

WORLD URBAN FORUM III JUNE 19-23, 2006



Local Governance in British Columbia

Local Government Excellence through Collaborative Partnerships



Library and Archives Canada Cataloguing in Publication Data

Main title under:

Local government excellence through collaborative
partnerships

At head of title: Local governance in British Columbia.
Prepared for the World Urban Forum III, June 19-23,
2006. Vancouver, B.C. Cf. Acknowledgements.
ISBN 0-7726-5564-2

1. Municipal government - British Columbia.
 2. Provincial-local relations - British Columbia.
 3. Interagency coordination - British Columbia.
 4. Corporations, Government - British Columbia.
- I. Paget, Gary, 1947- II. Walisser, Brian, 1951-
III. British Columbia. Ministry of Community Services.
II. Title. III. Title: Local governance in British Columbia.

JS1721.B7M34 2006 320.809711 C2006-960107-0

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Acknowledgements

This paper was prepared for the World Urban Forum III held in Vancouver from June 19 to June 23, 2006. An earlier version of this paper was presented at *The Future of Local Government Summit* in Melbourne, Australia in June of 2005, a conference sponsored by the Municipal Association of Victoria.

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The authors also acknowledge the contributions of Tom MacDonald of the Local Government Management Association whose organization sponsored a workshop at the World Urban Forum, *Local Governance Excellence through Collaborative Partnerships*.

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INTRODUCTION

British Columbia's unique system of local governance emphasizes the empowerment and fiscal independence, accountability, and collaboration of local governments – elements of which may be replicable in other jurisdictions. Countries and jurisdictions that are developing or becoming more decentralized, in particular, have expressed an interest in adapting British Columbia's approach to local government to suit their own needs and priorities. Other jurisdictions within Canada have also expressed an interest in learning more about how British Columbia's local governance system works.

British Columbia, Canada's most western province, has a mountainous geography that is unusual in Canada, but similar to many developing nations that are modernizing and urbanizing. If British Columbia were a sovereign country, it would be as large as Tanzania, and British Columbia would be the 30th largest country in the world. Vancouver Island alone is the size of Belgium. Despite having a total area of 945,000 square km, only 5% of the province's land mass is suitable for settlement and only 1.4% is within municipal boundaries.

As a result, 75% of the relatively small population of 4.2 million people is concentrated into three high growth, urban regions – the Vancouver area, known as the Lower Mainland; the area around the capital, Victoria; and the Okanagan Valley in the south central interior of the province. The Lower Mainland is Canada's third largest metropolitan area and accounts for 55% of the total provincial population. The median population of the 157 municipalities in British Columbia is a mere 5,000. Many of these communities have matured from early fur-trading, or resource extraction centres, and ports into modern, vibrant cities. Others remain small, rural and resource-based. Regardless, communities in British Columbia are transforming according to their own unique social and economic patterns of development.

Framework for the Local Government System

Canada's constitution formally recognizes only the federal government and ten sub-national governments, known as provinces, and assigns the provinces responsibility for local governments. This constitutional responsibility is founded on the belief that the benefits of local self-government are a fundamental part of a flourishing, democratic society. This means the British Columbia government is responsible for the legislative framework that creates, maintains and restructures all local governments within the province. At its most basic level, the provincial responsibilities around local governments include:

- providing a legislative framework for local government that balances responsibilities, resources and accountability to citizens;
- ensuring the financial health and stability of the local government system;
- adapting the system over time to make sure it meets the needs and goals both of the local governments and the provincial government; and





- facilitating constructive and harmonious relationships between the provincial and local spheres, within the local government sphere, and with First Nations (aboriginal governments).

As part of this responsibility, the provincial government makes sure local governments are structured in ways that best fit local conditions, as well as having the capacity to address local and provincial objectives. Only a flexible, multi-layered system ensures that complex needs are met and that issues are decided at the appropriate scale. British Columbia's system architecture has these four key features:

- municipal governments are strong – they are equipped to meet real local needs;
- regional governments serve the local government system without dominating it. Political boundaries are fixed, yet functional or service boundaries are soft. There are literally thousands of different boundaries for providing and financing individual services (with new service units forming each year);
- municipal and regional governments provide local services – they regulate people and property, and guide physical and social development of communities – but are not responsible for equity services such as health or education; and
- collaborative institutions provide support in areas where local governments can achieve more by acting collectively rather than individually.

Against this backdrop, and embedded in a rich democratic history, British Columbia has undergone a thorough process of reform, the most recent milestone being the *Community Charter* implemented in 2004, which is the primary enabling statute for municipalities. Today, British Columbia has a system of local government that is the most empowering for local governments in Canada. British Columbia's journey of reform over the past decade has moved local governments from narrowly prescribed authorities to an empowered, more autonomous reality that relies on public accountability while emphasizing local government independence and intergovernmental collaboration. The aim of local governance reforms has been to move toward a system where:

- decision-making involves the parties affected and is done at a geographic scale that fits the issues;
- local government structures can adapt to the issues while balancing the concerns held by many different stakeholders; and
- local governments have incentives to be independent where possible, but collaborative where necessary.

In this way, British Columbia's system of local government has been designed to address the realities of a complex world.

An Empowered, Dual-Stream System

British Columbia has a dual-stream system of local government composed of municipalities and regional districts. The municipality is the basic apparatus for local government. The regional apparatus is a federation of municipalities and rural areas, with every one of British Columbia's 157 municipalities belonging to one of the 27 regional districts.

British Columbia has more faith in layered, flexible governmental structures than anywhere else in Canada. Mechanisms are in place to resolve different, but equally legitimate, interests among different governmental layers and between adjacent local governments. This layered, federated system means that in British Columbia the small size of many municipalities is not seen as a systemic problem. As a result, British Columbia has not been immersed in controversial municipal consolidation or amalgamation initiatives so prevalent elsewhere.

