Local Government *in* British Columbia

Fourth Edition

Robert L. Bish
Eric G. Clemens

Published by the
Union of British Columbia Municipalities

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Dedicated to
Eric G. Clemens
1938–2008

Eric was a friend, colleague, and mentor to many.
Thanks to his years of dedication working on this book,
we all have a greater knowledge and understanding
of the importance and value of local government
in British Columbia.

Contents

EXHIBITS x

PREFACE xi

CHAPTER ONE: INTRODUCTION 1

1.1 The Role of Local Government 1
1.2 Basic Concepts and Objectives 2
1.3 Collective Problems 3
1.4 Overview of Local Governments in British Columbia 4
1.5 Observations 7
1.6 Organization of this Book 8

CHAPTER TWO: THE PROVINCIAL SETTING 11

2.1 The Provincial Government 11
2.2 Local Government Organizations and Interest Groups 12
2.3 Provincial Ministry and Agency Functions Related to Local Government 13
2.4 Statutory Officers of the Legislature Related to Local Government 18
2.5 Judicial Review 19
2.6 Observations on the Provincial Setting 19

CHAPTER THREE: MUNICIPAL GOVERNMENTS 21

3.1 History 21
3.2 Incorporation, Expansion, and Amalgamation 24
3.3 Municipal Functions and Expenditures 29
3.4 Municipal Governance 32
3.5 Municipal Elections and Referenda 35
3.6 Examples of Municipal Organization 38
3.7 Observations on Municipal Governments 42

CHAPTER FOUR: REGIONAL DISTRICT GOVERNMENTS 45

4.1 History and Structure 45
4.2 Regional District Functions and Expenditures 49
4.3 Regional District Governance 53
4.4 Examples of Regional District Organization 57
4.5 Observations on Regional District Governments 61

CHAPTER FIVE: OTHER LOCAL GOVERNMENTS 65

5.1 School Districts 65
5.2 Improvement Districts 68
5.3 Regional Hospital Districts 72
5.4 Regional Library Districts 73
5.5 The Islands Trust 74

5.6 Sechelt Indian Government District ... 76
5.7 South Coast British Columbia Transportation Authority (TransLink) ... 77
5.8 Other Small Local Government Bodies ... 78
5.9 Observations on Other Local Governments ... 79

CHAPTER SIX: SERVICE DELIVERY 81

6.1 Economies of Scope and Scale ... 81
6.2 Characteristics of Services ... 82
6.3 Service Delivery Options ... 84
6.4 Service Delivery Performance ... 89
6.5 Local Government Service Delivery Systems ... 95

CHAPTER SEVEN: PROTECTIVE SERVICES 97

7.1 Police Protection ... 97
7.2 Fire Protection ... 107
7.3 Emergency Protection ... 111
7.4 Observations on Protective Services ... 114

CHAPTER EIGHT: ENGINEERING SERVICES 115

8.1 Water Supply ... 115
8.2 Liquid Waste Management ... 119
8.3 Solid Waste Management ... 122
8.4 Transportation System Management ... 127
8.5 Public Transit ... 130
8.6 Emerging Engineering Service Activities ... 135
8.7 Observations on Engineering Services ... 136

CHAPTER NINE: HUMAN SERVICES 137

9.1 Education ... 137
9.2 Parks and Recreation ... 140
9.3 Libraries ... 142
9.4 Museums ... 143
9.5 Public Health ... 145
9.6 Social Housing ... 146
9.7 Summary Observations on Human Services ... 149

CHAPTER TEN: REGULATORY AND DEVELOPMENT FUNCTIONS 151

10.1 Regulatory Functions ... 151
10.2 Building Regulation ... 153
10.3 Land Use Regulation ... 155
10.4 Planning ... 157
10.5 Zoning and Related Activities ... 163
10.6 Subdivision Control ... 168
10.7 General Bylaw Enforcement ... 170
10.8 Performance Measures and Fiscal Equivalence ... 171
10.9 Summary Observations ... 172

CHAPTER ELEVEN: LABOUR RELATIONS 173
11.1 Policy Framework 173
11.2 Local Government Employee Unionization 174
11.3 Private Market Labour Law and Local Government 177
11.4 Summary Observations on Labour Relations 178

CHAPTER TWELVE: FINANCE 179
12.1 Local Government Revenue Principles 179
12.2 Budgeting and Financial Reporting 180
12.3 Revenue Sources 182
12.4 Property Taxes 185
12.5 Service Charges and Special Assessments 197
12.6 Developer Contributions and Other Own-Source Revenues 199
12.7 Government Transfers 200
12.8 Debt Finance and Reserve Funding 202
12.9 Observations on Local Government Finance 205

CHAPTER THIRTEEN: CONCLUDING OBSERVATIONS 207

APPENDIX: FIRST NATIONS GOVERNMENTS 209
Indian Bands 209
Sechelt Indian Band 210
Indian Self Government Enabling Act, 1990 211
First Nations Land Management Act, 1999 211
Nisga'a Final Agreement 212
Westbank First Nation 215
First Nations Fiscal and Statistical Management 216
British Columbia Treaty Commission 217
Tsawwassen First Nation Final Agreement (2007) 218
Maa-nulth First Nation Final Agreement (2007) 219
Tribal Councils 222
Observations 222

CHAPTER NOTES 223

INDEX TO LEGISLATION AND REGULATIONS 226

SELECTED BIBLIOGRAPHY 227

ACKNOWLEDGEMENTS 231

Exhibits

1–1 Local Governments in British Columbia 6
3–1 2006 Municipal Population Distribution 26
3–2 Municipal Functions 30
3–3 Municipal Expenditures in 2006 31
3–4 Municipal Election Schedule for 2008 36
3–5 North Cowichan Internal Committees in 2005 39
3–6 Burnaby Organization Chart for 2005 41
3–7 City of Victoria Committees in 2004 42
4–1 Regional Districts in British Columbia 47
4–2 Regional Districts in British Columbia 48
4–3 B.C. Regional Population Changes 1986–2006 49
4–4 Common Regional District Functions 50
4–5 Regional District Expenditures in 2006 52
4–6 Regional Board and Voting Strength 54
4–7 RDCS Board Committee Appointments in 2005 59
4–8 Services Provided by the RDCS in 2004 60
5–1 School Districts in British Columbia 66
5–2 2007–08 School District Enrollments 67
5–3 Improvement Districts December 31, 2007 69
5–4 Improvement District Functions in 2007 70
5–5 Regional Hospital Districts 72
5–6 Major Islands of the Islands Trust 75
6–1 Difficulty of Efficient Production and Delivery 82
6–2 Traditional Line Item and Activity-Based Budgeting 94
7–1 Independent Police Departments in B.C. 99
7–2 Fire Service Performance Measures 110
8–1 Waterworks Utility Performance Measures 118
8–2 Transportation Service Performance Measures 129
8–3 Public Transit Service Performance Measures 134
10–1 Regional Growth Strategies 159
10–2 Official Community Plans 161
10–3 Zoning 165
11–1 Change in Total Employees and Unionized Employees in Local Government 1982–2007 174
11–2 Local Government Unionization 175
11–3 Unions Representing Local Government Employees 176
11–4 Size of Bargaining Units in Greater Vancouver Regional District in 2004 177
12–1 Local Government Revenue Sources in 2006 184
12–2 Municipal Revenue Sources in 2006 186
12–3 Regional District Revenue Sources in 2006 187
12–4 British Columbia Property Classifications 189
12–5 Common Local Government Service Charges 199

Preface

Local Government in British Columbia presents a description of the organization and operation of local governments in the province, ranging from improvement districts serving small groups of residents, through municipalities and school districts of various sizes, to complex regional administrations such as the Greater Vancouver Regional District (GVRD) now referred to as Metro Vancouver. The purpose of this book is to enable the citizens of British Columbia to understand the councils, boards, and trusteeships that govern the provision of local services, and to assist elected and appointed officials in their efforts to serve the public more effectively. It is also used as a text in university and college courses.

Because British Columbia's local government system has many unique features, especially its regional districts, and because the book explains in some detail how different services are actually produced and delivered, *Local Government in British Columbia* also provides insights that international scholars have found useful. The third edition was translated into Chinese and published by the University of Peking Press in China.

As with previous editions, the focus is on how local governments are organized and have evolved to finance and deliver services. To complement the historical perspective, scholarly research is also used to set a theme for evaluating any complex multifaceted governmental system. Every effort has been made to ensure that the information is up to date but, as with any large and complex subject, changes may occur at any time.

Preparation of this fourth edition was begun in 2005 and it became an effort that could only be completed with the assistance of many friends and colleagues. Most important, Rena Bindra of the Ministry of Community Development conducted and coordinated reviews of the entire manuscript by ministry staff in both her own and other ministries. She also provided many short drafts on issues where her knowledge exceeded ours. Chapter 9 was co-authored by Kate Berniaz and Chapter 11 by Sean O'Melinn under the University of Victoria-Ministry of Community Development Partnership program. The First Nations Governments Appendix was compiled and edited by Eric Clemens and Cathy Watson, Ministry of Community Development. Further support was provided by students supported by grants to Emmanuel Brunet-Jailly of the School of Public Administration at the university. Others who worked directly with us on the revisions include:

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Susie Koivu of UBCM has worked on all editions of *Local Government in British Columbia* and all of us appreciate her efforts, especially for the formatting and layout of this edition where input was made by so many individuals.

Others who provided valuable information or commented on drafts are listed in the acknowledgements following the bibliography at the end of the book.

Finally thanks are due to Andrew Sancton, Frank Leonard, Edd LeSage, and Emmanuel Brunet-Jailly who reviewed the completed draft and provided additional valuable comments.

Thanks are due again to the Union of British Columbia Municipalities for making the first edition of the book available in recognition of Local Government Awareness Week 1987, and publishing subsequent editions. As always, the analysis and conclusions are those of the authors and do not necessarily reflect the views of the Ministry of Community Development, UBCM, or the many people who contributed to this volume.

Robert L. Bish
Eric G. Clemens

Chapter One

Introduction

Local governments in British Columbia affect all citizens on a day-to-day basis. This book describes how those governments operate in the province. The perspective taken in the book is that local governments are a set of institutions that facilitate the ability of citizens to resolve problems and provide local goods and services in more responsive and efficient ways than a provincial government could. At the same time, however, it is the provincial government that legislates and regulates these institutional arrangements. Within this context it is useful to briefly consider the role of local governments.

1.1 The Role of Local Government

Many political scientists and political philosophers have emphasized the role of local government as a training ground for democracy, enabling local citizens to participate in collective endeavours and thus to learn how to temper individual ambitions with concern for others. Most desired from this process is the achievement of a sense of community among members. Some scholars in this tradition are advocates of town-meeting or neighbourhood-sized governments to facilitate popular participation. Even those who question the efficiency of such small governments agree that participation and community are themselves appropriate goals.

A quite different perspective is provided by scholars from engineering, economics, and public administration, who see the role of local government as a provider of goods and services such as streets, schools, policing, water supply, and sewage disposal. Many analysts with this viewpoint have neglected the ideals of citizen participation and have focused instead on economies of scale in production and the interdependencies of production relationships. These analysts have often recommended relatively large governments that cover, for instance, entire metropolitan areas. In their concern for structuring government according to economies of scale, some go so far as to see no significant distinction between decentralized central administration and local self-government.

The perspective taken in this volume is that neither participation nor production efficiency criteria alone provide an adequate basis for evaluating local government structure. Local government is not a game in which many should be taxed so others can participate. Communities of people face important collective problems and participation to resolve those problems is a much more meaningful experience than participation as an end in itself. Participation has a specific purpose—to resolve common problems, provide desired services and facilitate control over one's environment in cooperation with others. For those who value a sense of community, such feelings may be a part of the experience, but it would be unrealistic to expect these subjective benefits to be universal. Some may regard a strong sense of community to be an impediment to individual initiative. The developer, for instance, whose rezoning proposal is reviewed at a public hearing may see his participation as a necessary evil—a time-consuming and costly delay, rather than a process that has intrinsic value in and of itself.

Politics and policy

Political decision making at the local level involves more direct participation than provincial or national policymaking. The effects of local government decisions are often immediate and tangible. For example, a decision to build a new park, pave a road, or construct a recreation centre results in a recognizable social benefit, the cost of which is reflected in annual property tax bills.

A great variety of decisions are involved in local government operations. A citizen may decide to stand as a candidate for office, vote for the candidate of his or her choice, or select an option in a referendum. Elected officials decide how to vote on council, and administrators make decisions on service production and delivery. Even at the administrative level, citizen participation is common. The resident who reports a crime or a fire, or complains that a stop sign is missing from an intersection, is a participant in the administration of his or her community. Citizens also form voluntary organizations, such as neighbourhood associations and community clubs, to undertake quasi-governmental functions and become directly involved in decision making. The resulting environment within which citizens and local governments interact is very complex.

A dual role

Local governments in B.C. are mechanisms through which local residents can undertake preferred collective activities. They are also administrative extensions of the provincial government. This dual role is often a source of conflict between local and provincial officials because each tends to regard its role as the most important. To complicate matters, various provincial agencies may take divergent approaches to disagreements that occur. As local governments operate under provincial legislation, the provincial government can always resolve disputes by changing laws to put itself in a superior legal position but many, if not most, conflicts appear to be resolved by mutual accommodation rather than provincial fiat.

1.2 Basic Concepts and Objectives

All citizens must make choices on how to obtain resources and use those resources. Obtaining resources requires knowledge, effort and all the decisions those activities entail. Using resources requires making choices as to what to purchase. Citizens try to make these choices so they are better off. There is no reason to expect different behaviour when it comes to resolving problems, obtaining local services, and paying for them. All of these activities can be accomplished in different ways, and some ways are likely to achieve better results for citizens than others.

Values

For the purposes of the analyses in this book, a basic value judgement is that **institutions of government should be designed so people can resolve problems and provide local goods and services collectively, in a manner that achieves the greatest net benefit**. This approach is the same as trying to design institutions that achieve **economic efficiency**, because economic efficiency, in contrast to technical or engineering efficiency, depends on comparing the value of the resources that are used with the value of the outputs and outcomes. The concept of economic efficiency must include citizens' values, and to weigh these values, citizens must have mechanisms to voice their preferences and play a role in balancing the costs and benefits of local government decisions. Democratic participation is a necessary component of economic efficiency.

When we move from private markets to collective decision making we encounter several additional difficulties. For example, the preferences of individuals vary. Some would like more parks, others more policing and others, lower taxes. In addition, the same geographical boundaries and the same kind of decision-making process will not work for all of the activities in which local governments are engaged. It

is the attempt to create a local government system that can provide opportunities for citizens with different preferences to deal with different kinds of goods and services over different geographical boundaries that leads to the establishment of many different kinds of local governments and many relationships among them. It is this polycentric, multigovernmental organizational system that this book is designed to help understand.

Evaluative criteria

Multiple criteria are used to evaluate a governmental system and individual governments. The most important criterion is the **extent to which decision makers, who are usually elected officials, have to balance the benefits to their constituents against the costs that will be imposed on those constituents with taxes, service charges and/or the costs of complying with regulations.** There is no way provincial ministry officials can monitor and evaluate the decisions of local government officials, and even in a participatory system with elections, referenda, meetings, and hearings, citizens cannot be involved in all of the decisions. Thus when examining the properties of a system, the criterion that decision makers balance benefits and costs, called **fiscal equivalence,** is an important one. This criterion informs the discussions throughout this book, especially the financing alternatives examined in Chapter 12.

It is also useful to have criteria to evaluate performance for the production of an individual service, program, or capital investment. Because of the diverse activities of local governments, there is no single way to do these kinds of evaluation. In Chapter 6 we will examine a range of approaches that includes measures of technical, engineering and operational efficiency, cost-effectiveness, other performance measures, program evaluations, and cost-benefit analysis.

1.3 Collective Problems

Because the environment in which citizens and local governments interact is a very complex one, it is useful to examine the kinds of problems people use government to resolve and some of the concepts associated with these problems.

Public goods and free-riders

Public goods, as defined by economists, are goods or services that are available for everyone to use and for which, until crowding occurs, one person's use does not interfere with another's. For example, when streets, sidewalks, or dikes are constructed, or eradication of a contagious disease is accomplished, everyone may benefit and no one is excluded. The fact that the exclusion of benefits for some people is not generally feasible means that direct charges or voluntary contributions cannot be used for finance.

With public goods there is no way to exclude "free-riders"—people who refuse to pay—from using or benefiting. If too many abuse the system, insufficient contributions may mean the good or service cannot be supported. The solution is to have a government, which has the coercive capacity to tax, to maintain the provision of public goods that are mutually beneficial. An important dimension of public goods is maintaining a desirable total environment, to which most land use regulation is devoted.

External effects

External effects are the effects of one's activities on non-involved parties. Pollution, for example, is a classic case. Disposal of wastes by a person or business may negatively affect others. Negative external effects may be dealt with under common law but, rather than rely on court suits by damaged parties, it has become common for government to regulate such effects. Public health rules are some of the earliest regulations to deal with potentially negative consequences. Fire codes and anti-noise bylaws are other examples.

Common pools

A special kind of external effect occurs with common-pool resources. A common pool is a natural resource that is available for communal use but, if too many use it, the resource itself may be destroyed. Thus some kind of regulation may be required for resource preservation. A classic common pool is groundwater. Overpumping may destroy it. Government authority may be necessary to prevent "free-riders" from abusing the system. In British Columbia, common-pool resources are generally regulated by the province rather than by local governments, but local governments often draw on common-pool resources for water supply and sometimes for liquid waste disposal.

Utilities

The provision of utilities, such as water supply and sewerage, is often undertaken by local government. Utilities do not possess the characteristics of public goods because it is easy to exclude users who do not pay. Their status as natural monopolies and the need for easements along transmission routes has led to price regulation, expropriation authority and public provision in most municipalities.

Business regulation

Businesses are often regulated to help consumers make an informed purchase. Proper labelling of products and the inspection of scales and taxi meters are examples of regulations that prevent cheating and protect consumers. Most businesspeople favour controls because they eliminate competition from people who cut corners to obtain business. Business regulation may also prevent legitimate competition, allowing existing businesses to charge higher prices.

Welfare

Not everyone can be expected to, or is able to, participate in labour markets to earn an income adequate for a reasonable standard of living. At one time local governments played a major role in supporting needy residents but as societies have become more mobile, the responsibility for income redistribution and social programs has shifted to senior government. In British Columbia these activities are managed primarily by the provincial government but local governments can be directly affected by concentrations of welfare recipients and are involved in housing and other social support programs.

1.4 Overview of Local Governments in British Columbia

Local governments are a major part of the public sector in British Columbia. The provision of streets, sidewalks, schools, public safety, hospitals, parks, recreation facilities, and land use control are some of the many functions performed by various local governments in the province. Exhibit 1–1 shows how these governments numbers have changed from 1990 to 1999 to 2008.

Overall, B.C. local governments are governed by more than 2,000 elected officials, the majority of whom work part-time and learn to govern local affairs on the job. In addition, many other citizens are appointed to boards, commissions, and committees to assist elected officials in making policy decisions and supervising administrative agencies. In 2006, these elected and appointed officials supervised more than 90,000 local government employees and controlled budgets totalling more than 13 billion dollars, or roughly $3,000 per capita. Municipal, regional district, and school district budgets together accounted for nearly 90 percent of this amount.

Definition of local government

The term "local government" is sometimes used in a more restrictive sense than in this volume. For example, in federal and provincial census industrial classification systems, local government includes municipalities but not school districts, which are included in the education classification.

In this book, a local government is defined as a government, other than the federal or provincial government, which:

- has jurisdiction over a defined territory,
- is governed by a body of locally elected public officials, and
- has the power under provincial legislation to impose property taxes either directly, indirectly, or conditionally.

As indicated in Exhibit 1–1, nine types of local government in British Columbia fit this definition, including municipalities, an Indian government district, regional districts, the Islands Trust, improvement districts, regional hospital districts, a regional transportation authority, regional library districts, and school districts. Three of them have general purposes, the other six have special purposes. Note that we include school districts, even though no district has used its property-taxing power, which requires a citizen referendum, since the provincial government took over all school property taxation and provides 90 percent of school district revenue in a conditional transfer. We also include some special-purpose governments where the governing board consists of elected officials (or primarily of elected officials) but those officials may have been elected to a municipal council or regional district board and subsequently appointed to the governing board. One can debate whether TransLink fits our definition of a local government (mayors appoint a professional board) but we have included it because it performs the same functions in transportation that are otherwise provided by municipalities and regional districts.

General-purpose local governments

Municipalities, which include British Columbia's cities, district municipalities, a resort municipality, an island municipality, towns, and villages, are general-purpose local governments that provide a wide range of services and regulate a variety of activities. Over 87 percent of B.C.'s population resides within municipalities, even though the area encompassed by them is less than two percent of the provincial land area. Municipalities are described in Chapter 3.

Regional districts perform three roles. First, they are the general-purpose local governments for the unincorporated areas of the province. Second, they provide a framework for intermunicipal cooperation through the creation of benefiting areas, such that any combination of municipalities and unincorporated areas may regulate activities, undertake service provision together and recover the costs from the beneficiaries. Third, they serve as regional governments for both voluntary activities and a limited number of activities mandated by the provincial government. Regional districts encompass all of the province except the sparsely populated Stikine area of northwestern B.C. Regional districts are described in Chapter 4.

The Sechelt Indian Government District was created under the federal *Sechelt Indian Band Self-Government Act* of 1986 and recognized by the provincial *Sechelt Indian Government District Enabling Act* in 1987. The enabling Act provided for the Sechelt Indian Government to utilize provincial legislation for several functions. It is considered by the provincial government to be another type of municipal government, but its characteristics are sufficiently distinctive to warrant a separate description in Chapter 5 as well as in the appendix on First Nation governments.

EXHIBIT 1–1: LOCAL GOVERNMENTS IN BRITISH COLUMBIA

	1999	2005	2008
Cities	44	45	48
District municipalities (including Townships)	53	52	52
Resort Municipality of Whistler	1	1	1
Bowen Island Municipality	0	1	1
Villages	40	41	42
Towns	15	15	15
Sechelt Indian Government District	1	1	1
Total municipal governments	154	156	160
Regional districts	27	27	28
Islands Trust	1	1	1
Improvement districts	275	271	233
Regional hospital districts	23	23	23
South Coast British Columbia Transportation Authority (TransLink)	1	1	1
Regional library districts	3	3	3
School districts	59	59	59
Total local governments	543	541	508

Special-purpose local governments

School districts provide kindergarten through grade 12 education in the province. They are governed by locally elected trustees under education ministry regulations and have a very limited conditional power to impose property taxes, which they have not used. Instead, the provincial government collects school property taxes and provides more than 90 percent of school district funding through formula-based conditional transfers, such that school districts can be viewed as decentralized parts of the provincial government as well as parts of the local government system. School districts and other special-purpose local governments are described in Chapter 5.

Improvement districts are specially incorporated districts that undertake one or more functions, such as fire protection or water supply. They are run by trustees elected in annual meetings and are the most numerous form of local government in B.C.

The Islands Trust does land use planning and regulation for trust area islands in the southern part of Georgia Strait. It is governed by trustees elected by the residents of the islands.

Regional hospital districts (RHDs) contribute a local share of capital funding for hospital planning and construction. They are governed by a board of directors that typically consist of the same directors as the regional district board. The boundaries of RHDs are typically the same as the boundaries of regional districts but there are five instances in British Columbia in which the boundary of the RHD encompasses the boundaries of two regional districts.

Regional library districts govern three of the library systems in the province. The members of their boards are appointed by the participating municipal councils and regional district boards from among their elected members. Other libraries are governed by boards created by municipalities, regional districts, or nonprofit public library associations.

The South Coast British Columbia Transportation Authority (TransLink), formerly known as the Greater Vancouver Transportation Authority, was established in 1998–99 to provide transit and

transportation management services for Greater Vancouver. It is governed by a professional board of directors appointed by a mayors' council on regional transportation that represents all the municipalities within its service area. TransLink's sources of revenue include property taxes that had previously been levied for the Greater Vancouver Regional Hospital District, which was dissolved and had its responsibilities transferred to regional health boards in the area.

Other local governing bodies

In addition to the general- and special-purpose local governments discussed above, four other kinds of organizations need to be acknowledged in an examination of local government in British Columbia. They are water users' communities, local areas, local community commissions, and First Nations governments.

Water users' communities are run like cooperatives to provide water to small groups of residential and agricultural water users. There are approximately 107 water users' communities in the province. They are described in Chapter 5.

Local areas are administered by the provincial government. Each provides a specific service to a small local area for which the local area residents pay additional taxes to the provincial government. There are currently four local areas in British Columbia, with one transfer to a local government pending. They are described in Chapter 5.

Local community commissions may be established by regional districts to perform specified functions in defined parts of a district's unincorporated electoral areas. Each local community commission is governed by the regional district director for the electoral area and four commissioners elected from among the residents of the community. In 2008, there were five local community commissions in the province. They are described in Chapter 4.

Although these organizations do not fully meet the definition of local government used in this volume, they nonetheless play vital roles in the governance of functions and activities that are important to the communities they serve. In this respect, they may be considered to be illustrative of various societies and other groups, many of them governed and even managed by citizen volunteers, that make valuable contributions to the governance of local community affairs in British Columbia.

Finally, **First Nations governments** are also involved in the provision of local services, as well as services otherwise provided by provincial or the national government. They include band councils, tribal councils, and unique treaty governments. While being established by the federal government or treaties, they are not part of the British Columbia local government system in a legal sense, but they have extensive relations with other local governments in B.C. We describe these relationships throughout the book where relevant and have provided a description of the different kinds of First Nations governments in the appendix.

1.5 Observations

Local government activities in providing public goods, providing or regulating utilities, regulating external effects, and regulating businesses range far beyond the examples cited in the foregoing discussion. These activities offer clear opportunities to achieve mutual benefits for citizens through government to supplement the voluntary exchange of private markets and to be more responsive and efficient than the provincial government could be for local services.

A caution

Local governments, like other organizations, have the potential to provide mutual benefits to members of their communities but they may not always do so. In order to get elected, candidates may make promises that cannot be kept, and some individuals may use political power to gain benefits at the expense of

others. Busy officials may start projects but not monitor them closely enough to assure efficiency, or may not provide elected officials with all the information they need to make effective decisions. These problems are inherent in all human interaction, not just in local government, but the legal capacity of governments to coerce through taxation, fines, expropriation, or incarceration makes the rules under which government officials operate extremely important.

Using government to provide mutual benefits is a bit like playing with fire—it may warm, but it may also burn. The important point is that governments are not benevolent abstractions. They are organizations comprised of individual human beings like anyone else. Their actions are not always omniscient, omnipotent, or wise.

Diversity and complexity

Public goods, utility systems, external effects, common pools, and business regulations affect a wide variety of government activities, from engineering a sewer system to teaching children to read. Local government activities are diverse not only in kind but also in geographic scope. The conditions, lifestyles, and preferences of citizens across a large province encompassing a variety of climatic zones and specialized resource bases—from rural fishing villages to farm towns and metropolitan centres—add diversity and complexity to the demands placed on local governments as they fulfil their dual role, first as governments responding to the demands of their local electors, second as administrative extensions of the provincial government. The net result is a complex system of many local governments interacting with one another and with provincial ministries and agencies. The system that has evolved does possess systemic properties, however, this book will endeavour to explain how it functions.

1.6 Organization of this Book

The provincial government passes the legislation and makes the rules under which local governments are structured and operate. Many ministries are involved. Chapter 2 describes these, including local-provincial governmental relationships and some of the local services by the provincial government.

Municipal, regional district, and other local governments are examined in Chapters 3, 4, and 5. These chapters include descriptions of their history, structure, incorporation, governance, organization, administration, the service and regulatory functions they perform, and the costs they incur.

Chapters 6 through 9 are devoted to extensive examinations of the provision and delivery of the protective, engineering, and human service functions that account for more than 95 percent of most local government budgets, beginning with a discussion of service delivery concepts, options, and approaches to evaluation. This part of the book is unique in the literature on local government in Canada—there are simply no others like it anywhere else in the country.

Chapter 10 discusses the various regulatory functions of local governments. Most of it is devoted to land use regulation, the single most time-consuming activity for municipal councils and regional district boards.

Labour relations, which have important implications for the efficiency and responsiveness of local government service delivery, are briefly considered in Chapter 11. Chapters 3 through 11 are an exposition and analysis of the various service and regulatory functions undertaken by local governments in British Columbia—i.e. what they actually do.

While Chapters 3 through 11 examine the activities on which local governments spend, Chapter 12 discusses how those activities are financed. The sources of revenue for the various types of local governments are described, including property taxes, service charges, special assessments, transfers of funds from other governments, debt finance, and other minor revenues. The importance of institutional

arrangements in which decision makers have to balance both benefits and costs in their decisions is emphasized when examining local government financing.

In Chapter 13, some more general observations and conclusions about local government in British Columbia are offered. On the whole, it can be argued that the local government system in the province is one of the best in North America.

Chapter Two

The Provincial Setting

Under the *Constitution Act* of 1867 and the *Constitution Act* of 1982, all responsibilities for authority over local governments rest with the provinces. The national government, between 1971 and 1978, attempted to coordinate its impact on local governments through the Ministry of State for Urban Affairs, but the ministry simply did not fit into the traditional Canadian political and administrative framework and was eventually dissolved (Feldman and Milch 1981). The Martin government also had a Secretary of State for Cities and Communities and in recent years, the Government of Canada has wielded more direct influence on local government through grant programs for infrastructural renewal.

The British Columbia government affects local governments in three major ways:

- The province creates and changes the structure of local governments, and sets the rules under which local governments may be organized.
- Provincial legislation makes it mandatory for local governments to perform certain functions and activities as administrative extensions of the province.
- Provincial legislation authorizes all activities that local governments may undertake.

Most of the rules enabling local self-government are set forth in the *Local Government Act*, the *Community Charter*,[1] and other acts administered by the ministry responsible for municipal affairs. School districts responsible for elementary and secondary education, which come under the *School Act* and an education ministry, are the major exception. A number of other ministries also have direct relationships with local governments and/or provide some local services. Overall, the interaction between the provincial and local governments is extensive.

2.1 The Provincial Government

British Columbia, like other Canadian provinces, has a parliamentary system of government. In its original conception, parliament consisted of the Crown, Lords, and Commons, sharing power and providing for checks and balances. As in most former British colonies, such checks and balances have been reduced in British Columbia and the legislature itself has become the equivalent of the parliament. The Crown is still represented by a Lieutenant Governor who has the power to give vice-regal assent to laws, orders and regulations.

The legislature and cabinet

The provincial government is a direct continuation of the pre-confederation colonial government. The elected legislature has the sole right to enact laws but in practice power lies with the executive council—the cabinet. The cabinet is appointed by the premier, who is the leader of the political party that has the most seats in the legislature or, in some instances, which has fewer than half the seats but is able to arrange for voting support from other members of the legislature. While the cabinet is legally subject to

[1] The name of the *Municipal Act* was changed to *Local Government Act* in 2000 and a new *Community Charter* was enacted in 2003. These changes are discussed in Chapter 3.

the legislature, party discipline creates a situation where legislation proposed by the cabinet is approved as long as the government has a majority of the votes.

