the myriad

areas where regulation is necessary. Smart regulation is based on an understanding that most regulation is directed to legitimate and necessary public interests and that it is often possible to both enhance those interests and reduce overall costs.

For an in-depth discussion of “smart regulation” please see *Smart Regulation: A Regulatory Strategy for Canada*, External Advisory Committee on Smart Regulation, September 2004¹ (the federal Smart Regulation initiative is also discussed in greater detail in a later section of this paper) and *Economic Growth Through Regulatory Reform: A Discussion Paper*, BC Progress Board, February 23, 2005.²

6. Harmonization

One of the key tools of the smart regulation approach is “**harmonization**,” which refers to ways of reducing duplication and overlap between governments and government agencies. As noted, often several different governments or agencies regulate the same activity (or provide a similar service) for the same or similar reasons. For reasons of jurisdiction or local circumstances, it is sometimes necessary for more than one government or agency to regulate an activity. But, sometimes having more than one government or agency regulate an activity does not add anything to the effectiveness of any of the regulatory programs in enhancing the public interest. Sometimes, multiple regulatory programs actually reduce each other’s effectiveness. And, in almost every case, duplication and overlap result in additional costs that could be eliminated through harmonization without reducing the benefits of regulation.

Duplication and overlap in regulatory programs increase all of the types of regulatory costs identified above. In many cases, administrative costs are higher than they would be if duplication were reduced, especially if the result of harmonization is fewer governments or agencies regulating the activity. In almost all cases, compliance costs can be reduced if those being regulated need to provide less information, deal with fewer government agencies, wait less for decisions and have to stay current and comply with fewer regulatory requirements and processes. Finally, in most cases, economic costs can also be reduced by eliminating overlapping regulatory requirements and thereby reducing constraints on activities and economic distortions.

There are several approaches that can be taken to harmonizing regulation, including the following:

- *Streamlining of processes* – agencies and governments working together to provide one integrated process and set of information and regulatory requirements for activities that require approvals from several different agencies. The result can be reduced compliance and administrative costs together with more consistent approval decisions and more certainty about timing. An example of this is specific land use approvals that sometimes

¹ See www.pco-bcp.gc.ca/smartreg-regint

² See www.bcprogressboard.com

require multiple approvals for the same activity on the same property or require those who develop land to be familiar with the processes of many different governments and agencies because they develop land in several different jurisdictions.

- *Standardizing requirements* – often the standards set by different regulatory programs differ slightly even when the objective of the regulatory programs are the same. Whether the multiple standards apply to the same activity or to different activities performed by the same business, the result is increased costs without any resulting increase in public interest. Those costs can be reduced by adopting one set of standards and agreeing to keep those standards the same over time without necessarily changing the ability of different governments and agencies to make regulatory decisions.
- *Standardizing regulatory approach* – sometimes, different agencies or governments use different regulatory instruments to accomplish the same goal – one government might use licensing while another takes a more results-based approach. Costs can be reduced by using the same regulatory instruments, especially if processes and standards are also streamlined.
- *Rationalizing regulatory jurisdiction* – sometimes the simplest and most effective way of reducing duplication and overlap is to reduce the number of governments and agencies that are regulating an activity. That can sometimes be accomplished by agreement among governments or agencies, sometimes by legislation and sometimes by a government simply deciding not to exercise jurisdiction in a particular area.

A key to effective harmonization is to determine which regulatory decisions should be made at which level of government. Where there are real public interest benefits to regulatory decisions being taken at the most local level, then harmonization might be accomplished by ensuring that regulatory approaches and processes are coordinated and made consistent, but that standards and decision-making remain local. Land use zoning may be an example where local decision-making based on local standards is most effective. Post-zoning development may be an example where local decision-making is best, but where at least some aspects of process and standards could be harmonized across regions or the province. In other cases, where there is clearly an overriding regional or provincial or national interest, harmonization might be best accomplished by rationalizing regulatory jurisdiction.

7. Barriers to Harmonization

Given that harmonization has the potential to reduce costs without reducing the public interest benefits of regulation, what are the barriers that keep it from being successfully implemented in more areas? There are at least three:

- *Capacity* – harmonization can take an enormous amount of effort from staff and elected officials alike. It takes time, resources and long-term commitment.
- *Motivation* – there is often little reason for governments to put a high priority on regulatory harmonization. From their perspective, their regulatory programs may be achieving their objectives and there is little reason to change. Those who pay the costs

of regulatory duplication and overlap may not be willing, or able, to make a case for reducing costs (note that it is not always those who are regulated that bear most of the costs, it may be the general taxpayer, competitors of those who are regulated or the economy overall). Even if there are complaints, there may be special interests that strongly support the status quo, sometimes including those who are regulated.

- *Jurisdiction* – harmonization usually requires some or all of the governments and agencies involved to cede some of their authority. That is sometimes difficult for decision-makers to do.

8. *Harmonization of Services and Economic Development*

The analysis of regulatory harmonization can also be applied to many government services. Effectively, the issue with government services is the same as with regulation in terms of determining which is the most effective and efficient level of government to deliver the service. Services can be harmonized much like regulatory programs by determining what services are best delivered locally, regionally or provincially and by determining whether harmonizing processes or standards associated with services can increase efficiency and effectiveness. The same barriers act to make it difficult to rationalize services as regulatory programs.

One example is regional economic development, especially in urban regions, which is an activity in which local government often plays a role. When economic development planning and implementation are delivered at the municipal level in an urban region with multiple municipalities, they may not be very efficient or effective. Municipalities may compete with each other to their mutual detriment and economies of scale in terms of establishing a profile in the marketplace and reducing administrative costs may be lost. However, different local attitudes to development within a region and concerns about how regional economic development services may affect individual municipalities, can make it difficult for municipalities to agree to mandate a regional service.

9. *Performance Measurement & Reporting*

Performance measurement is one potential tool for evaluating regulatory systems and managing efforts at regulatory reform and reform of service delivery models and approaches. Under a performance measurement system, performance indicators would be identified, targets set and performance as compared to targets monitored and reported on. The intention is to provide an incentive to improve performance.

The report of the External Advisory Committee on Smart Regulation made specific recommendations respecting the need to implement a performance measurement system as an essential component of implementing its Smart Regulation Strategy. The report recommended that:

“regulators should announce the results they wish to attain, the manner in which they intend to measure them as well as when and at what frequency they will report on them. They must demonstrate their progress in

achieving these results and be prepared to modify their approach if necessary. Evidence of performance is essential to sustain public trust. [The] recommendation on performance measurement is aimed at improving the initial framework for assessing regulatory performance so that the government and stakeholders will be better informed of the objectives of regulation. It is also aimed at ensuring that these objectives are measured more accurately and, equally important, that adjustments are made to legislation and regulatory programs to ensure continuous improvement. ... The government should establish performance criteria and indicators in order to monitor, evaluate, report on and adjust the process to ensure that it is effective at fostering the principles and objectives of Smart Regulation”³.

Examples of local government performance measurement initiatives in Ontario, the United Kingdom and other jurisdictions are described in Appendix A - Local Government Performance Measurement. Though none of these examples specifically focus on business friendliness or regulatory reform, performance measurement could be used in BC, as it is in Ontario and the United Kingdom, as a general accountability mechanism for local governments with some indicators specifically designed to address business friendliness or could be focused only on business friendliness. A possible model for a process and framework for measuring business friendliness of local governments in British Columbia is the BC Progress Board, an independent panel of 18 senior business executives and academic leaders established by the Premier in July 2001, with responsibility for “benchmarking BC over time and relative to other jurisdictions, and with providing strategic advice to the Premier on measures to improve provincial economic performance and the well-being of British Columbians.”⁴

C. LOCAL GOVERNMENT IN BC

This section of the paper provides a summary of the current legislative and regulatory environment for local governments in British Columbia, including regulatory harmonization mechanisms designed to enable local governments to operate efficiently and effectively.

In British Columbia, the system of local government is composed of three main forms of government: municipalities, regional districts and improvement districts. A municipality is a general purpose local government incorporated by the B.C. cabinet after an area’s citizens vote in favour of incorporation. A locally elected council governs the municipality. Regional districts serve as a form of local government in almost all of British Columbia. They are governed by a board of directors, composed of representatives from the municipalities and the electoral areas (that is, the non-municipal areas) within the regional

³ *Smart Regulation: A Regulatory Strategy for Canada*, External Advisory Committee on Smart Regulation, September 2004, pages 55 and 63.

⁴ www.bcprogressboard.com/index.php

district boundary. Improvement districts are incorporated public bodies managed by elected trustees that are established to operate and administer services such as community water systems and fire departments within a specific geographic area.

1. Municipal Powers

The *Community Charter*, which came into effect January 1, 2004, has at its core the principles of municipal governance and municipal-provincial relations. Under these principles, the province formally recognizes municipalities and their councils as an order of government that needs adequate powers and authority. The legislation also recognizes that citizens of British Columbia are best served when there is mutual respect between municipalities and the provincial government and when each works cooperatively with the other on matters of mutual interest.

a) Fundamental Powers

Consistent with the above, the *Community Charter* gives broad powers to municipalities to regulate activities and provide services within their communities, including giving local governments the same legal power as an individual (i.e., natural person), the power to provide any service that the council considers necessary or desirable and the power to regulate a number of broad areas or "spheres." Fundamental powers of municipalities include the power to make bylaws, regulate, prohibit and impose requirements in relation to municipal services and building and other structures. A municipal council also has the specific authority to regulate, by bylaw, in relation to business and establish licensing, permitting and approval requirements respecting activities within its municipality and establish or adopt standards, codes or rules for regulating in relation to any matter over which it has jurisdiction.

b) Concurrent Authority

In recognition that the Province and local governments share an interest in regulating certain activities, the *Community Charter* introduced the concept of concurrent regulatory authority in five areas or "spheres of power":

- Public health;
- Protection of the natural environment;
- Wildlife;
- Building standards; and
- Prohibition of soil deposit or removal.

Municipalities have the power to adopt bylaws in the "spheres" of concurrent authority subject to provincial involvement. Bylaws under these spheres must be made in accordance with a minister's regulation, an agreement between the municipality and the minister responsible, or a specific approval by the minister responsible for the relevant sphere. Four ministers are responsible for the five spheres of concurrent authority: Minister of Forests and Range and Minister Responsible for Housing – Building Standards; Minister of Environment – protection of natural environment and wildlife; Ministers of Environment

and Energy, Mines and Petroleum Resources – prohibiting soil deposit or removal; and Minister of Health – Public health.

c). Inter-Municipal Regulation

The *Community Charter* provides for joint regulation by two or more municipalities (section 14). Inter-municipal regulation can be used for joint action on any matter for which municipalities have authority and may be particularly relevant for those municipalities in close proximity to each other and for the following reasons:

- to provide a more consistent and predictable business friendly regulatory environment;
- to ensure the regulatory system is effective and efficient; and
- to assure citizens that regulations are meeting community objectives⁵.