Municipalities

Fully 88% of British Columbians live within municipalities and depend on them for governance and services. Municipalities in British Columbia are recognized in provincial law as an 'order of government within their jurisdiction'. This means that British Columbia has gone as far as the Canadian constitution will allow in establishing the political legitimacy of local governments within British Columbia.

Municipalities are governed by an elected mayor and council. Regardless of size, all municipalities provide general government and various specific services, such as policing, water and sewage infrastructure, libraries, recreation and waste management. They also



provide regulation and planning for citizens living within their boundaries. (Social equity issues, such as health, welfare and education, are handled at the provincial level.¹) With such an extensive range of services, municipalities account for 4% of British Columbia's gross domestic product. The services offered by municipalities differ depending on their citizens' needs and willingness to pay for services.

SCOPE OF BC LOCAL GOVERNMENT SYSTEM

Protection: Police & Fire	Mostly Local/Regional District
Utilities	
Transportation	
Community Services	
Regulation – Property, people	
Regional & local planning	Provincial – Some Local Tax Contribution
Schools	
Hospital capital	
Rural policing & roads	Mostly Provincial
Health services	
Redistributive programmes	
Highways	
Social welfare	

Regional Districts

Legislation adopted in 1965 created British Columbia's regional district system as a federation of municipalities and rural territory, a unique feature in Canada's local government landscape. Regional districts are governed by a board comprised of directors appointed by municipal councils and directors who are directly elected to represent rural, unincorporated territory.

British Columbia's focus in regional governments distinguishes its system from most other Canadian provinces except Quebec and, to a certain extent, Ontario. Elsewhere, regional governments have either gone out of vogue or never were in vogue. Vancouver and Montreal are the only large Canadian cities inside federated regions. Regional districts were created to provide a:

- regional government for the entire region;
- political and administrative framework to enable combinations of members to forge regional service partnerships and to provide services jointly²; and
- local government apparatus for rural areas in the absence of a municipal government, providing services such as community planning, building inspection and street lighting.

¹ This is seen as positive because these expensive and challenging services are in the hands of the orders of government that have the greatest capacity to deliver services equitably with fair cost recovery. British Columbia, in comparison to the rest of Canada, stands out in the very limited role assigned to local governments in the area of social policy and programs. Some argue that the absence of responsibility for social programs at the local level means that local governments are exclusively focused on physical infrastructure and miss the important social development opportunities in communities.

² Regional service partnerships may mean an arrangement involving: a single regional district; multiple regional districts; or portions of a single regional district

LOCAL GOVERNMENT SYSTEM – KEY ELEMENTS

British Columbia's pattern for local governments is structured around a relatively small number of key elements:

- **Responsibility** – putting service, regulatory, planning and cost recovery responsibilities into the proper hands;
- **Financial Independence** – ensuring financial and other resources are adequate to meet demands;
- **Democratic Decision-making** – encouraging good democratic and accountability processes; and
- **Intergovernmental Collaboration** – creating capacity for voluntary partnerships and creating collective institutions to support the local government system.

Responsibility

British Columbia's local government legislation sets out clear purposes for local governments. It also provides broad powers that allow local governments the maximum flexibility and scope needed to do their job, rather than prescriptively setting out a series of individual rules that restrict local authority. The basic purposes of a local government are to:

- provide good government for its community;
- provide the services and laws it considers necessary for the benefit of all or part of its community;
- foster the current and future economic, social and environmental well-being of its community; and
- provide for the stewardship of the public assets of its community.

As an order of government, a local government has broad corporate, service and regulatory powers and extensive cost recovery tools. Municipal councils and regional district boards can provide any service considered necessary or desirable. The governing bodies have broad scope over how to pay for a service and how to provide it. They also have a great deal of scope to regulate land, buildings, businesses and people, with municipalities having broader regulatory scope than regional districts. These broad powers are balanced by extensive accountability to citizens.

Local responsibilities are balanced with the interests of the province as a whole. Provincial government interests in critical areas such as economic development, transportation, public health and the environment are protected by a range of legislative and other tools. However, the lines between provincial and local authorities are not always fixed. For example, municipalities have the ability to regulate within areas of provincial jurisdiction, such as public health and the environment, through concurrent regulatory authorities. This means that communities can respond to issues in these areas, but only within the context of provincial standards.³

Legislated powers create a framework for local governments to manage themselves and to innovate. This approach reflects the maturity and ability of local governments to make decisions and manage local assets. It acknowledges that what might work in one community may not work in another.⁴ It lets councils and boards do their job, recognizing that local governments need wide-ranging capacity and great flexibility to effectively meet the needs of their diverse communities. Local governments have broad capacity to find the creative solutions they need to face their unique challenges.

Regional districts play an adjunct role: they don't so much wield their own power as they are granted powers or service responsibilities by their member municipalities. In essence, regional districts use powers 'borrowed' from municipalities. The relationship between regions and municipalities is best thought of as being *lateral* rather than *hierarchical*. The 27 regional districts undertake literally thousands of responsibilities, quite often to deliver at a regional scale services that cannot be delivered efficiently at the municipal level. The vast majority of these services are undertaken as locally-initiated partnerships, with only a few mandated by the provincial government. What this means in practice is that no two regions are alike and, over time, regional districts acquire service responsibilities one-by-one – they evolve continuously.