The policymaking and legislative process

Government policies, legislative bills, and equally important, orders-in-council or regulations are the products of ministries and cabinet committees, although members of the legislature who are not cabinet ministers may sit on cabinet committees and help determine policy in party caucus. They may also influence cabinet and committee-drafted legislation during amendment processes. The cabinet uses standing committees and special committees as needed to review the substance of proposed legislation and regulations. Reports from these committees and from ministries go forward to the Treasury Board, which reviews fiscal implications, and usually to other central coordinating committees that set priorities and review draft bills. The cabinet itself then deals with the proposals.

Bills submitted to the legislature require three readings and the assent of the Lieutenant Governor. Orders-in-council must also be approved by the Lieutenant Governor. As all actions come under the supervision of the premier or one of the ministers, these individuals are required to respond to questions raised in the legislature.

A bill enacted by the legislature must be proclaimed in order for it to become law. In some cases, all or parts of an act may not be proclaimed. For example, parts of the 1979 *Ombudsman Act* that provide authority to review actions of local governments were not proclaimed until 1993 to 1995 because it was considered that the office needed time to get established before the scope of its authority was extended beyond the provincial government and its agencies.

In addition to these policymaking and legislative procedures, individual members of the legislature may propose private bills. They are processed through a private bills committee for possible enactment by the legislature. A private bill is unlikely to pass unless the government of the day does not oppose it. Interestingly, the *Vancouver Charter* of 1886 was a private bill but since 1990 has been amended as a government bill.

In practice, major policy changes and new legislation are often prepared completely within a provincial government ministry. Cabinet can process legislation in secret and simply announce it to the legislature. However, a requirement for consultations with the Union of British Columbia Municipalities (UBCM) on any legislation affecting local governments (except schools), was enacted in 1998 (the first in Canada) and is embedded in the *Community Charter*. The net result of changes since the late 1990s is a policymaking process in which, for local government legislation, there is consultation outside of cabinet and the legislature. This is not always the case for other legislation.

2.2 Local Government Organizations and Interest Groups

Legislators are strongly influenced by political considerations that include being responsive to groups with particular objectives who actively lobby ministries of the government. Local government organizations that play a role in provincial policymaking include:

- Union of British Columbia Municipalities (UBCM)
- Municipal Finance Authority (MFA)
- Municipal Insurance Association (MIA)
- Local Government Management Association (LGMA)
- Government Finance Officers Association (GFOA)
- Municipal Information Systems Association (MISA)
- BC School Trustees Association (BCSTA)
- BC Public School Employers' Association (BCPSEA)

- BC Confederation of Parent Advisory Councils (BCCPAC)
- BC School Superintendents Association (BCSSA)
- BC Association of School Business Officials (BCASBO)
- BC Principals' & Vice-Principals' Association (BCPVPA)

The UBCM, MFA, MIA, BCSTA, and BCPSEA are directed by locally elected council or board representatives and actively deal with the provincial government on matters of interest to their members, as does the BCCPAC. The other groups represent local government administrators and are less politically active, but they still deal regularly with provincial ministries regarding matters of concern to their members.

The UBCM represents all municipalities and regional districts in British Columbia as well as the Islands Trust. It also plays a significant policy and administrative role in managing grants and programs for local governments. UBCM has played an increasingly influential role since 1996, when its efforts resulted in a formal *Protocol of Recognition* that stated the principles underlying the relationship between the provincial and local governments in B.C. and established a joint council of provincial and UBCM officials to implement the agreement. A 1997 sub-agreement led to a radical transformation of the *Municipal Act* in 1998–2000, including a change in name to the *Local Government Act*. The UBCM also played a key role in shaping the 2003 *Community Charter* legislation, in seeking to ensure that local government interests are effectively represented in treaty negotiations, and in generally influencing provincial policies and initiatives that affect local governments in B.C.

Many other groups play a role in representing their constituents on local government issues to the provincial government, such as the BC Association of Chiefs of Police, the Fire Chiefs' Association of BC, the Planning Institute of BC, the Urban Development Institute, the Canadian Home Builders' Association, the BC Water and Waste Association, the Building Officials' Association of BC, the Licence Inspectors' and Bylaw Officers' Association of BC, the BC Museums Association, and the BC Recreation and Parks Association. With organizations like these active, local governments and local government officials often have a significant voice in the policymaking process, as do other interest groups affected by provincial policy on local governments.

2.3 Provincial Ministry and Agency Functions Related to Local Government

Provincial ministries that set compulsory rules or mandates for local governments in B.C. include those responsible for municipal affairs, public school education, environment, finance, health, labour, law enforcement, and transportation. There are also a number of other ministries and agencies whose activities affect, complement, and/or entail cooperation with local governments.

It is important to keep in mind that the functions, responsibilities, names, and reporting relationships of government ministries and agencies tend to vary over the years. For example, between 1990 and 2008, the ministry responsible for municipal affairs was variously known as Municipal Affairs, Recreation and Culture (1990–92), Municipal Affairs, Recreation and Housing (1992–93), Municipal Affairs (1993–96), Municipal Affairs and Housing (1996–98), Municipal Affairs (1998–2001), Community, Aboriginal and Women's Services (2001–05), Community Services (2005–08), and Community Development (2008–). Similarly, law enforcement has sometimes come under an attorney general, other times under a solicitor general.

For clarity and consistency, the following ministries and agencies are generally identified by their functions rather than by specific names. For example, the ministry responsible for municipal affairs is

denoted by that term or, more simply, by the words "municipal affairs ministry." Except for municipal affairs and education, which are described first, the functions are listed in alphabetical order.

Municipal affairs

Municipal affairs functions in B.C. include:

- Administration of legislation and regulations that set the boundaries of and the basic structure for the governance and operation of municipalities, regional districts, improvement districts and special areas
- Supervision of the Islands Trust
- Supervision by the inspector of municipalities, especially with respect to debt finance
- Administration of the local areas described in Chapter 5
- Supply of municipal services to the unincorporated University Endowment Lands adjacent to the University of British Columbia
- Administration of grant and revenue-sharing programs for local governments, including advice on infrastructure projects
- Facilitation of community and regional planning and land use regulation
- Administration of the provincial Board of Examiners' certification and scholarship programs for local government administrators
- Provincial participation in such initiatives as tripartite urban development agreements

The municipal affairs ministry is the dominant one for municipalities, regional districts, improvement districts and islands under the Islands Trust. The ministry has also been responsible at different times for public library services, heritage conservation services, the real property assessment system, building regulation, safety regulation and social housing.

Education

The education ministry supervises the administration of school districts, administers provincial funding of the districts and supervises finances.

Aboriginal affairs

There has been a provincial ministry dedicated to First Nations activities for many years, but First Nations activities involve many other ministries that support economic development, education, health, social welfare services and treaty negotiations. The provincial ministries responsible for fisheries, lands, forests, mines and transportation also deal extensively with First Nations with respect to land and resource questions that also affect local governments. Where provincial legislation provides for First Nations relationships with local government they are treated in the relevant section of the book. However, First Nations governments that are not established by Final Agreements through the British Columbia Treaty Process are governed by federal legislation. More information is available in the Appendix, First Nations Governments.

Building and safety regulation

Building and safety regulatory functions include administration of the *British Columbia Building Code* and plumbing regulations by local governments, fire safety regulations by the Office of the Fire Commissioner, and standards and inspections for electrical, gas, boiler, elevator, railway, and other technical installations by the BC Safety Authority. The functions also include support of the Building Code Appeal Board and the provision of policy advice on British Columbia's building regulatory system, especially with respect to building safety and accessibility. Responsibility for these functions has been assigned to different ministries over the years. In 1998, following the "leaky condo problem," for which some

municipalities were found financially liable because of poor building inspection practices, the Homeowner Protection Office was created. This office licenses residential builders and building envelope renovators.

Culture and recreation

Cultural and recreational functions include:

- Advice and support for the development and implementation of local community heritage conservation programs in B.C.
- Supervision and support of public library services in accordance with the *Library Act*
- The school programs, archival management, and other activities of the Royal British Columbia Museum
- Programs of support for media, performing, and literary arts
- The planning and management of provincial parks
- Programs of support for sport, games, and forest recreation

A number of ministries and agencies are responsible for these activities and programs, all of which entail cooperation with various local governments.

Economic development

Economic development functions include the oversight and regulation of primary resource industries and utilities (agriculture, fisheries, forestry, mining, oil, gas, electricity), and various programs provided by the ministries and agencies responsible for economic development, small business, tourism, etc. Local governments often deal with the ministries responsible for the resource industries and utilities because of their importance to local economies, especially those that heavily depend on one or two industries. Tourism BC, the provincial tourism agency, provides advice on tourism sector development to communities throughout the province and works closely with local destination marketing organizations. Partnership BC, a provincial Crown corporation under the minister of finance has the role of bringing together ministries, agencies, and the private sector to develop public-private partnerships, many of which are local government projects.

Environmental management

Environmental management functions that relate to local government activities include:

- Air, land, and water pollution control, including the solid waste management plans that all regional districts are required to have and the liquid waste management plans that they may be required to have
- Flood plain management
- Water management, including the oversight of water users' communities created under the *Water Act*

One ministry is usually responsible for all environmental management activities but the responsibility was divided between two ministries from 2001 to 2005.

Financial management

Financial management functions that relate to local government activities include:

- Property, income, and consumer tax collection, including all property taxes collected for school purposes and the collection of property taxes in the rural areas of B.C. by the provincial surveyor of taxes on behalf of regional districts, improvement districts, and other taxing authorities
- Capital project oversight, including social capital projects like schools and hospitals

The ministry responsible for finance also manages the registry for manufactured homes, which is important for compiling a proper assessment roll.

Health services

Health service functions that involve local government include ambulance services, public health services and regulation, and the provision of health care facilities and equipment, often in cooperation with one or more regional hospital districts. Overall responsibility for health services rests with a single health ministry but most services are delivered by six health authorities:

- A Provincial Health Services Authority that coordinates and/or provides provincial programs and specialized services, such as cardiac care and transplants
- Five regional health authorities (Fraser, Interior, Northern, Vancouver Coastal, and Vancouver Island) that are further subdivided into 16 health service delivery areas

The six health authorities were created in 2001 to replace 52 regional and community bodies that had been established between 1993 to 1997 in an effort to decentralize authority over health services from the ministry to local communities.

Human resources

Provincial human resource functions include labour relations, employment standards, occupational health and safety, workers' compensation, pension programs, and a variety of human resource development programs. The responsibility for many of these functions typically rests with a labour ministry but a number of other ministries and agencies are usually involved in the delivery of various programs. The *Labour Relations Code* provides the framework for local government labour-management relations, WorkSafeBC administers occupational health and safety regulations that affect local government workers, and the BC Pension Corporation manages local government pension plans.

Justice and law enforcement

Justice and law enforcement functions that involve direct relationships with local governments or delivery of services at a local level include police services, criminal justice, family law, human rights protection, court administration, courthouse management, legal aid, victim services, sheriff services, and correctional services. Responsibility for these functions may rest entirely with an attorney general's ministry, or law enforcement may be separately assigned to a solicitor general's ministry.

As in all provinces except Newfoundland and Labrador, Ontario, and Quebec, the Royal Canadian Mounted Police serve as B.C.'s provincial police through a federal-provincial contract. The provincial police protect unincorporated areas and municipalities with populations of less than 5,000, while larger municipalities must provide their own police services, which can be provided by the RCMP as well. Training for independent municipal police department members, fire inspectors, firefighters, and paramedical personnel is provided by the Justice Institute of British Columbia. Police services are discussed in Chapter 7.

Real property

Provincial government real property activities that are most important to local government include subdivision control in unincorporated areas and property assessment. Subdivision control in unorganized areas has for many years been the responsibility of approving officers designated by the transportation ministry to ensure that suitable access and highway dedication is obtained for rural subdivisions. While regional districts may now appoint the approving officers, none have done so.

The British Columbia Assessment Authority, called BC Assessment, is responsible for real property assessment throughout the province and on some Indian reserves, where First Nations have contracted the

BCAA to assess their properties. The Property Assessment Appeal Board adjudicates appeals from decisions made by local property assessment review panels.

Provincial government property is managed by several agencies. Primarily a division within the agriculture ministry manages provincial Crown lands, which comprise 94 percent of the land in B.C., but some responsibilities are shared with or delegated to other ministries with economic functions, such as environment, forestry, fossil fuel extraction, mining, and tourism. A separate Integrated Land Management Bureau coordinates activities in the areas of strategic planning, natural resource access, environmental sustainability, and services to the public, including the operation of FrontCounterBC, a single-window service for the clients of provincial natural resource ministries and agencies. The provincial government's real estate portfolio and accommodation services are managed by a government services ministry division, Accommodation and Real Estate Services (ARES).

The Land Title and Survey Authority of BC, established in 2004, is responsible for managing, operating and maintaining British Columbia's land title and land survey systems. British Columbia uses the Torrens land title registration system, which is more efficient and provides greater security of tenure than other systems.

Social welfare

Social welfare functions include programs for individual income assistance, disability assistance, child protection, family development, adoption and reunion services, foster care, child care, children and youth with special needs, youth justice, adult community living, and social housing. Responsibility for these programs is typically divided among a number of ministries and agencies. While the responsibility for most social welfare programs is borne by the provincial government, some local governments in more heavily urbanized parts of the province have found it necessary in recent years to introduce programs of their own aimed at helping people who would otherwise fall through the gaps, such as those who are homelessness or suffer from drug abuse.

The management of social housing owned by the provincial and federal governments is the responsibility of the British Columbia Housing Management Commission, which also provides assistance to nonprofit housing agencies and cooperatives. The Provincial Rental Housing Corporation holds provincial property for social and other low-cost housing, as well as land under long-term leases to nonprofit societies. Social housing and homelessness are discussed in Chapter 9.

Transportation

Provincial transportation functions that involve local governments include:

- Provincial highway transportation policy and programs
- The planning, construction, operation, and maintenance of B.C.'s highways, including arterial highways within municipalities, and inland ferries
- The provision of public transit services by BC Transit in cooperation with 50 B.C. communities
- The regulation of taxis, limousines, intercity buses, and other components of the commercial passenger industry by the Passenger Transportation Board

The transportation ministry participates with local governments in developing regional growth strategies and resource management plans, and administers local programs and projects, some of which are funded by the federal government. The ministry also provides grants and other assistance for ports, community airports, local cycling networks, and alternative transportation modes.

Other provincial ministry and agency functions

Several other provincial functions involve direct relations with local governments or the provision of services at a local level. They include:

- The Agricultural Land Commission is responsible for the B.C. agricultural land reserve system. The Commission helps local governments plan for agricultural land reserve (ALR) land uses and may delegate to them the power to make subdivision and non-farm use decisions.
- Government agents' offices provide local citizens in over 50 B.C. communities with one-stop access to provincial government information and services.
- The Provincial Capital Commission sponsors activities and works aimed at enhancing the provincial capital region. Five of the PCC's eleven board members are appointed by the four core municipalities in the region: Victoria, Saanich, Oak Bay, and Esquimalt.
- The British Columbia Lottery Corporation distributed $76.1 million in funding to local governments where casinos and community gaming centres were located in 2006–07. It also provided the funds for $142.4 million in gaming grants to some 6,000 community and charitable organizations, such as volunteer fire departments, sport clubs, music societies, search-and-rescue groups, seniors' groups, etc.
- The Provincial Emergency Program helps local governments develop and maintain emergency preparation, response and recovery programs, as discussed in Chapter 7.

This list is reasonably comprehensive but by no means exhaustive. For the purposes of this book, it illustrates the extent and nature of provincial involvement in functions and activities that oversee, support, or complement local government functions and activities.

2.4 Statutory Officers of the Legislature Related to Local Government

Four statutory officers of the legislature—the Auditor General, the Information and Privacy Commissioner, the Ombudsman, and the Police Complaint Commissioner—perform important watchdog functions that affect local government. They are responsible to the provincial legislature and are independent of the government. The latter three officers also provide citizens with alternatives to the courts that help ensure fair decision making by local governments. Other statutory offices of the legislature include the Conflict of Interest Commissioner and Children's Advocate, but they are unlikely to be involved with local governments.

Auditor General

The Office of the Auditor General was established by the *Auditor General Act* of 1977 to provide the legislature with independent assessments of the provincial government's financial and operational accountability, including the effectiveness and efficiency of program performance. The office conducts performance and compliance audits or reviews that sometimes directly relate to local government concerns, such as: purchasing in school districts (1994); BC Transit productivity and marketing performance (1997); earthquake preparedness (1997); governance and management of social housing (1999); protecting drinking water sources (1999); local government preparedness for managing fire risks in wildlands-urban interface zones (2000); fostering a safe learning environment in B.C. schools (2000); transportation in Greater Vancouver (2001); government oversight of public-sector pension plans (2003); internal audit processes of health authorities (2004); and administrative and management processes of First Nations treaty negotiations (2006). The *Auditor General Act* does not preclude the Auditor General from performing audits for local governments but they use private firms to audit their financial statements and, in some cases, to assess program performance.

Information and Privacy Commissioner

The Office of the Information and Privacy Commissioner was established in 1993 to monitor and enforce compliance with the 1992 *Freedom of Information and Protection of Privacy Act*, including the informa-

tion access and privacy protection practices of the provincial government, provincial agencies, local governments, and self-governing professional bodies. The office also investigates individual complaints and requests to review decisions, acts, or failures to act, and is responsible for overseeing compliance with the 2003 *Personal Information Protection Act*, which contains rules about the collection, use, and disclosure of personal information by more than 300,000 private-sector organizations, including businesses, charities, associations, trade unions, and trusts.

In fiscal 2006–07, the office received 4,828 files and closed 4,825. The files involving local governments usually comprise a small percentage of the total, although some are of particular concern, such as described in the 2006 report on municipal surveillance bylaws.

Ombudsman

The Office of the Ombudsman was established by the *Ombudsman Act* of 1979 to investigate and report on complaints about grievous government actions, failures to act, decisions, or procedures. Local governments were covered by the Act but the relevant sections were not proclaimed until 1992 to 1995.

Complaints about local governments typically account for about five percent of the Ombudsman's cases. In 2006, the office dealt with a total of 6,438 cases, of which 306 involved local governments. Due to budget constraints, 154 of these local government cases were declined for investigation and another 94, all involving school districts, were placed in a holding queue for eventual investigation after a three- to six-month delay. Governmental bodies almost always accept the Ombudsman's recommendations.

Police Complaint Commissioner

In 1997, an amendment to the *Police Act* the B.C. Police Commission, which had previously been responsible for dealing with complaints about police, was transitioned into the Office of the Police Complaint Commissioner. The office is empowered to receive, consider, and dispose of complaints and requests for review of the services provided by independent municipal police departments, some First Nations police services, and the Combined Forces Special Enforcement Unit (formerly the Organized Crime Agency). Complaints about police services delivered by the RCMP, in its capacity as the provincial police force or a municipal police unit, are dealt with by the Commission for Public Complaints Against the RCMP, a federal body.

2.5 Judicial Review

Local governments must act within the law. In addition to seeking redress through the Information and Privacy Commissioner, the Ombudsman, the Police Complaint Commissioner, the Inspector of Municipalities, or senior officials of other ministries that supervise local governments, citizens may challenge local government legislation or decisions on both procedural and substantive grounds in the courts. Since 1979, the *Judicial Review Procedure Act* has provided a simplified method for petitioning the Supreme Court of British Columbia to adjudicate a challenged decision.

2.6 Observations on the Provincial Setting

Over the years, the provincial government has assumed responsibility for some functions for which local governments or agencies were once primarily responsible, usually in response to social and economic change. The centralization of the social welfare function can be attributed to increasing social mobility. Health services that were once provided by locally elected bodies, such as hospital society boards, are now provided by centralized agencies that can presumably respond more effectively to the higher costs associated with technological advances and growing demands for service. Elementary and secondary education funding and policymaking is now handled by the province, with a lesser role for school boards.

In these cases, provincial policy has emphasized uniformity of service delivery across the province, with much less responsiveness to local conditions.

In contrast, local governments under the municipal affairs ministry have been given greater authority and play an important role in provincial policymaking. Other provincial ministries, such as those responsible for police, environmental management, and transportation functions, have direct relationships with local governments because local governments deliver many services that fall under their jurisdiction. All of these relationships make local governments an integral part of a complex system of governmental institutions in the province.

Chapter Three

Municipal Governments

Incorporated municipalities—cities, district municipalities, towns, and villages—are the main form of local government for densely settled areas in British Columbia. They predate the merger of the colonies of Vancouver Island and British Columbia and their subsequent confederation with the Dominion of Canada. More than 87 percent of the provincial population resides within municipal boundaries.

3.1 History

Between 1849 and 1859, when the Hudson's Bay Company was the colonizing agent for Vancouver Island, the trading firm developed roads, a volunteer fire department, and schools in Victoria. When the gold rush into the interior began in 1858, Victoria became a prominent commercial centre, and streets, drainage, and fire protection became serious concerns. The Vancouver Island colonial government dealt directly with these problems when it assumed control in 1859, using a liquor tax as its source of revenue. Three years later the City of Victoria was incorporated.

On the mainland, the Colony of British Columbia was established in 1858 and a wooded hillside on the north side of the Fraser River was declared the new capital in 1859. As the colony had a shortage of funds, it incorporated the City of New Westminster in 1860 to enable it to proceed with the clearing of streets and the creation of a city. In 1865, the colony passed a general ordinance that laid down guidelines for future municipal organization. The municipalities permitted under the ordinance were of the open-ended "home-rule" type—they could do anything not otherwise forbidden by law. The ordinance became applicable to Vancouver Island when the two colonies were merged in 1866.

After confederation with Canada in 1871, a new Act for municipalities was passed in 1873. The Act replaced the previous legislation and enabled municipalities to undertake a range of activities, but it did not provide for incurring debt, nor did it include any mandatory activities that the municipalities were required to perform. The powers granted to them included the authority to tax persons and property and collect fees for granting licences. New Westminster and Victoria were immediately brought under the Act, followed shortly by Chilliwack, Langley, North Cowichan and, in 1874, Maple Ridge and Nanaimo. The Act was amended in 1881 to provide for municipal borrowing.

The 1896 Acts

In 1896, the existing legislation was superseded by the *Municipal Incorporation Act* and the *Municipal Clauses Act*. These Acts provided for two basic kinds of municipalities: cities or towns for small, densely populated communities; and districts for low-density, spread-out areas that desired some form of local government. The period from 1890 to 1915 was an active one for the incorporation of cities, towns, and districts in B.C., but no more were incorporated until after World War II. In 1920, however, very small communities were authorized to incorporate as villages. Villages were created at a slow rate from then until the mid-1930s. The *Municipal Incorporation Act* and the *Municipal Clauses Act* set the basic framework for municipal government as it now exists and only minor changes were made until the *Municipal Act* was adopted in 1957 and regional districts were created in 1965.

The home-rule issue

One very important issue, that of home rule for municipalities, was hotly debated in the early part of the twentieth century. Legislation that would have permitted it was introduced in B.C. in 1919 but it failed to pass. Home rule, which is common in the western United States, would have permitted municipalities to do anything that was not explicitly prohibited by provincial legislation, instead of only what the legislature specifically authorized. Although home rule was denied to municipalities, few constraints were exercised if they had a good reason for wishing to undertake some new function. Thus, by 1986, the *Municipal Act* listed over 250 voluntary functions for cities, towns, villages, and district municipalities.

With the enactment of the *Local Government Act* in 2000 and the *Community Charter* in 2003, municipalities faced even fewer constraints as they were given broad powers to provide services and regulate many activities, primarily within 16 spheres of jurisdiction. This legislation's permissive nature gave British Columbia's municipal governments an operating framework that is closer to home rule, although the municipal affairs ministry still retains some important supervisory powers.

The *Vancouver Charter* and *Resort Municipality of Whistler Act*

In 1886, the Canadian Pacific Railway decided to extend the railroad from its original Port Moody terminus to Coal Harbour. In response, the legislature passed a private bill that incorporated the City of Vancouver to encompass the terminal area. A population boom immediately ensued. In 1887, Vancouver became the western terminus for the completed CPR, and by 1888 the municipal government was supplying a population of 8,000 with streets, wooden paving, waterworks, and sewers. The *Vancouver Charter* remains as separate legislation although it has much in common with the *Local Government Act* and *Community Charter*.

In the 1970s the provincial government had to decide how to organize the Whistler area, which needed a municipal government for development but had no population. The result was the *Resort Municipality of Whistler Act (1975)*, which allowed the starting of the municipality with an appointed council. The municipality comes under the *Local Government Act* and *Community Charter*, with some additional unique provisions in the *Resort Municipality of Whistler Act.*

Early supervision

Prior to 1912, there was virtually no provincial supervision of municipalities. In that year, formal audits were first required and the Office of the Inspector of Municipalities was created in the Department of the Attorney General in 1914. The Inspector provided advice on financial affairs, especially debt creation, and could oversee general municipal activities for compliance with the law. Approval of municipal borrowing by the Inspector also became compulsory. The Inspector moved to the Department of Municipal Affairs when it was created in 1934.

Reform of the *Municipal Act*

In 1997, in consultation with the Union of British Columbia Municipalities, the provincial government made a multiyear commitment to substantially reform the *Municipal Act*, with the objectives of enhancing the breadth and flexibility of municipal powers of governance while maintaining appropriate provisions for accountability to citizens and provincial involvement in local affairs. A few reforms involving the removal of more than 50 requirements for provincial approval or supervision were included in Bill 46–1997, but the major changes were made in Bill 31–1998, Bill 88–1999 and Bill 14–2000.

Bill 31–1998 recognized local government as an "order of government,"[2] articulated the purposes of the Act and local government, stated the principles of the relationship between the provincial and local

[2] This is, however, a provincially legislated and not a constitutional change.

governments in relation to the *Municipal Act*, and provided for new, broad corporate powers, such as the ability to acquire property and enter into agreements. Specific measures included provisions for entering into public-private partnerships (P3), elimination of some requirements for referenda, expanded provisions for citizens to petition against proposed local government actions, and elimination of the statutory requirement for the positions named "clerk," "treasurer," and regional district "secretary," with more flexibility as to how their responsibilities could be assigned.

Bill 88–1999 broadened powers to provide any service considered desirable and to regulate business, and provided for financial management reform, election process improvements, and more open government. Specific measures included a requirement for five-year financial planning that replaced the old annual budget process, the use of the term "parcel taxes" to denote both frontage and parcel taxes, expanded authority in relation to parcel taxes, fees, and charges, changes to the municipal tax collection process, and campaign finance disclosure system improvements.

With Bill 14–2000, the *Municipal Act* became the *Local Government Act*. Other specific measures in this bill included the provision of broad service powers to regional districts, as discussed in Chapter 4, changes to planning and land use legislation, as discussed in Chapter 10, and consolidation and clarification of a counter-petition process where elector assent to bylaws was required.

The *Community Charter*

In 2003, the provincial government took the reform process considerably further when it enacted Bill 14, the *Community Charter*. The process that resulted in the development of this legislation was a unique provincial-local partnership under which the Community Charter Council, consisting of local and provincial representatives, became responsible for drafting legislation to increase the autonomy of municipalities. The *Community Charter* and the *Local Government Act* now form the foundation of the legislative framework under which all of British Columbia's municipalities operate.

The foundation of the *Community Charter* rests on a set of principles that recognizes municipalities as an "order of government" that is autonomous, responsible, and accountable. The *Community Charter* provides a legal framework of municipal powers/duties providing authority and flexibility for municipalities to address community needs. It also sets out important principles for municipal-provincial relations that emphasize such things as "no downloading," mutual respect, cooperation, and harmonization.

The *Community Charter* differs significantly from previous municipal legislation, which had been more prescriptive because it grants municipalities the legal status of a natural person (corporate powers), broad powers to provide a service (including broad authority for intermunicipal schemes and authority to establish corporations), and regulatory powers to regulate, prohibit, or impose requirements within defined spheres of jurisdiction, as discussed in Chapter 10. It also provides additional powers with respect to roads and highways (including title to most local roads), control of dangerous dogs, hazardous conditions, and declared nuisances.

These broad powers do have limits. Within the regulatory spheres, a municipality may regulate with respect to business, signs, and firearms, but it may not prohibit or impose requirements on business, may not prohibit signs, and may not impose requirements regarding firearms. Other limitations include a general prohibition from providing assistance to business except in prescribed circumstances, and the fact that the new powers do not apply in the areas of planning, land use management, and heritage conservation, which are still covered by the *Local Government Act*.

Another important limitation established under the *Community Charter* is the concept of concurrent regulatory authority, under which it is recognized that in five spheres (public health, protection of the natural environment, wildlife, building standards, and prohibition of soil deposit or removal), municipalities and the province have a shared interest in regulating activities. Within these areas of concurrent

authority, municipalities are provided with powers to adopt bylaws, but are subject to provincial involvement.

The broad powers provided by the *Community Charter* are balanced with an accountability and public participation framework that covers such matters as elector involvement (i.e., the requirement for voter approval in each municipality before a municipal amalgamation can proceed), reporting to electors (i.e., the requirement to publish notice of and provide an opportunity for input on proposed business regulation bylaws), and provisions governing the ethical conduct of local governments and their officials, including conflict of interest processes, restrictions on accepting gifts, and other similar measures. Municipalities are also required to produce an annual municipal report and hold an annual municipal meeting at which the report is discussed. The annual report must contain performance measures for gauging whether or not municipal objectives are met year to year, although the exact measures to be used by a given municipality are not prescribed.

Other matters covered by provisions of the *Community Charter* include a requirement that annual financial statements be prepared in accordance with generally accepted accounting principles (GAAP), tax exemption powers, bylaw enforcement, rules for borrowing, mandatory provincial consultations with local governments in specific situations (such as before amending the *Community Charter* or the *Local Government Act*), and a dispute resolution process for resolving disputes between a municipality and another local government, provincial government, or a Crown corporation.

While the provincial government has provided broad powers to local governments, it has also established limits designed to protect or enhance specific provincial interests articulated by ministries other than municipal affairs. These limits often take the form of legislated overrides on local government land use or other regulatory powers on matters such as projects determined by the province to be "significant," public health, or independent power projects. Such legislation has caused concern among local governments, who see it as representing an erosion of the powers and principle of autonomy under the *Community Charter* and the *Local Government Act.* To date, however, the legislation has been more notable for its potential than its actual impact.

The 1997 to 2003 legislative reforms constituted a significant departure from the relatively high levels of provincial government control over municipal activities that had evolved in B.C. over the years. While the changes still provided for some provincial controls, the expansion of municipal corporate powers was an important move towards the kind of autonomy associated with home rule. The B.C. changes had counterparts elsewhere in Canada, notably in Alberta, but B.C. municipalities now have more independent corporate authority than those in any other province.

3.2 Incorporation, Expansion, and Amalgamation

Part 2 of the *Local Government Act* contains the rules regarding municipal incorporation, boundary extension or redefinition, area reduction, and dissolution.

The incorporation process

Incorporations, boundary extensions, and changes in municipal status in B.C. have historically been the result of local requests. Although the minister responsible for municipal affairs can unilaterally direct that a vote on incorporation be taken, the common practice is for residents to ask the ministry for assistance. The ministry then provides information on the implications of the proposed change and gives a small grant for an incorporation study. Boundaries are agreed and a vote is taken. If more than 50 percent of the votes favour incorporation, the Lieutenant Governor in Council may provide letters patent to incorporate the area. The letters patent:

- set out the parameters of the new municipality (e.g., the municipality's name, boundaries, area, and class);
- provide details regarding the new municipality's first year of existence (e.g., the election of the first council, interim borrowing processes); and
- determine how services are to be transitioned to and from the new municipality (e.g., the transfer of a recreation centre from the regional district to the new municipality).