The pursuit of shared goals in areas as diverse as air quality, economic development promotion and creation of a business friendly environment may provide the impetus for inter-municipal regulation. Inter-municipal regulation may also be spurred by the desire to deal with unintended, cross-boundary impacts of one jurisdiction's regulatory actions on another municipality.

The Ministry of Community Services, in partnership with UBCM and the business community, has developed a Regulatory Best Practices Guide to provide direction on the consideration, development and implementation of municipal regulations and the suitability of inter-municipal regulation as an approach (discussed further in Section D of the paper).

d). Partnering with Local Government

The *Community Charter* establishes authority for a range of possible partnering mechanisms for local government in order to collaborate in the provision of services. It specifically provides that a municipality has the authority to deliver a service outside its municipal boundary, subject to first obtaining the approval, on terms and conditions if any, of the neighbouring municipality or regional district. This sets the basis for a variety of possible partnering arrangements.

One alternative is an inter-municipal agreement whereby two or more municipalities may, by bylaw passed by each participating council, allow certain functions of one municipality to be exercised by another municipality. Another alternative is for a municipality to enter into a partnering agreement with a public authority where the public authority agrees to provide a service on behalf of the municipality. Under the legislation some agreements must be approved by the electors.

⁵ See www.mcaws.gov.bc.ca/charter/legislation/index.htm

Guidance material⁶ suggests that local governments may wish to collaborate on services, either through a regional district, a partnering agreement or through an inter-municipal scheme in order to:

- *Realize economies of scales* – several municipal services (i.e., a sewage treatment plant) can only be maximized by increasing the service area beyond one municipality's boundaries. The high fixed costs associated with some services could be more economical when used by the populations of two or more jurisdictions, thus averaging out the costs over a larger population base.
- *Avoid duplication* – one municipality in a group could assume responsibility for a particular service and provide it throughout the broader inter-municipal area rather than each municipality developing the capacity and organization to provide the same specialized service. This would also have the benefit of ensuring that there is just process and set of standards, avoiding unproductive compliance and administration costs.
- *Provide an otherwise unattainable service* – certain specialized services are difficult if not impossible for certain municipalities to provide on their own (i.e., recreation centres, libraries, specialized police and fire functions) and an inter-municipal or partnering agreement may make provision of such a service to their community possible.
- *Provide equity and consistency* – certain services provided by one municipality have benefits beyond the municipality's borders such as economic development – the efforts of one municipality to attract and develop business will have both direct and indirect benefits to neighbouring communities. Collaboration in overall economic development planning and implementation for a larger region may be beneficial by providing equitable and consistent service – this is important for users of services that are not constrained to operating within the boundaries of one local government.
- *Use existing expertise* – an agreement between a municipality and another municipality with expertise in a particular service could make that service available to a broader region.

2. Regional District Framework⁷

a) Creation of Regional Districts

Regional districts are a unique feature of the British Columbia local government system dating back to the early 1960s. In 1965, the province was undergoing rapid expansion, in particular because of resource development. Rural areas in many parts of the province were

⁶ See <http://www.mcaws.gov.bc.ca/charter/legislation/index.htm>

⁷ See www.mcaws.gov.bc.ca/lgd/pol_research/redprimer/html#2.4 – *A Primer on Regional Districts in British Columbia*.

growing in population, but did not have a general purpose local government resulting in serious problems in terms of rural communities having access to services, political accountability and efficiency. Related issues included:

- a lack of planning in rural areas adjacent to municipal boundaries;
- difficulties for rural residents in accessing basic services such as fire protection and water supply; and
- "free rider" problems where residents of rural areas used municipal facilities without paying a fair share of the costs (particularly evident in the area of recreation and cultural services).

Additionally, while there were means to achieve economies of scale in local government service provision (political amalgamation of municipal units, inter-municipal contracting or creation of special purpose regional service agencies through special statute – for example, the Greater Vancouver Water District, the Greater Vancouver Sewer and Drainage District and the Greater Victoria Water District) these means were not readily available, lacked broader political acceptability or lacked sufficient flexibility to deal with the wide range of issues around the province.

As an answer to these issues, legislation enabling the creation of regional districts was introduced in 1965⁸. The process for creating regional districts has been described as the process of "gentle imposition" – within a five-year period from 1965 to 1970, 29 regional districts were incorporated using “both incentives and a bit of a push from provincial legislation.” To a large extent the boundaries of regional districts followed school district boundaries, but with certain compromises designed to ensure that each regional district had a reasonable tax base.

b) Principles Underlying Regional Districts

There are six basic principles underlying the current regional district system:

- *Federal/confederal mix* – populations of rural areas have a federal relation to their region in that they vote for regional district directors and receive services directly from the regional district, whereas residents of municipal areas have a confederal relation to the district in that they do not vote for directors and receive services indirectly from the region, but through the municipality.
- *Voluntary* – for the most part regional districts are “voluntary” organizations providing the services that their members want them to provide.

⁸ The *Local Government Act* remains the core legislation for regional districts; provisions of the *Community Charter* only apply to regional districts where appropriate.

- *Consensual* – regional districts operate on power provided to them by municipal members and the public; this means “getting things done by forging agreements and partnerships”.
- *Flexible* – a regional district enjoys a high degree of flexibility in choosing what services it will provide and at what scale; services provided by regional districts varies significantly throughout the province.
- *Fiscal equivalence* – legislation governing regional districts requires a close matching between the benefits and costs of services; the principle is cost recovery – residents “pay for what they get”.
- *Soft boundaries* – closely related to the principles of flexibility and fiscal equivalence, this principle is based on each service provided by a regional district having a service area, or a “custom” boundary which attempts to match the cost recovery to those benefiting from the service (sewage disposal service costs only recovered from members receiving the service).

c) **Structure of Regional Districts**

Regional districts are formed by federations of municipalities and electoral areas. Regional district legislation establishes that each regional district is governed by a board of directors. Representation for municipal areas comes from directors appointed from and by municipal councils (Municipal Directors) and representation for electoral areas comes from directly elected directors (Electoral Area Directors).

The goal of representation on a regional district board is to balance representation by population and representation by community. This balance is achieved through a combination of the number of directors and number of votes as follows:

- a *voting unit* is established for the regional district, (e.g., one vote per 1,000 population) normally set to match the approximate size of the smallest municipality;
- the number of *votes* a municipality or electoral area is entitled to is determined by dividing the population of the political unit by the voting unit with the result raised to the next whole number; and
- the number of *directors* for each political unit is determined by dividing the number of votes by the number five (though there is provision to allow for a divisor other than five).

The result is that each political unit has at least one director with larger jurisdictions having more than one director and, consequently, more votes.

d) **Role of Regional Districts**

Regional districts have three basic roles:

First, regional districts “are regional governments for the region” providing a political forum for representation of regional residents and communities and a vehicle for advancing the

interests of the region as a whole. In some cases, regional districts provide a vehicle for the delivery of services that are most effectively and efficiently provided at the regional level such as economic development, water supply, sewerage disposal, and solid waste management. In practice, the regional district is usually the *wholesaler* of these services while the municipality is the *retailer* – the regional district's customers are the municipalities whereas the municipal customers are the general public. For example, for water services, the regional district might manage the central reservoirs and treatment facilities and deliver the water to the municipality that in turn acts as the retailer distributing water to individual customers.

Second, regional districts provide a political and administrative framework for inter-municipal or sub-regional service delivery on a partnership basis through the creation of "benefiting areas." Any combination of municipalities and electoral areas can voluntarily join in the provision of services and recover the costs from the beneficiaries (for example, a large recreation centre might serve four municipalities and one electoral area within a larger regional district).

A third role of regional districts is that of acting as the "local" government for unorganized rural areas providing, at a minimum, community planning and land use regulation and, typically, the provision of building regulation and inspection; nuisance regulation; street lighting; and house numbering.

3. *Improvement Districts*

Before the advent of regional districts, improvement districts were the predominant form of local governance and service delivery in rural areas of the province. Originally established as a method to provide public management of irrigation or domestic water systems in rural areas, improvement districts were gradually given responsibility for other services including such things as dyking, drainage, street lighting, garbage collection, ambulance services and capital funding for small rural hospitals or clinics. Over time, however, given the creation of regional districts and their broad roles in providing general government for electoral areas, land use planning and associated regulatory services and local services like water and fire protection, improvement districts lost their predominant role as the vehicle for the delivery of local services in rural areas. Regional districts have assumed responsibility for many local services and improvement districts have become just one of various service delivery vehicles available for consideration by rural residents.⁹

4. *Observations*

The legislative framework for local governments in British Columbia is extremely flexible. It provides local governments with the ability to regulate and provide services at the local level as needed to deal with local issues.

⁹ *Policy Statement: Improvement District Governance*
www.mcaaws.gov.bc.ca/lgd/gov_structure/improvement/policy.htm

The local government legislative framework also provides several ways for municipalities to work together and work with other levels of government to harmonize regulatory programs and services. In particular, the regional district is a very flexible mechanism for providing regional and sub-regional services and regulatory programs where that makes sense. In general, the legal framework for local government in BC provides a variety of mechanisms to allow harmonization of services and regulatory programs to be undertaken and to be customized to meet the needs of different regions.

D. HARMONIZATION INITIATIVES SUMMARY

The purpose of this section of the paper is to provide an overview of identified examples of initiatives in British Columbia, across Canada, and internationally that are designed to promote harmonization of regulation and service delivery, including economic development.

The issue of how to harmonize regulatory programs and service delivery is common to many jurisdictions. Research reveals widespread attention to this area and many approaches, strategies and mechanisms adopted by various levels of government across various jurisdictions. The following table provides a summary of the sample of initiatives or strategies identified through the research, compared against the approaches that can be taken to harmonizing regulation and service delivery and how some of the barriers to harmonization are addressed through these initiatives.

A more detailed description of each of the initiatives or strategies is provided in Appendix A.