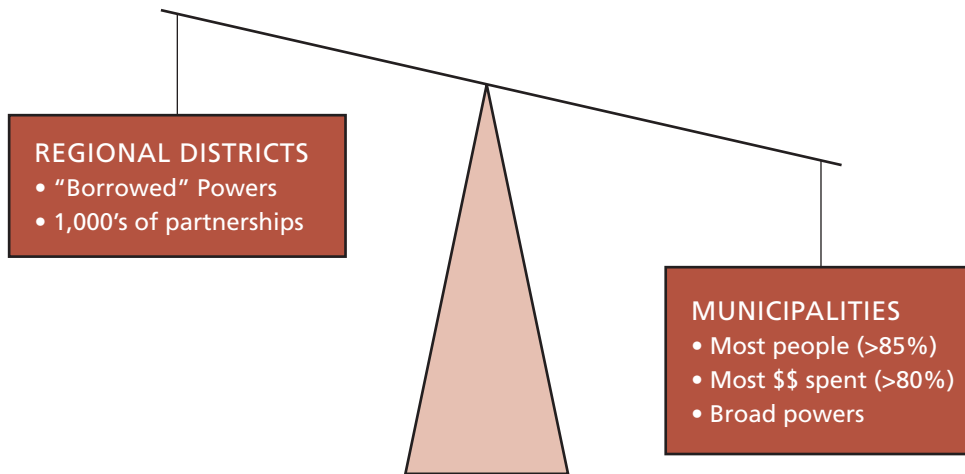
British Columbia's local government system is designed to balance service structures. In other words, the system does a good job of synchronizing its answer to the three classic questions in government – who gets, who pays, and who decides?⁵ In British Columbia, those who decide to obtain local public services are typically the same people that pay for them. In principle, taxes, charges and fees are applied so that those using a service are identical to those paying for the service. The chosen scope for local government also works well in British Columbia. The services assigned to the local level make sense, avoiding severe stress on local governments funded primarily by own-source revenues, like property taxes and fees, rather than from general government transfers or a broader range of taxes.

3 The concept of concurrent regulation is a key innovation. It demonstrates that overlaps between governmental layers can be beneficial. British Columbia does not seek to eliminate overlap but to find ways to manage overlaps to the benefit of communities as well as the province as a whole.

4 Occasionally, the general enabling laws are insufficient. In such cases, the provincial government has used its legislative and regulatory capacity extensively to develop customized solutions to meet the particular needs of individual communities and regions. Such is true for Whistler, a 'resort municipality'.

5 See Robert Bish, *Accommodating Multiple Boundaries for Local Services: British Columbia's Local Governance System*, Indiana, 2002. Link from: web.uvic.ca/padm/cpss/lgi/publish.htm.

MUNICIPAL AND REGIONAL DISTRICT RESPONSIBILITIES

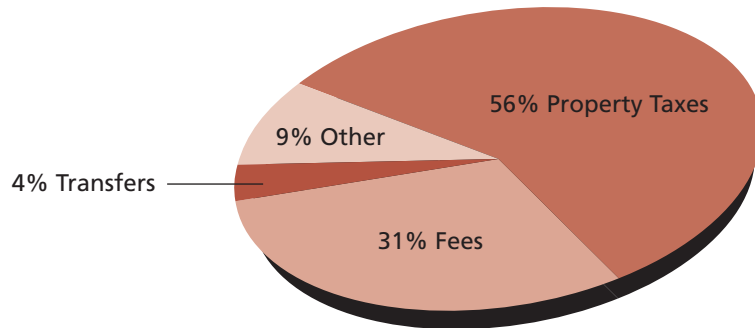


Financial Independence

Local governments invest a total of \$5.6 billion to operate and provide services to their citizens. Municipal governments account for about 80% of this total, while regional districts account for about 20%. Local governments spend \$1,266 per person, just 85% of the Canadian average of \$1,492. The level of local government spending is 4% of British Columbia's gross domestic product, putting it slightly below the Canadian average of 4.8%. It also represents just 14.7% of provincial spending, compared to a national average of 17.3% because British Columbia's provincial government remains responsible for investing in the health, welfare and education of its citizens.

The power to make decisions is nothing without the financial resources to make those decisions a reality. Local governments in British Columbia are highly self-sufficient. Own-source revenues account for about 96% of local government revenues. About 56% of local government revenues come from taxes on realty known as property taxes. Fees for services account for another 31% of revenues. The balance is made up of other sources including investment income and fines.

SOURCES OF MUNICIPAL REVENUE



Local governments have broad powers to raise own-source revenues. Property taxes serve as the most robust source of funds. Municipal councils have broad discretion over property taxation. Taxes are generally not capped or limited by elector-initiated measures, leaving municipal councils relatively unfettered in their ability to set property taxes as they see fit – and are willing to defend at the next local government election. On the other hand, overall residential property tax rates in British Columbia tend to be lower than in the rest of Canada because experience reveals that local governments are most averse to raising property taxes beyond keeping pace with inflation. Local governments can also set fees and base them on any factor as long as these fees do not masquerade as taxes by exceeding the cost of the service provided.

There is some stress on the property tax system stemming from the ability of British Columbia municipalities to set differential tax rates on nine property classes (residential, business, industrial, farm land, and so forth). Stresses on the property tax system tend to occur mostly around taxes levied on business class or industrial class properties because of their potential impact on economic competitiveness. Local governments continue to look to alternate sources of revenue and partnerships to find new ways to increase income other than through tax increases, although property taxes remain the easiest and most lucrative revenues to obtain. Many local governments are also critical of relying on a single tax source, appealing to other orders of government for either new local tax sources or higher shared revenues.

In general, there has been a reduction in overall provincial funding for local governments since the mid-1990's, a trend only recently reversed. General purpose provincial transfers now account for only 4% of local government income overall, reinforcing the high degree of local autonomy. Existing transfers are skewed towards the smaller municipalities to make sure that they can be sustained without imposing large burdens on their citizens. Untied provincial assistance amounts to an average of \$40 per person in small municipalities, but only about a third of that in larger municipalities.