The letters patent may cover other transition issues as necessary, such as the appointment of additional council members. The letters patent can also create customized permanent measures, such as tax rate limits.

Types of incorporation

There are four basic types of municipal incorporation in B.C. Unless the provincial cabinet determines otherwise, a municipality must be incorporated as:

- a village if the population is 2,500 or less;
- a town if the population is 2,501 to 5,000;
- a city if the population exceeds 5,000; or
- a district if the area to be incorporated is greater than 800 hectares and the average population density is less than five persons per hectare.

Within these classifications, a municipality may also be incorporated as a "municipality in conjunction with resource development," a "mountain resort municipality" or, in the Islands Trust area, an "island municipality." Once incorporated, a municipality's status does not change if the population increases or decreases unless a change is specifically approved by the provincial government, usually in response to a request by the municipality.

District municipalities usually have very large land areas and an expanded ability to undertake diking and drainage projects. Most municipalities along the lower Fraser River valley, for example, were originally incorporated as districts. The district municipality classification includes the three township municipalities—Esquimalt, Langley, and Spallumcheen.

Changes since 1989

The kinds of changes in municipal status that continuously occur in B.C. are illustrated by the changes that took place from 1989 to 2008. Fifteen new municipalities were incorporated, including:

- the City of Abbotsford (1995 amalgamation of the districts of Abbotsford and Matsqui);
- the districts of Sicamous (1989), Langford (1992), Highlands (1993), Lake Country (1995), Wells (1998), Sooke (1999), Bowen Island (1999), Lantzville (2003), Westside (2007), Clearwater (2007), and Barriere (2007); and
- the villages of Radium Hot Springs (1990), Canal Flats (2004), and Queen Charlotte (2005).

There were also 18 changes in classification, including:

- from villages to districts: Taylor (1989), Port Edward (1991), 100 Mile House (1991), Fort St. James (1995), Lillooet (1996), and Ucluelet (1997);
- from villages to towns: Oliver (1991) and Lake Cowichan (1996);
- from a town to a district: Hope (1992); and
- from districts to cities: Richmond (1990), Burnaby (1992), Coquitlam (1992), Surrey (1993), Chilliwack (1999), Langford (2004), Salmon Arm (2005), Campbell River (2005), and Pitt Meadows (2006).

Municipal population distribution

Exhibit 3–1 shows the number of municipalities in different population groups in 2006. Most B.C. municipalities were very small—about one-half had populations of less than 5,000—but more than 60 percent of B.C.'s people lived in the 19 municipalities with populations over 50,000. About 50.4 percent of the provincial population lived in Greater Vancouver Regional District municipalities, including 13.9 and 9.1 percent respectively in the two largest cities, Vancouver and Surrey.

EXHIBIT 3–1: 2006 MUNICIPAL POPULATION DISTRIBUTION

Municipal population range	Number of municipalities	Estimated total population	Percentage of B.C. population
0 – 2,499	57*	60,453	1.40%
2,500 – 4,999	24	92,892	2.15%
5,000 – 9,999	22	158,074	3.66%
10,000 – 19,999	24	344,346	7.97%
20,000 – 49,999	11	359,250	8.32%
50,000 – 99,999	10	770,694	17.84%
100,000 – 199,999	6	761,031	17.62%
200,000 or more	3	1,233,314	28.55%
Municipal population	157	3,780,054	87.50%
Unincorporated areas		540,201	12.50%
Total estimated B.C. population		4,320,255	100.00%

** includes Sechelt Indian Government District*

Source: BC Stats

Boundary extensions

Over the years, many B.C. municipalities have extended their boundaries, usually by annexing lands in adjacent unincorporated areas but sometimes by absorbing other municipalities or improvement districts as well. For example, in 1953, Prince George added 567 hectares to its original 442 (the 1915 incorporation documents gave the area as 1,092 acres "more or less"), absorbing the old Central Fort George community in the process. Further additions included: 930 hectares in 1958; 610 hectares in five expansions from 1961 to 1968; more than 2,300 hectares in 1970, including pulp mills, sawmills, BC Railway facilities, and other industrial lands; and more than 1,740 hectares in 1972 and 1974. Finally, in 1975, Prince George expanded by more than 25,500 hectares through an amalgamation with the surrounding area—including South Fort George, which itself had incorporated only seven years earlier—for a total area of about 32,400 hectares, more than 70 times its original size.

Municipalities extended their boundaries to strengthen their tax base by absorbing industrial areas, as Prince George did in 1970. This practice, encouraged by the municipal affairs ministry at the time, resulted in some unusual situations. For example, in 1975, the Village of Burns Lake extended its boundaries about 12 miles east along either side of Highway 16 so it could add a saw and planing mill to its tax base. The mill, which was on an Indian reserve, accounted for almost 25 percent of Burns Lake's property tax revenue, even though the village provided the mill with no municipal services. Unfortunately

for the village, the passage in 1988 of Bill C-115—federal *Indian Act* amendments which clarified the right of First Nations to collect property taxes on their reserves—led the Burns Lake Indian Band to indicate that it wished to take over the collection of taxes on the mill property. The Village of Burns Lake eventually lost all of the tax revenue from the mill and because it had never provided any services to the mill in the first place it could not recapture any of the revenue by selling services to the band.

The Prince George case illustrates the nature of regional amalgamation, which has been an issue in urban areas such as Greater Victoria. The Burns Lake case illustrates the kind of issue that can arise between municipal governments that fall under provincial jurisdiction, and First Nations governments that fall under federal jurisdiction.

The amalgamation issue

According to the *Community Charter*, the Lieutenant Governor in Council may not issue letters patent incorporating a new municipality from two or more existing municipalities unless a majority in each of the existing municipalities votes for it. In other words, the provincial government is now prohibited from forcing the amalgamation of municipalities against the will of the people affected by the action, as has been done since 1995 in Ontario, Quebec, and Nova Scotia.

Regional amalgamation in urbanized areas has typically been advocated for reasons of efficiency, equity and, more recently, economic development. Noteworthy examples of amalgamations in Canada include the creation of a larger City of Winnipeg in 1972, the Halifax Regional Municipality in 1996, and a larger City of Toronto in 1998. In these three cases, the amalgamations were enacted by the provincial governments without a referendum. While the arguments for amalgamation are superficially attractive, a growing body of research suggests that amalgamations rarely, if ever, achieve the objective of increased efficiency and that the other arguments are debatable.

The efficiency argument holds that amalgamation, with its potential for simplifying government, rationalizing service delivery arrangements, and realizing economies of scale, is the logical remedy for the inefficiencies, extra costs, and waste attributed to the political and operational fragmentation of an urban area like Greater Victoria, with its 13 municipalities. Only a relatively small proportion of local government services possess economies of scale and, in many cases, their regionalization has already been achieved without amalgamation. Examples of this can be found in Greater Victoria, where four municipalities cooperated many years ago in establishing the Greater Victoria Water District, or where a body such as the Capital Regional District has assumed responsibility for services like the regional water system, which the CRD took over from the GVWD in 1998. For other services, especially those that are labour intensive, regionalization could result in diseconomies of scale associated with the expanded bureaucracy needed to ensure uniformity of service delivery throughout the area.[3]

The equity argument is based on the premise that services and property tax burdens should be uniformly distributed throughout the urban area. This argument is attractive, with its connotations of greater fairness, but it also suggests increased uniformity and less diversity in the choices available to local citizens. In choosing where they wish to live, people take into account many factors, including local services, property taxes, and their ability to have a voice in local government. Regional amalgamation tends to reduce the available choices and the ability to participate in local municipal affairs. Normally, each councillor in the amalgamated municipality would represent many more constituents than the average councillor in a smaller municipality, and the cost of running for council could become prohibitive

[3] The most comprehensive analysis of the costs of local governments in the United States concluded that costs were lower where there was a multiplicity of municipalities and some kind of regional organization, but where the municipalities accounted for most of the local government spending (Boyne 1992). This is exactly the structure that has evolved in the Capital Regional District. A complete review of the evidence on amalgamation can be found in Bish (2001).

for some people who might otherwise stand for election. Advocates of amalgamation sometimes argue that costs would be saved by reducing the number of elected councillors in the region but, when one considers that the overall cost of an elected council is a minimal part of a municipal budget, the argument becomes rather trivial.[4]

The economic development argument is that a single, large local government is needed to compete effectively with other regions for investment and that a number of smaller governments, each with its own economic development program, simply cannot do as good a job. In the B.C. context, this argument seems to ignore the possibility that a regional district, a commission sponsored by local municipalities, a corporation created by a local municipality, or some other regional body could take on an economic development function and coordinate the various programs in the region. For example, Greater Victoria's 13 municipalities offer an intermunicipal business licence that is honoured in every jurisdiction.

The economic development argument may also be founded on unrealistic expectations of what a local economic development initiative can accomplish. Manufacturers and other firms base location decisions on a number of factors over which a local government has little or no control. For example, a manufacturer is more likely to locate in Greater Vancouver, with its relatively large local market and pool of labour, than in Greater Victoria.

Amalgamation is not a panacea for solving local area problems. No major amalgamation of an urban area has resulted in lower costs. Where amalgamation appears to be beneficial, as was arguably the case in Abbotsford and Matsqui, the citizens of the municipalities made their own decision. This is the appropriate way to make such a decision.

First Nations within municipal boundaries

In 1988, there were 45 instances in which First Nations reserve lands were located within the boundaries of B.C. municipalities. Where properties in these reserve lands were leased to non-Indians, they were taxed by the municipalities and other B.C. taxation authorities on the same basis as off-reserve properties. British Columbia was the only province in Canada that uniformly taxed reserve properties on this basis—the prairie provinces and Ontario vacated the field in the 1970s, while such taxation was rare in Quebec and the Atlantic provinces.

The complications inherent in the practice of including Indian reserve lands within municipal boundaries became increasingly apparent after the passage in 1990 of B.C.'s *Indian Self Government Enabling Act*, which harmonized provincial practices with the 1988 *Indian Act* amendments by requiring all B.C. taxing authorities, including municipalities, to cease taxing reserve properties when First Nations chose to exercise jurisdiction. This clarified that municipalities do not have jurisdiction over First Nations reserves, whether or not the reserve is by legal description geographically within municipal boundaries. This has led to many municipalities entering into agreements with First Nations to provide services to reserve lands in exchange for direct payment and, in some cases, First Nations have agreed to follow municipal bylaws or planning practices that were mutually beneficial.

Another issue that has confronted many municipal and First Nation governments since 1993 also involves questions of jurisdiction, in this case over lands in traditional territories to which First Nations claim they are constitutionally entitled. As discussed in the appendix on First Nations, the questions are being addressed through treaty negotiations in which local governments play only an advisory role. In some cases, however, the land issue has been addressed through other means, especially in urban areas.

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[4] For example, a comparison of the costs of the 88 elected officials in the Capital Regional District Area with the costs of 23 elected officials in the newly amalgamated Halifax Regional Municipality serving the same total population indicated that costs in both areas were less than one-half of one percent of expenditures, at $4.59 and $4.55 per capita respectively (Bish 2001).

For example, some First Nation claims to ownership of traditional lands in Vancouver have been resolved through financial settlements.

3.3 Municipal Functions and Expenditures

The earliest legislation for municipalities did not require the performance of particular functions and permitted anything not otherwise illegal. Over time, the trends in provincial control increased to include mandates, permissions, supervision of finances, and supervision of compliance with provincial legislation. These trends were arrested and ultimately reversed with the 1997 to 2000 reforms of the *Municipal Act (Local Government Act),* and the enactment of the *Community Charter* in 2003. During this period of legislative reform, municipal powers to function autonomously were considerably broadened. Nonetheless, some mandates have been legislated by ministries other than municipal affairs where there is deemed to be a significant provincial interest.

Mandated functions

Mandates from the province to municipalities increased significantly after 1896, when they were first required to assume responsibility for social welfare and some police functions. The provincial government now takes responsibility for most social welfare functions, partly as a result of municipal financial difficulties during the depression. Today, all municipalities construct and maintain local roads, do emergency planning, engage an assistant to the provincial fire commissioner for fire inspection, and appoint a subdivision approving officer. All municipalities over 5,000 population must provide policing.

Provincial rules also prescribe how some activities must be organized. For example, a municipality with its own police force must govern it through a police board, and libraries must be run by library boards. The province also mandates procedures that must be followed in such activities as elections, finance, planning, and zoning. Local governments are also required to include greenhouse gas emission targets, policies, and actions in their official community plans and regional growth strategies.

The dual role of the ministry responsible for municipalities, first in setting the rules under which local government can function and secondly in mandating the performance of certain acts, has sometimes presented a policy dilemma for local officials. For example, in 1982, a mandated 12-percent ceiling on annual municipal expenditure increases was an ad hoc measure that interfered with local self-government. It is not clear that a decision of this kind by a ministry is superior to decisions at the local level, where adjustments to specific conditions can be made as long as other requirements for tax rate limits and debt requirements are met.

Generally, the more specific the mandate, the more difficult it is to make it fit appropriately into the various policy frameworks and practices of the municipalities across the province. The 1997 to 2000 legislative reforms and the introduction of the *Community Charter* in 2003 considerably reduced the likelihood of this kind of situation occurring in the future.

Voluntary functions

The range of voluntary functions performed by municipalities has expanded over time, usually by the addition of new functions without abandonment of the old ones. One exception was permission to provide aid to individual businesses, a function that was withdrawn after it was deemed to be susceptible to abuse.

Exhibit 3–2 shows some of the most common voluntary functions. If finer distinctions were made, 200 to 300 functions could be identified under the old *Municipal Act*. Now, under the *Community Charter*, municipalities have broad, general authority to provide any service that the council considers to be necessary or desirable for all or part of its municipality, and the authority to regulate in broadly defined spheres of authority.

EXHIBIT 3–2: MUNICIPAL FUNCTIONS

- Airports
- Animal regulations
- Arenas and sports facilities
- Art galleries
- Building, plumbing, electrical inspection
- Business licensing
- Cemeteries
- Communication services (internet, telephone)
- Economic development
- Election
- Electricity generation and distribution
- Emergency planning
- Fire protection
- General administration – purchasing, contracting, labour relations, etc
- House numbering
- Industrial parks
- Irrigation and flood control
- Land purchase and development
- Libraries
- Liquid waste management
- Museums
- Noise Control
- Parking regulation and facilities
- Parks
- Planning and zoning
- Police protection
- Protection of natural environment (e.g., water conservation, regulation of tree cutting)
- Public health regulation
- Public transportation
- Public works
- Recreation facilities and programs
- Regulation of nuisances
- Social housing
- Social planning
- Soil fill and removal regulations
- Solid waste management
- Storm drainage
- Street maintenance
- Subdivision control
- Tax collections
- Television rebroadcasting
- Theatres
- Traffic planning and control
- Water supply and distribution
- Weed control

The Lieutenant Governor in Council may also provide additional powers and exceptions needed for unique or customized functions by specific or classes of municipalities. One example is the granting of Montrose's authority to expropriate property related to wells outside of the municipality.

Functional distribution of expenditures

Municipalities carry out a large number of functions. Some are common to all municipalities and some are more expensive than others. Exhibit 3–3 shows per capita operating expenditures in 2006 for different sizes of municipalities and their percentage distribution among the most expensive functions—general government, police, fire, parks, recreation, transportation management, transit, water, sewer, and solid waste management services—which together accounted for 69 percent of all expenditures. About 2.4 percent was spent on other functions, including development, health, social, and housing services, and 28.6 percent on capital expenditures. In addition, many municipal citizens also received and paid for some of the regional district services shown in Exhibit 4–5, which are not reflected in Exhibit 3–3.

EXHIBIT 3–3: MUNICIPAL EXPENDITURES IN 2006

	Under 5,000 (81 municipalities)	5,000–19,999 (46 municipalities)	20,000–99,999 (21 municipalities)	100,000–499,999 (8 municipalities)	Over 500,000 (Vancouver)	All municipalities (157 total)
Combined 2006 population (thousands)	156	500	1,151	1,359	588	3,755
Combined 2006 expenditures ($ millions) (1)	252.9	830.2	1,814.8	1,833.1	1,060.5	5,791.6
Percentage of total expenditures	4.4%	14.3%	31.3%	31.7%	18.3%	100.0%
Per capita expenditure on: (2)						
General government (3)	$266	$176	$147	$99	$162	$141
Protective services (4)	85	274	339	305	436	323
Solid waste management, recycling	50	44	39	39	66	44
Health, social services, housing (5)	10	10	5	1	51	12
Development services (6)	54	43	42	33	73	44
Transportation, transit (7)	229	187	136	88	134	129
Parks, recreation, culture	188	224	214	174	321	216
Water services	110	80	72	78	83	78
Sewer services	87	78	68	79	83	77
Other services, adjustments (8)	37	58	47	36	2	37
Capital expenditures (9)	501	486	468	418	392	442
Total per capita expenditure	$1,617	$1,660	$1,577	$1,350	$1,803	$1,543
Percentage expenditure on: (2)						
General government (3)	16.5	10.6	9.3	7.3	9.0	9.1
Protective services (4)	5.3	16.5	21.5	22.6	24.2	20.9
Solid waste management, recycling	3.1	2.7	2.4	2.9	3.6	2.9
Health, social services, housing (5)	0.6	0.6	0.3	0.1	2.8	0.8
Development services (6)	3.3	2.6	2.7	2.5	4.1	2.9
Transportation, transit (7)	14.2	11.2	8.6	6.5	7.4	8.3
Parks, recreation, culture	11.6	13.5	13.5	12.9	17.8	14.0
Water services	6.8	4.8	4.6	5.8	4.6	5.1
Sewer services	5.4	4.7	4.3	5.9	4.6	5.0
Other services, adjustments (8)	2.3	3.5	3.0	2.7	0.1	2.4
Capital expenditures (9)	31.0	29.3	29.7	31.0	21.7	28.6
Total percentage expenditure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

1 Total expenditures exclude transfers of property taxes collected for other governments (school districts, etc.), repayment of debt principal, and internal transfers between funds.
2 The breakdowns are based on statistical schedules that were amended in 2002 to conform with generally accepted accounting principles (GAAP) for local governments. The figures in each functional category include long-term debt interest, capital lease, and operating expenditures.
3 Includes legislative, general, financial, human resources, and information systems operations.
4 Includes police, fire, bylaw enforcement and other protective operations.
5 Includes social and public health services.
6 Includes community planning, economic development, and resource conservation activities.
7 May also include drainage control operations.
8 Includes other items such as cemeteries, wharves, docks, other utilities, etc.
9 Includes current-year costs of acquisition, construction, and development of physical assets.

Source: Province of B.C. *Local Government Statistics 2006*, Schedule 402-2006.

Police and fire service percentages vary most markedly among municipalities because smaller ones do not provide their own police services and tend to have volunteer rather than full-time fire departments. Similarly, the general government percentage for villages is relatively high because this category tends to include costs that would be allocated to other specific functions in a larger municipality. In 2007, municipalities under 5,000 population began to pay a “police tax” for the provincial provision of their police services and this will increase their reported expenditures on protective services compared to the 2006 data in the tables.

3.4 Municipal Governance

Policy decisions in local government are made by the elected mayor and councillors, who together comprise the council, by members of boards, commissions, and committees, and by administrators within the scope of authority delegated to them by elected or appointed officials. Decisions are constrained by electors and potentially by auditors, the Inspector of Municipalities, the Ombudsman, the Information and Privacy Commissioner, and the courts. Decisions may also be influenced by local interest groups. Policy interdependencies in providing specific services are discussed in Chapters 6 through 9.

Council

The major policy decisions in a municipality are made by the elected council, which consists of the mayor and councillors. Cities, districts, villages, and towns may establish councils consisting of a mayor and four, six, eight, or ten councillors. Any reduction in number requires a vote by electors. For a city or district with a population of over 50,000, the council usually consists of a mayor and eight councillors, with a quorum being five. Other cities or districts usually have a mayor and six councillors, with a quorum of four. Towns and villages generally have a five-member council, with a quorum of three. Under its separate charter, Vancouver has an eleven-member council and requires a quorum of six.

The council's most important roles are the consideration and passage of municipal bylaws, financial planning and budget approval, appointment of regional district board representatives, appointment of administrative officials, and determination of the basic internal organization of the municipality. This may in turn require appointments of boards, commissions, committees, and additional municipal administrators.

Normally, decisions are made by a simple majority of the councillors present at a meeting, although for some matters provincial legislation may require a two-thirds majority of councillors present. This is the case, for instance, when a council votes to terminate the employment of a municipal officer. Provincial legislation also provides that budget, expenditures, taxation, personnel appointments, and emergency powers must be dealt with by the council if a bylaw is required, and specifies the powers and duties of the mayor, councillors, and some appointed officers.

A municipal council is a continuing body that speaks with one voice. It cannot be bound by the mayor or an individual member. Members are bound to act in good faith. They must participate in council meetings and they must not disclose confidential information. If, while holding office, a member has an indirect or direct financial interest in any matter connected with the municipality, he or she may not vote on the matter. As well, council members who have a direct or indirect financial interest in a matter may not use their office to influence decisions or use insider information. Gifts are either prohibited or subject to disclosure, and municipal contracts with council members or former members must be disclosed. If these ethical standards are breached, the council member may be disqualified. A council member may be held personally liable for unauthorized expenditures and may be subject to criminal prosecution for offences such as fraud or bribery. Unless malice is present, he or she will not normally be held personally liable for acts of the council, or for libel or slander allegedly committed at council meetings.

The mayor is expected to exercise leadership but, except for some appointment and agenda-setting authority, he or she is for policymaking purposes just another member of council. This is often referred to as a "weak mayor" system, in contrast to a "strong" or executive mayor system, which is common in large municipalities in the United States. With a strong mayor system, the mayor proposes the budget, drafts bylaws, and hires and fires department heads. Council is the body that approves legislation but has no administrative role. Weak mayor systems are common in Canada and in those U.S. municipalities that use the city manager system. It would be unusual in the United States to use a weak mayor system for a city as large and diverse as Vancouver. In such large, heterogeneous cities in the United States, the mayor's

office is often expected to be a major focus for policy setting. This is not the role of a mayor in a weak mayor system.

Bylaws and resolutions

To be valid, all council decisions must be authorized by bylaw or resolution. If a council is required or empowered by the *Local Government Act* or *Community Charter* to exercise a power by bylaw, it can only do so by bylaw. Otherwise, it can exercise its powers by bylaw or resolution. A council must adopt a procedure bylaw that specifies how it will adopt other bylaws, pass resolutions, and conduct its business generally. It may also adopt a comprehensive single bylaw and call it a municipal code.

A council must give a bylaw three readings before adoption. If assent is required from electors or if approval is required from the Lieutenant Governor in Council, the minister, or the inspector of municipalities, then that assent must also be obtained before final adoption. Before 1997, the *Municipal Act* required that a referendum to obtain elector assent be held for such bylaws as those authorizing long-term borrowing for large capital projects. This requirement was substantially changed in 1997 to 2000 with the introduction of a "counter-petition" process for obtaining elector approval, although some councils still follow the older practice of referenda instead of counter-petitions as they are allowed to do.

The counter-petition process states that the electors have to be explicitly advised that they have the right to sign a counter-petition opposing a proposed bylaw. If at least five percent of electors signed the petition, the council would have to submit the bylaw to a referendum if it still wished to adopt it. The basic counter-petition procedure was retained in the *Community Charter* but it was renamed "alternative approval process" and the petition requirement was increased from five to ten percent of the electors. Citizens may also challenge bylaws in the courts under the *Judicial Review Procedure Act*, as described in Chapter 2.

Budgets

For most bylaws, councils work at their own pace but, because the budgetary process is closely related to annual assessment, taxation, and auditing requirements, and since new programs or program changes usually require expenditures that must be budgeted in advance, the *Community Charter* requires municipalities to make budgetary decisions on a regular annual cycle, generally as follows:

- Before an annual property tax bylaw is adopted, a five-year financial plan that has been subject to a public consultation process must be adopted, setting out for each year a breakdown of projected expenditures (capital, debt service, other), revenues (property taxes, parcel taxes, fees and charges, borrowings, other), and transfers between funds (special funds, development cost charge funds, accumulated surplus). Financial plans must explicitly state the municipality's objectives and policies regarding the proportion of revenue that comes from each funding source, the distribution of property taxes among the property classes, and the use of permissive tax exemptions.
- An annual property tax bylaw must be adopted before May 15.
- Audited financial statements for the preceding year must be submitted to the inspector of municipalities by May 15.
- An annual meeting to present the audited financial statements and a report on individual councillor pay and expenses must be held by June 30.
- Property taxes are due on July 2, unless one or more other dates are established by bylaw, in which case a property owner may elect to pay taxes either on July 2 or on the other dates.

Before 1999, the schedule was more tightly defined, with requirements to complete a provisional annual budget by November 30, adopt it by January 31, complete a final budget by April 15 and adopt it by May 15. In practice, most municipalities still follow this schedule. Budgeting considerations are further discussed in Chapter 12.

Appointed officers

Several provincial acts specify appointed offices that must be filled by municipal councils. Until the *Municipal Act* was reformed, two required offices had always been "clerk" and "treasurer." Now, the *Community Charter* requires a council to establish one office for "corporate administration" and one for "financial administration," each with mandatory duties and powers specified in the *Community Charter*, plus any other duties and powers that the council may assign. The specific title is left up to the council, which may also appoint other officers.

Under the *Community Charter*, a council may also appoint a "chief administrative officer" (previously known as a "municipal manager" under the *Municipal Act).* In addition, provincial legislation requires that each council appoint a collector of taxes, an auditor, a chief election officer, and a deputy chief election officer. Except for the two election officers, who are discussed elsewhere in this chapter, the duties and powers of these officers include the following:

- The chief administrative officer generally manages administrative operations, ensures that policies and directions are implemented, and provides the council with advice and information on municipal operations and affairs.
- The corporate officer prepares and preserves records and bylaws, administers oaths, and takes affidavits, declarations, and affirmations.
- The financial officer receives and keeps all funds and securities, disburses funds according to bylaw, invests funds as allowed under provincial legislation, keeps accurate financial records and accounts, and supplies information as required by the inspector of municipalities.
- The collector of taxes consults with BC Assessment to prepare the tax roll for general taxes and special assessments, manages the collection of taxes, and handles tax sales for delinquencies.
- The auditor, who is not a direct employee of a municipality but is either a licensed accountant or is certified under the *Business Corporations Act*, audits the annual financial statements, and submits a report to both the municipality and the inspector.

A council may appoint the same person to more than one officer position. Thus, the chief administrative officer in a very small municipality might also have the duties and powers of a corporate officer (clerk), financial officer (treasurer), and tax collector. It is also possible for the same person to hold officer positions in two or more local governments. In the past, the villages of Salmo and Montrose have employed the same person as their chief administrative officer, and the Town of Fort Nelson and the Northern Rockies Regional District share some officers.

Several other appointed officials mandated under other acts include:

- under the *Fire Services Act*, a local assistant to the provincial fire commissioner who, in a municipality that has its own department, may be the fire chief or, in a municipality without a fire department, may be the mayor or another person appointed by the fire commissioner; and
- under the *Land Title Act*, an approving officer for subdivisions.

Larger municipalities may also appoint more officers to fulfil specific roles. Typical positions include those of police chief (appointed by a police board), fire chief, engineer, planner, building inspector, bylaw enforcement officer, solicitor, and recreation director. Among other officers, the *Vancouver Charter* requires the appointment of a chief licence inspector and a city electrician. Appointed officers normally have powers to exercise discretionary authority in policy decision making.

Boards, commissions, and committees

While basic municipal policies are established and passed into law only by the council, municipalities have the authority to delegate other decisions to boards, commissions, and committees as supplementary policymaking, operational, or administrative bodies. A few, such as boards of variance and police boards,

are mandated by provincial legislation and may have some independent policymaking authority, but most are created by a municipal council, sometimes in cooperation with other organizations. Commonly created boards, commissions, or committees include those that help to establish and implement policies in the areas of planning, building design, heritage conservation, economic development, parks and recreation, the arts, museums, and libraries.

The members of boards or commissions are sometimes determined by direct election, as is the case with the Vancouver Board of Parks and Recreation, but this is not the usual practice. Most are usually appointed by a council or in the case of standing committees of council, the mayor, but sometimes there are other sponsors, such as community groups or other municipalities. Commissions or committees sponsored by several organizations are ways to facilitate cooperation between municipalities and community groups to achieve mutually beneficial objectives.

Municipal boards, commissions, or committees usually include several council members plus some interested citizens. In the case of select or standing committees, council members must be involved. The use of appointed citizens permits closer supervision of administration than would be possible if the members of small councils had to supervise everything, but it can also complicate the budgeting process when a commission or committee recommends spending in its area of interest without considering the needs of other municipal functions. Unfortunately, and understandably, this is often the case.

Committees may also consist entirely of council members. A common practice is to meet in "committee of the whole" which permits the council to deal with complex issues in greater detail and less formally than would be possible in a regular council meeting. Also common is the establishment of standing committees to deal with specific functions, such as protective services, public works, finance, housing, planning, and other functions. These committees usually play both policymaking and administrative roles.

Local interest groups

In making decisions, municipal councillors may seek advice from or may be lobbied by one or more interest groups who have an interest in the decision, can provide knowledgeable advice, or both. Interest groups in larger municipalities include the Chamber of Commerce or Board of Trade, the Urban Development Institute, and various other business, cultural, sports, recreation, and neighbourhood groups. Interest groups typically seek to influence policymaking with respect to issues specific to their areas of concern, but they may also play a role in local elections.

3.5 Municipal Elections and Referenda

General municipal elections in B.C. are held every three years at the same time as elections for school boards and regional district directors from electoral areas. The *Local Government Act* provides that election costs can be shared among one or more local governments so that, for example, a municipality and a school board could agree on joint election arrangements.

The detailed steps for nominations and elections are shown in Exhibit 3–4, which shows their application to the 2008 elections, with relevant sections of the Act in parentheses. All eligible voters are qualified to be nominated for election, except judges, employees of the municipality or the regional district of which the municipality is a member (unless they take a formal leave of absence), and people who are disqualified for other specified reasons, such as having voted as a councillor for an illegal expenditure.

Council members are normally elected at large but a municipality may pass a bylaw, subject to the approval of the Lieutenant Governor in Council, providing that all or some members be elected by neighbourhood constituencies. Nanaimo had a ward system from about 1974 to 1984 and Vancouver had one until 1936, when a switch was made to at-large elections following a plebiscite. An attempt to return to wards was debated and rejected by the provincial private bills committee early in 1982. In 1982 and

1988, more than half of Vancouver voters approved a change to wards but this fell short of the 60 percent majority then required by the *Vancouver Charter*. In a third referendum held in 2004, only 46 percent voted to return to a ward system. Today only the District of Lake Country has a ward system.