Initiative / Program	Approach	Barriers Addressed
BC Examples		
<i>Regulatory Best Practice Guide</i>	<p>Suggests consideration of “alternative” regulatory approaches by municipalities including</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches 	<i>Motivation</i> – addressed by showing how “good regulation” can benefit municipalities and their constituents
<i>Business Licensing</i>	<p>Developed and implemented standardized municipal business license throughout CRD municipalities for trades –</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements 	<p><i>Capacity</i> – funding provided to support development</p> <p><i>Motivation</i> – pressure from business community, supported by province, and local government leadership</p> <p><i>Jurisdiction</i> – maintained authority for licensing, but agreed to standard form and process</p>
<i>Smart Development Partnerships</i>	<p>Funds partnerships designed to support local governments efforts in planning and making decisions on land use that benefit communities including</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches 	<i>Capacity</i> – funding provided to support programs
<i>Harmonization of Development Application Forms</i>	<p>Established model for standardized “Development Application” requirements and processes for CRD municipalities -</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements 	<p><i>Capacity</i> – funding provided through Smart Development Partnerships</p> <p><i>Jurisdiction</i> – under model, local governments would maintain authority for approvals, but a standard form and process</p> <p><i>Motivation and Jurisdiction</i> – appears to be insufficient incentive to voluntarily adopt standardized model</p>
<i>Municipal Design Guideline Manual</i>	<p>Established model for standardized set of criteria for design for local government infrastructure –</p>	<p><i>Capacity</i> –funding provided through Smart Development Partnerships</p> <p><i>Motivation and Jurisdiction</i> –</p>

Initiative / Program	Approach	Barriers Addressed
<i>Building Modernization Project</i>	<ul style="list-style-type: none"> • streamlining of processes • standardizing requirements <p>Consultation and development project to modernize building safety regulatory system; outcomes could include</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches • rationalizing jurisdiction 	<p>adoption of program voluntary; not clear if sufficient incentive for widespread adoption</p> <p><i>Capacity</i> – support and coordination provided by Ministry</p> <p><i>Motivation</i> – close involvement by interested stakeholders; strong project leadership</p> <p><i>Jurisdiction</i> – outcome may involve some rationalization of jurisdiction and authority</p>
<i>One-Stop Business Registry</i>	<p>Single window service access to federal, provincial and local government re business registration and address changes -</p> <ul style="list-style-type: none"> • streamlining of processes 	<p><i>Motivation</i> – developed in response to pressure from business for better service/lower costs in complying with government regulation; over longer term, issue is obtaining broader municipal take-up</p>
<i>Greater Victoria Enterprise Partnership</i>	<p>Partnership of CRD municipalities to create an economic development blueprint for the region; recommended inter-jurisdictional cooperation to promote harmonization that could include</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches • rationalizing jurisdiction 	<p><i>Capacity</i> –funding provided to support development of strategy</p> <p><i>Motivation</i> – key involvement and push from business leaders</p> <p><i>Jurisdiction</i> – key issue for successful implementation of recommendations</p>
<i>Resort Task Force</i>	<p>Action plan addressing provincial and local government land use approval and local government development related to establishing resort communities –</p> <ul style="list-style-type: none"> • streamlining of processes • rationalizing jurisdiction 	<p><i>Capacity</i> – funding and support provided to development of Action Plan</p> <p><i>Motivation</i> – provincial government leadership</p> <p><i>Jurisdiction</i> – under Action Plan, proponents deal with a single coordinating agency</p>
<i>Independent Power Producers</i>	<p>Memorandum between provincial government and UBCM on the development of independent power</p>	<p><i>Capacity</i> – funding and support provided by government</p> <p><i>Motivation</i> – provincial government</p>

Initiative / Program	Approach	Barriers Addressed
	projects that could result in <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • rationalizing jurisdiction 	leadership <i>Jurisdiction</i> – key issue to be addressed
<i>The Okanagan Partnership – Sustainable Prosperity Strategy</i>	Partnership between business leaders and local government to develop a strategy for achieving sustainable prosperity in region – <ul style="list-style-type: none"> • streamlining of processes • rationalizing jurisdiction 	<i>Capacity</i> – funding and support provided by partners <i>Motivation</i> – key involvement and push from business leaders <i>Jurisdiction</i> – recognition among diverse parties that they must work together to support overall prosperity of region
<i>Various Municipalities Individual Initiatives</i>	Several BC municipalities have undertaken regulatory reform and service delivery initiatives focused on becoming more business friendly. While not specifically harmonization initiatives, these demonstrate that many local governments in BC are active in addressing issues related to business opportunity	<i>Capacity</i> – these examples show that local governments do have the needed capacity <i>Motivation</i> – The examples also demonstrate significant motivation, often associated with a partnership between business and local government <i>Jurisdiction</i> – Where only one local government is involved, jurisdiction is not usually an issue. This is part of the reason why change on a sub-regional, regional or provincial basis is more difficult and complex
Examples of Innovations and Practices in Other Jurisdictions		
<i>Federal Smart Regulation Initiative</i>	Comprehensive strategy to improve the overall federal regulatory environment involving <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches • rationalizing jurisdiction 	<i>Capacity</i> – federal leadership and support <i>Motivation</i> – in response to a number of pressures for more effective, cost efficient regulation <i>Jurisdiction</i> – rationalizing systems and cooperation and improved coordination are key objectives
<i>Federal BizPal</i>	Specific federal Smart Regulation commitment, with overall aim of providing businesses streamlined and harmonized business processes and regulations across all three	<i>Capacity</i> –federal leadership and support <i>Motivation</i> – in response strong pressure from business to reduce

Initiative / Program	Approach	Barriers Addressed
	<p>levels of government, ultimately involving</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches • rationalizing jurisdiction 	<p>regulatory compliance burden</p> <p><i>Jurisdiction</i> – a key issue to be addressed including obtaining “buy-in” from municipalities</p>
<i>Federal Paperwork Burden Reduction Initiative</i>	<p>Specific Smart Regulation initiative, aimed at reducing regulatory compliance burden on business including</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements 	<p><i>Capacity</i> – strong federal leadership and support</p> <p><i>Motivation</i> – in response strong pressure from business to reduce regulatory compliance burden</p> <p><i>Jurisdiction</i> – a key consideration</p>
<i>Taking Care of Business</i>	<p>Study making recommendations to all levels of government on improving service delivery –</p> <ul style="list-style-type: none"> • streamlining of processes 	<p><i>Motivation</i> – outlines benefits to business and government of improved service delivery</p>
<i>Alberta Regional Partnerships Initiative</i>	<p>Initiative providing support to regional partnerships aimed at shared service delivery and economic development –</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • rationalizing jurisdiction 	<p><i>Capacity</i> – grant funding provided by government</p> <p><i>Motivation</i> – support and funding for arrangements designed to benefit residents and business</p>
<i>Edmonton/Calgary Partnership</i>	<p>Informal partnership to promote and support innovation and programs around mutual issues -</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • rationalizing jurisdiction 	<p><i>Capacity</i> – existing resources used to support partnership</p> <p><i>Motivation</i> – common interests</p> <p><i>Jurisdiction</i> – an ongoing challenge to keep focus on broader goals of partnership</p>
<i>Ontario Municipal Service Boards</i>	<p>Provision for the creation of municipal service boards to support efficient and effective service delivery and creation of joint service boards by two or more municipalities to generate economies of scale -</p>	<p><i>Motivation</i> – more efficient and effective service delivery and achievement of economies of scale</p>

Initiative / Program	Approach	Barriers Addressed
<i>Nova Scotia Inter-Municipal Partnership and Cooperation</i>	<ul style="list-style-type: none"> • streamlining of processes • rationalizing jurisdiction <p>Guidance on voluntary cooperation between municipalities to enhance service delivery –</p> <ul style="list-style-type: none"> • streamlining of processes 	<i>Motivation</i> – more efficient and effective service delivery in times of scarce resources and benefits to communities
<i>Nova Scotia Inter-Municipal Agreement for Canso Strait</i>	<p>Economic development partnership of several municipalities to promote consistent growth and development and reduce negative impact -</p> <ul style="list-style-type: none"> • streamlining of processes • rationalizing jurisdiction 	<p><i>Capacity</i> – provincial leadership critical in getting partnership off the ground; shared responsibility for ongoing costs</p> <p><i>Motivation</i> – common interests</p>
<i>Regional Economic Development Bodies</i>	<p>Bodies to coordinate economic development on a regional basis -</p> <ul style="list-style-type: none"> • rationalizing jurisdiction 	<p><i>Capacity</i> – provincial level support</p> <p><i>Motivation</i> – common interests and benefits</p>
<i>California, Michigan and Washington State – Associations of Governments</i>	<p>Associations of governments formed to support common interests, resolve issues and promote economic development –</p> <ul style="list-style-type: none"> • rationalizing jurisdiction 	<p><i>Capacity</i> – shared responsibility for costs</p> <p><i>Motivation</i> – common interests and benefits</p>
<i>Georgia – Service Delivery Strategy Law</i>	<p>Legislatively mandated service delivery strategy to reduce duplication, overlap and competition among municipalities in service delivery which may involve any of</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches • rationalizing jurisdiction 	<i>Motivation</i> – mandated by legislation; members of state and local governments and business leaders recognized the need for a more rational, effective and cost efficient service delivery framework
<i>Greater Houston Partnership</i>	<p>Partnership of businesses to address and resolve business issues and concerns which may result in any of</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements 	<p><i>Capacity</i> – shared responsibility among member businesses for ongoing costs</p> <p><i>Motivation</i> – shared interests and economic benefits</p>

Initiative / Program	Approach	Barriers Addressed
<p><i>Minnesota, Pennsylvania, Washington State and Wisconsin – Inter-governmental Cooperation</i></p>	<ul style="list-style-type: none"> • standardizing approaches • rationalizing jurisdiction <p>Legislative provisions for inter-governmental cooperation initiatives to support and promote improved and more effective and efficient service delivery which may result in any of</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • standardizing approaches • rationalizing jurisdiction 	<p><i>Capacity</i> – state government leadership and support</p> <p><i>Motivation</i> – mutual benefits in improved productivity, effectiveness and efficiency of service delivery</p>
<p><i>Oregon – Construction/Building Codes Streamlining</i></p>	<p>Regulatory reform and streamlining related to building development involving</p> <ul style="list-style-type: none"> • streamlining of processes • standardizing requirements • rationalizing jurisdiction 	<p><i>Capacity</i> – state leadership and support</p> <p><i>Motivation</i> – change in attitude of state government; willingness and cooperation of government to work with business to accommodate business needs</p>
<p><i>Australia – Intergovernmental Cooperation</i></p>	<p>Associations of governments formed to collaborate on matters of common interest in areas of economic development, the environment, or social issues –</p> <ul style="list-style-type: none"> • rationalizing jurisdiction 	<p><i>Capacity</i> – shared responsibility for costs</p> <p><i>Motivation</i> – common interests and benefits</p>

E. OBSERVATIONS

As discussed earlier in the paper, regulation is an important area of government activity providing significant health and safety, environmental and economic benefits. All regulatory programs, however, impose costs including administrative, compliance and economic costs. A common feature of regulatory programs is that the same activity or group of people are often regulated for similar purposes by more than one government and/or more than one agency within a government which results in duplication and overlap, generating additional costs, but no increase in the health and safety, environmental, economic or other benefits provided by the programs. In many cases, duplication and overlap actually reduce overall effectiveness.