Targeted transfers in British Columbia are application-based and tend to be aimed at spending on water supply and sewage infrastructure, both of which support provincial priorities of environmental protection and public health. Larger municipalities also receive a share of provincial traffic fines in support of community policing and crime prevention.

Historically, the federal government has not had a significant role with respect to local governments. However, in recent years, there has been an increase in federal funding for urban development through specific-purpose transfers in the form of infrastructure grants. While the federal investment in local governments remains small, it is growing. Most recently, the federal government has transferred a fixed proportion of federal gas tax revenues to local governments (partially answering a local government demand for more revenue sharing). These shared revenues are used to fund infrastructure projects that achieve environmentally sustainable objectives such as clean water, clean air and reduced greenhouse gases. Generally, this means investing in water and sewage treatment, energy conservation and urban transit.

The relatively unfettered control local governments have over their revenues is matched by their autonomy in making spending decisions. The provincial government has only a limited supervisory role in relation to local government finance as compared to 20 years ago. Provincial oversight is generally restricted to approving long-term capital borrowing. This oversight of local government debt creation is one of the underpinnings of the high credit rating and low borrowing costs that local governments in British Columbia enjoy.

The provincial government requires local governments to provide very few specific services. For municipalities, the most prominent mandated services are local roads within municipalities and, in larger municipalities, policing. Similarly, regional governments have few mandated services: solid waste management planning and emergency planning being the most significant mandates. While the mandates are few, they are largely unfunded by the federal or provincial governments.

Democratic Decision-making and Accountability

The broad capacities of local governments in British Columbia are balanced by measures to encourage appropriate mechanisms for citizen participation and ultimately public accountability. British Columbia does not have an administrative tribunal that has the power to review and override local government decisions. In British Columbia, such a body would be considered inconsistent with the deeply rooted traditions of local autonomy. It is partly due to the absence of such a body (which is very common in other provinces in Canada) that British Columbia has created an extensive public accountability system.

With clear democratic rules guiding local governments, citizens have opportunities to be involved and to have a better understanding of local government intentions and priorities. In British Columbia, citizen involvement is achieved through empowered and informed voters, opportunities and requirements for citizen involvement, and various checks and balances throughout the system.

British Columbia's citizens are empowered through a universal franchise that can be exercised in elections governed by fair and consistent rules. Elections are held every three years using a framework established in provincial legislation. Voting is voluntary and turnout varies throughout the province. Voter confidence in the integrity of elected officials is promoted by enforceable legislation on ethical conduct, including conflict of interest, accepting gifts and the use of insider information for private advantage.

Local governments are required to be open and transparent. This means that council and board deliberations must be held in public, unless specifically permitted to be done in private. Rules for public notice and access to information also ensure openness. In addition, there is a statutory body to implement information and privacy legislation and monitor the actions of public bodies, including local governments.

Citizens in British Columbia also have a direct influence over proposed local government decisions. Local governments can voluntarily seek citizen opinion on any question or issue and, in many cases, citizen involvement is mandatory. For example, in British Columbia, voter approval is required for many long-term capital financing decisions, creating or restructuring local governments and some critical policy issues.

Citizens need to be well informed so that they can make good judgements at the ballot box and, even more important, to be involved in their local government between elections. To ensure this, municipalities are required to establish and annually report to citizens on progress in meeting municipal goals. As well, they are required to establish five-year financial plans. Public consultations are required on these progress reports and financial plans. While not mandatory, the physical development of communities is customarily guided by 'official community plans'. All planning and land use regulatory instruments require citizen engagement, including public hearings. Public notice is required for key local government decisions including the sale of land.



Local governments are also subject to supervision by an ombudsman and the civil courts. The provincial ombudsman can investigate citizen complaints regarding administrative fairness, but cannot overturn local government decisions. The courts have no such limitation. In matters of substance, the courts generally defer to local political authority and will not intervene. However, courts will intervene in areas of procedure and fairness. In this context, the courts have broad discretion to make sure that local governments act fairly and within the law. The courts can, and frequently do, overturn local actions that are inconsistent with these principles and with fundamental rights laid out in Canada's *Charter of Rights and Freedoms*.

British Columbia does not claim to have solved all of the issues in the accountability debate. Some local governments find the current accountability requirements bureaucratic and intrusive. These local governments continue to desire more scope for unfettered decision-making. While municipalities often seek fewer restrictions on accountability, the public often seeks higher levels of accountability, such as demanding more information and accountability in areas like campaign financing and in decisions around public-private partnerships.

Intergovernmental Collaboration

The local government system in British Columbia is unusual in Canada because of the culture of collaboration among governments and agencies. This predisposition towards collaboration capitalizes on the many strengths of each element within the system, including:

- strong, independent and broadly empowered municipalities that can act independently, or in alliances with other local governments, with equal effectiveness;
- a flexible regional governmental framework that enables municipalities to work together and deal with issues that can extend beyond municipal boundaries, or even the boundaries of the regional government. This is most strongly demonstrated in collaboration in service delivery and growth management;
- a strong and stable local government association, the Union of British Columbia Municipalities, that allows local governments to speak with one voice and negotiate effectively with other governments in the best interests of its diverse membership;
- a set of collaborative organizations in the financial realm that provide collective support for the system, producing benefits that would not be achievable if the local governments acted independently;

- a strong and responsive ministry that acts as the steward of the local government system. Its strength enables it to mediate between the interests of the province and local governments and, under Canada's parliamentary system of government, take responsibility for advancing legislative initiatives whenever required; and
- a long, proven history of collaboration that enables the key interests in the local government system to cooperatively develop policy and legislation, provide advice and solve problems.

The emphasis on collaboration in British Columbia's system of local government is an element of British Columbia's system that is particularly distinctive in comparison to other jurisdictions.