EXHIBIT 3–4: MUNICIPAL ELECTION SCHEDULE FOR 2008

August 4, 2008	Last day for adopting or amending election bylaw. (*Local Government Act* S.39)
September 23	Last day for Chief Election Officer to issue Notice of Nomination. (LGA S.70)
September 30	Nomination period begins at 9 a.m. (LGA S.69)
September 30–November 15	List of registered electors (if the municipality maintains one) made available for public inspection. (LGA S.62)
October 10	Nomination period ends at 4 p.m. (LGA S.69) Last day for objecting to the registration of an elector. (LGA S.64)
October 16–November 8	Chief Election Officer issues notice of election by voting if the nominees are not elected by acclamation. (LGA S.76, 77)
October 16–29	Chief Election Officer issues notice of advance polls. (LGA S.97)
November 5	Required advance poll, 8 a.m.– 8 p.m. (LGA S.97)
November	Advance poll(s), 8 a.m. to 8 p.m., as established by bylaw except where the population is 5,000 or less and a bylaw provides for no advance poll. (LGA S.97)
November 15	Election day, third Saturday in November, 8 a.m.– 8 p.m. (LGA S.36, 95)
November 19	Chief Election Officer must declare official election results before 4 p.m. (LGA S.136)
November 24	Last day for an application for a judicial recount. (LGA S.138)
December 1–10	Inaugural meeting of new council to be held within the first 10 days of the month, in accordance with the municipality's Procedure Bylaw. (Community Charter S.125)
December 19	Last day for chief election officer to submit a report of the election results to the council. (LGA S.148)
March 16, 2009	Last day for candidates and elector organizations to file statements disclosing campaign contributions and expenses. (LGA S.90)

To be eligible to vote, a person must be 18 years or older, a Canadian citizen, a resident who has lived in B.C. for at least six months, and a resident of the municipality for the 30 days preceding registration. People who own property in the municipality but do not reside there may also vote if they meet the other age, citizenship, and residency qualifications.

The municipality may pass a bylaw providing for the registration of electors only at the time of voting. Otherwise, the municipality must maintain a list of resident electors or pass a bylaw providing that its list of resident electors is the most current available provincial list of voters prepared under the *Election*

Act. The results of an election can be declared invalid where an application to the B.C. Supreme Court results in a finding that irregularities in voting materially affected the election results or had the probable consequence of interference with a full and fair polling of the electorate.

Chief election officer

To conduct an election, the council must appoint a chief election officer and a deputy chief. They are typically municipal employees who hold one or more other offices but a municipality may engage one or more contractors for this purpose. The chief election officer appoints other election officials and sees that the necessary arrangements are made for the election, including precautions to ensure that each registered elector only votes once.

Electoral politics

Political participation in the local electoral process varies considerably among B.C. municipalities. In some communities, loosely knit groups, often of businesspeople, select candidates and help with campaigns. In others, political support may come largely from neighbourhood organizations. Only in the larger cities, such as Vancouver, Surrey, or Victoria, can slates of candidates be clearly identified with provincial political parties or well-organized interest groups, such as a coalition of businesspeople or unions. In most other areas, especially smaller municipalities, party slates of candidates and explicit statements of party sympathies are usually avoided.

Since 1993, the *Local Government Act* has required the reporting of specified campaign contribution and expense amounts by both candidates and elector organizations. In 2008, those campaign-financing rules were extended to include individuals and groups that behave like civic political parties with respect to candidates.

The costs of running for election tend to vary considerably with the size of municipality. For example, a study of 1996 election spending by winning candidates (Bish 1999b) found that:

- In three Greater Victoria municipalities of less than 10,000 population, the average mayor spent $412, the average councillor $566, and the biggest-spending councillor $2,360.
- In seven Greater Victoria municipalities between 10,000 and 20,000 population, the average mayor spent $3,414, the average councillor $1,342, and the biggest-spending councillor $3,019.
- In the larger municipalities of Saanich, Victoria, Surrey, and Vancouver, the mayors spent $20,448, $54,297, $13,178, and $308,836 respectively, the average councillor spent $4,147, $11,321, $11,786, and $24,513, and the biggest-spending councillors spent $11,929, $31,398, $17,738, and $49,725.

These variations in costs reflect different campaign methods. People in smaller municipalities tend to get more information about candidates by word-of-mouth and other informal means, while candidates in larger municipalities rely more on professional mass-media methods to get their names and platforms before the electorate. Comparable findings were made in a 1998 study of municipal electoral accountability that reported overall campaign spending in 1996 was almost $1.3 million in Vancouver, $416,800 in Surrey, $233,860 in Burnaby, and $195,950 in Richmond (Smith and Stewart 1998).[5]

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[5] The 1998 study also concluded that the at-large electoral system used by most local governments in B.C. reduces the average citizen's voting power (especially for people of lower socioeconomic status), contributes to declining voter turnout for civic elections (especially in larger municipalities), fosters the formation of political parties in larger municipalities (as electioneering costs increase), produces unacceptably low levels of proportionality (in terms of popular vote to seat ratio), and tends to result in the domination of elections by one of the local parties (whose members would resist changing the system). It therefore recommended that the province mandate a neighbourhood constituency (ward) system for every municipality with a population of 25,000 or more.

Referenda

Referenda are of two types. One type is required when the approval of the electors must be obtained before a bylaw can be adopted. Before 1998, some referenda for electors' assent were simply required, such as for large capital projects. Now, the *Community Charter* provides for an "alternative approval process" whereby a referendum must only be held if the council wishes to adopt the bylaw and more than 10 percent of the electors have formally opposed it. Referenda are still mandatory in such cases as eliminating a park or selling a water system.

The other type of referendum is often called a plebiscite. The *Local Government Act* used to require that the question posed in a plebiscite be one that a council is empowered to deal with, but this provision was broadly interpreted. For instance, a referendum on nuclear disarmament was allowed on the grounds that nuclear weapons could possibly result in municipal devastation and a council has a role in making representations to other levels of government concerning public safety. Now, the *Community Charter* simply says that a council may seek community opinion through a nonbinding vote or other process on a question that it believes may affect the municipality.

3.6 Examples of Municipal Organization

Until 1998, provincial legislation only recognized two basic forms of administrative organization: a council committee system and a municipal manager system. A council committee system typically consists of a number of standing committees whose inputs to council are coordinated by the mayor, who serves as both the chief executive officer and the chief operational administrator. In a city manager system, the mayor and council are supposed to concern themselves primarily with broader policy matters, such as the board of a business corporation, while administration is handled by the city manager who directs department heads and other employees.

Both systems were used in B.C. but the two types of organization were difficult to distinguish in practice. Where there was a council committee system, the clerk or another principal appointed officer tended to assume responsibility for many of the mayor's administrative duties and ended up performing much as a manager would. Where there was a city manager system, council committees continued to be maintained and elected officials still became involved in administrative matters. The provisions regarding a municipal manager system were deleted from legislation in 1998.

Although it formally eliminated the statutory office of municipal manager in formally adopted city manager systems, legislative reform in 1998 actually provided B.C. municipalities with a broader range of organizational options because it made the rules more flexible and conferred broader powers to implement them. In many respects the reform recognized that, in practice, B.C. municipalities had simply adapted the two available options to suit their own purposes and preferences, resulting in a variety of organizational arrangements.

To perform the various functions required of them, larger municipalities typically organize themselves into departments whose names reflect the functions for which they are responsible—administration, finance, personnel, fire, police, engineering, public works, planning, parks and recreation, etc. Smaller municipalities may eschew formal departmental structures, but may simply denote functional responsibilities in job titles and descriptions. The range of possibilities and practices is illustrated in the following brief descriptions of the Town of Sidney, the District of North Cowichan, the City of Burnaby, and the City of Victoria. Similar information is available on the websites of many B.C. municipalities.

Town of Sidney

Sidney was incorporated as a village in 1952 and became a town in 1967. Its area is 714 hectares and its estimated population in 2006 was 11,525. In 2007, its mayor and six councillors operated both as a

council and as a committee of the whole. On a regional basis, the council is represented on the Vancouver Island Regional Library Board, Peninsula Water and Waste Water Commission, Peninsula Recreation Commission, Peninsula Emergency Measures, Greater Victoria Labour Relations Association, and Capital Regional District Board. The town's appointed officers in 2007 included a chief administrative officer/corporate administrator, a financial administrator who was also the tax collector, and a director of development services.

Sidney had a series of advisory committees comprised of local citizens, including an Advisory Planning Commission, an Advisory Committee for Persons with Disabilities, a Police Advisory Committee, a Youth and Community Advisory Committee, and a Vision Coordination Committee. The latter committee was formed to help coordinate implementation of a municipal corporate strategy that had evolved from a 1998–99 community vision statement developed by a citizen committee with significant public input.

Sidney's organizational system has changed somewhat since 1990, when it had a council committee structure with two major committees: one responsible for finance, administration, and policing, the other for works, services, parks, and recreation. At that time, the town clerk served as the central administrator and the elected officials were heavily involved in administrative as well as policymaking activities. By 1999, the main focus of council was on policymaking, assisted by citizens serving voluntarily on advisory committees.

District of North Cowichan

The Corporation of the District of North Cowichan was incorporated in 1873. Its area is 20,433 hectares and its estimated population in 2006 was 27,557. It is typical of mixed urban-rural municipal districts in the province, with concentrations of people in the south end adjacent to the City of Duncan, and in the communities of Chemainus, Crofton, and Maple Bay. It is governed by a mayor and six councillors who appoint a number of advisory and other internal committees, as indicated in Exhibit 3–5. One or more councillors served on most committees, which also included citizen volunteers, district staff, or both.

EXHIBIT 3–5: NORTH COWICHAN INTERNAL COMMITTEES IN 2005

Administration and Finance	Harbours Commission
Advisory Planning	Joint Utilities Board
Agricultural Advisory	Parks and Recreation Commission
Board of Variance	Protective Services
Environmental Advisory	Public Works
Forestry Advisory	Technical Planning

External committees to which North Cowichan councillors, staff, or both were appointed include the 2010 Olympic Committee, BC Forest Discovery Centre, Vancouver Island Regional Library Board, Chemainus Festival of Murals Society, Chemainus & District Chamber of Commerce, Cowichan Centre Commission, Cowichan Valley Regional District Board, Cowichan Valley Regional District Women's Safety Committee, Crofton Community Centre Society, Duncan-Cowichan Chamber of Commerce, Mid-Island Treaty Advisory Committee, Pioneer Park Complex Committee, Regional Policing Integration Review Committee, Somenos Marsh Wildlife Society, Trans Canada Trail Steering Committee, and Tourism Vancouver Island Board.

The district's appointed officers in 2007 included a chief administrative officer who was also the approving officer, a director of administration, a director of finance, a director of engineering and operations, a director of planning, and several department heads managing large departments. North Cowichan is bigger in geographic size and population than Sidney, has more internal committees, more appointments to external committees, and more appointed officers with specialized duties.

City of Burnaby

Burnaby is the third most populous municipality in B.C. It was incorporated in 1892 as a district municipality, like most other lower Fraser Valley municipalities, and became a city in 1992. Its area is 10,674 hectares and its 2006 population was 205,477. It is governed by a mayor and eight councillors. Because it adopted a strong city manager system in 1957, the council is not divided into committees to exercise administrative supervision over departments. The council does, however, appoint each member to serve as a liaison with an administrative department and, as indicated in the organization chart in Exhibit 3–6, it also appoints a number of internal advisory committees and other bodies.

The internal committees appointed by the council typically include one or more council members, citizen volunteers, support staff and, sometimes, representatives of other bodies, such as the school district. Exceptions in 2005 included the Advisory Planning Commission and Board of Variance, which had no councillors on them (the *Local Government Act* prohibits councillor membership), and the Executive, Housing, Economic Development Strategy, Simon Fraser Liaison, and Finance and Civic Development committees, all of which were composed entirely of council members. Burnaby council members were also appointed to such external bodies as the Greater Vancouver Regional District Board, GVRD Parks Committee, Greater Vancouver Regional Labour Relations Bureau, District Community School Advisory and Coordinating Committee, Lower Mainland Treaty Advisory Committee, Burnaby Board of Trade, Tourism Burnaby, New Vista Society, and the Local Court of Revision, on which all council members served.

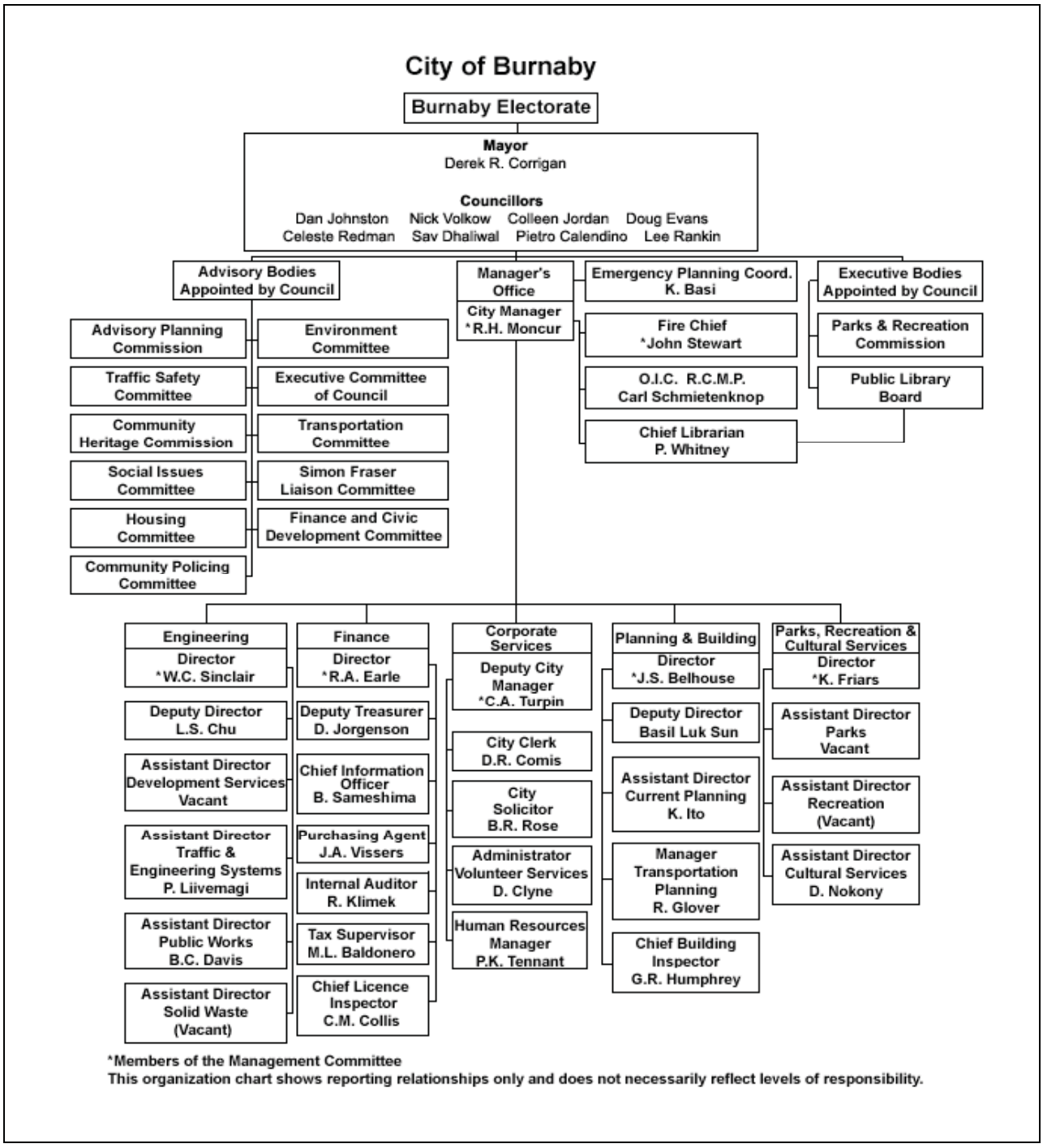
As the organization chart indicates, Burnaby's appointed officers in 2005 included the city manager, a deputy city manager, and more than 25 others appointed to the position of departmental director, assistant director, or equivalent. The city administration was organized in seven departments: engineering; finance; corporate services; planning and building; parks, recreation and cultural services; fire; and police (an RCMP municipal unit). In addition, the Parks and Recreation Commission and the Burnaby Public Library Board were relatively autonomous executive bodies whose delegated administrative powers included authority to spend money, incur liabilities, and select contractors within the parameters of budgets approved by the council.

Historically, a large proportion of Burnaby council meeting time has been devoted to environmental, traffic safety, planning, and zoning matters. These are areas of direct concern to many citizens and those with which councillors are most likely to be familiar because of their participation in related committees. In other matters, the elected officials have tended to rely heavily on information and recommendations provided to them by the city manager and his/her staff.

City of Victoria

The Corporation of the City of Victoria was incorporated in 1862 as the capital of the colony of Vancouver Island. It became the capital of the merged Colony of British Columbia in 1866 and the Province of British Columbia in 1871. Its area is a relatively small 2,335 hectares and its estimated population in 2003 was 76,387. It is governed by a mayor and eight councillors and although it was one of the few municipalities in the province that adopted the city manager form of government by referendum, its practices have historically resembled those of a council committee system more than a city manager system like Burnaby's.

EXHIBIT 3–6: BURNABY ORGANIZATION CHART FOR 2005



Victoria council members are assigned internal liaison duties (e.g., for finance and personnel), advisory committee duties and various other committee assignments, as indicated in Exhibit 3–7. To deal with city business, the council sits as a committee of the whole that makes recommendations for consideration at a council meeting, where they may be reconsidered or adopted. This process, while time consuming, allows

all council members greater participation in major deliberations while still spreading the work on different activities among them. Historically, there has been little separation between council activities and administration in Victoria.

Victoria's administrative structure has always been relatively straightforward. The city manager's office is responsible for overall management and the various functional responsibilities are divided among other departments which, in 2004, included finance, corporate administration, engineering, parks, recreation and community services, fire, planning and regulatory services, police, human resources, and conference centre administration.

EXHIBIT 3–7: CITY OF VICTORIA COMMITTEES IN 2004
Committees and organizations with appointments by Council

Standing committees of Council
Finance and Human Resources
Private Property Maintenance

Advisory committees of Council
Design Panel
Downtown Cycling
Environment and Shoreline
Heritage
Housing
Parks, Recreation and Community Services
Planning
Social Planning
Transportation

Statutory committees and boards
Board of Cemetery Trustees
Capital Region Emergency Services Telecommunications Corporation
Capital Region Water Supply Commission
Capital Regional District Board
Family Court and Youth Justice
Greater Victoria Labour Relations Association
Greater Victoria Library Board
Provincial Capital Commission
Regional Transit Commission
Royal and McPherson Foundation
Victoria Athletic Commission
Victoria Board of Variance
Victoria Civic Heritage Trust
Victoria-Esquimalt Police Board
Victoria Parks and Recreation Foundation

Neighbourhood associations
Blanshard
Burnside Gorge
Downtown
Fairfield
Fernwood
Hillside-Quadra
James Bay
North Jubilee
North Park
Oaklands
Rockland
South Jubilee
Victoria West

Other organizations
Downtown Victoria Business Association
Greater Victoria Economic Development Commission
Greater Victoria Harbour Authority
Tourism Victoria
UBCM Urban Caucus

3.7 Observations on Municipal Governments

From their very beginning in British Columbia, municipalities have been the essential providers of streets, water, fire protection and other local services that citizens wanted. The province was too large geographically and the needs of people in different areas were too diverse for either the colonial or the later

provincial government to play an effective role in providing local services. The initiative had to be left to the local citizens. The only choices available to them were to wait for the provincial government to act or to create their own municipality. No intermediate level of government, such as a county, was created until regional districts were established in 1965.

The brief descriptions of the organizational structures of several municipal governments brings out the predominant style of municipal government in British Columbia, which is direct involvement of elected officials and other citizens through committees, boards, and commissions in policymaking and, in some, involvement in administration as well. While small size tends to facilitate such involvement, it also is present in the province's largest city, Vancouver, and it is an important part of most municipalities. This high level of participation by citizens in a multiplicity of committees, boards, and commissions reflects the strong local government traditions that have existed since the first municipalities were created in the province.

Chapter Four

Regional District Governments

Until the creation of regional districts in 1965, there was no form of general local government outside municipal boundaries in British Columbia. Where local services were desired by citizens in non-municipal areas, the available options were improvement districts of various kinds, water users' communities, direct provincial provision, or incorporation into municipal status. With the creation of regional districts, a flexible form of general local government became available throughout the province.

Regional districts may provide services to residents in parts of unincorporated areas, in areas comprised of both municipalities and parts of unincorporated areas, for two or more municipalities, for their entire region, or in adjacent regional districts. The elected officials representing the service area govern the service and the residents and businesses located within the area pay the costs. Regional districts also serve as regional governments for activities mandated by the provincial government.

More recently, regional districts have attracted the international interest of scholars of local governance because they resolve the most intractable problem in local governance: how to create institutional arrangements with boundaries for different public goods and services that are preferred by citizens in different geographic areas or that possess different production characteristics. Thus regional districts need to be understood as an important step in the evolution of a system of local governance suitable to a province with as much diversity as British Columbia, and as an approach to organizing local government that is of international interest. Their primary governing legislation is the *Local Government Act*.

4.1 History and Structure

British Columbia was divided into 29 regional district areas in 1965. All of the original regional districts in the province, except the Stikine area in northwestern B.C., were incorporated within the three-year period following the passage of regional district legislation in 1965. Peace River-Liard was disincorporated in 1987 and replaced by the newly incorporated Peace River and Fort Nelson-Liard (now Northern Rockies) regional districts. The Central Fraser Valley, Dewdney-Alouette, and Fraser-Cheam regional districts were disincorporated in 1995 when they merged to form the Fraser Valley Regional District. In 2008 the Comox-Strathcona Regional District was split into the Comox Valley and Strathcona regional districts.[6] Stikine remains unincorporated.[7]

The letters patent for each regional district include:

- its name, boundaries, constituent municipalities, constituent electoral areas and the boundaries of the electoral areas (these are the unincorporated areas from which board members are elected);

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6 The map of regional districts in Exhibit 4–2 has not been updated to show the split because the data in Exhibit 4–1 are for 2006.

7 *Bill 43 Miscellaneous Statutes Amendment Act (No.2), 2008* provides enabling authority for the cabinet to incorporate a new, single-tier municipality to cover the area currently covered by the Northern Rockies Regional District. The amendments enable the dissolution of the Town of Fort Nelson and the regional district and will allow the cabinet to have the new municipality take on certain regional district functions and obligations, as there would be no regional district. This would be the only area where a municipality exists without a regional district.

- the arrangements for establishing the first board, including the first elections in electoral areas and the appointment of municipal directors;
- temporary borrowing powers until statutory provisions are operative;
- any municipal powers, obligations, or duties that are transferred to the regional district's jurisdiction; and
- the "voting unit" population.

The voting unit is used to determine the number of votes allocated to each municipality and electoral area represented on the regional district board.

The initial letters patent also specified the functions that the regional district was empowered to undertake, which could be augmented only through the issuance of supplementary letters patent. This cumbersome procedure was abolished in 1989 when the *Municipal Act* was amended to substantially enhance the powers of the regional districts to provide services.

The considerable diversity of the 28 incorporated regional districts is suggested in the table and map in Exhibits 4–1 and 4–2, which show that their areas range from 2,081 square kilometres in Nanaimo to 119,337 in Peace River, while their estimated 2006 populations ranged from 3,385 in the Central Coast to 2,221,613 in Greater Vancouver. The population densities also vary immensely—in 2006 they ranged from less than one person per square kilometre in Northern Rockies to over 757 in Greater Vancouver.

Exhibit 4–1 also shows that population densities vary considerably on a broader regional basis. In 2006 the eight regional district areas in northern B.C. had 7.7 percent of the provincial population on 70.4 percent of the province's land; the eight in the southeast had 15.4 percent of the people on 16.5 percent of the land; the eight in Vancouver Island and lower coastal areas had 17.7 percent of the people on 9.1 percent of the land; and the four in the southwest mainland had 59.1 percent of the population on four percent of the land.

It is important to note that service areas for the provision of local government services are generally much smaller than entire regional districts and even entire electoral areas in the less densely populated regional districts.

Population trends

Long-term trends in the distribution of the provincial population are shown in Exhibit 4–3. While all regions of the province have experienced population increases since 1986, only the southwest mainland has grown as a percentage of the total population. Between 1986 and 2006, the population in this region grew from 54.2 to 59.2 percent of the provincial total, while the percentages in the other three areas declined.

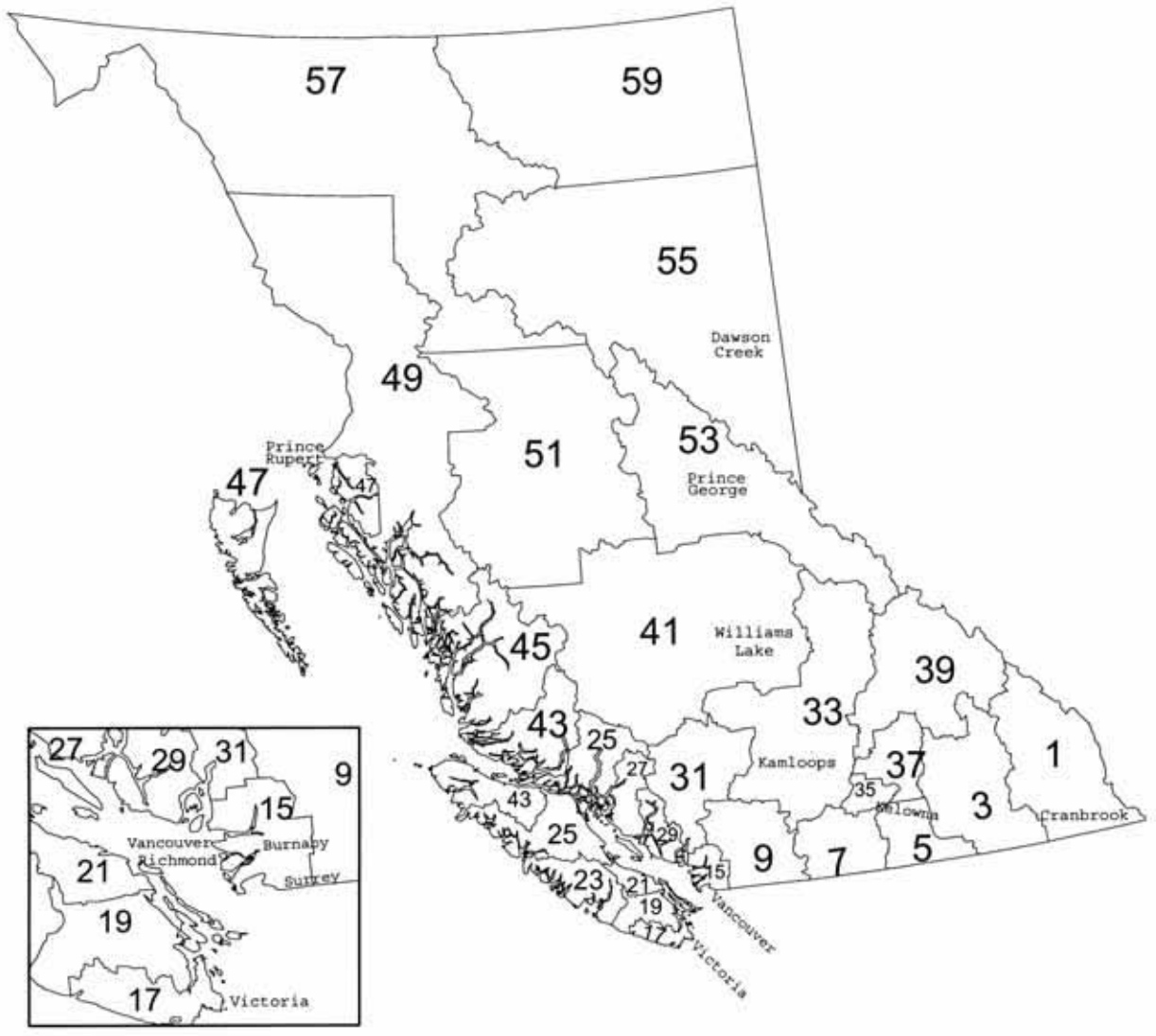
The fastest-growing regional districts from 1998 to 2006 were Fraser Valley (8.1 percent), Central Okanagan (7.8) and Greater Vancouver (7.3). Conversely, populations in many rural and northern regional districts have experienced a sharp decline in the same period. The most dramatic declines have occurred in Skeena-Queen Charlotte (13.7 percent), Central Coast (12.7), and Mount Waddington (12.5).

EXHIBIT 4–1: REGIONAL DISTRICTS IN BRITISH COLUMBIA

Regional Districts and BC Regions	Area sq km	Area percent	Estimated 2006 Population Total	Per sq km	Percent
Stikine (unincorporated)	129,490	13.7%	1,179	0.01	0.03%
Northern Rockies	85,808	9.1%	6,447	0.08	0.15%
Skeena-Queen Charlotte	16,233	1.7%	20,807	1.28	0.48%
Kitimat-Stikine	102,620	10.9%	40,262	0.39	0.93%
Bulkley-Nechako	77,821	8.2%	40,393	0.52	0.93%
Peace River	119,337	12.6%	61,165	0.51	1.42%
Cariboo	82,524	8.7%	65,642	0.80	1.52%
Fraser-Fort George	51,999	5.5%	97,301	1.87	2.25%
Total – Northern BC	665,832	70.4%	333,196	0.50	7.71%
Kootenay-Boundary	8,300	0.9%	32,422	3.91	0.75%
Columbia Shuswap	30,107	3.2%	52,685	1.75	1.22%
East Kootenay	27,568	2.9%	58,456	2.12	1.35%
Central Kootenay	23,157	2.4%	58,891	2.54	1.36%
North Okanagan	7,872	0.8%	81,173	10.31	1.88%
Okanagan-Similkameen	11,018	1.2%	83,529	7.58	1.93%
Thompson-Nicola	45,279	4.8%	128,671	2.84	2.98%
Central Okanagan	2,956	0.3%	170,091	57.54	3.94%
Total – Southeast BC	156,257	16.5%	665,918	4.26	15.41%
Central Coast	25,181	2.7%	3,385	0.13	0.08%
Mount Waddington	20,249	2.1%	12,341	0.61	0.29%
Powell River	5,264	0.6%	20,641	3.92	0.48%
Alberni-Clayoquot	6,885	0.7%	32,260	4.69	0.75%
Cowichan Valley	3,508	0.4%	80,731	23.01	1.87%
Comox-Strathcona*	20,292	2.1%	106,671	5.26	2.47%
Nanaimo	2,081	0.2%	145,339	69.84	3.36%
Capital	2,441	0.3%	362,447	148.48	8.39%
Total – Island & Lower Coast	85,901	9.1%	763,815	8.89	17.68%
Sunshine Coast	3,824	0.4%	29,065	7.60	0.67%
Squamish-Lillooet	16,692	1.8%	37,065	2.22	0.86%
Fraser Valley	14,260	1.5%	269,583	18.90	6.24%
Greater Vancouver	2,932	0.3%	2,221,613	757.71	51.42%
Total – Southwest Mainland	37,708	4.0%	2,557,326	67.82	59.19%
Total – British Columbia	**945,698**	**100.00%**	**4,320,255**	**4.57**	**100.00%**

Source: BC Stats

EXHIBIT 4–2: REGIONAL DISTRICTS IN BRITISH COLUMBIA



Regional Districts:

1 East Kootenay
3 Central Kootenay
5 Kootenay Boundary
7 Okanagan-Similkameen
9 Fraser Valley
15 Greater Vancouver
17 Capital
19 Cowichan Valley
21 Nanaimo
23 Alberni-Clayoquot
25 Comox-Strathcona
27 Powell River
29 Sunshine Coast
31 Squamish-Lillooet
33 Thompson-Nicola
35 Central Okanagan
37 North Okanagan
39 Columbia-Shuswap
41 Cariboo
43 Mount Waddington
45 Central Coast
47 Skeena-Queen Charlotte
49 Kitimat-Stikine
51 Bulkley-Nechako
53 Fraser-Ft George
55 Peace River
57 Stikine (region)
59 Northern Rockies

BC STATS

EXHIBIT 4–3: B.C. REGIONAL POPULATION CHANGES 1986–2006

British Columbia region	Total population 1986	Total population 2006	Percentage of total population 1986	Percentage of total population 2006	Population increase 1986–2006 Total	Population increase 1986–2006 Percent
Northern BC	308,971	333,196	10.7%	7.7%	24,225	7.8%
Southeast BC	474,990	665,918	16.5	15.4	190,928	40.2
Island - Lower Coast	537,549	763,815	18.6	17.7	226,266	42.1
Southwest Mainland	1,566,208	2,557,326	54.2	59.2	991,118	63.3
Total province	2,887,718	4,320,255	100.0%	100.0%	1,432,537	49.6%

4.2 Regional District Functions and Expenditures

Like municipalities, regional districts perform a dual role with respect to their functions. One role is to undertake functions mandated by the provincial government. The other is to perform voluntary functions decided upon by locally elected officials.