A significant area for provincial/local and local/local regulatory duplication and overlap is land use regulation for private and Crown land, post-zoning land development and business regulation. These areas of overlap can impose significant costs of business and economic development both locally and regionally. The costs of duplication and overlap can be addressed, however, through the process of harmonization – streamlining processes, standardizing requirements, standardizing regulatory approaches and rationalizing jurisdiction. Harmonization does not necessarily mean eliminating all differences in process and regulatory standards and having central decision-making – it means reviewing in detail regulatory programs, making sure that all differences are really needed to achieve the objective and ensuring that the resulting common features are as effective and efficient as possible.

The concept of harmonization can also be readily applied to government services. Some services provided by government can be improved in efficiency and/or effectiveness if they are harmonized, which in some cases may mean coordinating processes and/or standards and in other cases may mean consolidating services regionally or across levels of government. Examples of existing harmonized service delivery include having one agency administer federal and provincial income taxes, having one municipality provide specialized fire and emergency services to other municipalities, regional coordination of police, fire and emergency communications and regional planning and provision of economic development services. Suggesting that programs and services can be harmonized does not suggest that any of the programs are, of themselves, inefficient or ineffective – it is simply a recognition that doing things differently puts costs on the economy, often for no purpose and finding ways to reduce that burden can benefit everyone.

As noted earlier, however, there are barriers to successful harmonization including capacity (harmonization takes time, resources and long-term commitment), motivation (there is often little pressure for change, lack of incentive or those most effected by the costs of regulatory overlap and duplication are often unwilling or unable to make the case for change); and jurisdiction (harmonization often requires jurisdictions to cede authority, which is sometimes difficult for decision makers to do).

The review of other jurisdictions shows that governments have adopted a variety of approaches and strategies for overcoming barriers and supporting business and economic development through harmonization efforts and intergovernmental cooperation and coordination. Many of the examples of successful streamlining and harmonization approaches involve some or all of the following elements:

- recognition that there is an issue;
- a group of like minded people coming together to meet common objectives or with a common purpose;
- a strong commitment from elected officials to move forward – political will and ongoing support;

- willingness to collaborate and share, or even cede, jurisdiction in areas of common interest or of common benefit;
- recognition, support and commitment to the time and resources (financial and organizational) required of many streamlining and harmonization initiatives; and
- acceptance of innovation and new ways of doing old business.

APPENDIX A – HARMONIZATION EXAMPLES – DETAILED DESCRIPTION

BRITISH COLUMBIA EXAMPLES

1. Regulatory Best Practice Guide

The *Community Charter* gives local governments the authority to regulate in a number of areas of local interest. Following the passage of the *Charter*, the Ministry of Community Services initiated the development of a *Regulatory Best Practices Guide* to “encourage the best possible use of municipal regulatory authority in relation to a number of broadly stated ‘spheres of jurisdiction’ set out in the *Community Charter*. It encourages non regulatory approaches to addressing difficult local issues.” An eight member steering committee including representatives from business and the Union of BC Municipalities worked with the Ministry and Ministry consultants to develop the guide. A reader’s panel of senior administrative local government officials also reviewed the guide.¹⁰

The purpose of the guide is to:

- provide tips on how to decide whether action by local government is warranted;
- provide information of how to assess what type of government action might be considered and is most appropriate;
- identify the key elements of good regulatory practice;
- provide tips on the process for developing good regulatory schemes; and
- provide examples of real issues to illustrate approaches to regulatory practice.

2. Business Licensing

A specific example of a best practice under the *Regulatory Best Practice Guide* is the development of an inter-municipal approach to business licensing. Contractors and other businesses that conduct their business in several neighbouring municipalities are often required to obtain a business license from each municipal jurisdiction. If the costs of licensing and license requirements and categories vary across municipalities, businesses with operations in multiple municipalities within the region could end up paying thousands of dollars annually for required business licenses. Furthermore, the processing of licenses can be timing consuming and onerous for both business owner and municipal staff.

¹⁰ See http://www.mcaws.gov.bc.ca/charter/best_practices/regulatory_guide/regulatory_practice.htm

In response to complaints from the business community, one municipality (District of Saanich) initiated a review process to consider an inter-municipal scheme to address the situation. The initiating municipality worked closely with the OneStop Business Registry team (OneStop is discussed further later in this paper) to consider the options for streamlining the business license process and system in the Capital Regional District (CRD). The initiating municipality then sought and obtained the agreement of 10 other neighbouring municipalities (City of Victoria, Oak Bay, View Royal, Esquimalt, Colwood, Langford, North Saanich, City of Sidney, Metchosin and Highlands) in the CRD to develop an inter-municipal agreement establishing a standardized municipal business license for trades and similar businesses operating throughout the region.

The inter-municipal business license agreement was developed by a team of legal advisors and administrative officials representing each participating municipality and was adopted by each municipality through business license bylaws amended to reflect the new standardized license. Interestingly, a year following the implementation of the standardized business license, several municipalities reported an increase in the number of people applying for a business license; feedback indicates that this increase is due to the fact that a number of businesses had not previously complied with the business licensing requirement due to its cost and complexity.

It is noted that the CRD municipalities continue to have different business license classes and associated fees for businesses with fixed locations within their municipalities. While not as much of an irritant to business as the issue facing businesses operating in several municipalities, there may be unproductive administration and compliance costs associated with the different requirements and the requirements and fees may affect competition.

3. Smart Development Partnerships

The Ministry of Community Services provides funding and assistance to facilitate partnerships “that support local governments in their efforts to plan and make land-use decisions to benefit their communities.” The Smart Development Partnerships program¹¹ of the Ministry addresses the issues of capacity and motivation by providing an incentive for local governments to work together to improve services and regulation in the area of land use. The program provides funding support to projects that focus on such priorities as:

- building cooperation among local governments and between local governments and the province;
- encouraging innovation and capacity building in local government planning and decision making;
- improving housing affordability; and
- Promoting efficient and cost-effective infrastructure.

¹¹ See <http://www.mcaws.gov.bc.ca/lgd/irpd/sdp/index.htm>

4. Harmonization of Development Application Forms

One partnership project supported by the Ministry of Community Service under its Smart Development Partnership program was the Harmonization of Development Application Forms project. This project was initiated and coordinated by the District of Saanich with involvement by member municipalities within the CRD, the Urban Development Institute, the Canadian Home Builders Association, and the Ministry. The project was intended to streamline and harmonize the process and forms for development applications. At present “the 13 local governments within the Capital Regional District have their own bylaws, process and forms for development applications. These different requirements have been identified as an obstacle to designing, constructing, and developing affordable housing in the region, as there are additional costs to developers in dealing with different municipalities.” The goal of the project was “to reduce the multiplicity of local government application forms, harmonize development review procedures and create a positive environment for future voluntary coordination and standardization of regulatory bylaws in the Capital Regional District”.¹²

Through joint funding a consultant was hired in July 2003 to review the existing procedures and draft standardized forms. A *Best Practices Manual for Harmonized Application Forms* was completed in February 2004. The adoption of the standardized forms and use of the Best Practices Manual is voluntary by local governments. It is understood that to date the standardized forms and agreed to best practices have not been adopted by the CRD municipalities except for the District of Saanich.

5. Municipal Infrastructure Design Guideline Manual

The *Municipal Infrastructure Design Guideline Manual* is another partnership project supported by the Ministry under its Smart Development Partnership program. The Master Municipal Construction Documents Association is a non-profit society whose membership includes BC municipalities, consulting engineers and contractors involved in the design and construction of local government infrastructure.

In partnership with the province, the Association has developed a “Design Guideline Manual” for consideration and eventual adoption by municipalities, regional districts, contractors and consultants. “The Design Guideline Manual provides a standardized set of criteria that can be adopted by municipalities and regional districts around British Columbia, as well as the Ministry of Transportation, for development in unincorporated areas. ... Use of the document makes building new infrastructure less expensive by decreasing transaction costs for developers, their contractors and local governments.”¹³

The draft Guideline document was finalized in February 2005 following workshops held across the province to “highlight the value of communities adopting the guidelines to help

¹² See www.mcaws.gov.bc.ca/lgd/irpd/sdp/harmonization.htm

¹³ See www.mcaws.gov.bc.ca/lgd/irpd/sdp/infrastructure_manual.htm

develop building lots which meet engineering best practices at lowest cost possible.” The hope is that all BC local governments will adopt the guidelines as the basis for their design criteria. It is recognized that there may be some supplementary elements required to reflect unique local conditions.

6. Building Modernization Project

In September 2004, the Ministry of Community Services initiated a review of BC’s building safety regulatory system. The *BC’s Safety Regulatory System for Buildings and Structures: Assessing the Need for Modernization* is a comprehensive project designed “to assess the need to modernize the building safety regulatory system, while identifying and promoting inter-departmental synergies and strengthening inter-branch linkages.”¹⁴

The project’s objectives are to:

- establish baseline information for the current building safety regulatory system, including a review and analysis of the current legislative framework, process mapping of the components of the system and understanding of the roles and responsibilities of building safety regulatory system participants, including the provincial government;
- identify and analyze system elements and issues in order to develop a comprehensive framework for the building safety regulatory system;
- identify and analyze gaps, barriers to effectiveness and opportunities for improvement and assess the need to modernize the system; and
- develop models and recommendations for a modernized building safety regulatory system.

All those individuals and parties with a significant stake or interest in the building safety regulatory system are to some degree or extent involved in the project. It is understood that, to date, comprehensive process mapping of the current building safety regulatory framework, identification of issues with the system and gaps and barriers is well underway and that the project is on schedule to deliver recommendations by July 2005. These processes have been undertaken with participation of Ministry staff and other individuals with interest in the system, including other government departments, BC Safety Authority,

¹⁴ Note: “The term *building safety regulatory system* refers to the entire universe of safety regulation development, application, compliance and enforcement for the built environment and its components, and the many participants in these activities. *Modernization* refers to the actions that may be taken to create an environment conducive to achieving the outcomes of public safety, economic development and social development in relation to the built environment and its components.

local governments, the urban development institute, building industry, building officials, building owners, architects and engineers¹⁵.

7. *OneStop Business Registry*

The OneStop Business Registry is a public sector partnership offering integrated business registration and management services. Developed in response to calls from businesses for government departments and levels of governments to work together to reduce red-tape and costs to business, the OneStop Business Registry saves time and eliminates duplication of effort by streamlining business registration and address changes. It provides a “single window” access to the public sector – federal, provincial and local government - based on a Business Number (a unique Business Number assigned by the Canada Revenue Agency). The benefits of the OneStop Business Registry to clients are that it “saves time, eliminates duplication of effort, improves compliance and results in better customer service.”¹⁶

The OneStop Business Registry receives strategic direction from a Partnership Board composed of senior-level representatives from participating partners and advice on operational level issues from a Partnership Advisory Council made up of manager-level representatives from participating partners.