The Legislative Framework for Intergovernmental Relations

The local government system in British Columbia is guided by a set of articulated principles that govern provincial-local government relations. These principles recognize that the citizens of the province are best served when there is: acknowledgement and mutual respect of jurisdiction; harmonization of policies, legislation and programs; and co-operation on matters of mutual interest. The key principles are laid out in the *Community Charter* and the *Local Government Act*. The key Charter principles include:

- **Respect:** the provincial government respects municipal authority and vice versa;
- **No Offloading:** the provincial government must not assign responsibilities to municipalities unless there is provision for the resources required to fulfil the responsibilities;
- **Consultation:** municipalities and the provincial government must consult on matters of mutual interest including provincial consultation on changes to legislation, local government transfers and provincial programs that will have a significant impact on matters within municipal authority;
- **Diversity:** respect for the varying needs and conditions of different communities;
- **Balance:** the authority of municipalities is balanced by the need of the provincial government to consider the interests of the citizens of the province as a whole; and
- **Dispute Resolution:** the provincial government and municipalities should attempt to resolve conflicts between them by consultation, negotiation, facilitation, mediation and other forms of dispute resolution.

Together, these legislative principles establish the fundamental autonomy of local governments and go far in setting out the attributes of harmonious provincial-local relations.

The legislation builds on these principles and provides a set of specific tools to facilitate intergovernmental collaboration, consistent with the principles. The most important, from a local perspective, is the requirement that the provincial government consult with the association representing local governments, the Union of British Columbia Municipalities, before undertaking significant actions impacting local governments. This includes reducing provincial transfers, amending local government legislation, or enacting, amending or repealing significant regulations.

However, consultation works both ways – not only do the principles oblige the provincial government to consult with local governments, local governments are equally obliged to recognize that provincial government interests sometimes transcend local interests. For example, the legislation enables statutory consultation requirements to be expanded by agreement between the provincial government and the Union of British Columbia Municipalities. The legislation enables either party to initiate an agreement and each party has taken advantage of the opportunity to advance their interests. A number of such agreements have been reached, including agreements relating to the development of resorts and municipal regulation in the natural environment and public health spheres.

Another issue – municipal amalgamation – is hotly debated in many jurisdictions. In British Columbia, there are no forced amalgamations of municipalities. Elector assent is required to amalgamate two or more municipalities into a single municipality, with the electors in each community having to approve the amalgamation. This codifies what has been a long-standing practice in British Columbia. This consent-based approach differs from the normal practice in Canada where amalgamations result from directive provincial action. In British Columbia, there have been few municipal consolidations and also relatively little public pressure to do so. The flexibility in the local government system means that service problems can be solved one-by-one, usually by creating customized service boundaries. Such incremental changes to relieve *service* pressures also relieve *political* pressures. This means that drastic measures such as amalgamation can generally be avoided.

The Union of British Columbia Municipalities (UBCM) – A Local Government Association

- Represents local government interests to the provincial government.
- One organization represents all local governments, large and small, rural and urban, facilitating inter-government negotiation.
- History of collaborative policy development with the provincial government, for example drafting the *Community Charter*.
- Collaborates with the provincial government to resolve stresses in the local government system through joint problem-solving.
- Partners with other governments and other interests to provide advice and deliver federal and provincial programs.

Regional – Municipal Service Collaboration

Regional districts are made up of municipalities and rural, unincorporated areas. They are part of the municipal system and exist to serve the interests of their members. As such, collaboration is their *modus operandi* – their primary way of doing business. In this non-hierarchical system, regional districts rely on ‘borrowed powers’, each offering a customized menu of services. The provincial government has engineered the regional district system to have three major advantages:

1. The *political* boundaries of regional districts are fixed. However, regional districts enjoy ‘soft’ or flexible *service* boundaries that can be adjusted to match consumer demands or to achieve economies of scale. This results in fiscal equivalence at the scale of individual services, without having to create a new governmental agency for each different service. A single regional district manages a bundle of individual services, each operating at its own ‘natural’ scale.
2. Competition or rivalry between regional and municipal politicians can be reduced because municipal governments are not separate from regional districts, but form an integral part of them. This provides a potential means of reducing jurisdictional disagreements over provision of services that often have both a local and regional character.
3. The existence of a legislative framework for inter-local cooperation means that the costs of negotiating new service partnerships are kept to a minimum. This is a critical advantage, leading to a system that has achieved over 2,000 inter-local service partnerships over its close to 40 year history. The number of partnerships continues to grow over time, as local governments forge new service partnerships in response to emerging local issues.

With powers ‘borrowed’ from municipalities, regional districts negotiate partnership agreements for providing services. A typical regional district may have acquired 50 to 100 of these individual service responsibilities over time. These service arrangements are voluntary and need to be flexible to adapt to changing conditions and objectives.

Provincial legislation provides tools for the parties to strike reasonable service arrangements and tools to manage disagreements. These tools include facilitation, mediation and arbitration. The provincial government is not the arbitrator but, instead, helps guide participants to the dispute resolution tool that will work best for them.

Regional – Municipal Collaboration in Managing Urban Growth

The federative structure of the regional district system is also demonstrated in British Columbia's unique, collaborative approach to managing growth at a regional scale. The system emphasizes horizontal, rather than hierarchical, relations between the governmental layers and their respective plans.

Provincial legislation establishes a framework for coordinated, long-term planning in the high-growth areas of the province through regional growth strategies. Urban growth follows economic or geographic boundaries and not political jurisdictions. As a consequence, creating a regional growth strategy requires extensive and full collaboration among the member municipalities of the regional district, provincial agencies and other interests to make sure that all interests are represented.

Each regional district decides whether or not to create a regional growth strategy. While the provincial government may issue policy guidelines for regional planning, the emphasis is upon a cooperative, intergovernmental process rather than a hierarchy of provincial, regional and municipal government plans. Intergovernmental advisory committees are established by the regional district to advise participants on processes and to coordinate participants so that disputes are minimized. Consultation plans are required to demonstrate how the regional district will engage municipalities, citizens, First Nations and relevant public bodies throughout the planning process.