Mandated functions

The provincial government mandates relatively few functions for regional districts. They perform the corporate and financial administrative functions that any local government must undertake, and act on behalf of municipalities in dealings with the Municipal Finance Authority.[8] Under the *Environmental Management Act*, each regional district must prepare comprehensive plans for managing solid wastes and may be required to prepare plans to manage liquid wastes. Under the *Emergency Program Act*, each regional district must undertake emergency planning for its rural areas. Regional district directors also govern regional hospital districts, but this is a separate role.

While a regional district chooses to perform a voluntary function, it may have to satisfy mandatory requirements associated with that function. For example, a regional district that has adopted a zoning bylaw must also establish one or more boards of variance to deal with applications for minor variances from the bylaw's provisions.

When the provincial government created regional districts in 1965, the only major functions mandated to them were planning for electoral areas and for the development of the region. The regional planning authority was annulled in 1983 along with the legal status of official regional plans. Regional districts still undertake community planning in unincorporated areas and are empowered to develop strategies for regional growth but these functions are performed on a voluntary basis. In practice, however, all regional districts perform some planning functions, as discussed in Chapter 10.

Voluntary functions

The real growth and impact of regional districts has been in the voluntary provision of services, controls, and regulations for a variety of service areas. Services commonly provided by regional districts in British Columbia are listed in Exhibit 4–4.

[8] The Municipal Finance Authority (MFA) undertakes debt finance and offers other financial services. It is described in Chapter 12.

EXHIBIT 4–4: COMMON REGIONAL DISTRICT FUNCTIONS

General services

Administration: general, electoral area, local community commissions, feasibility studies, grants, and assistance.

Management of development: official community planning, land use regulation, board of variance, heritage planning, sign regulation, subdivision control, and social planning.

Regional planning services: regional growth strategy, coordination, research, and analysis.

Common shared services provided to local areas or an entire region

Airports and ports	Fire protection	Regional parks
Animal control	Garbage collection	Security alarm regulation
Arenas	Garbage disposal	Sewage and septage disposal
Art galleries	Library participation	Sewage collection
Building inspection	Museums	Sewage treatment
Building numbering	Noise regulation	Sports complexes
Cemetery operations	Nuisance regulation	Streetlighting
Community (local) parks	Pest control	Television rebroadcasting
Economic development	Pollution control	Theatres
Emergency programs	Public transit	Unsightly premises regulation
Emergency telephone	Recreation	Water supply
Fire alarm regulation	Recycling	Weed control

Before the passage of Bill 14 (2000), a regional district service function was defined in the *Municipal Act* as a general, local, or extended service, depending on its nature, scope, and financing. In addition to the functions listed in Exhibit 4–4, the Lieutenant Governor in Council could empower a regional district to establish other services, including powers given to municipalities under a variety of legislation that has changed over time. Thus, over the years, regional districts have undertaken such functions as ambulance service, business regulation, control of gatherings, curfew regulation, drainage, elderly citizens housing, electrification, fireworks regulation, flood control, health regulation, health centres, home nursing, marina operation, resident identification cards, tourism marketing, and victim assistance.

The ability of regional districts to offer services and regulate activities was considerably enhanced with the passage of Bill 14 (2000), which empowered them to establish and operate any service and regulate in relation to those services, including regulating activities within municipalities. Their authority to make bylaws to vary statutory rules related to participant voting, appointment of members to management committees, service review procedures, and the time in which a service review can be initiated were also broadened. At the same time, member municipalities and electoral areas participating in local service areas were given the ability to initiate service arrangement reviews to help determine whether a specific service was being delivered in an optimal fashion. The legislation also provided a mechanism for participants to withdraw from service arrangements in certain cases. The Lieutenant Governor in Council can still empower by regulation, specific regional districts or a class of them to undertake municipal-like functions not generally available to regional districts. For example, the Regional District of Central Okanagan was given the authority to regulate fireworks in electoral areas.

Functional distribution of expenditures

Even though regional districts perform many different functions, their expenditures can be grouped in relatively few categories, as indicated in Exhibit 4–5. Because the overall figures are strongly influenced by those for the Greater Vancouver Regional District,[9] the GVRD figures are tabulated separately.

Overall, in 2006, the GVRD spent about $191 per capita while the other 26 regional districts spent an average of $267, ranging from lows of $108 in Kitimat-Stikine, $131 in Skeena-Queen Charlotte and $134 in Thompson-Nicola, to highs of $607 in Kootenay-Boundary, $762 in Sunshine Coast, and $1,536 in Northern Rockies. The per capita expenditures of the others were between $142 (Bulkley-Nechako) and $422 (North Okanagan).

Some of the differences in spending between the GVRD and other regional districts can be explained because most of the GVRD consists of municipalities which predate the creation of the GVRD and are of sufficient size to perform most local government activities on their own.

- The GVRD general government expenditure did not include general administrative costs related to the water, sewer, solid waste, and housing functions. General government typically constitutes about 10 to 12 percent of a regional district's budget.
- Protective services include fire protection and building inspection, both of which are provided by municipalities and some regional districts, including limited services provided by the GVRD to its electoral areas. Regional districts do not provide police services, although the *Police Act* does include a conditional provision for a regional district to do so.
- In 2006, most regional districts reported no spending in the category of health, social services, and housing. GVRD spending in these areas, which includes social housing, accounted for over 95 percent of the total spent by all regional districts combined.
- Development services include local planning and land use control, which are relatively important activities for some regional districts with extensive unincorporated territories but are less important for a regional district like the GVRD that consists mostly of municipalities. The GVRD provided some development services to its one electoral area but they were not separately reported and were presumably included within the "general government" category.
- The GVRD did not provide transportation and transit services in 2006 because these services were provided by TransLink, a separate regional transportation authority.
- Expenditures on parks, recreation, and culture can be relatively substantial, especially if a regional district provides major recreation facilities and programs, such as sports centres, golf courses, or regional parks, which was the main activity of the GVRD in this category in 2006. It is often the case, however, that much of the expenditure on recreation programs is recovered through user fees.
- Water and sewer expenditures tend to be relatively high in the GVRD because both services involve extensive capital installations, as they do in other heavily populated areas, with associated annual costs of operation, maintenance, and debt service. In less densely populated areas, water may be provided by individual wells, water users' communities, improvement districts, or regional districts, and liquid waste may be largely handled by septic tank systems.

Many of these differences can be explained by the fact that some services provided by GVRD municipalities, such as fire protection, building inspection, and recreational facilities, are provided by regional districts in less densely populated areas.

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[9] The Greater Vancouver Regional District has branded itself "Metro Vancouver" but it is referred to in law and in statistics as the Greater Vancouver Regional District, or GVRD.

EXHIBIT 4–5: REGIONAL DISTRICT EXPENDITURES IN 2006

	Greater Vancouver Regional District (1)		Other 26 regional districts		All 27 regional districts	
2006 population	2,221,613		2,097,463		4,319,076	
2006 expenditures (2)	$514,090,498		$649,279,271		1,163,369,769	
Percentage of total expenditure	44.2%		55.8%		100.0%	
2006 expenditures by function (3)	per capita	per cent	per capita	per cent	per capita	per cent
General government (4)	$ 14	6.2%	$ 27	8.7%	$ 20	7.6%
Protective services (5)	1	0.6	28	9.0	14	5.3
Solid waste management, recycling	34	14.8	48	15.6	41	15.3
Health, social services, housing (6)	10	4.4	2	0.5	6	2.2
Development services (7)	0	0	14	4.6	7	2.6
Transportation, transit (8)	0	0	12	4.0	6	2.2
Parks, recreation, culture	7	2.9	54	17.4	30	11.0
Water services	32	13.8	22	7.1	27	10.0
Sewer services	42	18.0	14	4.5	28	10.5
Other services (9)	4	1.6	21	6.9	12	4.6
Capital expenditures (10)	87	37.6	67	21.8	78	28.8
Total expenditures	$231	100.0%	$309	100.0%	$269	100.0%

Notes:

(1) GVRD includes Greater Vancouver Water District, Sewerage and Drainage District, and Housing Corporation. Does not include TransLink whose per capita expenditures were $286.

(2) Total expenditures do not include debt payments made on behalf of member municipalities.

(3) The figures in each functional category include operating, interest on debt, and capital lease expenditures.

(4) Includes legislative, general, financial, human resources, and information systems operations.

(5) Includes fire, bylaw enforcement, and other protective operations.

(6) Includes social and public health services.

(7) Includes community planning, economic development, and resource conservation activities.

(8) May also include drainage control operations.

(9) Includes other items such as cemeteries, wharves, docks, other utilities, etc.

(10) Includes current-year costs of acquisition, construction, and development of physical assets.

Source: *Local Government Statistics 2006*, Schedule 902-2006; TransLink *2006 Annual Report*.

Cost-sharing and custom agreements

Because regional districts provide services to a variety of service areas, there are various rules for sharing the costs of individual services. In general, decisions on the operation and administration of services are made by the weighted votes of all directors for region-wide services and by the weighted votes of the directors representing the participating areas for services provided to their areas. For many services, the

costs are simply shared in relation to the property tax base[10] but different cost-sharing rules may be formulated and included in the bylaw that establishes a particular service activity. These rules are referred to as "custom agreements."

Custom agreements are used to relate voting strength more closely to the use of a service and to financial contributions, which usually go together. Custom agreements can also create a committee or commission to govern the activity and the agreement may provide for committee or commission members who are not directors. For example, cost-sharing formulas within custom agreements in one regional district include:

- 50 percent converted assessed value and 50 percent population for a theater and an arena;
- the number of cases during the previous year for permitting and regulation of soil deposit and removal;
- 1/3 converted assessed value, 1/6 land area, 1/6 population, and 1/3 high- and medium-priority discharges in the previous year for stormwater quality management; and
- population for 911 emergency service.

In another regional district, the number of members of the committee to oversee water supply is based on the previous year's water consumption in the different areas.

In general, custom agreements tend to bring governance and financial contributions closer to benefits for either individual users or member municipalities. Some regional districts make more use of these agreements than others.

4.3 Regional District Governance

The board

All regional districts have the same basic governing structure. The governing board is composed of directly elected members from electoral areas and elected municipal officials appointed to the board by their municipal councils. The way the board is constituted and the voting requirements under which decisions are made provides for representation on the basis of both population and area. There are also special provisions for First Nations representation but a First Nation representative may or may not be a voting member on most issues.

The total number of board members and their voting weights are determined by the voting unit population established for each regional district. The number of votes a municipality or electoral area is entitled to is calculated by dividing the voting unit into the population of the municipality or electoral area, with the result rounded to the next whole number. Thus, if the voting unit is 3,000, a municipality of 17,000 people would have six votes and an electoral area of 2,000 people would have one vote. In 2006, the voting units in B.C.'s regional districts ranged from 150 in Northern Rockies to 20,000 in Greater Vancouver, with most units being in the 2,000 to 5,000 range.

After the voting strength for each municipality and electoral area is calculated, the number of directors is determined by dividing the voting strength of the municipality or electoral area by five (or by another number specified in the letters patent), with one director appointed or elected for each five votes or fraction thereof. Thus, as indicated in Exhibit 4–6, each board member may possess between one and five votes. It is not unusual for a municipally appointed member to have four or five votes while an elected member may have only one or two votes because electoral area populations are usually smaller.

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[10] Two measures of assessed property value are available. One is simply the total assessed value of all properties. The other, called "converted value of land and improvements," assigns weights to different classes of property according to tax rate differentials, thus normally weighting nonresidential properties more heavily than residential.

Where a municipality has more than one representative, its weighted votes are divided among the municipal representatives as equally as possible.

The voting rules vary for different types of issues. In general, region-wide issues are decided by one vote for each director, budgetary matters by the weighted votes of all directors, and services for sub-parts of a regional district by the weighted votes of the directors from the participating areas. The net result is a system of representation and voting rules that requires a relatively high level of consensus for general regional board activities while permitting sub-areas to decide upon and pay for services administered for their area by the regional board. Sub-areas may also agree to provide services under the delegated authority of the entire board where the voting rules and the formula for financial contributions can be custom designed for that service. Decisions to establish new services are often made in response to petitions from electoral area property owners and then only after local discussions and hearings have been held. The GVRD has special rules for voting where all votes are weighted votes.

EXHIBIT 4–6: REGIONAL BOARD AND VOTING STRENGTH

for the Regional District of Fraser-Fort George, 2006 (Voting unit: 4,000 population)

Municipalities	2001 Census Population*	Voting Strength	Number of Directors
Prince George	72,406	19	4
Mackenzie	5,206	2	1
McBride	711	1	1
Valemount	1,260	1	1
Electoral Areas			
A	3,475	1	1
C	3,178	1	1
D	4,527	2	1
E	564	1	1
F	1,449	1	1
G	549	1	1
H	1,992	1	1
Totals	95,317	31	14

*Based on 2001 census, and including subsequent population changes to 2006 as certified by the minister. Includes people residing on Indian reserves.

Source: *Statistics Relating to Regional and Municipal Governments in British Columbia 2006*

In 2007 the *Local Government Act* was amended to enable "Treaty First Nation" (TFN) membership on a regional district board. The amendments were required pursuant to the Tsawwassen and Maa-nulth Final Agreements as described in the appendix. A new division, Treaty First Nations and Regional Districts, within the *Local Government Act* states that if a Final Agreement provides for TFN membership in a regional district, the *Local Government Act* provisions that apply to municipalities and municipal directors also apply to the TFN, with a few exceptions.

The attributes of TFN membership in a regional district include these characteristics:

- A TFN's membership is similar to a municipality's, which acknowledges that the TFN is an independent jurisdiction that has a governing body. First Nations membership is either provided for in a Final Agreement at a set time or at some future unspecified date.

- TFN participation in regional district services is the same as for municipalities, meaning they may participate in the current region-wide services that apply to all members and have access to other regional district services on a voluntary basis, depending on the terms of the treaty.
- Regional district membership rules apply to First Nations members as they do to other members (e.g., voting rights, provisions for participating in or withdrawing from services, etc.).
- The TFN must appoint an elected TFN government official as its director on the regional district board. The director must meet the same requirements as all directors regarding such matters as conflict of interest and disqualification rules.

The amendments to the *Local Government Act* provide for some customization in the few instances in which the requirements of the local government system would inappropriately interfere with the independent authority of the TFN or would not fit within a First Nation context. For example, the TFN would participate in regional district region-wide borrowing through the Municipal Finance Authority but would access local borrowing through the First Nations Financing Authority.

Bylaws

Like a municipality, a regional district board must adopt a procedure bylaw that specifies how it will pass resolutions, adopt other bylaws, and conduct its business generally. A bylaw regarding a financial plan, borrowing, a real estate transaction, authorization of liabilities, authorization of a contract, or the administration or operation of a service must be adopted by a weighted vote of all directors or, with respect to an area service, of the directors representing the electors who pay for the service. Any other bylaw or resolution is adopted by an unweighted, simple majority vote.

A bylaw establishing a new service, including any proposal to borrow money to finance it, must be approved in a referendum of the electors who would receive the service, with the following exceptions:

- A municipal council may give consent on behalf of its electors, if the proposed participating service area is the entire municipality.
- An electoral area director or, if the director refuses to do so, the board, may give consent on behalf of the electors (1) for a service that would be provided to an entire electoral area without borrowing or (2) if at least half of the owners of parcels representing at least half the net taxable value of land and improvements in the area to be served have submitted a petition for a service.
- For a water, sewerage, or waste management service, or for any service that would cost not more than 50 cents per $1,000 of the net taxable value of land and improvements in the service area, the assent of the electors may be obtained through an alternative approval (counter-petition) process whereby, if more than 10 percent of the affected electors sign a counter-petition opposing the bylaw, a referendum must be held if the board still wishes to adopt it.

The bylaw must be adopted after three readings by an unweighted majority of the board members who vote on it. All bylaws establishing new area services must be approved by the inspector of municipalities.

Financial plans

The budgetary process in regional districts is more complex than it is in municipalities. Since various functions are performed for various service areas, the regional district must calculate the exact expenditure on each service in each area, together with whatever tax and other revenue will be used to finance it. These calculations permit elected officials and citizens to compare the costs and benefits of the various services to a degree that is not possible in the municipal budgetary process.

The regional district budget schedule requires that a provisional budget be adopted by December 31 and a final five-year budget plan adopted by March 31. Since a regional district's taxes are collected on its behalf by municipal and provincial tax collectors, it must submit requisitions for funds by April 10 to

each municipality and, for the electoral areas, to the provincial surveyor of taxes who levies the necessary electoral area taxes, collects them and forwards the funds to the regional district. The municipalities must pay the requisitioned funds by August 1.

Appointed officers

A regional district board must appoint "corporate" and "financial" administrative officers whose mandatory duties are essentially the same as those of the former regional district secretary and treasurer, whose titular positions were abolished in 1998. It must also appoint an auditor, a chief election officer, and a deputy chief election officer. The board may appoint a chief administrator and other officers, may appoint the same person to more than one office, and may determine the specific title of any office.

Boards, commissions and committees

Like municipalities, regional districts have broad powers to use boards, commissions, and committees to assist in policymaking, administration, and the delivery of services. Where a regional district has adopted a planning or zoning bylaw, it must also establish one or more boards of variance with three members on each board. An electoral area that is actively involved in community planning and voluntary activities normally has an advisory planning commission that may also discuss potential voluntary activities for the area. For some other matters, a director may appoint a committee of citizens, usually three, to provide advice, supervision, or both.

An electoral area advisory planning commission is made up of citizens appointed by the regional board upon the recommendation of the regional director for the area. Each commission serves a single electoral area and gives advice on planning and land use matters to the board. The commission allows for citizen participation in local planning, which complements the public hearings called to review changes in plans or zoning regulations. An advisory planning commission is usually representative of the citizens in an area. It would lose credibility if its recommendations to adopt or to change planning or zoning regulations were strongly opposed by a majority of residents.

Local community commissions

Since 1987, regional districts have been empowered to establish elected local community commissions for small settlements in unincorporated areas. Five such commissions had been created by 2008—Bear Lake (Regional District of Fraser-Fort George), Charlie Lake (Peace River), Coal Harbour (Mount Waddington), Fort Fraser (Bulkley-Nechako), and Olalla (Okanagan-Similkameen).

A local community commission is created by a regional district bylaw, subject to a local referendum and approval by the inspector of municipalities. The commission consists of the regional director for the electoral area plus four members who live in the community and are elected by its residents. Administrative support is provided by regional district staff both generally and (where provided) for such functions as sewerage, water supply, or garbage collection, with the costs financed by local property taxes. The potential to create local community commissions supported by regional district administrative services is one of several flexible institutional arrangements, including improvement districts and water users' communities, that can be used to provide services to small areas in rural British Columbia.

Local community groups

In addition to appointed boards, commissions, and committees, a variety of voluntary organizations, such as neighbourhood associations and community clubs (formerly called ratepayers associations in rural areas), often serve as forums for discussion within regional districts. Because the areas involved often have small populations, many of the meetings of these groups resemble old-fashioned town meetings where issues are discussed by a large proportion of the community.

Elections and referenda

The *Local Government Act* provisions for elections in the electoral areas of regional districts are essentially the same as the provisions for municipalities. General elections for regional board directors are held every three years, at the same time as municipal elections. A possible exception is the election of a local community commission, which could be held each year at a time specified in the bylaw. Electoral area members of regional district boards are subject to the same accountability measures as municipal councillors.

As with municipalities, referenda in regional districts are of two types. Some are required, such as a proposal to borrow money for a major capital expenditure or the adoption of a bylaw that has been opposed by a successful alternative approval (counter-petition) process. Others, including plebiscites on questions regarding existing or possible services can be held at the discretion of the board, typically at the same time as the triennial general elections.

4.4 Examples of Regional District Organization

There is considerable variety in the structure and function of regional districts, just as with municipalities. Brief examinations of the Greater Vancouver and the former Comox-Strathcona regional districts illustrate this diversity.

Greater Vancouver Regional District or "Metro Vancouver"

The Greater Vancouver Regional District (GVRD) was incorporated as the Regional District of Fraser-Burrard in 1967. The GVRD named itself Metro Vancouver in 2007, though there were no structural or functional impacts associated with the name change. In an area of 2,932 square kilometres, it contains over half of the province's population in 21 municipalities and one electoral area. Eleven of the 19 municipalities in B.C. that had populations over 50,000 in 2003 are in the GVRD, including (in approximate order of population size, beginning with the largest) Vancouver, Surrey, Burnaby, Richmond, Coquitlam, Delta, Langley Township, the District of North Vancouver, Maple Ridge, New Westminster, and Port Coquitlam. The 10 other GVRD municipalities are the City of North Vancouver, West Vancouver, Langley City, Port Moody, White Rock, Pitt Meadows, Lions Bay, Anmore, Belcarra, and Bowen Island. The GVRD's single electoral area includes the University Endowment Lands and a large area containing Barnston Island, Passage Island, and the sparsely populated territories along Indian Arm, Howe Sound, and the west side of Pitt Lake. More than 99 percent of the GVRD population lives in municipalities.

Because most of the population is served by municipalities, the GVRD has undertaken comparatively few functions other than for the region as a whole. In 2008, its regional responsibilities included liquid waste collection and treatment, water supply and distribution, parks, social housing, air quality management, solid waste management, transportation planning, strategic planning, 9-1-1, a Global Positioning System (GPS) information service, and labour relations for municipal employees. Building inspection, land use planning, dog control, emergency telephone, fire regulation, fire protection, library, mosquito control, noise control, recreation programming, community parks, and soil removal regulation services were provided for the electoral area.

The GVRD is unusual in that it comprises four separate legal entities—the Greater Vancouver Sewerage and Drainage District (GVSDD), Greater Vancouver Water District (GVWD), Greater Vancouver Housing Corporation (GVHC), and the GVRD itself. All share a common administrative staff and each has virtually the same board of directors. The GVSDD was created in 1956 to succeed the 42-year-old Joint Sewerage and Drainage Board and the GVWD was created in 1926. They were merged into the GVRD structure in 1971 and each was serving 18 municipalities by 1991. In addition, the Vancouver

Fraser Parks District, created in 1966, was fully incorporated into the GVRD structure in 1971, with the unusual arrangement that the non-GVRD municipalities of the City of Langley, Township of Langley, Matsqui, Maple Ridge, and Pitt Meadows (which were members of the park district) continued their participation. Since then, the Langleys, Maple Ridge, and Pitt Meadows have joined the GVRD and Matsqui has amalgamated with Abbotsford, which still participates in the parks service and is represented on the board for that function.

The GVRD plays only an indirect role in providing transit and transportation planning services in the Lower Mainland. TransLink, the regional transportation authority established in 1998–99, must consider regional land use objectives and consult with the GVRD on TransLink's long-range transportation plan.

GVRD policy is determined at monthly meetings of the board and committees. Because of its large population, the voting unit for representation on the board is 20,000, far greater than for other regional districts. Even with this large voting unit, the 2008 board consisted of thirty-six members with a total of 124 weighted votes. Uniquely, all votes are weighted. Vancouver had six members with 29 votes, Surrey had four with 20 votes, Burnaby had three with 11 votes, Richmond had two with 9 votes and Coquitlam had two with 6 votes. The remaining municipalities had one member with 1 to 5 votes each and the electoral area had one member with 1 vote. Board committees in 2008 included aboriginal relations, land use and planning, Sustainable Region Initiative, intergovernmental, finance, housing, labour relations, parks, environment and energy, waste management, and water.

The administrative structure of the GVRD in 2008 included a chief administrator's office and 12 other departments with approximately 1,000 full-time and 800 seasonal employees. Some departments have operational responsibilities (engineering and construction, operations and maintenance, policy and planning, housing, regional parks) and some provide support services (corporate services, corporate secretary, finance, and administration). The human resources and labour relations departments had both operational and support responsibilities.

Regional cooperation through the creation of special-purpose organizations governed by representatives from member municipalities has a long history in the lower Fraser Valley. The creation of the GVRD in 1967 was very much an evolution of traditional regionalism in the most urbanized area of the province.

Regional District of Comox-Strathcona (RDCS)

The Regional District of Comox-Strathcona (RDCS) was the first in the province to be incorporated. Its area was 20,298 square kilometres and it extended from the west coast of central Vancouver Island to the southwest edge of the Cariboo Regional District, including part of central Vancouver Island, Johnstone Strait, the northern part of Georgia Strait, and Bute Inlet. Within this area were nine electoral areas, in which about 31,700 people lived in 2004, and the municipalities of Campbell River, Comox, Courtenay, Cumberland, Gold River, Sayward, Tahsis, and Zeballos, whose combined population was about 65,000. The electoral area population has historically been concentrated in the Comox Valley and Campbell River areas, with lesser concentrations on the west coast and on Denman, Hornby, Quadra, and Cortes Islands.

The RDCS voting unit is 2,500 persons. In 2004, the twenty-member board included nine electoral area directors and eleven from municipalities, with 31 of the 47 weighted votes held by municipal directors and 16 held by electoral area directors.[11]

The diverse geographic scope of the RDCS and the large number of activities to be dealt with at monthly meetings has forced it to create an extensive system of committees, some to supervise specific

[11] In 1990, when there were 10 electoral areas and the combined municipal population was close to that in the electoral areas, the RDCS was one of the few regional districts where the number of electoral area directors (10) exceeded the number from municipalities (9), although the municipal directors held one more of the 37 weighted votes than the electoral area directors.

activities and others based on geographic sub-areas. Board members also serve on a variety of other committees, as indicated in Exhibit 4–7.

The RDCS organization in 2004 included a chief administrator and departments or offices for administration, finance, human resources, recreation, community planning, parks, building inspection, and operational services, with about 60 full-time employees. The two sports centres had more than 100 full- and part-time employees. Some functions were contracted out to private suppliers.

EXHIBIT 4–7: RDCS BOARD COMMITTEE APPOINTMENTS IN 2005

RDCS committees

- Building Inspection Committee
- Committee of the Whole
- Community Planning Committee
- Community Services Committee
- Comox Valley Committee
- Comox Valley Sports Centre Commission
- Comox Valley Water Committee
- Corporate Services Committee
- Member Municipality Committee
- Oyster River Fire Hall Building Committee
- Sewage Commission
- Strathcona Gardens Commission
- West Coast Committee

Other committees

- Campbell River Transit Advisory Committee
- Coast Sustainability Trust
- Comox Valley Accessible Committee
- Comox Valley Environmental Council
- Comox Valley Land Trust
- Desolation Sound/CV Treaty Advisory Committee
- Family Court/Youth Justice Committee
- Garry Oak Ecosystem Recovery Team
- Joint Use Facility Committee (via CVSC)
- Municipal Finance Authority
- North Island 9-1-1 Corporation
- North Island Treaty Advisory Committee
- North Island Woodlands Advisory Group
- Vancouver Island Corridor Foundation

The historical evolution of the services provided by the RDCS offers a good example of how the scope of a regional district's activities can expand over the years. In 1965, the RDCS was responsible for managing development in accordance with its letters patent and the budget was $7,500. By 1985, 46 supplementary letters patent had been issued for additional activities and the budget had increased to $13.9 million. By 2004, the RDCS had a budget of nearly $60 million and provided more than 40 services, as shown in Exhibit 4–8. Many of these services had been initially provided under the 1965–85 supplementary letters patent. Only three of the services were provided to the whole region—planning, solid waste planning, and 9-1-1 emergency. All other services were provided to a variety of individually defined service areas.

The RDCS had historically been one of the most active in the province. This can be attributed to the fact that it has relatively large populations in unincorporated areas and its municipalities have been willing to delegate responsibilities to the region. The result has been a system of mutual benefit through joint action for both municipal and electoral area residents.

EXHIBIT 4–8: SERVICES PROVIDED BY THE RDCS IN 2004

Grants in Aid	All electoral areas
Cemetery	Area B; Courtenay; Comox
Economic Development	Areas A, B, C, G, H, J, K; Courtenay; Comox; Cumberland
House Numbering	Areas A-D, H-K
Planning	Areas A-D, G-J
Planning (Non Part 26)	All electoral areas and municipalities
Regional Solid Waste Plan	All electoral areas and municipalities
Liquid Waste Management Planning	Areas A-D, I, K
Pesticide Awareness	All electoral areas, Cumberland, Zeballos
Solid Waste Disposal	Areas G, H; Defined areas of I, K; Sayward
Building Inspection	Areas A-D
Animal Control	Areas A-D
Fireworks Regulation	Areas A-C, K
Unsightly Premises	Areas A-D, K
Soil Deposit and Removal Control	Areas A-D, I-K
Noise Control	Areas A-D, H, K
Weed Control	Areas A-C, K
911 Emergency	All electoral areas and municipalities
Emergency Program (Disaster)	Areas A-C, G, K
Search and Rescue	Areas A-D, H-K; Courtenay; Comox, Cumberland
Fire Protection	Defined areas of A-D, H-K
Victims Assistance	Areas A-C, K; Courtenay; Comox, Cumberland
Comox Valley Community Justice Service	Areas A-C, K; Courtenay; Comox, Cumberland
Recreation Complexes	Areas A-D, K; Campbell River, Courtenay; Comox, Cumberland
Comox Valley Exhibition Grounds	Areas A-C, K; Courtenay; Comox, Cumberland
Community Parks	Areas A-D, G, I-K
Regional Parks	All electoral areas and municipalities except Cumberland
Community Halls & Comfort Stations	Defined Areas of G, J, K
Comox Valley Track and Field Service	Areas A-C; Courtenay; Comox
Sayward Valley Recreation & Community Use	Defined Area in H
Heritage Conservation	All electoral areas
Vancouver Island Regional Library	All electoral areas
Comox Valley Art Gallery	Areas A-C; Courtenay; Comox
Transit	Areas A, B, defined area of C, D, K; Courtenay; Comox; Cumberland
Courtenay Flats Drainage	Defined area in B
Oyster River Bank Protection	Defined area in D
Comox Valley Airport	Areas A-C, K; Courtenay; Comox; Cumberland
Streetlighting	Defined areas in A-D, K, J
Comox Valley Water Supply	Areas A-C; Courtenay; Comox
Local Water Service Areas	Defined areas in A-D, G, K
Sewer	Defined areas in B, J; Courtenay; Comox

By the late 1990s, it was becoming apparent that the large area and the number of activities undertaken were creating problems. Some problems were due to diversity within the region, including electoral area members out-voting municipal board members on some issues, but others were due to the sheer size of the organization and the number of activities to be accounted for. In 2008 the region was formally split into two regional districts: the Comox Valley Regional District for the south-east centred around the Comox Valley and the municipalities of Courtenay, Comox and Cumberland; and the Strathcona Regional District for the north, with Campbell River, Tahsis, Gold River, Sayward, Zeballos, the more rural territory across Vancouver Island, northern islands, and territory across the straits. The flexibility to undergo this change is an important characteristic of the regional district system.