Some of the issues facing the OneStop Business Registry are achieving wide spread adoption of the system throughout the province, in particular the participation of municipalities, working to further streamline processes and establish a sustainable funding model.

8. *Greater Victoria Enterprise Partnership*

In consultation with municipal governments in the CRD, business leaders in the region established The Greater Victoria Enterprise Partnership Society (GVEPS) in 2000 to create an economic development blueprint for the region and to serve as a liaison group between organizations engaged in economic development. The GVEPS partners include:

- the Victoria Airport Authority,
- the Greater Victoria Chamber of Commerce;
- Tourism Victoria;
- the Greater Victoria Economic Development Commission;

¹⁵ *Project Charter - BC's Safety Regulatory System for Buildings and Structures: Assessing the Need for Modernization*, September 20, 2004

¹⁶ OneStop Business Registry Service Plan 2004/05-2007, July 2004 and meetings with OneStop Business Registry Staff, Mike Kelley, Director and Patrick Deacon, Manager, Partnership and Policy Development.

- the Victoria Real Estate Board;
- Thrifty Foods;
- the Westshore Chamber of Commerce;
- the Peninsula Chamber of Commerce, and
- the Vancouver Island Advanced Technology Centre.

Western Economic Diversification Canada (WEDC) and the CRD are ex-officio partners of the Society.

In 2002 WEDC and the CRD contributed funding for the GVEPS to develop an economic development strategy for the region that would provide input to the Regional Growth Strategy the CRD has been developing since 1996. The result was a comprehensive Economic Development Opportunities Blueprint completed in 2003.¹⁷

The purpose of the report was to:

- “Identify and analyze the region’s advantages and constraints in terms of fostering economic development;
- Determine key industry and business sectors that present new or expanded investment potential; and
- Identify strategies to achieve a prosperous and sustainable economy.”

The report notes that the Region Growth Strategy process has been challenging in terms of achieving consensus among the 13 CRD municipalities, which led to the formation of the GVEPS. The report notes that given the relatively small size of the CRD in a provincial, national or global context, it is important for the municipalities to work together toward common goals in order to achieve results.

The report concluded that the most important component of its blueprint is to create a healthy business climate in the region. There are five specific recommendations directed toward that objective:

- *Encourage inter-jurisdictional cooperation* – the report notes that the local government structure is perceived by business to be burdensome, lacking harmony and inflexible, negatively impacting the economy. The report suggests that a short-term resolution of the issue is unlikely, but starting with one specific issue, such as developing a regional inventory of available industrial and commercial land may be effective.

¹⁷ See www.victoriachamber.ca

- *Revitalize the metropolitan core* – the report suggests that a loss of downtown vitality has negative implications for the regional economy and can be reversed through support for Victoria’s Downtown Action Plan and the development of downtown housing.
- *Address labour force issues* – the report indicates that the availability of an appropriately skilled labour force is important to economic prosperity. It recommends that work be undertaken with schools and post-secondary institutions and the provincial government to develop skills in students, including new workers and retraining for career changers and older workers.
- *Improve attitudes toward economic development* – the report notes that the region’s has a negative attitude to development. It suggests using education to better inform the public about the need for a vital economy.
- *Create a regional economic development agency* – the report recommends creation a region-wide agency that can support and promote economic development in the region.

In 2004, the CRD asked local municipalities to indicate whether they support the report and what next steps they would like the CRD to take. Over the past several months the GVEPS has been making presentations seeking feedback from the municipalities.

9. Resort Task Force

In 2003, the BC provincial government established the BC Resort Task Force to help resorts and resort communities develop in British Columbia in recognition of the economic value of resorts to the British Columbia tourism industry and the unique challenges faced by resort developers and resort communities. The task force includes representatives of local governments, First Nations, industry and the province.

The BC Resort Strategy and Action Plan was released in November 2004 based on recommendations of the Task Force¹⁸. The action plan, among other things, addresses provincial and local regulatory harmonization issues related to resort development. These issues fall into two main categories – land use approval and local government development.

The land use approval process for major developments like mountain or coastal resorts is complex and uncertain, involving at least several provincial government agencies and local government, often with federal government agencies also involved. The action plan includes measures to simplify the process and reduce uncertainty, making it easier to invest in new resorts in British Columbia. These include documenting and streamlining the process so that even though there are several decision-makers, proponents deal primarily with one agency (Land and Water BC) and one set of information and consultation requirements within the context of a process that they can understand in advance.

¹⁸ See srmwww.gov.bc.ca/resortdev

Resort communities are unusual in terms of their development as local governments because they start with an investment in recreational infrastructure and then develop into communities comprised of full-time and seasonal residents over time, often in locations that are relatively distant from the nearest municipality. That requires special provisions to allow for the appropriate development of appropriate local government structures over time as the resort evolves. As required under the action plan, a report was released in December 2004 providing a best practices guide for planning, servicing and local governance in resort communities.

10. Independent Power Producers (IPPs)

Independent power projects are usually relatively small, alternative energy projects using, for example, run-of-river hydro, wind power or tidal flow to generate electricity. The recent provincial energy policy provides for a greater role for IPPs in meeting British Columbia's future power needs because they are a source of clean, renewable energy. IPPs are thus a situation where the provincial and local interests may be in conflict in some places.

As with other uses of natural resources and land, IPPs are subject to a complex and comprehensive approval process that includes negotiating power purchase agreements with BC Hydro, provincial and sometimes federal land use and environmental permitting processes and local land use zoning processes. IPPs differ from most other natural resource uses such as forestry, mining, oil and gas, BC Hydro electricity production and BC Transmission Corporation electricity transmission, all of which are subject to federal and provincial regulatory processes, but exempted from local government zoning.

In 2004 the provincial government entered into a memorandum of understanding with the Union of BC Municipalities (UBCM) to collaborate to realize common goals of intergovernmental cooperation, mutual recognition of jurisdiction and accountability, facilitating the development of IPPs and providing an efficient and effective IPP review and approval process.

Toward that end, the Fraser Basin Council has facilitated workshops involving the various government interests (including federal, provincial, local and First Nations governments) and another session also including industry. Reports of those sessions have yet to be issued. In addition, work has commenced on streamlining approval processes and coordinating information requirements of the various approval agencies.

Among the issues and complexities associated with IPPs are two key issues:

- The process at present is similar to mining, where potential areas are “staked” and then work continues, with only a few ultimately being developed. There are currently about 300 potential IPPs at various points in the approval process without any way to predict how many and which ones are likely to come to fruition. That makes taking cumulative impacts into account and presents a challenge to decision-makers, especially local government in putting individual decisions into context; and

- Local government decisions are currently made at or near the end of the process, leading to uncertainty and the need to invest considerable amounts in obtaining approvals without knowing if the application is likely to be successful.

It is noted that, to date, only one IPP has been rejected by a local government and that government has indicated that they are prepared to reconsider the project if it can be presented in the context of a strategic plan for IPPs in the region.

This is an area where harmonization has the potential to reduce the costs of regulation significantly with potential benefits for the whole province. It also is an example of the amount of effort and time it takes to harmonize complex regulatory programs.

11. The Okanagan Partnership – Sustainable Prosperity Strategy

In June 2004, the Final Report of the Okanagan Partnership, *Okanagan Sustainable Prosperity Strategy*, was released¹⁹. The Okanagan Partnership is a group of individuals with a common interest in supporting efforts to achieve sustainable prosperity in the Okanagan region. The core of the Partnership is a leadership group of individuals called “stewards” committed to “thinking regionally” who represent business and community organizations from across the region. There are 18 stewards, with two co-chairs. Stewards are supported by “cluster co-chairs” – individual business leaders whose “job was to help ‘convene the marketplace’ so that bottom-up, market-driven collaborative actions could be crafted.” In turn, more than 500 stakeholders, or “cluster participants” were involved in the development of the component elements of the sustainable prosperity strategy. The Partnership was funded by a broad set of stakeholders including: Okanagan University College, Regional District of Okanagan-Similkameen, Regional District of Central Okanagan, Regional District of North Okanagan, Ministry of Small Business and Economic Development, Western Economic Diversification Canada, National Research Council of Canada and Industry Canada.

The Okanagan Sustainable Prosperity Strategy is based on the recognition of leaders from across the region that “Okanagan has not been taking care of business as a region. ... Leaders from across the region’s communities have agreed that the region needs to develop and implement a strategy for achieving sustainable prosperity now, if the valuable asset that the regional citizens know and love is to be preserved. ... This initiative is intended to change how the people of the Okanagan see their region and enable them to work together to ensure that this region maintains a dynamic sustainable economy.” The Strategy recognizes that there are challenges with this including new ways of thinking and acting, and new investments and new ways of cooperating on a regional basis rather than a community specific basis.

The Prosperity Strategy is based on four principles:

¹⁹ The Okanagan Partnership, *Okanagan Sustainable Prosperity Strategy: Final Report*, June 2004, Prepared by ICF Consulting for Okanagan Partnership, c/o Innovation OUC, 3140 University Way, Kelowna BC; jgollub@icfconsulting.com

- *Think Regionally* – thinking regionally will help all communities to do better in the challenging global marketplace, including promoting tourism, wine industry, knowledge services and addressing regional needs including water, transportation and land use.
- *Focus on Clusters* – industry or economic clusters or concentrations of similar goods or products and services will form the foundation of the prosperity plan
- *Create Advantage* – focus must be on developing new ways to create greater advantage by strengthening the region’s economic foundations and their responsiveness to industry needs.
- *Work Collaboratively* – ongoing decision making processes must be supported by a committed regional community and public and private institutions that work collaboratively; public and private stakeholders need to join forces to innovate and adapt in order to maximize the region’s capability to participate in the global marketplace and to further economic prosperity.

The Okanagan Sustainable Prosperity Strategy was developed through four major phases: a mobilization phase involving identifying, recruiting and getting the region’s stakeholders involved; an analytical stage involving an assessment of the region’s economic performance and economic infrastructure foundations; a catalyzing phase involving convening forums of each of the region’s economic clusters to define challenges, identify collaborative actions and implementation plans; and a implementation phase, which involved establishing the leadership and organizational support needed to keep momentum and move forward on “flagship initiatives” that will help improve the region’s overall economic advantage. The initiative is currently in the implementation phase with the Okanagan Partnership providing overall continued leadership to the initiative including regular reporting on progress.

12. Various BC Municipalities – Individual Initiatives

Several municipalities in British Columbia have taken individual efforts to promote economic development within their area or initiated internal reviews of their regulatory and business practices to promote a more business friendly environment. The following are just a few examples.