A system of cross-acceptance is employed. Each member municipality must formally accept the regional growth strategy. Once the regional growth strategy is in place, member municipalities must amend their community plans to indicate how the municipality's plans will reflect the regional policies and how municipal plans will be adapted over time to be consistent with the regional growth strategy. The regional district must in turn accept the amendment to municipal plans.

In either case, if the parties cannot agree, the legislation provides dispute resolution tools to assist the parties in reaching agreement. This includes facilitation, mediation and, if necessary, arbitration.

Collaborative Organizations

The effectiveness of British Columbia's local government system depends on a high degree of collaboration between different interests within the system. This relationship has developed over time and is based on the principle of mutual respect and the practical recognition that there are opportunities to achieve benefits through working together. Many different agencies are involved. For example, the **Ministry of Community Services** serves as a liaison between local governments and the provincial government. The local government association, known as the **Union of British Columbia Municipalities**, partnered with the ministry to develop the legislative framework for local governments and take initiatives of mutual interest to the province and local governments. The **Local Government Management Association** works among local government non-elected officials to improve their administrative skills.

Municipal Finance Authority of British Columbia (MFA) – Pooled Borrowing and Other Financial Services

- Owned by local governments.
- Operates like a co-operative or credit union to pool borrowing needs and provide low-cost financial services.
- Pooling risk has helped the MFA achieve a high credit rating and low borrowing costs.
- All local governments, including the smallest, enjoy the benefits of low-cost borrowing.
- Insulates provincial treasury from local government borrowing liabilities.

**Fraser Basin Council
– Collaborative
Management of a
Multi-region Watershed**

- Partnership of First Nations, federal, provincial and local governments.
- Non-profit, non-governmental and non-partisan agency.
- Ensures Fraser Basin remains socially, economically and environmentally sustainable.
- Has participated in resolving more than 50 sustainability issues through collaboration among all stakeholders.

A strong local government ministry that can get things done, prepare legislation and facilitate dispute resolution, combined with a strong association of local governments that has the capacity to articulate local government interests with a single voice, are critical to the success of British Columbia's local government system. Both partners are essential; one without the other, or one that over-powers the other, would undermine the collaborative mindset necessary to achieve the sound governance of the system.

The financial strength of the local government system is greatly enhanced by several unique collective agencies that allow local governments to cooperate to overcome some of their individual financial challenges and achieve collective benefits that would not be realized if they were to operate independently. Cooperation has led to creative ways of achieving financial 'economies of scale' for capital borrowing and liability insurance. For example, the **Municipal Finance Authority of British Columbia** pools financial services while the **Municipal Insurance Association** pools municipal insurance. Such self-help agencies make it possible for small local governments to enjoy the same financial benefits as large municipalities by pooling risks and achieving economies of scale.

In addition, an independent provincial public corporation, **BC Assessment**, provides property valuations that are standardized province-wide. These standardized assessments de-politicize decisions about the tax base and put the political focus on decisions local governments make about tax rates and the distribution of the tax burden amongst property classes.

The principle of collaboration extends beyond local and provincial governments to include First Nations, the private sector and not-for-profit agencies. Custom arrangements are adopted when a wide array of stakeholders have an interest in managing long-term projects so that they have sustainable, beneficial outcomes. They are as varied as the situations they address. For example, the **Fraser Basin Council** is a partnership between orders of government, First Nations, businesses and environmental groups to maintain the social, environmental and economic viability of the largest watershed in British Columbia, the Fraser Basin. A collaborative partnership between all orders of government and First Nations, known as the **Columbia Basin Trust**, ensures that citizens living in the Columbia Basin receive their fair share of revenues from hydro-electric power generated through the international Columbia River Treaty. The **Vancouver Agreement**, a partnership between the City of Vancouver and the federal and provincial governments, guides the economic development of an impoverished area of Vancouver known as the Downtown Eastside.

LOOKING FORWARD

Unfinished Business

Local government reform in British Columbia continues and is not yet complete. The provincial government's role has shifted from a supervisory to an enabling role and this role continues to evolve. Individual local governments have learned to implement some, but not all, of the powers available to them under the newly reformed legislation. The Union of British Columbia Municipalities continues to build on its role as an effective lobbyist for local interests towards becoming a co-manager of the system, working collaboratively to develop policy and legislation, provide advice and deliver services for its members. As well, renewed federal interest in local governance issues and the emerging self-government of the First Nations are also shifting the dynamics of British Columbia's local government system.

Questions remain. Has British Columbia's process of reform done enough? Is there more work to be done?

The dual-stream local government system remains vulnerable to capacity issues. The complexity of the system, involving a high degree of interaction between the two streams, demands extraordinary political and technical leadership skill to navigate. This is partly because the internal management culture in the regional district system, which values horizontal coordination ('results through local diplomacy') above all, is so different to the typical management culture in the municipal realm, which is more traditional and production-centred ('results through managerial prowess'). Participants who encounter both streams must change their orientation frequently – this is not an easy transition to make. The system also incurs high bureaucratic costs because of the amount of communication required for collaborative decision-making to be effective.

Occasionally, provincial interests are not sufficiently protected in a voluntary system that relies on influence and negotiation. Where intergovernmental interests cannot be aligned through persuasion and negotiation, there will be moments when directive action by, or on behalf of, the provincial government will be required to directly deal with its critical interests. Although such situations are infrequent, they can be very difficult to manage effectively.