4.5 Observations on Regional District Governments

In the relatively brief existence of regional districts, a number of studies of their performance have been done over the years, often resulting in legislative change. For example, evidence of serious conflicts between regional and municipal governments with respect to planning policies and procedures led to the abolition of regional planning in 1983. That same year, regional board voting rules were changed to reduce the dominance of municipal representatives in land use decision making for unincorporated areas. In 1989 and 1995, the regional district role in planning was partially restored, as discussed in Chapter 10.

In 1999, a major study was undertaken to identify and propose potential improvements in the operations and governance of regional districts (Bish 1999c). It included analyses of each major regional district role (a non-municipal government, a forum for intermunicipal service cooperation, and a regional government), municipal-electoral area relations, fringe area issues, relationships with First Nations, visibility, accountability, and dispute resolution. The study process led to substantial legislative changes in Bill 14, the *Local Government Statutes Amendment Act, 2000*, including:

- authorization to exercise broad service powers and make more flexible service arrangements, as discussed in Section 4.2;
- requirements for five-year financial planning and updating financial operations, essentially parallel to municipal requirements;
- elimination of an annual term restriction for appointment of municipal directors;
- authorization for more cost-recovery flexibility, including electoral-area-only feasibility study funds, general recovery of electoral area administration service costs from all electoral areas, and general authority to impose fees and charges in relation to services;
- provision for increased flexibility with respect to agreements by which municipalities share only some of the costs of planning and land use for electoral areas, including changing the voting entitlement for such agreements; and
- authorization for a dispute resolution process regarding services.

The study recommendations also addressed a number of "best practice" issues that did not require legislative change.

Note that regional districts were not covered by the *Community Charter* changes. While there are advocates for a "Regional District Charter," regional districts continue to be a unique forum for cooperation followed by governance, not an organization that can take precedence over its member municipalities.

The regional district system in B.C. is a very important institutional innovation with an unusual combination of attributes.[12] On one hand, they are a practical solution for providing local institutions to provide local services within an extremely large and diverse province. On the other, they have attracted international interest because of their flexibility to create institutional arrangements for local people to deal with the many different kinds of local government activities. It is important to understand some of the unique assumptions and philosophies that underlie this innovation.

Local knowledge

An important characteristic of the regional district system is an implicit assumption that local representatives know their own situation best and that, given this forum for cooperation, they will undertake activities for mutual benefit. It places perhaps more faith in citizens and locally elected officials than some might consider prudent but given the diversity in local service conditions there does not seem to be

[12] This discussion is largely drawn from Bish 2004.

any reasonable alternative—it is probably the best we can do. It does, after all, provide a practical solution to the problem of how to deal with varying service area boundaries and provides a practical example of possible improvement for those concerned with polycentric political systems elsewhere.

Cooperation then government

Perhaps their most important attribute is that regional districts provide a systematic, authoritative, cost-effective framework for facilitating cooperation among local governments to provide services on a variety of scales and achieve relatively high levels of fiscal equivalence in the process. They can adjust boundaries to achieve scale economies in production and/or to match new demands for services from groups in areas whose boundaries differ from those of existing local governments, depending on what is most beneficial for a particular service. The choice is a local one and local people are most likely to make the right tradeoffs to resolve incompatibilities and make decisions in a relatively cost-efficient manner. The flexibility with which a regional district can create and manage services is truly extraordinary in a North American context. However, once agreements are reached they are implemented by a real government with powers of coercion and taxation in the exercise of its jurisdiction over activities that its members have agreed to assign to it. The fact that the activities have been agreed upon by members makes a regional district very different from a second-tier government to which a provincial or state government has assigned jurisdiction in a relatively uniform way across its territory.

Replacing local-regional conflict with cooperation

A closely related outcome of the way regional district boards are constituted is that they do not engender the kind of inefficient competition and rivalry that tends to arise in a two-tier government system in which one group of elected politicians governs at the local municipal level and another group governs at the regional level. Virtually all major local government functions include some activities that are best provided at a local level and others that are best provided at a regional level. If responsibility for a whole function is assigned to one level, there will always be activities more appropriately provided at the other level. With regional districts, the same elected officials are responsible for the functions, regardless of the level at which the activities are provided or produced, and are in relatively good position to decide how best to provide and produce them. In short, the fact that a regional district's member municipalities appoint their directors helps to reduce the competition and tension that marks the relationship between local and regional governments in other jurisdictions. This "bottom up" approach substitutes cooperation among local units, each of which has its own vision, for a stronger regional vision.

The analysis of conflict between local units and regional governments in two-tier systems was first made in Ontario by Andrew Sancton (1994) and is directly relevant to recommendations made for the Greater Vancouver Regional District. The GVRD, in which more than two million people live in twenty-one municipalities and one electoral area, has been a prominent focus of calls for the direct election of all regional directors. For example, the 1998 study of municipal electoral accountability included a recommendation for establishing a Greater Vancouver Authority governed by a directly elected Greater Vancouver Assembly and a regional mayor elected across the whole region (Smith and Stewart 1998). The recommendation was to "ensure more democratic, representative, and accountable regional structures in Greater Vancouver," to develop "an accountability system more in line with current comparative practice," and to "allow the main metropolitan region to play a much more recognizable role in global terms." No consideration was given to the conflicts generated in Ontario's two-tier system, which led to the elimination of the several municipalities in favour of single regional governments.

The arguments for switching to an elected GVRD board are unpersuasive, whether they are based on philosophical precepts of democracy and accountability like those mentioned above, or simply being advanced by an interest group advocating something they feel should be implemented regionally but

cannot get municipal councillors to support. So far, the two-tier option has been rejected in favour of retaining a regional district model that encourages cooperation but does not force it, and gives priority to citizen interests on a smaller scale relative to some concept of a regional interest. Given the best research existing on amalgamation and other local government issues, the Greater Vancouver Regional District and its member municipalities appear to be doing a very good job of serving their citizens.

Conclusions

There is no question that regional districts can become complicated organizations. However, their organizing philosophy is simple. They provide an institutional framework for local governments to make binding decisions jointly with their neighbours, to provide a variety of services to areas whose boundaries may differ widely, and to match governance and financing to each of the benefiting service areas without creating a separate government for each service. In the process, the decision-making costs of cooperation among local governments are reduced and greater fiscal equivalence is achieved. The regional district model may not fit neatly into an organizational chart, and it may not be easy to comprehend, but it deserves recognition as a significant contribution to our knowledge of how we might best govern in both metropolitan and rural areas.

Chapter Five

Other Local Governments

British Columbia's local government system has changed over time. It began with municipalities and school districts but there was no all-encompassing form of local government, such as a county, until regional districts were created in 1965–68. Before this, several kinds of local governments provided services for local concentrations of residents, including improvement districts and regional library districts. Even after regional districts were created there continued to be a need for alternatives to resolve specific issues, resulting in the formation of regional hospital districts, the Sechelt Indian Government District, the Islands Trust, and the South Coast British Columbia Transportation Authority (TransLink).

All of these local governments are governed by locally elected officials and have a direct, indirect, or conditional power to levy or requisition property taxes. There are also water users' communities, local areas, and local community commissions, which govern local services but have no direct property-taxation powers. With the exception of local community commissions, which are described in Chapter 4, the most important features of these governments are described in this chapter.

Also providing local services are aboriginal governments, which are either under federal jurisdiction or have been created by treaties. They include band councils, tribal councils, and treaty-established governments like the Nisga'a Lisims government. While aboriginal governments are beyond the scope of this book, it is useful for readers to have a fuller understanding of the different kinds of aboriginal governments and how modern treaties are changing their relationships with other governments. The appendix provides a description of these organizations and their relationships to other governments.

This chapter describes the most important features of other local governments.

5.1 School Districts

Public school districts in B.C. provide education to students from kindergarten to grade 12 (K–12). School districts may also provide other services, such as adult continuing education. The many independent schools in the province are governed by their own boards and are partially financed by public funds if they meet specific provincial standards. Total spending on K–12 education is about 85 percent of total spent by the all municipalities in the province.

The first schools in British Columbia were created in 1849 by the Hudson's Bay Company but an attempt to systematically provide schools in all areas did not begin until after Confederation with Canada. In 1872, the new provincial government passed the *Public Schools Act* and assumed responsibility for all public schools. Administration was centralized in Victoria, and the Provincial Board of Education was created in 1879. At that time, a tradition of local school districts was initiated.

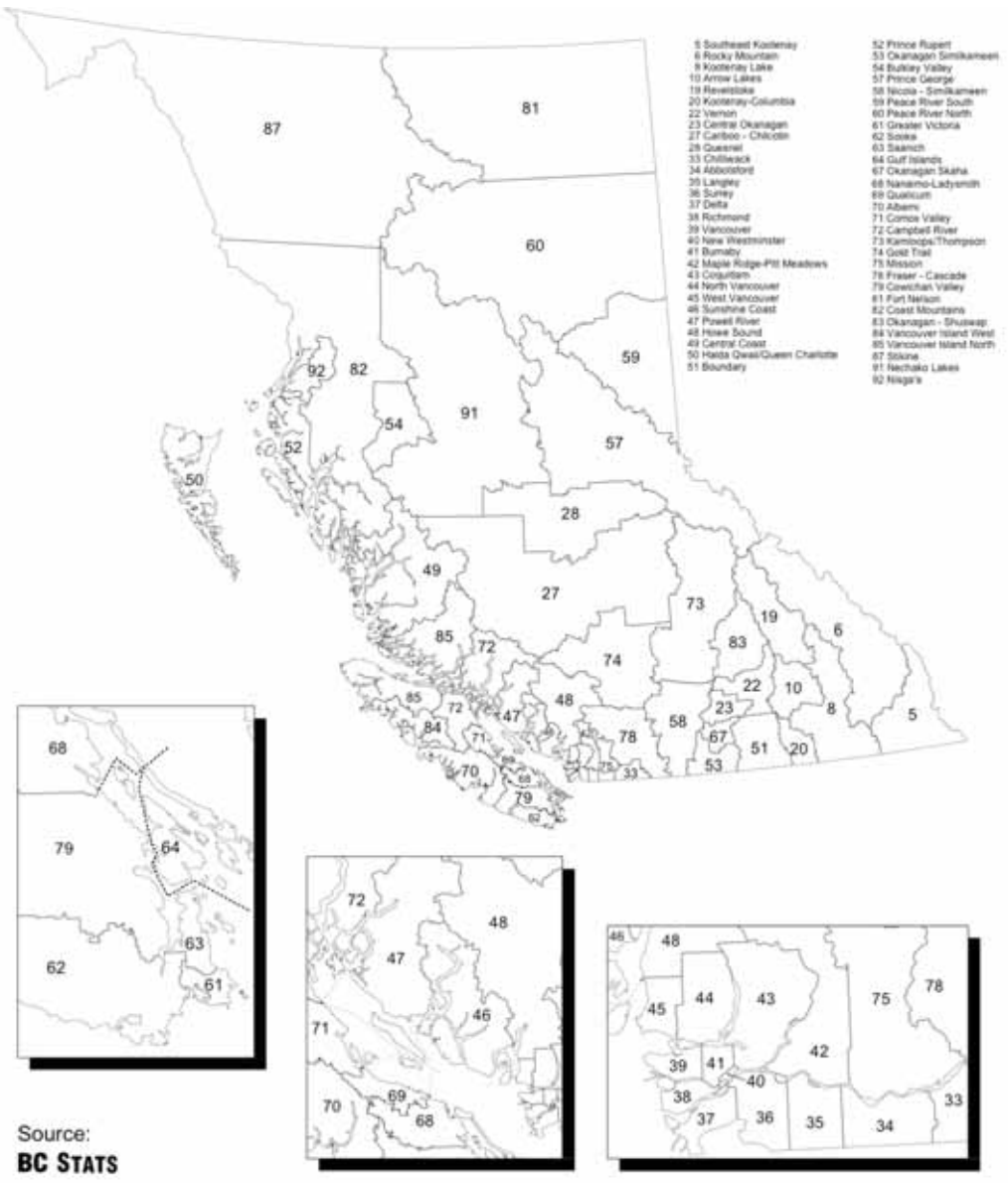
Local trustees were appointed or elected wherever there were 20 or more students. Since then, education has evolved as a joint provincial and local function. While local boards of education have discretion in some areas, provincial regulations govern the election of trustees, appointment of statutory officials, curriculum requirements, class size, and financial matters. The education ministry has assumed financing of school districts to the point where virtually all financing is in the form of provincial grants and boards of education no longer have a general power to tax property. They do have a conditional power to levy

property taxes for one year but the conditions include a referendum requirement. The trends for education ministry control over school districts are mixed with both extensions and restrictions, while municipal affairs has moved toward increasing autonomy of its local governments. Most significant is the difference in financing where municipalities and regional districts must raise more than 95 percent of their revenue from their own sources.

Provincial structure

There are 60 school districts in B.C., including the 59 shown in the map in Exhibit 5–1 and a province-wide francophone education authority defined as a district for the purposes of governance. Prior to 1946, there were more than 800 school districts in British Columbia.

EXHIBIT 5–1: SCHOOL DISTRICTS IN BRITISH COLUMBIA



Approximately 583,000 pupils were enrolled in B.C. public schools in 2007–08, about 50,000 fewer than were enrolled in 2000–01. The 2007–08 enrollment included about 271,000 students in the elementary grades (K–6) and 312,000 in the secondary grades (7–12). Another 69,000 students were enrolled in independent schools and some 2,800 were schooled at home.

A variety of special programs are offered within the public system. They include individualized programs for integrating students with special needs into regular classrooms (9.8 percent of the total number of students) and more generalized programs for English as a second language (10.3), career preparation (3.4), French immersion (7.0), and continuing education (2.1). Other special programs include electronic or paper-based distance education programs, alternate programs for students who may be unable to adjust to the requirements of a regular school, a long-term Provincial Resource Program (PRP) for students whose very exceptional circumstances do not permit them to attend a school, and a program for youth in custody or on probation. Enrollment in the electronic distance education program increased from 782 in 1997–98 to 9,190 in 2006–07 to 11,398 in 2007–08.

The mean average enrollment in the 60 public school districts in 2007–08 was about 9,711 but the median of about 5,640 in the Coast Mountain and Peace River North school districts, the thirtieth and thirty-first largest in the province, was much lower. As the 2007–08 enrollment distribution shown in Exhibit 5–2 indicates, most school districts serve relatively small student populations, with lower enrollments in sparsely populated rural areas and larger enrollments in urban areas. For example, the Central Coast School District had 276 students, Stikine 286, Vancouver Island West 486, Nisga'a 528 and Arrow Lakes 625, while Surrey had 67,110, Vancouver 59,040, Coquitlam 31,959, Burnaby 25,731, Richmond 23,172, Central Okanagan 21,665, Greater Victoria 20,630, Langley 19,871, and Abbotsford 19,430.

EXHIBIT 5–2: 2007–08 SCHOOL DISTRICT ENROLLMENTS

Student enrollment	Number of Districts
0 – 999	6
1,000 – 1,999	4
2,000 – 2,999	6
3,000 – 3,999	4
4,000 – 4,999	6
5,000 – 9,999	16
10,000 – 14,999	3
15,000 – 19,999	6
20,000 – 24,999	5
25,000 or more	4
Total school districts	60

Source: B.C. Ministry of Education

School district governance and organization

School districts (boards of education) are governed by trustees who are elected every three years at the same time as elections for municipal councillors and regional district directors from electoral areas. The election of trustees is similar to the procedures for municipal councillors except the chair is not separately elected, as mayors are. The number of trustees per board of education is three, five, seven, or nine. School districts with larger enrollments generally have more trustees.

Boards of education set local education policies and supervise the administration of public schools. Under the *School Act*, trustees must appoint a district superintendent, who acts as chief administrator, and a secretary-treasurer who is responsible for official and financial records. All school districts must appoint an auditor and must provide public health services for students, in accordance with the orders of the minister.

Like municipalities and regional districts, school districts work to a budget and audit cycle. Each district is required to prepare an annual budget and a detailed report on enrollments for the minister to review and approve in accordance with a prescribed schedule. There is also a schedule for the submission of audit reports by the auditor to the board and the minister.

The participation of school trustees on municipal, regional, and joint committees, boards, and commissions is determined by the individual school district. Many trustees are members of committees and commissions that advise on recreation, planning, children's social services, and traffic. Some school districts also enter into agreements with other organizations to share school facilities. For example, the Sooke School District and the Juan de Fuca Parks and Recreation Commission have had a longstanding agreement to share the use of each other's facilities.

School district finance

In 2007–08, B.C. school district expenditures were about $5.64 billion, including $4.85 billion for operations, $237 million for school capital plan projects, and $550 million spent by the ministry on debt service and other capital items. The average expenditure, including operations, debt service, and other capital items, was almost $9,700 per pupil, or approximately $1,250 per capita province-wide. The average per pupil block operating grant funding amount was $7,850.

Other details of school finance are presented in Chapter 12. Here it is sufficient to note that the ministry uses a formula to provide funds for school districts each year. What is listed on property tax bills as school taxes are essentially provincial government property taxes that go into the provincial general fund and have no relationship to the funding a school district receives.

5.2 Improvement Districts

An improvement district is a specially incorporated, limited-purpose local government that undertakes one or more local services. The first improvement districts were created in the Okanagan Valley in the 1920s under the *Water Act*, for which the environment ministry was responsible. However, the legislation was so broad that districts were created for many purposes ranging far beyond water supply. Consequently, in 1956 the municipal affairs ministry assumed responsibility for the improvement districts that provided fire protection, and for all others in 1979.

British Columbia citizens living in unincorporated areas outside municipalities relied primarily on improvement districts to provide local public services until 1965–1968, when regional districts were created. The total number of improvement districts continued to increase until 1987, when there were 328, after which the numbers declined as some were incorporated as municipalities, replaced by municipal extensions, or replaced by regional district service areas. Now, the ministry's policy encourages their dissolution and discourages new incorporations, but there were still 234 improvement districts active in

the province by 2008, mostly in the Kootenay, Okanagan, and Vancouver Island regions. The Atlin Improvement District is the only one north of Prince George.

Incorporation and governance

The Lieutenant Governor in Council may incorporate an area of two or more parcels into an improvement district. The letters patent for each district describe its function, fiscal authority, and governing process. Revenue authority usually includes user charges, property taxation, or both. Both operating and capital expenditures can be made to achieve functional objectives.

Improvement district trustees are generally elected at annual meetings for three-year terms. Those residents permitted to vote are generally limited to property owners but they may include all electors depending on the purpose for which the district was incorporated. The trustees are responsible for running the district. They must hire a corporate administrator for recordkeeping and a financial administrator for managing funds, and they may hire other staff as needed.

In 1999–2000, substantial changes were made to the legislation governing improvement districts to increase public accountability, protect financial health, enhance administrative performance, and facilitate fair, effective growth and development. The changes, incorporated in Bill 14, the *Local Government Statutes Amendment Act, 2000*, included requirements for formal meeting procedures, financial statements, audits, appointing corporate and financial administrators parallel to municipal requirements, and holding an annual general meeting open to the public. Further amendments to the *Local Government Act* were undertaken in 2008, providing for some improvement district bylaws to take effect without first being registered with the province, and providing a means for the minister rather than the cabinet to make minor amendments to improvement district letters patent.

Functions and expenditures

The roles of improvement districts vary throughout the province. Most perform only a single function but others resemble village municipalities. For example, prior to Clearwater being incorporated as a municipality, the Clearwater Improvement District provided nine services. Exhibits 5–3 and 5–4 show the number and kinds of functions performed by districts in 2007 and the number of districts undertaking each function.

EXHIBIT 5–3: IMPROVEMENT DISTRICTS DECEMBER 31, 2007

Number of Functions Performed	Number of Districts
1	132
2	61
3	27
4	9
5	1
6	2
7	0
8	1
9	1
Total improvement districts	234

Source: Ministry of Community Development

EXHIBIT 5–4: IMPROVEMENT DISTRICT FUNCTIONS IN 2007

Function	Number of Districts
Waterworks	191
Irrigation	50
Fire protection	41
Streetlighting	25
Drainage	26
Parks and/or playgrounds	18
Diking	14
Garbage	10
Community hall/recreation	6
Sewerage	5
Cemetery	5
Boat launch dock and float	2
Land improvement	2
Health centre	1
Housing	1
Lake level control	1
Mosquito control	1
River bank protection	1
Sidewalks	1
Water quality monitoring	1
Total functions	402

Source: Ministry of Community Development

It is difficult to generalize about improvement district expenditures because their functions are so varied. However, their average 2006 expenditures are roughly estimated to have been about $158 per capita for 307,521 citizens.

The roles and activities of improvement districts are illustrated in brief descriptions of the Kemp Lake Waterworks District and the South East Kelowna Irrigation District. The old multifunction Lantzville and the Clearwater improvement districts, which were described in previous editions of this book, have since become municipalities.

Kemp Lake Waterworks District

The Kemp Lake area is adjacent to the northwestern border of the District of Sooke on the southwest side of Vancouver Island. During the 1930s, wells in the area began to go dry and salt water intruded as water levels fell. In the late 1930s, a government relief camp, which later became an army camp, was located in the area. Water was provided by wooden flumes and pipes from Kemp Lake across the camp property, but easement rights were not purchased. After World War II, the army camp was sold to a private individual and it was unclear who had the rights or ownership to the water supply system.

In the early 1950s, a local resident approached the provincial comptroller of water rights, who in turn appointed a citizen to organize a meeting. Fourteen people attended and three trustees were elected as the governing body of an improvement district. Letters patent were issued in May 1953. Fees for water delivery and hookups were instituted and, with the help of volunteer labour, the water system was redesigned, proper easements were obtained, and a regular water supply was provided. The system expanded over the years, serving about 100 households by 1990 and the equivalent of about 430

households by 2006. In 2005, the system consisted of two pumping stations, approximately 10 kilometres of water lines, and two reservoirs, one built in 1995, the other in 2005.

The district is governed by three trustees elected for staggered three-year terms at the annual meeting. District staff include an administrator and three certified water distribution operators, one of whom serves as principal operator. Sources of revenue include parcel taxes, consumption tolls, connection charges, capital expenditure charges, and miscellaneous service charges.

In response to concerns about the quality and volume of the water supplied by the district, a watershed risk assessment was undertaken in 2003. It was determined that Kemp Lake is highly susceptible to contamination that affects the potability of the water and that increasing urbanization of the watershed will further degrade water quality. As a result, the district has undertaken investigations of alternatives, including the possibility of connecting to the area's regional system.

When it was first established, the Kemp Lake Waterworks District was considered to be about four miles from the unincorporated area of Sooke. Now it abuts the northwestern boundary of the District of Sooke and is part of the unincorporated Otter Point community, which voted against becoming part of the District of Sooke by a substantial majority in a 2005 referendum. Several property owners within the Kemp Lake Waterworks District subsequently applied to have their properties annexed by the District of Sooke. Their applications were accepted, along with similar applications made by property owners in other unincorporated areas adjacent to Sooke, but the authorizing bylaw was successfully opposed by some Sooke citizens through the alternative approval (counter-petition) process. A referendum of Sooke citizens was therefore held on November 19, 2005, in conjunction with municipal elections, and the voters approved the annexation. In 2007 the district received an infrastructure grant to determine the feasibility of connecting the Kemp Lake system to the regional system that serves Sooke.

South East Kelowna Irrigation District

During the late 1800s and early 1900s, land development companies installed waterworks and irrigation systems in many parts of the Okanagan. Many companies wanted to divest themselves of their systems as land was sold. In 1920, the assets and waterworks of two land companies were consolidated to become the South East Kelowna Irrigation District, which is one of the larger such districts in the Okanagan, comprising an area of more than 3,600 hectares (36 square kilometres). In 2004, the district provided water services to almost 2,300 hectares of grade-A irrigated land and over 1,900 residential units. It is estimated that the demand for service will increase by another 100 hectares of irrigated land and 400 residential units by 2014.

Operations are financed primarily by metered consumption charges, domestic water flat-rate service charges, and annual water taxes on all properties with water rights in the district. Capital works related to system expansion, estimated to cost about $2.5 million from 2004–14, are financed primarily by capital expense charges levied on applicants for new service. Financing for some of the district system has also been provided by joint federal-provincial-local agricultural and rural development cost-sharing programs, including $4 million for capital improvement and expansion in 1970.

The district is governed by five trustees elected for staggered three-year terms at the annual meeting. It is operated by an eight-member staff, including a general manager, secretary-treasurer, secretary-receptionist, general foreman, water distribution operator, equipment operator, pipe layer, and meter reader. While it has a simple management structure, the district's substantial geographic area and its need for large volumes of water for irrigation bring it into contact with a variety of provincial agencies. Its bylaws and finances are supervised by the municipal affairs ministry, and it works closely with the agriculture ministry for the development of irrigated agricultural lands. A regional health authority monitors domestic water quality, the forests ministry is concerned with the management of timber harvesting to minimize the impacts of logging practices on water supplies, and the environment ministry

is involved in water allocation, licences, and marsh drainage. The district is completely contained within the City of Kelowna and must coordinate its activities with municipal land use and subdivision policies. Thus, the South East Kelowna Irrigation District is much more involved in intergovernmental arrangements than are smaller improvement districts.

5.3 Regional Hospital Districts

Regional hospital districts (RHDs) were created under the 1967 *Hospital District Act* at the same time and with the same boundaries as regional districts. Their purpose is to contribute a local share of capital funding for hospital planning and construction. Funds are raised through property taxation to service or retire debt incurred by borrowing, to generate a reserve fund for future capital projects, or to pay for a capital project in a particular fiscal year. Regional hospital districts do not operate hospitals. That is the responsibility of the regional health authorities described in Chapter 2.

As of 2008, there were 23 active RHDs in B.C. The boundaries of RHDs are typically the same as the boundaries of regional districts but there are five instances in British Columbia where the boundary of an RHD overlaps with the boundaries of two regional districts. There is no RHD in Greater Vancouver.[13] The 23 RHDs are listed in Exhibit 5–5, which indicates how they relate to the regional health authorities described in Chapter 2.

EXHIBIT 5–5: REGIONAL HOSPITAL DISTRICTS

grouped in relation to the regional health authorities

Northern	**Fraser**
Cariboo-Chilcotin (n)*	Fraser Valley
Fraser-Fort George	
North West (n)	**Vancouver Coastal**
Northern Rockies	Central Coast
Peace River	Powell River
Stuart-Nechako (n)	Sea to Sky (n)
	Sunshine Coast
Interior	
Central Okanagan	**Vancouver Island**
Kootenay East (n)	Alberni-Clayoquot
North Okanagan-Columbia Shuswap (n)	Capital
Okanagan-Similkameen	Comox-Strathcona
Thompson (n)	Cowichan Valley
West Kootenay-Boundary (n)	Mount Waddington
	Nanaimo

(n) New Regional Hospital District created in 1993–97.

* The boundaries of the Cariboo-Chilcotin RHD overlap the boundaries of the Northern, Interior and Vancouver Coastal health authorities.

[13] Pursuant to the enactment of the *Greater Vancouver Transportation Authority Act*, the provincial government assumed responsibility for the Greater Vancouver Regional Hospital District's debt and transferred its property taxation authority to TransLink.

Regional hospital districts are governed by boards of directors, usually the same directors who govern the regional district. The RHD directors typically devote less than an hour a month to an RHD meeting, usually either before or after a regional district board meeting. Individuals wishing to address issues regarding their RHD may do so at RHD meetings, provided they follow appropriate procedures.

In areas serving larger populations, RHDs used to do extensive, long-range capital improvement planning, but only the Capital RHD now employs staff dedicated to this purpose. Planning for capital improvements is now largely done by the regional health authorities with RHDs providing up to 40 percent of the capital cost of a project. Other capital funding is provided by the health ministry through a regional health authority, by own-source funding from a regional health authority, and by hospital foundations. The Greater Vancouver Regional District no longer has an RHD. The health ministry may fund up to 100 percent of the capital cost of health facility projects through the Fraser and/or Vancouver Coastal health authorities.

When the system to govern health services in B.C. was extensively reformed in 1993–97, it was initially intended that the RHDs would be absorbed by new regional health governments. This idea was ultimately discarded when it was concluded that a body with local taxation authority should be governed by locally elected politicians, not by provincially appointed regional health board members. Furthermore, regional district board members were emphatic about the importance of their role as RHD directors, although they also expressed frustration with their minimal role in planning and decision making for projects that their constituents helped finance through property taxes.

Regional hospital districts reported financial information to, and sought approval for individual capital borrowing from, the health ministry on a regular basis until 2003, when the *Hospital District Act* was amended to remove requirements for ministerial approval of RHD annual budgets and capital project plans.[14] Removal of health ministry approvals has given RHDs greater independence. They are aligning their financial processes more closely to those of regional districts and MFA requirements.

5.4 Regional Library Districts

Libraries are provided by municipal and regional district library boards and by regional library districts (RLDs). Regional library districts were created under the *Library Act* to allow for libraries to have unique service areas consisting of two or more municipalities and two or more regional districts representing one or more electoral areas. Not all the municipalities within the regional districts need to be members. Three RLDs have been created in B.C.: the Fraser Valley RLD, which served more than 660,000 people in thirteen municipalities and two regional districts in 2006; the Vancouver Island RLD, which served more than 417,000 people in twenty-eight municipalities and nine regional districts; and the Okanagan RLD, which served more than 350,000 people in seventeen municipalities and four regional districts. Their largest source of funding is from property taxes levied within their service area.

An RLD is governed by a board whose members are appointed annually by the participating local governments from among their own elected members. The board's powers and duties include policymaking, budget-setting, appointing committees, property transactions, contracting for services, borrowing money, and generally managing the district. The board must appoint a chief librarian to supervise and direct the district and staff, serve as secretary to the board, and perform other assigned duties. Each year,

[14] RHDs are still required to submit their budgets to the ministry, but not for approval. The ministry simply advises each board of the current year net taxable value of all land and improvements within its jurisdiction. A requirement for RHDs to prepare and submit annual financial reports in accordance with the *Financial Information Act* was also eliminated in 2003. Thus, neither the Public Accounts nor health ministry reports contain consolidated summary information about RHD financial activities any longer. The last year for which summary RHD information was included in the Public Accounts was 2001.

the board must submit a report to the minister and an audited financial statement to each participating government.

Board decisions on expenditures are made by a weighted vote in which each board member has one vote for the first 1,000 population the member represents, plus one additional vote for each additional 1,000 people. Costs are shared according to a formula in which half is based on population and half on converted assessed value. The board can decide to have other voting or cost-sharing formulas but must do so by a two-thirds vote. The annual budget must show the share of the cost to be paid by each participating local government and a copy must be provided to each participant before March 1. Each participating government then pays its share in four equal installments, commencing March 1.

RLDs have served an important role in providing library services in B.C., especially to citizens in some rural areas. Before 1994, appointments to RLD boards were made by municipalities and school districts rather than regional districts, and the appointees were not necessarily elected councillors or trustees. This was unusual because the boards had budgetary authority but no direct financial accountability to citizens through an electoral process. There were instances of considerable tension arising within an RLD when the percentage increase in requisitioned library funds was considered by some member governments to be excessive relative to other priorities in their communities. This appears to have been one reason why several municipalities left the Vancouver Island RLD in 1996–97 and joined the Greater Victoria Public Library, which is jointly provided by the participating municipalities but does not operate as an RLD.