In December 2002, the City of Prince George undertook a comprehensive review of municipal business practices with the specific objectives of:

- gathering input from the business community about service delivery expectations in the areas of customer service, development approval process, procurement practices, communications, technology and alternative service delivery mechanisms, including opportunities for contracting or outsourcing;
- providing insight into the strengths, opportunities and major issues related to service delivery emerging from the input;
- benchmarking similar communities to identify practices that the City may adopt to

improve business relationships; and

- identifying potential strategies to strengthen relationships with the business community that will increase the rate of business retention and attraction²⁰.

Other municipalities are addressing or have addressed specific areas, including: Burnaby which is getting rid of redundant and dated bylaws; Maple Ridge which is streamlining and simplifying both its development fee schedule and its permit process; and Port Coquitlam, which has revamped its business license fee requirements. As well, Vancouver has made a commitment to customer service and has undertaken extensive streamlining and simplification of business service processes.

Economic development in Campbell River is being led through a locally owned and operated Economic Development Corporation. Incorporated in 2001, Rivercorp is responsible for “retaining existing businesses by responding to business needs and fostering a favourable business environment, expanding local commerce by helping businesses to access capital, knowledge and markets to realize growth and recruiting new enterprises by encouraging external businesses to invest or relocate to Campbell River.”²¹ Rivercorp grew out of efforts of the municipal council of Campbell River to promote economic development in the municipality. As a result of deliberations by a series of advisory groups it was determined that economic development in Campbell River would be most appropriately supported through an independent corporation. Rivercorp operates from municipal offices and is led by an independent Board of Directors selected for specific competencies.

These are examples of individual municipalities that have focused on economic development, service delivery and regulatory reform without the added dimension of regional coordination. As the examples demonstrate, many municipalities can and do make significant improvements in these areas. However, especially in urban areas that include several municipalities, the regional dimension can add considerable complexity to taking on the issues of economic development, service delivery and regulatory reform.

EXAMPLES OF INNOVATIONS AND PRACTICES IN OTHER JURISDICTIONS

1. Federal Smart Regulation Initiative

As discussed earlier in the paper, in May 2003, the federal government established an External Advisory Committee on Smart Regulation “to provide an external perspective and expert advice on how the federal government needs to redesign its regulatory approach for Canada for the 21st century.” The general finding of the Committee in its September 2004

²⁰ *City of Prince George – Review of Business Practices Project: Final Report*, June 2003, Submitted to Service Delivery to Business Customers Task Force by Western Management Consultants and Urban Systems. www.city.pg.bc.ca/pages/news/servicetobusiness.html

²¹ www.incampbellriver.com/about_us/rivercorp.html

report, *Smart Regulation: A Regulatory Strategy for Canada*, was that “Canada has a sound regulatory foundation. But ... the regulatory system is being challenged daily to be more effective, responsive, cost-efficient, transparent and accountable to Canadians.” Smart Regulation as defined by the Committee is not deregulation, but rather better regulation that continues to provide the necessary social protections while supporting transition to sustainable development, encouraging a more dynamic economy and creating opportunities. A key conclusion of the report was that cooperation is at the heart of the improving the Canadian regulatory system – cooperation between governments, government departments, industry, citizens/consumer and other stakeholders. The report established as the principles for the Canadian regulatory system: effectiveness, cost-efficiency, timeliness, transparency, and accountability and performance.

On March 25, 2005, the federal Treasury Board President, Reg Alcock, released a report, *Smart Regulation: Report on Actions and Plans*, which detailed what had been accomplished to date to further the federal Smart Regulation agenda and outlined the plans for the future. The Smart Regulation initiative has five themes: a healthy Canada; environmental sustainability; safety and security; innovation, productivity and business development; aboriginal prosperity and northern development. In addition, Smart Regulation initiatives will be aimed at improving coordination and cooperation at the national level and the international level.

2. Federal BizPal

A specific commitment under the federal Smart Regulation program, BizPal is a federal-provincial-municipal initiative that will provide businesses with an integrated on-line license and permit service. The overall goal of BizPal is to streamline and harmonize business processes and regulations across all three levels of government by providing an “easy to use, no ‘wrong door’ service allowing users to obtain permit and license information through their local government, provincial/territorial or federal website.” BizPal is a solution to the oft heard complaint by business about the compliance burden imposed by various levels of government.

Currently [businesses] must go to many different departments within multiple levels of government to find out what permits and licenses they need for their business, never being sure if they have missed something. Governments lose revenue when those who want to comply, don’t understand all the permits and licenses that are required (involuntary non-compliance). The duplication of effort that currently exists across governments is also a great drain on resources. BizPal will provide businesses with a way to identify all of their permit and license requirements at one time through the access point of their choice, saving them time and money.” [www.bizpal.ca/eng/home.htm]

Because most business licenses, permits and approvals are handled at the municipal level, municipalities play a key front-line role in organizing and providing public access to the necessary information. Municipalities will be assisted in developing a user-friendly web

interface if they don't already have one and, if they do have a system, the system will be customized to work with the applicant's web interface.

In addition to benefiting businesses by providing for a "one-stop" facility for identifying, applying for, paying for and managing and maintaining required permits, BizPal will highlight areas of overlapping and inconsistent regulations and identify opportunities to streamline and harmonize processes and standards. It is understood that a service transformation and regulatory review committee will be responsible for identifying and championing regulatory harmonization opportunities.

Collaboration within and between the three levels of government is critical to the initiative. The original concept was developed in a forum involving all provinces and the Yukon and to test the feasibility of the service, a Proof of Concept was undertaken with one province, one territory and two municipalities. The initiative is currently in the development stage with seven pilot partners, the federal government (Industry Canada), Province of British Columbia, City of Kamloops, Province of Ontario, Region of Halton, Yukon Territory and the City of Whitehorse engaged in a comprehensive process mapping exercise to identify all the conditions necessary to get a specific permit in each jurisdiction. The goal is to launch the program in the Summer of 2005 with the lead group of participating governments and invite other jurisdictions to join.

Some of the challenges facing the initiative include convincing potential participants of the benefits of the program and getting their buy-in while the program is still in its developmental stages. Ensuring ongoing funding and accountability is also an issue given that the federal government's developmental funding is designed to end when the system is up and running.

3. Federal Paperwork Burden Reduction Initiative

Another initiative under the federal government's Smart Regulation banner is a project aimed at reducing the regulatory burden of compliance on business.

In the February 1994 budget document, *Growing Small Businesses*, the Minister of Finance and the Minister of Industry invited representatives from the private sector to provide the government with practical recommendations addressing a variety of issues currently confronting the small- and medium-sized business sector. The Small Business Working Committee was composed of six subgroups to address the issues of: taxation, financing, regulation and paper burden; skills development; science and technology; and international trade. In late 1994, the Committee produced a report, *Breaking Through Barriers – Forging Our Future*²² that highlighted the costs of regulatory burden and information burden on small business and made practical recommendations for addressing these issues through regulatory reduction, consolidation and streamlining of processes.

²² A copy can be found at www.strategis.oc.gc.ca/epic/internet/insbrp-rppe.nsf/en/rd00527e.html

The federal 2004 budget announced the creation and funding (\$5 million over 5 years) of a public-private working group to make measurable reductions in the regulatory burden facing small business in order to improve small business “productivity by making business and government mutually accountable for the efficient and effective administration of regulation.” The “Paperwork Burden Reduction Initiative”²³, co-chaired by Industry Canada and the Canadian Federation of Independent Business, and including representatives from other federal departments, the provinces and territories and business associations, is designed to assess the scale and scope of the information and paperwork burden problem, define essential information requirements and consolidate reporting requirements.

The process to get to this point has been lengthy and, given that work is just beginning on the development of an inventory of regulatory requirements, it is not expected that this program will produce benefits for business for at least another few years. Additionally, the scope of the impact is limited in that the federal government has indicated that the focus is to reduce regulatory burden through paperwork reduction only in those areas where the federal government has sole jurisdiction.

4. Taking Care of Business

Taking Care of Business²⁴, undertaken in 2004, is an extensive study of “government to business service delivery from the perspective of the business community.” The study was undertaken by the Institute for Citizen-Centred Service in partnership with over 20 organizations representing all levels of government. The goal of the study was to answer key questions about government service delivery compared to the service needs of business. The study examined five key areas in detail - service access, service quality, drivers of satisfaction, service preferences and client relationship management – and outlined suggestions for meeting the needs and expectations of business clients.

The study is designed to assist the various levels of government in measuring performance, identifying specific priority areas for attention and improvement and developing improvements in service delivery and approach. “Taken together the findings from *Taking Care of Business* provide municipal, provincial, territorial and federal managers who deliver services to businesses with a clearer understanding about the service needs of the business community in Canada and a road map for working collaboratively to improve government services to business.” An anticipated complimentary outcome of improving service quality, improving timeliness of service and coordinating service delivery across channels and levels of government is improved attitudes of business with respect to government and government service delivery. It is not evident, in the absence of a clear leader, the extent to which the recommendations of this study have and will be implemented in a comprehensive fashion.

²³ *Smart Regulation: Report on Actions and Plans*, March 2005 and “Paperwork Burden Reduction Initiative” Presentation by Small Business Policy Branch, Industry Canada, at Smart Regulation at Work in BC Conference, March 16, 2005.

²⁴ *Taking Care of Business*, April 2004, By Phase 5 for: The Institute for Citizen-Centred Service and the Institute of Public Administration of Canada. www/occs-isac.org

5. Alberta Regional Partnerships Initiative

The Alberta *Regional Partnerships Initiative*²⁵ encourages through support and funding regional partnership arrangements between municipalities that will benefit their operations, services to residents, as well as business and industry. The intent is to promote innovation, sustainability and cost savings through regional arrangements for shared service delivery and economic development initiatives.

To be eligible for funding the partnership must include three or more municipalities; a municipality may participate in two agreements concurrently. There are two forms of funding:

- “Exploration Grants”, fully funded by the province, are available to support a group of municipalities that are reviewing and considering opportunities for a regional partnership; this may include development of a discussion paper on the benefits of regional partnerships, baseline studies of current service delivery approaches and assets, workshops on collaborative opportunities, and development of cost sharing models or shared service delivery alternatives.
- “Implementation Grants”, funded on a one-time, cost shared basis between participating municipalities and the province (25/75), are available to municipalities that have completed the required Regional Partnerships Initiative exploration activities and are ready to proceed to development and implementation stages for projects or services that are to be delivered on a regional basis.

The amount of funding varies between \$50,000 and \$150,000 depending on the size of the community. Metropolitan areas are eligible to receive a larger amount, depending on the nature and size of the project under consideration.