Despite efforts to avoid stresses in the local government system, a few pressures continue to exist. Some of these stresses relate to economics and finance, and they cut both ways. On the one hand, it may be that provincial policies leave local governments with resources that are insufficiently robust or diversified. On the other hand, there is the possibility that local decisions in the taxation and regulatory spheres are impairing the achievement of province-wide economic and financial objectives.



Even though there are initiatives to foster intergovernmental collaboration and provide sound conflict resolution measures, intra-regional conflicts are still prevalent in some areas of the province. As well, while the province has strong municipal governments, they do not always take advantage of the opportunities from collaboration for collective benefit. More provincial leadership, much like that which has been exercised in encouraging collaboration among over 400 fire departments, will be necessary in a broad spectrum of areas.

Finally, it may prove true that British Columbia's reliance on voters to ensure effective and efficient local governments is too optimistic. It is too early to tell whether the system is accountable enough and whether it allows sufficient citizen influence, but the provincial government continues to monitor and assess these issues.

In conclusion, there are challenges facing British Columbia's local government system but the system has a strong foundation. Looking to the future through a strategic lens, there is confidence that the remaining systemic challenges in British Columbia will be met and, most importantly, resolved collectively by the partners in the local government system – further building upon a long tradition of mutual respect and collaboration.

Final Words

British Columbia's local government system reinforces the fundamental principles of democracy. It is a system that maximizes local government autonomy, provides opportunities for collaboration and creates accountability. Local governments are considered a mature order of government capable of deciding what to do and being held accountable for their decisions. British Columbia's local government system is distinct because it has generated the following outcomes:

- services more often than not are provided at the proper scale – neighbourhood, local, regional, or provincial – and through the right government;
- the system is characterized by continuous evolution, largely due to the regional district apparatus, with its immense capacity for adaptation and reorganization at the level of individual services;
- local governments have financial self-sufficiency to meet citizen demands for service and are not burdened by costly social equity service responsibilities;
- a range of collaborative organizations are in place to do the things that are more effectively done collectively rather than individually; and
- accountability measures connect local decision-makers at and between elections, and checks and balances are in place to promote open government and the ethical conduct of local government elected officials.

Finally, various intergovernmental collaboration mechanisms have been put in place to address the complexities of a layered governmental system. However, effective collaboration has been an elusive goal and more effort is required to relieve challenges in this area.

Similar outcomes might be attainable elsewhere. However, replicating British Columbia's approach to local governance would require a reform strategy built around these elements:

1. Local governments must be respected, independent and self-supporting. Because such local governments control their own decision-making and financial resources, they can represent their own concerns credibly without paternalistic state intervention or second-guessing.
2. The local government system and its component units must be designed for resilience – for continuous adaptation and change over time in response to evolving issues and objectives.
3. A capable association of local governments is important, ideally speaking with one voice, for the large or small, the urban or rural, and the weak or well resourced.
4. A strong ministry for local government is needed to serve as a liaison between local governments and the national or sub-national government. That ministry must have capacity both to make strategic or legislative policy to improve the system and secure maximum local government autonomy.
5. Participants in local government reform must be committed to making lasting reforms incrementally over time, patiently working to change old attitudes of dependency and paternalism over many years.

Collaboration and compromise will be necessary to overcome challenges at every step on a journey of reform. Followed through to the end, the result will be a robust, flexible and effective local governance system capable of serving its local citizens well.



APPENDIX 1: COLLABORATIVE AGENCIES

Ministry of Community Services (MCS)

The Ministry of Community Services oversees the main legislative framework for municipal and regional local governments in British Columbia. It partners with agencies such as the Union of British Columbia Municipalities on an ongoing basis to develop the legislative framework for local governments, provide advice, deliver services and resolve issues of mutual interest to the province and local governments. The Ministry also strives to facilitate constructive and harmonious relationships between the provincial government and local governments. It oversees the fiscal health of the local government system and provides both general purpose and targeted financial support for local governments.

Link to 'ministries and organizations' from: www.gov.bc.ca

Union of British Columbia Municipalities (UBCM)

The Union of British Columbia Municipalities (UBCM) is an organization that represents the collective interests of all local governments. Since 1905, the UBCM has been an advocate for local government interests and has provided one voice for all local governments in negotiations with the provincial government.

The UBCM was an equal partner with the provincial government in developing the primary legislative framework for municipalities, the *Community Charter*, legislation which broadly empowered local governments and provided them with greater flexibility. The UBCM has also collaborated with the provincial government to provide advice and information to local governments. It is involved with the provincial government in joint-problem solving in areas where the provincial government and local governments have mutual interests such as the development of resorts.

The UBCM also partners with the provincial government to deliver programs in the areas of emergency planning, water conservation, community health and preventing drug abuse. Most recently, it has partnered with the provincial and federal governments and functions as the delivery agent in channelling federal funding to local infrastructure. In this arrangement, the three orders of government agree that a fixed share of the gas taxes collected by the federal government will be provided to local governments. The UBCM manages these funds and distributes them to local governments under a tri-partite management structure.

www.civicnet.bc.ca



Local Government Management Association (LGMA)

The Local Government Management Association of British Columbia is a professional organization that represents non-elected local government officials within the province. The Association promotes professional management and leadership excellence in local government, and creates awareness of the local government officers' role in the community.

www.lgma.ca

Government Finance Officers Association (GFOABC)

The Government Finance Officers Association of British Columbia is a not-for-profit organization representing those non-elected officials responsible for local government fiscal policy and management in British Columbia. The mission of the GFOABC is to promote excellence in local government through the support and development of finance professionals. The long-term vision is that British Columbia will become the leader in financial management for local government in Canada.

The GFOA of British Columbia cooperates with the Government Finance Officers Association of Canada and the United States to enhance the professional management of government financial resources by identifying, developing and advancing fiscal strategies, policies and practices for the public benefit.

www.gfoabc.ca

CivicInfo BC

CivicInfo BC is an award-winning, co-operative information service for those who work, or have an interest in British Columbia's local government sector. The main goal of CivicInfo BC is to facilitate the free and open exchange of local government information, which is done primarily through its web site.