The information technologies libraries use and make available to their citizens are undergoing changes. There is likely to be greater emphasis on cooperation among libraries and greater support for smaller libraries, especially those serving rural areas, so they can make the same information sources available to their citizens as are available in larger libraries.

5.5 The Islands Trust

The waters between Vancouver Island and the mainland of British Columbia contain many islands with sizable residential communities but, until Bowen Island was incorporated in 1999, there were no municipalities south of Cormorant Island, where the Village of Alert Bay is located. Before regional districts were created in 1965, improvement districts were the only form of local government on the islands although voluntary associations, including ratepayers associations, often provided local services.

After 1965, when regional districts began planning and zoning for the islands, disputes arose between the islanders and the regional districts. This happened in part because most individual islands were not designated as separate electoral areas with their own regional director, and they had relatively little voting power when board decisions were made. For example, in 1986, Denman and Hornby islands in the Regional District of Comox-Strathcona were in an electoral area whose population was more than three times that of the two islands. The electoral area director, who was likely to be a non-island resident, had one out of nineteen unweighted votes on the board and three out of thirty-seven weighted votes. As a result, most regional districts did not have strong policy inputs from island residents and did not devote much attention to island concerns.

In recognition of the inherent weakness regional districts had in addressing island planning issues, and in acknowledgement of the special planning needs of island environments, the provincial government passed the *Islands Trust Act* in 1974. The Trust area encompasses more than 450 islands and 5,000 square kilometres in Howe Sound, Haro Strait, and Georgia Strait, from the Canada-U.S. border in the south to Lasqueti, Denman, and Hornby islands in the north. Texada Island and islands further north are not included.

Exhibit 5–6 shows the thirteen most heavily populated islands, their 2001 and 2006 populations, and the seven regional districts of which they are also a part. The population of many of the islands increases substantially in summer months.

EXHIBIT 5–6: MAJOR ISLANDS OF THE ISLANDS TRUST

	population			
Island	**2001**	**2006**	**Regional District**	**2006 population**
Galiano	1,071	1,258		
Mayne	880	1,112		
North Pender	1,776	1,996		
South Pender	159	236		
Saltspring	9,381	9,780		
Saturna	319	359	Capital	345,164
Denman	1,016	1,095		
Hornby	966	1,074	Comox-Strathcona (a)	101,595
Thetis	349	372	Cowichan Valley	76,929
Bowen	2,957	3,362	Greater Vancouver	2,116,581
Gabriola	3,522	4,050	Nanaimo	138,631
Lasqueti	367	359	Powell River	19,599
Gambier	231	294	Sunshine Coast	27,759
Total	22,994	25,347		

Source: *BC Stats*

(a) Both of these islands are now in the Comox Valley Regional District but were in the CSRD between creation of the Islands Trust and division of the Comox-Strathcona Regional District in 2008.

Functions

The local government powers of the Islands Trust include regional planning, community planning, land use regulation, subdivision control, and soil deposit and removal regulation for the islands within its jurisdiction. When it was first established, the governing council included three provincially appointed and twenty-six locally elected trustees and the Trust had only an advisory and veto power with respect to regional district plans. In 1976–78, the provincial appointees were eliminated and the Trust was given direct authority to prepare plans and land use bylaws. In 1990, the *Islands Trust Act* was amended to establish the Islands Trust as a local government with planning and regulatory authority similar to that of a regional district. The Act also provides for the participation of the municipality of Bowen Island, which was incorporated in 1999, and any other municipalities created in the trust area.

Governance

For the purposes of governance, the Islands Trust is divided into fourteen areas: one for an area that has no major islands, one for the Bowen Island municipality, and twelve local trust areas for the major islands or groups of islands. Each of the twelve local trust areas has a local trust committee and elects two trustees to the trust council for three-year terms. In addition, two trustees represent the municipality of Bowen Island and two members of the executive committee represent the area with no major islands.[15]

There is also a separate trust fund board, composed of three trustees elected by the trust council and up to three members appointed by the minister. The trust fund board accepts, acquires, and manages land, easements, covenants, and money in order to preserve places of natural significance or cultural value within the trust area.

The trust council, which meets at least four times a year, establishes general policies and is responsible for managing finances other than the trust fund. It appoints staff, adopts an annual budget, appoints an auditor, submits an annual report to the minister, and from among its own members, elects an executive committee and standing committees for local planning, trust programs, and financial planning. The executive committee, consisting of a chair and three vice-chairs, does the daily business of the trust, approves all bylaws prepared by local trust committees, acts as a committee for the thirteenth local trust area, and performs other duties as directed by the council.

Each of the twelve area trust committees, composed of the two local trustees and a member of the executive committee, is responsible for preparing and adopting bylaws for its area with respect to community planning, land use regulation, subdivision control, and soil deposit and removal regulation. Should the executive committee refuse to approve a bylaw, the local trust committee may refer it to the trust council for approval. To assist it, each local trust committee appoints an advisory planning commission, and several have also appointed advisory design panels. Each local trust area with a land use bylaw has a board of variance which, in some cases, is shared among several areas.

Funding of the Islands Trust includes a provincial contribution, in recognition of the province-wide importance of the islands, and local property taxes collected on behalf of the trust by the provincial tax collector. Total revenues in 2006 were $4.6 million, including revenues from property taxes (87% of the total), provincial grants (7%), fees and sales of services (3%), and interest and other sources (3%). Total expenditures were $4.4 million, including expenditures on local services (70% of the total), council services (20%), and trust fund services (10%).

5.6 Sechelt Indian Government District

The Sechelt Indian Government and Sechelt Indian Government District (SIGD), located on the Sunshine Coast near the municipality of Sechelt, were established in 1986–87 under the federal *Sechelt Indian Band Self-Government Act* and the provincial *Sechelt Indian Government District Enabling Act*. The SIGD is a member of the Union of British Columbia Municipalities, and functions much like any B.C. municipality with respect to the registration of land titles, property tax assessments, and homeowner grants. However, the elected council of the SIGD can choose to undertake its local government activities as either a B.C. Indian government district or as an Indian government under federal legislation. Since voting for the council is restricted to members of the First Nation, the district is required to have an elected advisory council to represent non-aboriginal people who live within its jurisdiction.

In 2006, the district's population was estimated to be 844 and its government spent a net total of $915,896 ($1,085 per capita). This included expenditures on general government (30.9%); transportation

[15] In November 2008, the Islands Trust is holding a referendum on Salt Spring island asking whether they would like to increase the size of their local trust committee by two members.

and transit (27.4%); parks, recreation, and culture (15.3%); solid waste management (12.2%); sewer services (6.1%); protective services (5.3%); and water services (2.8%).

In 1990, the provincial government passed the *Indian Self Government Enabling Act*, which included an option for forming other Indian government districts in B.C. No other Indian government districts have been established.

5.7 South Coast British Columbia Transportation Authority (TransLink)

TransLink, the South Coast British Columbia Transportation Authority (formerly the Greater Vancouver Transportation Authority) was created in 1998–99 in response to a longstanding demand for local control over regional transit and transportation planning. The agency's mandate is to plan, fund, build, and market an integrated transportation system that supports the "livable region" goals stated in the regional growth strategy for the Greater Vancouver Regional District (GVRD).

Until 2007, TransLink was governed by a fifteen-member board of directors, with twelve members appointed by the GVRD from among the region's locally elected officials and three appointed by the provincial government, which had left the three positions vacant. Under the 2008 *South Coast British Columbia Transportation Authority Act*, a new governing structure was introduced and provision was made for allowing expansion of the transportation service area to include municipalities or parts of regional districts that wish to be served by TransLink.

Governance

TransLink's governing structure includes:

- a mayors' council on regional transportation, consisting of the mayors from all municipalities in the transportation service area, that appoints the other governing officials, approves budgets and some plans, generally oversees the governance of the authority, and meets at least four times a year;
- a board of directors consisting of nine qualified people appointed by the mayors' council on the advice of a screening panel; and
- a regional transportation commissioner who is appointed by the mayors' council, reports to the council annually on TransLink performance, and oversees and/or reviews fare changes, other customer service issues, the sale of facilities or assets, and the financial feasibility of certain plans.

TransLink functions independently of the GVRD, although consultation with the regional district is required on certain matters, such as increased borrowing limits and the long-range transportation plan.

The board of directors supervises the management of the affairs of the authority and has several statutory responsibilities, including appointing and supervising the chief executive officer. The directors are appointed for staggered three-year terms through a process in which a five-person screening panel annually identifies at least five qualified individuals for the consideration of the mayors' council. The members of the screening panel include one person appointed by each of the transportation minister, the mayors' council, the Institute of Chartered Accountants of British Columbia, the Vancouver Board of Trade, and the Greater Vancouver Gateway Society.

Functions and budget

TransLink's functional responsibilities include:

- preparing long- (30-year) and medium-range regional transportation plans;
- provision of a major regional road network and bicycle path system in cooperation with local municipalities, that continue to own the roads and paths;

- transit services, including buses, community shuttles, the SeaBus across Burrard Inlet, the SkyTrain mass transit system, the West Coast Express commuter rail service between Vancouver and Mission, the Albion ferry across the Fraser River, and a HandyDART service for the disabled;
- transportation demand management services, such as van, car pooling, ride matching, and educational services aimed at encouraging people to make "green choices";
- AirCare vehicle emission monitoring service for Greater Vancouver;
- project management services for major projects (e.g., Canada Line rapid transit line, Golden Ears bridge between Langley and Maple Ridge-Pitt Meadows);
- "intelligent transportation system" services to improve the efficiency of roads and transit (e.g., satellite vehicle monitoring, traffic signal priority systems, tolling technologies);
- administration of service contracts with subsidiary companies and contractors;
- management of capital projects; and
- financial planning and management.

The administrative, planning, road network, and path system services are delivered by TransLink staff. Most other services are delivered by TransLink subsidiary companies, except for the community shuttle, HandyDART, and transportation demand management services, which are delivered by private contractors, and the West Vancouver bus system, which the municipality has operated for many years. In 2005, TransLink introduced its own police service staffed by 93 officers, the first of its kind in Canada, to enforce transit rules and senior government laws on and around its property.

TransLink's budget has increased significantly since its inception, from about $325 million in the first year to $1.265 billion in 2007. Sources of funds in 2007 included property, fuel, and electricity tax revenues (45% of the total); transit fare and AirCare revenues (27%); senior government grants (26%); and interest income. A total of $862.6 million was spent on operational activities and most of the remainder was allocated to a capital fund. About $4 billion in major capital projects was managed by TransLink in 2007, including two rapid transit lines, new and rehabilitated bridges, major road works, and transit vehicle acquisitions.

In support of public safety in its transportation services, the provincial government has established the South Coast British Columbia Transportation Authority Police Service (SCBCTAPS). These officers can enforce all *Criminal Code of Canada* infractions in British Columbia. While they focus their efforts on SkyTrain, they also support safety and security programs at Coast Mountain Bus Company, SeaBus, West Coast Express, and transit stations in the region. SCBCTAPS is fully integrated into the regional police communications system and responds to emergencies outside of TransLink properties as would any municipal police force. SCBCTAPS is the only urban transit police force in Canada where police have full peace officer status.

5.8 Other Small Local Government Bodies

In addition to the special-purpose local governments discussed above, there are several other kinds of small local governments in B.C. They include water users' communities, local areas, and the local community commissions described in Chapter 4. While they do not exercise property-taxing authority, water users' communities can levy assessments on their members and the provincial government levies the property taxes to finance local areas.

Water users' communities

Water users' communities are incorporated under the *Water Act* and administered by the environment ministry. They provide a legal organization to coordinate and manage the delivery of water to groups of

six or more water users. There were approximately 107 water users' communities in B.C. in 2008. Some have existed for more than 75 years.

Water users' communities are like improvement districts but there are no elected trustees. Each has a manager, the first of whom is appointed by the comptroller of water rights. Subsequent managers are elected or otherwise chosen by members of the community. All policies are decided by votes of the membership and voting interests are proportioned by the area of land irrigated and/or the volume of water delivered. Sources of funds include user charges and assessments based upon a member's interest in the community.

Water users' communities tend to be small, serving more than six but generally fewer than twenty users. Most are run informally with voluntary labour, and assessments are generally made only for the purchase of materials. An assessment roll may be prepared and, if it is, it must be filed with the comptroller of water rights. Some communities skip this procedure unless there is likely to be a dispute over payment.

Local areas

A local area, established under the *Local Services Act*, is an area within which a particular service is provided by the provincial government, for which specific property taxes are levied on the area residents. No formal provision is made for locally elected officials or local political participation. On this basis, a local area may be regarded as an area of decentralized provincial government service rather than a local government.

A local area may be created by the Lieutenant Governor in Council in any unincorporated area for a variety of purposes, including community planning, land use regulation, zoning, subdivision control, public comfort stations, home nursing care, garbage collection and disposal, ambulance service, fire protection, recreation, and homes for senior citizens. The municipal affairs ministry possesses the same authority as a municipal council for community planning and other land use control in local areas. Administration may also be assigned to other ministries where appropriate. Within a local area, the ministry may make regulations to give effect to the local area's purposes, such as to establish to community planning areas.

In 2008, the authorities under the *Local Services Act* were used for four areas in B.C. Atlin and Dease Lake are responsible for community planning. Both of these communities are located in the northwestern corner of the province and neither was located within an incorporated regional district until 2007, when Dease Lake was put into the Kitimat-Stikine Regional District. As a result, there are plans to dissolve the Dease Lake local area and have the regional district continue the service. The other two local areas are located near Quesnel and Williams Lake and are responsible for fire protection. While the nearby municipalities are responsible for actually producing the fire protection service to these areas outside of their boundaries, the province is responsible for collecting the taxes and remitting it to the two municipalities.

5.9 Observations on Other Local Governments

The various local governments discussed in this chapter demonstrate the flexibility and evolution of the B.C. local governance system. While municipalities and school districts were created at about the same time as the provincial government, around 1870, most of the territory was unsettled and no general unit of government such as a county was developed. The small concentrations of people in rural areas relied on improvement districts for local services if they were too few to form a municipality. With increasing population and the need for cooperation among municipalities in urban areas, regional districts were created to provide services to rural areas and be forums for intermunicipal cooperation.

Each additional kind of local government was created to address a specific issue, usually in an area with different boundaries than a regional district. Some, such as regional hospital districts, were created because the service was different from municipal services, while others were created because the citizens making decisions were not the most affected, such as when Island Trust planning was removed from regional districts and given to island residents.

The creation of the Sechelt Indian Government District and subsequent legislation were designed to allow First Nations treaty governments to integrate into the local government system. As the treaty process has been exceedingly slow and First Nations have created many of their own institutions, including the First Nation Tax Commission and the First Nation Finance Authority, it now appears that there may not be any more Indian government districts established under provincial legislation.

The most recently created local government arrangement is TransLink. Because the provincial government provides all roads outside of municipal boundaries, regional districts have a role only with respect to public transportation. It appeared desirable to integrate transportation system management and public transit services in Greater Vancouver, so TransLink was created with that jurisdiction.

The British Columbia local government system continues to evolve. Its regional districts provide rural areas with services financed on a benefits-received basis and serve as forums for cooperation among municipalities. The other forms of local government are not necessarily unique, but they fit the model of a B.C. local government system in which boundaries encompass the citizens who benefit from the service, elect the people that govern, and pay for their benefits.

Chapter Six

Service Delivery

The preceding chapters have been largely devoted to discussions of the various local governments in British Columbia, the functions they perform, and the policy frameworks within which they make decisions. Almost all of the decisions, other than those related to regulation, have to do with providing public goods and services, including whether or not to provide a service, how much to spend on it, and how to fund the expenditure. Collectively, these can be defined as service **provision** decisions.

When a local government makes a decision to provide a good or service, it must also consider how it will be produced or delivered, for example, whether it will be done by government staff or contracted to another producer. In other words, there must also be service **production** decisions. These production and delivery decisions, and the considerations that bear on them, are discussed in this chapter.

Citizens, council members, and administrators are also interested in how well their government performs. The *Community Charter* requires municipalities to provide their citizens with annual progress reports on performance. Some municipalities were engaged in performance evaluation before it was required. As of 2008, regional districts were not yet required to do so.

The main approaches to performance measurement and evaluation are described in this chapter. Performance measures for specific functions and services are presented in Chapters 7, 8, and 9. The provision frameworks and production arrangements for them are also examined.

6.1 Economies of Scope and Scale

An important consideration in deciding how to produce a public service is whether or not it possesses economies of scope or scale. **Economies of scope** are cost savings that accrue because two or more activities are produced simultaneously. For example, a small police department may keep its building open 24 hours a day by having the dispatcher respond to citizens who appear in person at night. The dispatcher provides both dispatch and counter service during low-use hours. This is likely to be cheaper than having dispatching transferred to a larger organization and then hiring someone to be available at the counter at night. Such interdependency among activities provides opportunities for economies of scope in producing local government services.

Economies of scale exist when the average cost of each unit of a good or service decreases as the quantity produced increases. Economies of scale often exist where a service involves a substantial capital investment, such as a water supply system, and the average cost decreases as the capital costs are spread over the larger output associated with an increase in the use of the service. It is also possible to have diseconomies of scale, where the average cost increases with an increase in service production because of the difficulty or complexity of managing the larger organization associated with the increased production. Police patrol is an activity subject to diseconomies of scale because the costs of supervising policing, with its difficult-to-measure and face-to-face contact with citizens, requires a disproportionate increase in managerial and supervisory resources as the size of the patrol organization increases.

A full understanding of economies of scale in local government services requires an appreciation of the nature of the service being supplied and of the demand for the service in its market area. For example, an activity such as homicide investigation may not have economies of scale in terms of the number of

homicides investigated but it does require a large population to generate enough homicides to keep a homicide investigation squad busy. For local government services, the size of the population served and the per capita cost of the service are usually the most important considerations in assessing the economies of scale in a service.

There is no direct relationship between economies of scale and the size of the organization that can efficiently produce the service. For example, a DNA laboratory may require a minimum staff of 10 people yet serve a population of several million or more. In contrast, police patrol services may require one police officer for every 700 people and, as the population increases, the size of the police patrol organization must also increase. The DNA laboratory activity possesses economies of scale; the police patrol activity does not.

The scope and scale characteristics of a service are not the only considerations in deciding how to produce or deliver it. Local government decision makers who wish to deliver public goods and services efficiently soon discover that the organizational and administrative arrangements appropriate to one kind of public activity may not work as well for another, because public goods and services and their modes of production have diverse characteristics.

6.2 Characteristics of Services

Four characteristics that are important to consider in determining the most effective methods for delivering public goods and services are:

- the measurability of inputs and results,
- the labour- or capital-intensiveness of production,
- the degree of face-to-face interaction between the service deliverers and the citizens involved in the process, and
- whether the good or service is delivered continuously or only occasionally.

These characteristics have a bearing on the ease with which production can be managed. A service that is capital intensive, impersonal, and continuous with measurable outputs is less difficult to manage. A labour-intensive, face-to-face, and occasional service with immeasurable outputs is more difficult to manage.

EXHIBIT 6–1: DIFFICULTY OF EFFICIENT PRODUCTION AND DELIVERY

Less Difficult	More Difficult
Measurable Outputs	Immeasurable Outputs
Capital Intensive	Labour Intensive
Impersonal	Face-to-Face delivery
Continuous	Occasional

The more characteristics of the production and delivery of an activity that are less difficult, the easier it is to manage production and delivery of the service. Likewise, the more characteristics that are more difficult, the less easy it is to manage production and delivery. Different activities will have different mixes of these characteristics.

Measurability of inputs and results

The more precisely service inputs and results can be measured, the simpler it is to evaluate the performance of production process. For example, one can measure the number of gallons of effluent treated by different-sized sewage treatment plants or the number of gallons passed through a water system, which makes it easy to compare the resulting outputs to various input combinations and determine the most efficient mode of production.

Some results cannot be easily measured. For example, the results associated with police officers or land use planners are multidimensional and difficult to quantify. Police patrols have the objectives of creating safe streets, deterring criminal activities, apprehending criminals, and assisting citizens with problems, such as asking neighbours to cease their noisy activities. There is no simple quantitative method that can be used to compare the various ways of delivering police patrol services. Whether delivered by an officer on foot, a one-person patrol car or a two-person patrol car, the immeasurability of the output makes the management task relatively difficult.

The measurability criterion can help determine the most economically efficient size and type of service delivery organization. Where results can be easily measured, the organization can be managed efficiently by looking at input-output relationships and concentrating management efforts in problem areas. Where the results are difficult to measure, the organization must be managed by regulating the behaviour of the employees. More supervisors and administrators are needed as the size of the organization increases and the number of people supervising others can grow disproportionately. Output per person declines and the cost per unit of output increases. Thus, the efficient size of a service delivery organization for which the results are hard to measure tends to be relatively small.

Labour- or capital-intensiveness

Services tend to be either labour intensive or capital intensive. Where large capital investments are made and a service is capital intensive, the average cost per unit of output declines as output increases because the fixed cost of capital is spread over a larger number of units and the population served by the one organization can be relatively large. However, the importance of labour in producing the activity increases, so does the number of employees needed for any given level of output. The increasing cost of managing larger numbers of employees means that smaller organizations serving relatively small populations are more efficient when production is labour intensive, since this avoids the higher costs of supervising more people. In general, managing employees is more difficult and costly than monitoring the performance of machinery or other capital equipment.

Face-to-face interaction

When services are delivered face to face, for example, by teachers to students, or police officers to citizens, the quality of the services depends on the personal interactions between the deliverers and the recipients. The management of processes is difficult because supervisors cannot always observe the behaviour of their employees. In contrast, when there is no personal interaction between producer and consumer, as is the case with impersonal services like highway construction, water supply, and garbage collection, employees can be managed without concern for their interactions with recipients. In general, where face-to-face service delivery is involved, smaller organizations are more easily managed and more efficient.

Continuous or occasional production

Many local government services, such as garbage collection, police patrol, and water supply, are delivered on a continuous or regular basis. Others, such as a homicide investigation, re-sodding a playing field, cleaning a sewer line, or building a new facility, are needed or delivered more occasionally. In

general, it is easier to manage regular services than occasional ones, especially where the occasional service requires a specialized work force or specialized capital equipment. If a local government does not need such a work force or specialized equipment all the time, it is more efficient to have other organizations provide those services. For example, most governments rely on contracts with private firms for occasionally required engineering or construction projects, and a police department may rely on contractual or joint arrangements with other departments or the provincial police when homicide investigations are needed.

Interrelationships and differences among service characteristics

These four service characteristics can be conceptualized independently but they all interact with one another. Where face-to-face service delivery exists, it is likely to be labour intensive and relatively difficult to measure. Where capital-intensive production exists, the output is likely to be measurable and impersonal. Thus, it should not be surprising to find that labour-intensive, face-to-face, hard-to-measure services, such as police patrol or classroom education, are most efficiently delivered to relatively small groups of recipients by relatively small or highly decentralized organizations. Capital-intensive, measurable, impersonal services, such as water supply or sewage treatment, possess economies of scale and are efficiently provided by organizations serving large numbers of people. In addition, occasionally needed services may be most efficiently obtained from specialist producers, some delivering impersonal services and others delivering face-to-face services for a number of local government clients.

One of the problems in organizing for service production in the public sector is that different activities within the same functional area possess different characteristics. Within the police protection function, for example, patrol activities possess few economies of scale while crime laboratory, dispatching, and information system activities are all easier to measure, less labour intensive, more impersonal, and more efficiently performed for a larger population over a larger area. Thus, if a single organization is expected to perform all police activities, it will be too large to do some things efficiently and too small for the efficient performance of other things.

While most citizens are not aware of it, most public-sector delivery systems have adapted to the differences in the characteristics of goods and services and the variations in characteristics among functional activities. At the same time, inefficient organizations continue to exist. This is because the difficulty of measuring many of the outputs makes it hard to compare the performance of various arrangements and be sure that production is at an appropriate scale. In the public sector, there are no market forces to put inefficient producers out of business.

6.3 Service Delivery Options

It is commonly perceived that public goods and services are produced or delivered by government employees. The local government makes the political and policy decisions and its own staff, under the direction of the chief administrative officer, delivers the services. This own-forces or in-house mode of production, however, is only one option. A main alternative is contracting with another public or private organization. Other possible arrangements include joint provision and production with one or more other governments, franchising, public-private partnerships, vouchering, and volunteer production. The *Community Charter* has also made it easier for municipalities to create separate municipally owned corporations to produce activities decided upon by the government. Each option can provide ways to achieve efficiencies of scale.

Own-forces production

Production directly under the administration of the local government has been the most common mode for most local government services. It is especially appropriate where the function is politically sensitive and the output is hard to measure. An inability to measure output usually makes contracting out to another organization inappropriate. A combination of political sensitivity and immeasurability makes citizen access to politicians and political scrutiny of administrators an important part of responsive service. Bylaw enforcement is a good example of such a function.

There are two main limitations to own-forces production. First, the political organization may not have the appropriate service area or population for an efficient scale of production. A small municipality, would find it very expensive to have its own crime laboratory or criminal information system, but large municipalities may find it difficult to handle police patrols efficiently.

The second limitation is the difficulty of providing incentives for employees and administrators to be efficient and innovative. There are usually no rewards for achieving cost-saving innovations and no particular sanctions for continuing along traditional, less efficient paths. Thus bureaucracies, especially large ones, tend to be inefficient and generally lag in the adoption of new technology or innovative solutions to problems. Large external shocks are often necessary to generate change.

It is not because the organization is public that such behaviour occurs but rather because it is a monopoly that has no threat to its survival and no real incentive to provide its employees or administrators with rewards for efficient behaviour. It is simply an environment in which more of the same is the norm, whether in the public or the private sector.

Contracted production

Contracting for the purchase of public goods and services from other public and private production organizations is the primary alternative to own-forces production. It has a number of advantages over own-forces production if certain conditions can be met. The advantages include improved information, better opportunities to achieve scale economies, greater incentives to be technologically efficient and better use of management time. The conditions include political acceptability, a competitive tendering environment, and an ability to measure the inputs, outputs, or both.

Contracting forces a local government to prepare detailed specifications and cost evaluations of the services to be delivered. The data requirements for drafting a contract provide more information on public service costs than is generally found in traditional government budget processes. This information can permit public officials to know just what they get for the funds spent and what it will cost or save to make additions or deletions to the service package. Developing such information requires some ability to measure either outputs or inputs. For example, it is common to engage contractors for residential garbage collection where the number of homes served and the number of tonnes collected can easily be counted, together with the costs of producing the service.

Another advantage to contracting is the potential for obtaining economies of scale related to specialization. The producing organization can adjust to an efficient size by obtaining business from more than one purchaser. A firm that contracts to pick up one municipality's residential waste may also contract with other local governments and/or with commercial establishments to pick up their waste. Where diseconomies set in at a smaller scale, a municipality can divide its area and let several contracts to specialist producers, such as local recreation program organizations. Furthermore, where technological change permits the producing organizations to be more efficient they will adapt to the change over time, as new tenders are issued and new contracts are let. Own-forces producers are seldom this adaptable.

If tenders are carefully issued, contracting can have significant benefits for local governments. Competitive bids will be received from more than one supplier and, if the supplier wishes to retain the

business over the long run, attention must be paid to cost-saving innovations and economic efficiency. This rivalry to be efficient encourages innovation that does not exist with own-forces production.

Despite the advantages of contracting, problems may arise if officials are not careful. It is critical for the contractor to be responsive and efficient. This is most likely when several contractors seek the business and performance can be easily measured. Officials should avoid situations in which there is only one seller of a service, unless they are in a good bargaining position by retaining part of the production or always being able to go into production for themselves.

Local governments that employ contracted production alternatives can realize additional benefits from using the time of their managers more effectively. The more services are contracted out, the more time the managers have to supervise activities that are unsuitable for contracted production. This allows the local government to keep its management staff small and efficient.

In summary, where either inputs or outputs can be easily measured, where services are not politically sensitive, and where officials are knowledgeable, local governments can benefit from contracting and in many cases can provide a service for less than it would cost to produce it in house. The savings come from specifying service outputs, from the detailed cost evaluation required in the contract process, from the scale adjustments of the producer, and from the incentives to be efficient that are part of a competitive environment. It should be noted that the contracted producer may be another government, a nonprofit organization, a municipally owned corporation, or a private firm.

Contracting is an important component of public service production for local governments in British Columbia. A detailed survey of 124 B.C. municipalities and regional districts in 1989 found that contractors were involved in the production of 32 percent of local government services, that the practice of contracting had increased over time, and that many local government managers expected it to continue increasing in the future (McDavid and Clemens, 1995).

Joint provision and production

Joint provision and production with one or more other local governments can permit appropriate scale adjustments for one or more local governments that may be too small to provide a desired service individually. It can range from the joint financing and organization of a single production unit, such as an intermunicipal library system or emergency dispatch centre, to the coordinated production of a particular activity, such as where several municipal fire departments have mutual aid agreements for fighting major fires.

A joint production arrangement is usually own forces in nature but, where a joint agreement exists, there is generally more detailed scrutiny of results and costs than would be given to production by a government's internal bureaucracy own forces. Such scrutiny can provide incentives for efficient production that go beyond simple adjustments to efficiencies of scale. A joint production agreement that is inefficient or does not meet the expectations of a sponsoring government can be phased out and other arrangements can be sought.

Joint arrangements of this kind are common among local governments in urban areas. In British Columbia, some regional district services can be regarded as being jointly provided by the municipalities within the regional district, especially if the service was originally jointly provided and produced under another arrangement, such as a water commission.

Corporate provision and production

Municipalities and regional districts may create or join corporations of various forms[16] through which to provide services. Corporations are used by a number of municipalities and regional districts in British Columbia for various purposes, including community forest licences, regional economic development, some protective services, employee housing, land development, and the district energy services discussed in Chapter 8.

The perceived advantages of corporations, especially when local governments wish to engage in business activities, have made them an increasingly popular option for a number of local governments. For instance, corporations can:

- help local governments limit liability from legal claims;
- protect the electorate from financial risk;
- enable the local government to tap into special expertise while freeing council or board members to focus on other issues;
- enable local governments to engage with other sectors such as First Nations, community businesses, and nonprofit groups around a common goal; and
- help the local government realize economies of scale by allowing a corporation to serve a wide geographic area in a more cost-effective manner than could each local government proceeding on its own.

Before deciding to incorporate, local governments must consider such matters as risk, setup, provincial requirements, and federal tax laws.

Public-private partnership

A public-private partnership (P3) is a joint provision and production arrangement between a local government and a private business firm for a community service. In such an arrangement, the two parties share in the risks associated with the work. For example, the local government partner may provide assistance in the form of grants, loans, tax exemptions, or disposal of property at less than market value, while the private partner may assume the rest of the responsibility for it. A P3 is typically used for a major public project, such as an arena that will be located on public land but will be designed, built, and operated by the private partner.

The authority for B.C. local governments to enter into P3 agreements was first granted in 1998, when the *Municipal Act* was amended to broaden and enhance the corporate powers of municipalities. The *Community Charter* and *Local Government Act* place some constraints on local government authority to enter into a P3, such as a prohibition on waiving or reducing a development cost charge except in specific circumstances, but the procedural requirements are otherwise generally like those for other service delivery options. The provision for assistance under a P3 is one of several limited exceptions to an otherwise longstanding general prohibition on local government aid to individual businesses.