Regional partnerships receiving a grant must submit detailed compliance documentation including a report on the benefits realized and the outcomes of the project and a final accounting of the project.

6. Edmonton/Calgary Partnership²⁶

Traditionally, there has been a longstanding rivalry in Alberta between the two major cities of Edmonton and Calgary. Recently, in recognition of the common issues affecting the two major urban centres in the province, an informal partnership has been established to identify and resolve mutual issues. Initially pulled together to convince the province to share the fuel tax, the partnership has been sustained by public support and the support of the city

²⁵ Alberta Municipal Affairs, *Communities Strengthened Through Partnership: Guidelines 2004 – Regional Partnerships Initiative*.

²⁶ “Edmonton and Calgary, Working in Partnership”, *Reinventing Service: Processes and Prospects for Municipal Alternative Service Delivery*, IPAC, “New Directions – Number 14”.

mayors and managers. Departments in the two cities share information on business practices, ideas and innovations in the areas of assessments and budgets, land development, including building permits, development agreements and the environment. Though there is no formal agreement, the cities have an intergovernmental office where they share staffing, resources and office space. Staffing is kept to a minimum with outreach to other areas of the departments of both cities. Under the partnership, the cities have presented a common front on a number of issues thus increasing their influence in a number of intergovernmental forums.

This innovation shows what can be achieved through cooperation even at an informal level. It is understood that based on the success of the initiative, the two cities are looking to formalize the intergovernmental partnership agreement in order to ensure its continuity. This is not to say that there are not challenges with the partnership. Working with elected representatives in both cities that do not themselves speak with a common voice (there are no political parties) requires constant communication, mediation and negotiation. As well, it is also necessary to work through “red-tape” and bureaucracy at the officials’ level and promote the goals of civic partnership over specific municipal interest.

7. Ontario Municipal Service Boards

The *Municipal Act, 2001*, provided municipalities with the tools to deliver services in innovative ways. Under the legislation, municipalities can establish commissions, or Municipal Service Boards, to administer and deliver a broad range of services – public utilities; waste management; transportation systems; culture, parks, recreation and heritage; and parking (under the former legislation, only public utilities, parks and parking could be administered by a commission).

Each municipal council must appoint members to the municipal service board (board must have a minimum of three persons). A board is a corporate body and the agent of the municipality or municipalities that created it; the municipality can delegate full powers to the board necessary for it to control and manage a municipal service, but may not transfer ownership of assets or authority to borrow.

The legislation also gives municipalities the flexibility to design these service boards in accordance with their own needs. Municipalities can form joint service boards with other municipalities allowing small municipalities to achieve economies of scale by delivering services in collaboration. Agreement between the participating municipalities for joint municipal service boards must establish the composition of the board, the services and powers delegated and under what conditions. [www.mah.gov.on.ca.]

8. Nova Scotia Inter-Municipal Partnership and Cooperation

The government of Nova Scotia and the Union of Nova Scotia Municipalities have jointly produced a handbook on *Inter-Municipal Partnership and Cooperation for Local*

*Government*²⁷ in order to promote greater voluntary cooperation between municipalities to maximize resources and enhance service delivery in municipal government. The Handbook outlines the steps for reviewing, considering and entering into cooperative arrangements or partnership agreements and identifies best practices and examples of inter-municipal agreements.

In late 2004, the government of Nova Scotia established a government policy on community development. At its core, the *Nova Scotia Community Development Policy*²⁸ has the concepts of clarifying government and community roles in community development and “more collaborative approaches with communities and across government” through increased cooperation and coordination among government departments and offices, between communities and government departments and among communities. The Policy also requires the application of a “Community Development Lens” to all provincial government initiatives respecting communities. The lens considers such issues as local leadership role in the initiative, local government support and whether the initiative will implement or enhance a collaborative approach. The policy includes a detailed timeline for implementation of the policy.

9. Nova Scotia Inter-Municipal Agreement for Canso Strait Municipalities²⁹

Off shore natural gas development in Nova Scotia has resulted in the construction of natural gas pipelines impacting several municipalities in the Strait Region (Canso Strait). More development is expected as the demand for natural gas grows. In order to have a say in how that development occurs across the region, the municipalities have established a mechanism to allow them to work together in partnership to develop a common land use and infrastructure strategy to manage and promote economic development and prepare for anticipated growth while mitigating any possible downsides.

Following consultation with the provincial government, the Strait Region Energy Industrial Municipal Planning Committee was formed under an inter-municipal partnership agreement signed by eight of the nine effected municipalities. The agreement created a regional platform that allows municipalities to speak with one voice in approaching the provincial government with respect to infrastructure development (i.e., roads) and in negotiating with industry. The agreement requires the municipalities to develop a master infrastructure plan, which must include other levels of government, and a land use master development plan to support maximum efficiency in development opportunities. A cost sharing formula forms

²⁷ See www.gov.ns.ca/snsmr/muns/workshops/PDF/MunicipalCooperation_Seminar/Intermunicipal_report.pdf

²⁸ See www.gov.ns.ca/econ/cdpolicy/

²⁹ “Strait Region Energy Industry Municipal Planning Committee: Intermunicipal Agreement for Canso Strait Municipalities regarding Natural Gas Development”, *Reinventing Service: Processes and Prospects for Municipal Alternative Service Delivery*, IPAC, “New Directions – Number 14”.

part of the agreement determining how costs of the operations and the capital assets of the committee are to be apportioned.

This initiative demonstrates the importance of political support, leadership and buy-in both at the municipal level and the provincial level. The Municipal Planning Committees is made up of a mayor or council member of each participating municipality. This governing committee is supported by a parallel committee of city administrative officers who coordinate information flow and ensure adequate staff resources to keep the momentum. Provincial support was critical in getting the agreement off the ground. The province supplied initial start up funding, funding to support the planning process and provincial in-kind support (research services).

10. Regional Economic Development Bodies

The provinces of Alberta, Saskatchewan and Newfoundland have in place systems to support the establishment of “Regional Economic Development Bodies.”

In Alberta the first Regional Economic Development Alliance was established in 1998; now there are 10 Regional Economic Development Alliances and two metro initiatives (involving a total of 230 Alberta communities). These organizations are strategic alliances of the provincial and municipal governments and community and business leaders intended to promote business and community development on a regional basis. [see www.alberta-canada.com/regionalDev/reda.cfm]

Saskatchewan has 28 Regional Economic Development Authorities currently operating in the province. Introduced as part of Saskatchewan’s Partnership for Renewal Strategy in 1992, Regional Economic Development Authorities are a “priority for the government and a key component of Saskatchewan’s continued economic growth.” [see www.ir.gov.sk.ca/]

The purpose of a Regional Economic Development Authority is to allow communities and organizations to join together in cooperative and coordinated ventures to promote economic development in their region. The provincial government provides cost shared funds to help Regional Economic Development Authorities form and cost-shared funding is also available to assist established Authorities in building their service capacities and forming partnerships with provincial government departments and the cooperative and private sectors in joint projects supporting job creation and economic growth and investment. The provincial government also provides professional and business development services and technical expertise to Regional Economic Development Authorities and is currently examining government support programs for business, and where appropriate, redesigning them so that these programs can be delivered by Authorities.

Newfoundland has 20 Regional Economic Development Boards in each of the province’s defined economic regions. Funded and supported by both the federal and provincial governments, the Boards have five set core functions:

- development and implementation of the strategic economic plan for the region;
- coordination of business development support in each region;

- support to organizations and communities within the region for specific development activities consistent with the region’s strategic economic plan;
- coordination of social and economic initiatives relating to regional economic development in each region; and
- promotion of public participation and community education related to regional economic development. [see www.intrd.gov.nl.ca/intrd/economicboards.htm]

11. California, Michigan and Washington State – Associations of Governments

California, Michigan and Washington are examples of States that have in place broad structures supporting associations of governments that are formed by the joining together of a number of local governments in a particular region to support common interests, resolve issues and support economic development in that region.

In California, several associations of governments have been formed by cities and counties in a defined larger region to provide regional planning and promote cooperation in area wide issues. These include the Association of Bay Area Governments, the Southern California Association of Governments, and the San Diego Association of Governments³⁰. Owned, operated and controlled by the cities and counties that they represent, these associations support regional planning and project implementation in areas such as land use, housing, environmental quality and economic development. Recently, some associations have also begun offering their members joint services in various operational and administrative areas, saving taxpayers in the region millions of dollars.

In Michigan, there exist bodies called regional councils, which are public organizations encompassing a multi-jurisdictional region. These Regional Councils serve a region or a sub-state district consisting of a group of “neighbouring local communities whose residents are joined as a unit economically, socially and geographically.” The regional council serves the local governments and citizens of the region by providing communication, planning, policy making, coordination, advocacy and technical assistance in the areas of economic development and competitiveness, environmental quality, housing and community development, information systems, Smart Growth and transportation. [see www.miregions.org]

In Washington State, state law provides for the creation of councils of governments to support cooperative action by all local governments in a region. The function of these councils of governments is to facilitate cooperative approaches to regional problem solving, regional planning, economic development, and provision of a “lead agency capability for the provision of multi-jurisdictional programs.” [see www.mrsc.org]

³⁰ See www.abag.ca.gov/about_abag/; www.scag.ca.gov/; www.sandag.ca.gov

12. Georgia – Service Delivery Strategy Law

In 1995, the government of Georgia created the Georgia Future Communities Commission, a 30-member commission of city and county officials, business leaders and elected officials to examine the issues effecting local governments and consider improvements to operations and services. As a solution to the “growing problem of service duplication, overlap and competition”, the Commission recommended the concept of a “Service Delivery Strategy” requirement³¹. The Service Delivery Strategy legislation passed in 1997 required that each county, and city within a county, adopt a Service Delivery Strategy by July 1, 1999. The legislation required that each local government examine the services it provides “in order to identify overlap or gaps in service provision and develop a more rational approach to allocating delivery and funding of these services among the various local governments and authorities in each county.”

Though the legislation was intentionally vague in terms of leaving a great deal of discretion to local governments in how they went about developing a Service Delivery Strategy, the legislation sets out the general parameters for a Strategy:

- an identification of services presently provided;
- the elimination of duplicate services, or an explanation of the need for its continued existence;
- elimination of conflicts in land use plans within a county and between a county and its cities;
- an assignment of which local government would be responsible for providing which service in the future in what area of the county;
- a description of how services would be funded; and
- an outline of intergovernmental contracts, agreements or ordinances to be used in implementing the strategy.

The consequence of failure to adopt a strategy by the required date was that the local government would lose eligibility for all state administered funding or permits.