In 1998 seven key local government organizations formed a strategic partnership to investigate ways to facilitate information sharing within the sector. These were the: British Columbia Assessment; Local Government Institute, University of Victoria; Ministry of Community Services; Municipal Finance Authority of British Columbia; Local Government Management Association of British Columbia; Municipal Insurance Association of British Columbia; and, Union of British Columbia Municipalities

The CivicInfo BC Society was incorporated as a not-for-profit society in the fall of 2000. CivicInfo BC is governed by a 17 member board of directors. Nine directors are appointed by professional organizations, six directors are appointed by member communities through regional chapters of the Local Government Management Association of British Columbia, and two 'at large' directors elected at the Society's annual general meeting.

www.civicinfo.bc.ca

APPENDIX 2: FINANCIAL COLLABORATIVE ORGANIZATIONS

The Municipal Finance Authority of British Columbia (MFA)

Historically, obtaining capital financing under favourable borrowing terms was a challenge for local governments, especially for small, rural or developing municipalities. They often had difficulty borrowing and, if they did not have a high credit rating, they were likely to pay very high interest rates. This conundrum led to the creation of the Municipal Finance Authority of British Columbia (MFA).

Created by provincial legislation, but owned by local governments, the MFA operates like a credit union to pool the borrowing needs of local governments and provide flexible, low-cost financial services. The MFA provides long-term and short-term financing, investment management, leasing, interim financing and other financial services to local governments and other public institutions in British Columbia.

Borrowing collectively and pooling the risk across all local governments has helped the MFA achieve an AAA and AA+ credit rating from the key international rating agencies. Because the MFA was created as a local government-owned corporation, the provincial treasury is insulated from liabilities associated with local borrowing. Regional district boards appoint representatives to the MFA. There are no provincial officials on the MFA's Board of Directors.

www.mfa.bc.ca



The Municipal Insurance Association (MIA)

The Municipal Insurance Association (MIA) is a collaborative organization owned by local governments. The MIA is a non-profit insurance cooperative that pools common risks for its local government members to their mutual advantage. By doing so, the MIA ensures the financial security of local governments by maintaining their liability insurance coverage and stabilizing liability insurance costs.

The MIA was created in 1987 in response to a liability insurance crisis. Local governments were unable to afford the insurance necessary to cover their operations. A few local governments stopped buying liability insurance altogether. In response, the UBCM formed the self-insurance pool to:

- maintain the liability insurance coverage needed for member's financial security;
- stabilize liability insurance costs; and
- provide risk management education to assist members in preventing claims.

The MIA demonstrates the remarkable capacity for local government co-operation to solve shared problems and create 'economies of scale' for their mutual benefit.

www.miabc.org

British Columbia Assessment (BCA)

Early in British Columbia's history, individual local governments established their own property assessment organizations. By 1973, there were 140 separate property assessment bodies with no standard valuation methods, which led to a provincial crisis.

Provincial legislation established British Columbia Assessment (BCA) as a provincial agency mandated to standardize the assessment of real property by producing independent and consistent property assessments on an annual basis for all property owners in British Columbia. This standardized approach provides predictable and fair assessments to local governments so that citizens and business owners have consistent property valuation across the province.

Because property taxes are linked to assessment values, citizens may wish to dispute the assessment. Property Assessment Review Panels, independent of BCA, provide any owner with an independent, informal review of their property assessment. In turn, a review panel decision may be appealed to the Property Assessment Appeal Board, which functions in a quasi-judicial fashion independent of both the BCA and the review panels.

www.bcasessment.bc.ca

APPENDIX 3: OTHER COLLABORATIVE ORGANIZATIONS

Fraser Basin Council

The federal, provincial and local governments came together with First Nations in 1997 to create the Fraser Basin Council (FBC). The Council makes sure the Fraser Basin (an area from Vancouver to Prince George that is further apart than London and Paris) remains socially, economically and environmentally sustainable. This unique non-profit, non-governmental and non-partisan agency has participated in resolving more than 50 sustainability issues through collaboration among all stakeholders. It has taken a lead role in resolving conflicts, advocating for sustainability throughout the Fraser River Basin and educating the public about sustainability issues.

www.fraserbasin.bc.ca

The Vancouver Agreement

The federal and provincial governments came together with the City of Vancouver to create an urban development agreement that focuses on the community development issues of an area in Vancouver known as the Downtown Eastside. This area is one of Canada's poorest and most-at-risk urban neighbourhoods and has both a flourishing illegal drug trade and a high HIV infection rate among its intravenous drug users. The Vancouver Agreement has three goals: increasing economic development in the Downtown Eastside; improving the health of residents; and increasing public safety.

The Vancouver Agreement commits the three partners to work with communities and businesses in the area to create a coordinated strategy that promotes and supports sustainable social, economic and community development through integrated, collaborative service delivery. This unique agreement has won many national and international awards for public policy, including the United Nations' Public Service Award.

www.vancouveragreement.ca



Columbia Basin Trust

The Columbia Basin Trust is a partnership of local governments and First Nations in the Columbia River Basin that were negatively impacted by the 1964 Columbia River Treaty between the United States and Canada. This treaty led to the construction of dams in British Columbia and Montana to provide for flood control and power production. Most of the benefits of the dams were enjoyed by those living outside the Basin and most of the negative impacts, including flooding and forced relocation of many residents, were felt within it. The Trust was created to represent Basin residents and make sure that they received a fair share of the revenues created by the Columbia River Treaty. To date the Trust has received significant funds to finance the construction of power projects and economic, social and environmental development initiatives.

www.cbt.org/main/default.asp

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