³¹ *Charting a Course for Cooperation and Collaboration: An Introduction to the Service Delivery Strategy Act for Local Governments*, June 1997 (revised 2002), Association of County Commissioners of Georgia, Georgia Municipal Association, Georgia Department of Community Affairs, Carl Vinson Institute of Government, The University of Georgia.
<http://www.dca.state.ga.us/planning/servicedel/Chartingacourse.pdf>

13. Houston – Greater Houston Partnership

A private, nonprofit organization, the Greater Houston Partnership “is the primary advocate of Houston’s business community and is dedicated to building economic prosperity in the region” (Mission Statement). The Partnership has a long history dating back to the formation of the first Chamber of Commerce established in 1840. On January 1, 1989, the Chamber and the Houston Economic Development Council merged to form the Partnership and later that year were joined by the Houston World Trade Association. The Partnership is at the front line of “every major issue affecting the Houston region’s business community. Among them are mobility, environment, education and work force issues, quality of life, business climate, international competitiveness, image and infrastructure. The Partnership studies the issues, plans solutions, lobbies, educates business owners and employees and works with other organizations to make efficient use of the area’s expertise and resources.”

The Partnership is a regional organization serving eight counties and the greater Houston area, with membership of nearly 2,000 companies. It has 75 staff members, more than 60 committees and Task Forces and over 2,200 volunteers; 88 percent of its annual revenue is from member dues, publications, sale and events with the remainder from government contracts. The Partnership is organized into seven operating divisions:

- *Regional Planning Division* — works to improve the business climate through transportation, infrastructure and environment programs.
- *Regional Issues Division* — focuses on issues that influence the region's economic prosperity: business issues, education/workforce and quality of life.
- *Economic Development Division* — creates jobs by working to retain Houston companies and to encourage corporate expansions and relocations.
- *World Trade Division* — enhances Houston's role as an international business center by promoting these companies, developing trade programs and highlighting markets and issues of interest to Houston's international companies.
- *Government Relations Division* — lobbies at the local, state and federal levels on issues that affect the region.
- *Member Services Division* — works to increase the economic vitality of member companies through business development programs, networking events and volunteer activities.
- *Resources Division* — provides communications, research and administrative resources and support for the other divisions.

More than 130 CEOs or decision-makers from area companies serve on the Partnership's Board of Directors. This group represents companies of all sizes and nearly every industry sector and geographic area in the region.³²

14. Inter-governmental Cooperation in Various States

Various states have a variety of mechanisms for encouraging, promoting or requiring inter governmental cooperation. Examples of this are Minnesota, Pennsylvania, Washington and Wisconsin that support inter-government cooperation by local governments by providing legislative mechanisms to support cooperative arrangements between levels of local government and through advice and guidance.

In Minnesota, the *Joint Exercise of Powers Act* authorizes local governments to enter into agreements with each other to provide services or functions. The units of government that may enter into cooperative arrangements include cities, counties, townships, school districts, political subdivisions of adjoining states and any agency of the state or the federal government. The Minnesota Board of Government Innovation and Cooperation was created by the State Legislature in 1993 to help local governments work cooperatively and redesign service they deliver. The Board's long-term goal is "to improve the productivity and effectiveness of local government"³³. The Board provides grants to local governments to develop models for alternative and innovative service delivery, to develop plans for intergovernmental service delivery and to cover one time start-up costs associated with implementing integrated intergovernmental services or programs. The Board also has the authority to grant waivers to state rules or temporary limited exemptions from procedural laws for innovative service delivery programs in order to demonstrate the effectiveness of the alternative models. A final service provided by the Board is to support through mediation and financial incentives the consolidation of local governments.

Pennsylvania supports inter-governmental cooperation by local governments through legislative provisions authorizing "two or more local governments to jointly cooperate in the exercise or in the performance of their respective governmental functions, powers or responsibilities." The legislation also permits as an alternative to the single purpose entities created through intergovernmental cooperation agreements, the creation of councils of governments that are more general or multi-purpose in nature and often play a coordinating role. The Local Government Commission offers support to local governments in inter-governmental cooperation and arrangements.³⁴

³² See <http://www.houston.org/>

³³ Beth Walter Honadle and Patricia Weir Love, "Choices for Change: A Guide to Local Government Cooperation and Restructuring in Minnesota", University of Minnesota, Extension Services. www.extension.umn.edu/distribution/citizenship/DH6541.html

³⁴ *Intergovernmental Cooperation*, Pennsylvania General Assembly, Local Government Commission, October 2003.

The State of Washington's *Inter-Local Cooperation Act* contains broad authorization for any local governments and public agencies to contract with any one or more local governments or public agencies to perform any activity or service, which the local government or agency is authorized by law to perform individually. Inter-local agreements are not restricted to the sharing or delivery of services, but can also include the sharing of personnel, facilities and equipment³⁵.

The state of Wisconsin has gone a step further than other states reviewed and not only authorizes intergovernmental agreements between local governments, but in fact, since January 2003, mandates such agreements. Legislation passed in 2002 requires that all local governments must sign at least two compacts with neighbouring municipalities or counties for the provision of joint services. Additionally, \$45 million in funding has been earmarked to reimburse local governments that demonstrate cost savings from consolidating services³⁶.

15. Oregon – Construction / Building Codes Streamlining

In the summer of 2003, as part of its regulatory streamlining initiative, the Oregon government passed a series of bills to reform the process related to building plan review, permits, inspections and licensing. The legislative reforms were the culmination of a comprehensive, joint process with all levels of government and members of the building industry to reduce duplication, provide for rapid interagency approval of critical construction projects and provide greater flexibility to the system. The process reflected a change of attitude in government in terms of involving and working with industry and other stakeholders in order to continue to meet “regulatory goals for consumer protection, safety and an equitable business environment while stripping away cumbersome procedures that drag down economic productivity”.³⁷

16. Australia Intergovernmental Cooperation

Similar to the association of governments' model adopted in some USA states, Australia has a strong history of intergovernmental cooperation at a broad regional level. The first Regional Organization of Councils (ROCs) was formed in 1922 in Northwest Tasmania and there are now 65 ROCs across Australia. Regional Organizations of Councils are voluntary partnerships between groups of local government entities that have formed together to collaborate on matters of common interest. Though diverse in size (ranging from two cities

³⁵ *Interlocal Agreements in Washington – An Overview*, Municipal Cooperation Guide, MRSC Report No. 27, September 1993. www.mrsc.org

³⁶ *Intergovernmental Cooperation*, University of Wisconsin-Extension, www.uwe.edu/lgc/intergov/intergov.htm and Wisconsin Statutes, Chapter 66, Subchapter III: Intergovernmental Cooperation.

³⁷ Press Release and Attachments, “Governor Lauds Progress in Cutting Red Tape” (www.oregon.gov/GOV/press_072903.shtml) and *Regulatory Streamlining Task Force Report – Final Copy* 12/6/02.

or councils to up to 20) and structure and mandate, generally ROCs are formed in order to provide a regional perspective on economic, social or environmental issues, including providing planning, development of regional strategies and mediating with state and federal governments. [www.alga.asn.au/links/regionalorgs.php]

LOCAL GOVERNMENT PERFORMANCE MEASUREMENT EXAMPLES

Several governments have taken steps to introduce performance measurement³⁸ for monitoring and evaluating regulation and service delivery by the local government sector. Notably, Ontario and the United Kingdom have established comprehensive systems establishing a standardized set of performance indicators designed to monitor and improve the performance of local government operations.

1. Ontario Performance Measurement

In 2000, Ontario introduced the Municipal Performance Measurement Program (MPMP)³⁹, a comprehensive, standardized performance measurement system for municipalities designed to provide taxpayers with useful information on service delivery and, municipalities, with a tool to improve those services over time. The Ontario ministry notes “Municipal decision-makers want to be efficient and deliver value for local services. Taxpayers need to know how their tax dollars are spent and how their services compare both year-to-year and in relation to others.” Comparisons are intended to allow for the identification of municipalities that have practices that may be emulated by other municipalities in order to enhance the efficiency and effectiveness of services. In support of this, the Ontario Centre for Municipal Best Practices was established to identify and promote best practices in municipal service delivery.

The MPMP requires each municipality to collect data and report publicly on 54 performance measures to assess municipal performance in 12 core municipal service areas: local government, fire services, police services and crime rates, roadways, transit, wastewater, storm water, drinking water, solid waste management (garbage), land use planning, libraries and parks and recreation. Both efficiency and effectiveness measures are included in the MPMP to assess performance in each of these areas.

³⁸ Many individual local governments have in place a performance management system for their own operations, including an overall strategic or business plan, goals and objectives and performance indicators and measures based on these goals and objectives and unique local matters. The systems described in this section reference broader systems involving benchmarking and inter-municipal comparisons.

³⁹ *Municipal Performance Measurement Program*, Issued by the Ministry of Municipal Affairs and Housing, 2000. www.mah.gov.on.ca

2. UK Performance Measurement

Introduced in 2000/01 in the United Kingdom, Best Value Performance Indicators (BVPI) is a standardized suite of performance indicators that establish a “framework of clear performance measures across the range of local government services. They reflect the importance that is attached to service delivery at the local level, and the Government’s commitment to working in partnership to secure a progressive improvement in authorities’ performance”⁴⁰. BVPIs are designed to enable authorities to benchmark themselves against standardized indicators, compare themselves against other authorities, assess where they are in terms of the efficiency and effectiveness of service delivery and set meaningful targets for further performance improvements. BVPIs also enable the central government to monitor progress of local authorities over a period of time and provide the public served by a local authority with information to make an informed assessment on the quality and value of the local services they are receiving. Authorities are required to have their performance independently monitored and audited by the Audit Commission and must, by statute, report their progress against BVPIs and targets in an annual report, a Best Value Performance Plan. There are 94 BVPIs grouped under the major categories of: corporate health, education, social care and health, housing, environment, cultural related services, community safety and wellbeing and fire services.

3. Other Examples

Nova Scotia has taken initial steps to establish a set of financial, community, governance and performance indicators for municipalities designed to provide government and the public with information designed to support a better understanding of municipalities, provide accountability to the public and encourage a more strategic approach to policy development and management in municipal government⁴¹.

The Commonwealth government in Australia and the state of Western Australia both have in place systems establishing “benchmark” indicators designed to provide comparative information on local government and regional performance⁴².

⁴⁰ *Best Value Performance Indicators: 2005/06*, Office of the Deputy Prime Minister, Government of the United Kingdom, www.bvpi.gov.uk/pages/links.asp.

⁴¹ www.gov.ns.ca/snsmr/muns/indicators/public/default.asp

⁴² *Towards a National Regional Benchmarking System*, September 2002, Prepared for the Australian Local Government Association and the Department of Transport and Regional Services.

www.alga.asn.au/policy/regional/gov/regionalBenchmarking.php

www.dlgrd.wa.gov.au/statisticInfo/regionTrendsIndicators.asp