Franchising

Franchises are awards of service monopolies. The producing organization finances its production through user charges to consumers and there is no direct payment from the local government, which may still regulate rates and other aspects of the activity. For example, a company that holds the franchise for solid waste collection in a municipality has an exclusive monopoly in the area and charges residents for

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16 A corporation is a legal entity separate and apart from its owners, the shareholders. Legally, it has all the rights and obligations of an individual. The corporation can enter into contracts, own real property, sue and be sued. A corporation may take a number of forms, including business corporations, societies, and co-operatives.

pickups. Likewise, a taxicab company that has an exclusive franchise to provide transportation between hotels and the local airport is financed by the fares it charges passengers.

Franchises are most appropriate when there are cost savings from having a single producer and where user charges are the appropriate financing mechanism, such as where a public utility delivers electricity. The usual franchising process is to let tenders and award the franchise to the company offering either the best combination of price and service, or the largest payment to the government where price and service standards have been set in the tender.

The use of franchises, like contracts, can permit adjustment to efficient production scales, and tenders can be let in a manner that will encourage efficient service. Franchises require the ability to quantify the services provided. In principle, the individuals who use the service should be able to do so by choice and be willing to pay for it through user charges instead of tax levies. This means that franchises have a more limited role than own-forces or contract production, but their careful use can improve the economic efficiency of local government service delivery while reducing the day-to-day management requirements of local administrators.

Vouchering

A voucher system can be used if the local government wishes to control production standards and service levels while at the same time enabling individuals to make their own service delivery choices. The government provides a person with a voucher that can be used to purchase a specified service from a qualified producer who is subsequently compensated by the government. The system is typically employed where a user fee might otherwise be charged, such as where a person receiving social assistance is provided with a voucher or pass for public transportation or recreation services.

B.C. local governments rarely use voucher systems, in part because most social services for which they are applicable are provided by the provincial government. There have been arguments for introducing a voucher system that would give families more choices in where to send their children to school. It is also argued that this would make individual schools more accountable because families would be able to vote with their feet and move to another school if they were dissatisfied with a school's performance.

Volunteer production and co-production

An option that is sometimes overlooked in discussions of service delivery is the production of a service by citizen volunteers. The most obvious example is a volunteer fire department, of which there are many in British Columbia. Volunteers also produce recreation and community program services sponsored by local governments or partially funded by local government grants. As long as the level and quality of the service delivered by volunteers is acceptable to the community, volunteer production may be the most efficient of the possible options.

Other types of citizen activity in local government service production, which can be numerous, are collectively called co-production activities. For example, when a person calls the police for assistance, brings the household garbage to a curbside for collection by municipal employees, or interacts with a teacher, the person is contributing to the delivery of the service in a fundamental way. Without such voluntary cooperation in the production process, a local government's ability to deliver the service efficiently could be reduced or even nullified.

It is important to understand the conceptual distinction between citizen participation in the policy-making process related to providing a service and participation in implementing the policy by producing the service. The two sets of activities are different from each other, although a person might engage in both, such as when a volunteer firefighter takes part in a decision to buy a new fire truck.

Summary of service delivery alternatives

Own-forces, contracted, and joint service production are the major ways local government services are produced in British Columbia. Some use is made of corporations, public-private partnerships, franchises, and vouchers, while volunteer production arrangements occur more frequently than one might expect. This array of production alternatives gives local governments opportunities to provide a full range of public services, from those which are labour intensive, face to face, and not easily measured, to those that are capital intensive, impersonal, and measurable, at a variety of different scales and with incentives that can lead to efficient production. Whether or not public officials use the most appropriate modes of production for different activities depends on their own awareness of the options and the degree to which they feel it is important to produce public services as efficiently and responsively as possible.

6.4 Service Delivery Performance

Measuring, evaluating, and reporting on the performance of local government has a more than 100-year history in North America.[17] Recent Canadian efforts include specific provincially mandated performance reporting requirements in Ontario and Nova Scotia and a general, less specific "progress reporting" requirement in British Columbia.

Since 2004, the *Community Charter* has required British Columbia municipalities to prepare an annual report that includes a discussion of progress related to objectives and measures established for that year, as well as "a statement of municipal objectives, and the measures that will be used to determine progress respecting those objectives, for the coming year." It is left up to individual municipalities to determine what the objectives should be, how they should be developed and how performance is to be measured.

By 2008, the results had been very modest with respect to citizen involvement in setting objectives and responding to municipal reports. Municipalities have also been inconsistent in setting and relating performance measures to municipal objectives,[18] even though such efforts have the potential to increase the benefits citizens receive from their taxes. It is well worth reviewing different approaches to performance measurement and evaluation, with the objective of achieving better, more widespread use of performance measurement, evaluation, and reporting in the province.

Kinds of performance measurement[19]

Basic concepts in performance measurement include four main elements:

- The inputs or resources (people, materials, equipment, facilities, knowledge, etc.) often measured by their cost
- The processes involved in transforming the inputs into outputs
- The resulting outputs or products
- The resulting outcomes or effects (intermediate, immediate, medium term, long term)

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17 An excellent review of the rationale and Canadian and American local government practices for performance management is presented in Rich Hilderbrand, "*Measuring and Managing Performance in Local Government: A Literature Review*," (2007).

18 See a survey of the use of performance measures in B.C.'s municipalities by Lori Fischer, "*Municipal Performance Measurement, Performance Management and Citizen Engagement Practices in British Columbia*," (2007).

19 The concepts described herein are the general terms used in economics and engineering. They are generally consistent with the concepts of (operational or technical) efficiency, effectiveness, and cost-effectiveness used by social scientists in program evaluation, as well as the concepts of economy, efficiency, and effectiveness used by accountants in value for money auditing. While the accountability objectives of the various disciplines are essentially the same, their conceptual foundations and definitions differ.

The ability to understand and describe these elements of service delivery for an activity is essential to developing effective performance measurements and subsequent evaluation. While these four types of measures underlie all approaches to performance evaluation, any individual measure must be combined, compared, and often considered simultaneously with others in order to evaluate performance properly. Furthermore, the ability to develop measures will vary with different kinds of services and their characteristics.

The way measures are gathered may differ for the different processes. The first three—inputs and their cost, processes, and outputs—will often be available from agency data. Measures of outcomes may come from agency data if it is undertaking systematic performance evaluations but this is not common. Measurements of outcomes often require special studies and will often include surveys of citizens to obtain information on actual results, opinions about government performance, and satisfaction with the outcomes.

To better provide an understanding of why performance measurement is important, this section describes the approaches used to evaluate local government activities, beginning with the most elementary and proceeding to full-fledged program evaluations and benefit-cost analyses. This section also includes discussions of sustainable performance and activity-based budgeting. Examples of appropriate performance measures for different kinds of services are provided in subsequent chapters on those services.

Performance evaluation

Measuring inputs, processes, outputs, and outcomes provides a basis for performance evaluation. Performance evaluation involves comparisons, including:

- Comparison of a physical measure with costs, such as cost per input, process, output, or outcome (e.g., cost per household of collecting residential solid waste is an output measure)
- Comparison of a physical measure with time, such as time to perform a process, like processing a permit
- Comparison of two physical measures, such as cases closed per police officer

It is common to compare a physical measure with population (e.g., library books per capita) but these measures are primarily used to facilitate comparisons among different-sized local governments. They usually need to be combined with other measures for a more complete picture of how a service is delivered.

Physical measures in relation to cost, time, or another physical measure can be useful for comparing service performance across producers, across local governments, or over time within a government. For example, one can measure the input cost per employee (including salary, benefits, vacation replacements, etc.); the cost of a process such as having a policeman with a patrol car on traffic duty for 24 hours; the cost per kilometre for street sweeping to compare own-forces and contracted production; the time it takes to process a building permit; or the time it takes to approve a subdivision application. All of these are performance measures but any single measure must always be understood in the context of other components of the service being delivered.

Longitudinal, benchmarking, and cross-sectional comparisons

The measures discussed above provide a minimal kind of comparison when they are taken in isolation. A longitudinal comparison, which involves comparing performance over time, can allow government managers to spot trends and see whether they indicate service improvement. This approach can satisfy the *Community Charter* requirements and is the easiest for a government to do but it is a minimal approach in terms of improving government operations. Longitudinal comparisons must also pay attention to base-line measures of performance over time from the beginning of the program.

Cross-sectional comparisons and benchmarking can be more useful than longitudinal comparisons for improving service performance. Benchmarking usually involves comparing performance to a stated objective, such as a fire department's objective of taking three minutes or less to respond to all emergency calls. Another benchmark that is quite common in administrative organizations is to answer the telephone by the third ring. Benchmarks can be constructed by managers, staff, and citizens, by elected officials, or they can be adapted from industry standards that already exist.

Benchmarking can also be done by comparing a local government's performance to that of other, similar, local governments. These cross-sectional comparisons let managers see how well their organization is doing relative to the others but they require all of the organizations to use standardized measures. Comparison of performance measures among municipalities is the objective of both the Ontario and Nova Scotia systems where the provincial government has specified the performance measures that municipalities must produce. The provincial government in British Columbia has not made this step.

Longitudinal, cross-sectional, and benchmarking comparisons can help managers and the councils that supervise them improve performance. Cross-sectional comparisons also allow managers to make use of best practices by learning how best-performing organizations undertake their production activities. Rivalry with neighbouring municipalities can also provide an incentive for managers and councils to improve performance.

One must be careful about using any single performance measure to evaluate production performance because actions aimed at improving some measures may adversely affect others. For example, if processes are speeded up, the number of errors may increase and overall service quality could decline. If police are rude to people who report crimes, the crime rate may fall as citizens choose to avoid contact with the police and report fewer crimes, even though the victimization rate may actually be increasing.

Single measures and simple comparisons must be carefully used when evaluating the performance of a local government activity. This can be done by being sure any evaluations include multiple measures. For example, in evaluating policing it is desirable to have departmental statistics, which include costs, and citizen survey data and some unobtrusive measures, such as the number of times an officer on patrol drives down a street. Similarly, one is interested in the cost per litre for water supply and also in measures of pressure, sanitation, and mineral content. For all local government services there are multiple measures of performance, often developed and/or disseminated by specialist professional, trade, and other associations.

Using performance measures for major evaluations

Performance measures can be used to describe trends over time, compare service production across local governments, or compare alternative service delivery options within a local government (own forces versus contractor, for example). To determine why performance changes over time or why one municipality performs better than another, more comprehensive performance evaluations are needed.

There are two major approaches for major evaluations. Most common is **program evaluation**, in which an organization's achievement of specific program objectives is systematically evaluated. A second is **benefit-cost analysis**, which is most commonly used to evaluate large capital investments like a new transit line or alternative investments to treat sewage. Benefit-cost analysis can include cost-effectiveness analysis.

Program evaluation

Program evaluations measure how well defined objectives have been and/or are being achieved and also look at why programs either did or did not achieve their objectives. They do not require translating outputs or outcomes into dollar values. They do, however, require that the desired outputs and outcomes be specified so that they are measurable. This does not mean that less measurable outcomes should be

ignored but, unless there are some measurable outputs and outcomes, it is difficult to compare program results over time or with other similar programs.

Program evaluations typically require more resources than are expended on routine performance measurement. Their scope and scale depends on the issues that are being assessed. They usually are done every three to five years, and are often focused on major programs or services.

Program evaluations make use of multiple performance measures. For example, if an evaluation is looking at whether a community policing program is working, performance data on crimes and calls for service can be combined with survey and/or interview data with police officers, volunteers, citizens, and council members to construct a multifaceted picture of the effectiveness of the program. The key to a successful program evaluation is to have multiple independent lines of evidence upon which to base conclusions and recommendations.

Another important component of program evaluations is systematic accounting for important background or environmental variables. These are measures of conditions that may influence the success of the program but are not controlled by the program producers. For example, in studies of elementary school performance it is necessary to take into account the socio-economic characteristics of the parents of the school population and the results of tests of student readiness for enrollment in school. For policing, it is important to take into account the socio-economic characteristics of the residents, including age and gender distribution, in the area being policed. By taking into account environmental conditions, an evaluator can better determine the actual effects of a program.

Benefit-cost analysis and economic impact studies

A benefit-cost analysis measures the economic efficiency of a program or investment, taking into account all costs and all benefits regardless of to whom they accrue or how long they take to accrue. Its most significant characteristic is that all inputs, outputs, and outcomes must be quantified in monetary terms. This is because comprehensive evaluations to determine economic efficiency, in contrast to technical efficiency, require a common denominator, the easiest of which is money. For example, in doing a benefit-cost analysis of K–12 education, a major measured benefit would be the child-minding services that schools perform so parents can work, and that benefit would be quantified and valued in dollar terms. In contrast, a program evaluation of an education program would be confined to questions of how well educational objectives were being achieved in terms of measures like attendance, test scores, and percentage advancing to the next grade or graduating. No attempt would be made to place monetary values on those outcomes.

Benefit-cost analyses are useful for comparing alternate ways to accomplish a particular or similar objective, such as two different transit plans or two different sewage treatment options, because the difficulties in assigning monetary values to the inputs, outputs, and outcomes will be similar for both alternatives. For example, for a transportation investment the most important benefit is travel time saved. By valuing travel time at the same amount per hour in each study, the comparison will be more useful. Benefit-cost analysis is not a good approach for comparing programs that are very different (e.g., a hospital versus a freeway) or have very different time perspectives.

Another kind of analysis, an economic impact study, is sometimes confused with a benefit-cost analysis. An economic impact study measures the total amount of spending that will result after making an investment. For example, advocates of a new sports arena or convention centre will often compare its initial costs with its economic impacts, usually hoping that citizens will interpret the impacts as benefits. However, the impacts are only a measure of gross benefits, not net benefits. The difference is best understood with respect to the revenue of a business. Gross revenue is the total value of its sales but it would not be in business very long if it made decisions comparing investment costs only with gross revenue and did not take into account the costs of running the business, purchasing the items it was

selling, etc. Likewise, any measure of gross economic impacts must first subtract all the costs of providing the services to the persons doing the spending in order to obtain a measure approximating net benefits in dollar terms. Usually the net benefits are 10 to 15 percent of the gross benefits. While one may be interested in measuring the economic impact of a capital project, impacts should not be confused with benefits. Measures of gross impacts alone are not an appropriate basis for calculating benefits or efficiency.

Sustainable performance

Since 1987, when the concept of "sustainable development" was defined in the 1987 Report of the World Commission on Environment and Development (the Brundtland report) as "… development that meets the needs of the present without compromising the ability of future generations to meet their own needs," local governments are increasingly placing importance on ensuring that the performance of their plans, services, and other activities generally meet this definition of sustainability. For example, the long-term sustainability of the water supply system is an important concern for many local governments.

In a number of respects, British Columbia has played a leading role in addressing questions of sustainable development. The City of Vancouver has served as host of two international conferences related to the topic, including the first United Nations Conference on Human Settlements in 1976 and the 2006 U.N. World Urban Forum, whose theme was "Our Future: Sustainable Cities—Turning Ideas into Action." Since 1993, the Association of Professional Engineers and Geoscientists of B.C. has actively promoted the concept of sustainability among its members and in the larger community, including the publication of a sustainability primer in 2002. The Greater Vancouver Regional District has pursued sustainability objectives for many years and many other local governments in B.C. have adopted policies and undertaken projects to promote more sustainable community development.

Economic analysis is capable of taking into account the values of "green" or "sustainability" costs and benefits that pertain in local government decision making, wherein comparative measures for different kinds of resources and external effects can be developed. For example, one can measure the percentage of paper that is post-consumer recycled or the tonnes of carbon dioxide emitted in relation to the tonnes of coal used to generate electricity. These kinds of measures can provide for evaluations of alternative approaches to particular goals. However, the translations into the dollar terms that are necessary for an economic-efficiency analysis are exceptionally difficult because economic analysis attempts to identify prices from the behaviour of buyers and sellers in markets and make inferences to non-market transactions.

Economic analysis also discounts benefits and costs that accrue in the future to account for people's observed behaviour, in which they expect an increase in future benefits to make up for costs incurred today. However, the sustainability criterion implies that reliance on the values of people engaging in day-to-day transactions is insufficient to take into account external effects like climate change and thus the future is discounted too much. As with any benefit-cost analysis, attempts to take these different values into account can be included in the analysis but they must recognize that one may be changing the valuation from attempts to identify the values that emerge from current observable behaviour to substituting an expert or advocates opinion as to what values should be used and how the future should be treated.

The important consideration in a democracy is that policies, programs, and capital projects, including those to achieve sustainable development, have to pass muster in the political decision-making process, for which all studies and analyses are an aid, not a determinant. The sustainability criterion has the most impact not in analytical studies, where the treatment of external effects and time is always important, but in what local officials take into account in making decisions.

Local elected officials in B.C. serve three-year terms and have been known to neglect activities that have few short-term benefits but significant long-term implications. Examples of this can be seen in the

inadequate maintenance of infrastructure, such as roads, waterlines, sewer lines, and buildings. Seeking short-term benefits and neglecting long-term costs also occurs, since officials who want to be re-elected have to focus on the benefits to their own constituents, who may also have relatively short time horizons.

When a sustainability criterion is introduced, local elected officials are forced to look both longer into the future and outside the immediate concern of their own constituents. This is a very important change in focus. Legislation now requires that local governments include greenhouse gas emission targets, policies, and actions in their official community plans and regional growth strategies. There are also provisions for reducing and eliminating development cost charges for "green" buildings. Thus, it is important that performance measures for sustainability be included in the evaluation of local government activities.

Performance evaluation and activity-based budgeting

One of the critical requirements for measuring an activity's cost-effectiveness or for making any cost comparison is knowing the cost of the activity. However, a traditional municipal budget does not provide good cost information for specific activities unless they are totally self-contained within a departmental sub-classification. Instead, the budget is structured to reflect expenditures by departments or other internal groups, using the line-item approach shown in Exhibit 6–2. This traditional approach meets input-focused accountability criteria but it is primarily a format to control expenditures rather than create the cost information needed to evaluate performance.

EXHIBIT 6–2: TRADITIONAL LINE ITEM AND ACTIVITY-BASED BUDGETING

Line-item Budgeting Format	**Activity-based Budget Format**
Parks and Recreation Department	Parks and Recreation Department
	Arena
Full-time employees' salaries	Full-time employees' salaries
Benefits	Benefits
Horticultural supplies	Horticultural supplies
Office supplies	Office supplies
Equipment	Equipment
Advertising	Advertising
Contracts for services	Contracts for services
Part-time salaries	Seasonal salaries
	Allocated overhead
Total cost	Total departmental cost (arena)
	Solid waste collection (Public Works)
	Security and traffic (Police)
	Total arena cost
	User charge revenue
	Net arena cost

For ongoing performance evaluation, it is useful to identify the cost of the activities for which cost-effective measures are desired, rather than undertaking independent studies on an ad-hoc basis. Activity cost data is also necessary for calculating cost-based user charges and comparisons of alternative service delivery.

The activity-based budgeting approach shown in Exhibit 6–2 illustrates how a traditional line-item approach could be adapted to produce activity costs. While most of the cost of an activity is usually included within a single department's budget, activity-based budgets show information that crosses departmental lines. In addition a share of overhead (general departmental operation costs) can be allocated as a percentage that activity is of the department's budget.

In the example, which shows the costs of a parks and recreation department's arena operations, the cost of solid waste collection by the public works department, and cost of security and traffic management for arena events by the police department are added to the parks and recreation department budget. When all of these costs are shown, an administrator or elected official can see what it costs to operate the arena and whether or not user charges cover these costs. This cost data also allows the calculation of a variety of performance measures, such as cost per attendee, cost per event, and cost per population. These costs can be tracked longitudinally and used cross-sectionally to compare performance with arenas operated by other governments.

Activity-based budgeting requires increased recordkeeping and estimates for items for smaller items, such as office supplies that are not worth costing out. In practice each local government would have to decide which items were sufficiently important and of a sufficient expenditure level to introduce costing for that item. With current budgeting technology it is relatively easy to identify and keep track of the 20 percent of a government's activities that are likely to account for 80 percent of its costs. In B.C., regional districts already have to cost out their activities so that costs can be assigned to the area in which the service is provided and not charged to the regional district as a whole.

The use of performance measures in British Columbia

The *Community Charter* goal of citizen participation in formulating municipal objectives and developing performance measures to track achievement is not being met in most B.C. municipalities. Because citizen participation tends to occur only when there is a specific action that affects citizens in a major way, the development of goals and performance measures may be too routine to attract the kind of attention that creates more widespread participation. Citizens do not expect to have to supervise the details of government production—that is what they elect council and board members to do.

The two major groups of users of performance information should be the elected council and board members, who hire and supervise administrators, and the administrators themselves, who need good information (and especially best practices information from comparative studies) so they can be better managers. This is where the focus should be on getting performance measures developed and used for evaluation.

It is not clear what kind of additional incentives could be created to encourage the development and use of standardized performance measures for evaluating local service production in British Columbia. It would be helpful to monitor how well the municipal performance measurement programs in Ontario and Nova Scotia may be for producing useful results.

6.5 Local Government Service Delivery Systems

Local governments in B.C. use a variety of service production arrangements that reflect the variety in characteristics of goods and services, production processes, and alternate arrangements for relating production to policymaking. For example, a single function like police protection involves many different activities, including patrol, detention, dispatch, investigation, information, training, laboratory, and other services. These are produced by various organizations and coordinated through several different production approaches, including direct own-forces production, contracted production, and joint production with other local, provincial, and federal government agencies.

Although the various production arrangements may be systematic and efficient, the complexity of the resulting service delivery system could appear to be chaotic and uncoordinated to an outside observer unless it is explained in a manner that makes it more understandable. This and the next chapters of this book explain many of the service and regulatory functions for which B.C. local governments are responsible.

Administrative support functions

The functions that will be examined in the next chapters can be generally categorized as operating functions and activities involving the direct delivery of services and administration of regulations. There is also a group of functions and activities within a local government bureaucracy that involve the provision of administrative support for the operating activities. They include:

- General administration (legislative and administrative support to the council or board, general management, corporate administration, legal services)
- Financial administration (budget preparation, revenue collection, management of funds, purchasing)
- Human resource administration (personnel management, labour relations)
- Information systems administration (computing services, local area networks, geographic information systems)

This list is indicative rather than exhaustive. For example, other support activities include building and vehicle management. For municipalities and regional districts, the functions in this list are usually included in the "general government" category of expenditures, although in larger municipalities some may be allocated to the specific functions they support.

Operating functions

Like the administrative support functions, the general categories of operating functions to be examined in the next chapters are in many respects similar those listed in Exhibits 3–3 and 4–5. Protective services are discussed in Chapter 7, engineering services in Chapter 8, human services in Chapter 9, and regulatory and development functions in Chapter 10.

In general, the examination of the service delivery system for each function begins with a brief discussion of its general nature and characteristics. This is followed by an exposition of the policy framework within which the service is provided, including identification of the demand-articulating or policymaking body. It is usually the local government that is responsible for decision making and financing, but it may be a provincial ministry.

The service production arrangements are discussed next. The direct producer, the organization that delivers the service directly to citizens, will often be a bureaucratic department of the responsible local government. Some indirect producers who provide particular services to the direct producer instead of directly to citizens are also identified. For example, the organizations providing academy training to police department employees or computer services to a school for recordkeeping are indirect producers whose services are commonly arranged under contractual or joint production agreements.

Finally, the ways in which the performance of the service can be measured and evaluated are discussed. By examining these provision and production arrangements with reference to the concepts discussed in Chapter 1, the policymaking frameworks discussed in Chapters 2 through 5, and the service delivery topics discussed in this chapter, one can begin to understand how local government services are provided and, due to the different characteristics of the different activities within a function, why the local government system appears so complex.

Chapter Seven

Protective Services

Protective service functions include police protection, fire protection, ambulance services, emergency protection, regulatory functions such as building inspection, animal control, and bylaw enforcement which are discussed in Chapter 10, and public health which is described in Chapter 9. In British Columbia, ambulance services in all areas have been provided by the provincial government since 1974. The police, fire, and emergency protection services provided by municipalities, and to some extent, regional districts are the subjects of this chapter.

7.1 Police Protection

The legislative framework for policing in British Columbia allows a variety of approaches. However, the organization through which most municipal cooperation is undertaken, a regional district, is not available for policing without separate special legislation because policing is regulated by the attorney general or solicitor general, not the municipal affairs ministry. Given the variety and the diversity of activities that comprise the police protection function, it should not be surprising that policing has evolved to include many different organizations and arrangements among them. It is impossible to examine all aspects of the service in this chapter but a reasonable understanding of how local governments have come to fulfil this important function can be gained from a description of the nature of the service, the historical context, the provision framework, the production arrangements, and performance measurements.

The nature of police services

The police protection function includes maintaining public safety, keeping the peace, preventing crime, and enforcing the law, including not only what we think of as policing on the street, but also activities dealing with fraud and identity theft. Public safety is a public good. Where it is provided, all citizens in the area benefit. A safe environment in which people are protected from criminal acts is a basic prerequisite for citizens to carry out their daily activities.

There is a considerable range of police protection activities, including general patrols to prevent crime and respond to calls for service, community-based crime prevention initiatives, criminal investigations, traffic law enforcement, and indirect or support services such as dispatch operations, information systems, detention facilities, forensic laboratories, and police academies. Police are also involved in numerous other activities, such as personal distress assistance, crowd control, emergency planning, motor vehicle accident investigation, escorting important officials, and giving advice on crime prevention through environmental design. The effective performance of many of these activities depends on citizen cooperation in securing homes and workplaces, participating in crime prevention programs, reporting crimes, assisting investigators, and generally abiding by the law.

Police protection activities vary somewhat from one situation to another, depending on the nature of the community, the characteristics of citizens, the types of businesses, the relationships between the local community and other areas, and the attitudes of residents toward each other, the government, and the police. For example, in a homogeneous community in which residents are aware of intrusions by strangers, they may feel that they need relatively few police officers on patrol. In contrast, people in an area of high density, mixed population, and individual autonomy may want more police resources devoted

to their protection. Because of these variations in objectives and environments, it is impossible to specify one best way to organize police services.

The variations in characteristics among police activities and the communities they serve can complicate measurement, management, and organizational arrangements. Some activities, such as detention of prisoners, are more capital intensive and the outputs, such as the number of persons detained in a given period of time, are measurable. Other activities, such as running a criminal information system or a crime laboratory, are more labour intensive and performance is more difficult to evaluate. Still others, such as general patrols, are labour intensive and involve important face-to-face relationships between the police and citizens. This makes the effectiveness of patrolling extremely difficult to measure and evaluate in relation to the general objective of public safety. Thus, while a variety of organizational arrangements for delivering police services have evolved in response to the diversity of police activities, community needs, and environments in B.C., measurement problems make it difficult to compare the economic efficiency of the different arrangements.

All areas of British Columbia have police protection. The provincial police service is delivered by the Royal Canadian Mounted Police (RCMP) under a federal-provincial contract. It protects unincorporated areas and small municipalities. Other municipalities are protected by either a municipal unit of the provincial police or an independent department. First Nations reserves are protected either by the RCMP or a First Nations-administered police service. The provincial police also produce specialized services, such as DNA analysis, that are delivered on a province-wide basis.

History of policing in British Columbia

The British Columbia Provincial Police force (BCPP) was established in 1866, succeeding colonial constabularies that had been created in 1858. In 1950, following the example of six other provinces, B.C. decided to phase out the BCPP and contract with the federal government to have the RCMP deliver provincial police services. Factors that influenced this decision included provincial concerns about increasing costs, related concerns about a movement within the BCPP to form a police union, a federal offer to deliver the service much more cheaply, a federal government desire to have a truly national police agency that could respond effectively to national security threats, and a provincial government desire to deflect criticisms of its performance in dealing with the militant Sons of Freedom religious sect. The RCMP has continued to serve as B.C.'s provincial police force since 1950.

The first municipal police force in B.C. was established in Victoria in 1873, closely followed by New Westminster. Under the 1881 *Municipalities Act*, municipal councils were officially empowered to establish their own police forces and appoint officers who would, however, still take direction from the superintendent of the BCPP. A few years later, the council's governance powers were transferred to a three-person board of police commissioners, chaired by the mayor, which evolved into today's police board. The powers of police boards were significantly increased in 1914, when a new *Municipal Act* required municipalities to provide police services, rather than simply permitting them to do so. From 1917 to 1957, all police board members had to be elected by local citizens.

The 1914 Act also gave municipalities the option to contract with the province for the delivery of local police services by the BCPP. However, it was only after 1924–25, when the BCPP's power to deliver the services under contract was clarified, that B.C. municipalities began to take advantage of this option. By 1929, the BCPP was serving 22 municipalities.

By 1950 there were only 11 independent police departments left in the province. One was added when Matsqui re-established its own police force in 1955, and one was subtracted when the Victoria and Esquimalt police forces amalgamated in 2003. As of 2006, 12 municipalities were protected by the 11 independent departments listed in Exhibit 7–1, 59 were served by municipal units of the provincial police and 86 smaller municipalities were protected by the provincial police.

From 1974 to 1997, the independent municipal police departments were overseen by the BC Police Commission, which conducted research, developed policy, and adjudicated complaints of police misconduct. On the recommendation of a 1992–94 Commission of Inquiry into Policing in British Columbia headed by the Honourable Mr. Justice Wallace T. Oppal (the Oppal Commission), the BC Police Commission was dissolved. Its operational responsibilities were assumed by a ministry director of police services and its adjudication function was taken over by a police complaint commissioner. The changes were included in a major amendment to the *Police Act* in 1997.

In 1991, the federal government announced a First Nations policing policy providing for the development of dedicated First Nations community policing services in cooperation with provincial governments. This policy resulted in a First Nations Administered Policing Services (FNAPS) program, wherein each service is governed by its own First Nations police board, an RCMP Aboriginal Community Constable Program (ACCP), and a First Nations Community Policing Services (FNCPS) program delivered by the RCMP. A new federal-provincial framework agreement for FNCPS was signed in 2006 and the ACCP was discontinued.

EXHIBIT 7–1: INDEPENDENT MUNICIPAL POLICE DEPARTMENTS IN B.C.

Municipality	Date incorporated	Date of first police department
Victoria-	August 2, 1862	1873
Esquimalt[1]	September 1, 1912	1912
New Westminster	July 16, 1860	1873
Vancouver	April 6, 1886	1886
Delta	November 10, 1879	1888
Nelson	March 18, 1897	1897
Saanich	March 1, 1906	1906
Oak Bay	July 2, 1906	1906
West Vancouver	March 15, 1912	1912
Port Moody	March 11, 1913	1913
Central Saanich	December 12, 1950	1951
Abbotsford[2]	January 1, 1995	1955

1 In 2003, the Victoria and Esquimalt police departments were amalgamated under the name Victoria Police Department.

2 In 1995, Abbotsford amalgamated with Matsqui and the new municipality was named Abbotsford. Matsqui's independent police department had been established in 1905, replaced by the provincial police in 1925 and re-established in 1955. Abbotsford had been policed by the RCMP.

Sources: B.C. Police Board Handbook 1996; Municipal Statistics 2003.

Police service provision framework

Police services in B.C. are provided by the provincial government and by municipalities whose populations exceed 5,000, in accordance with the *Police Act* and the *Vancouver Charter*. The provincial director of police services administers the *Police Act* and generally supervises police services in B.C. with respect to such things as policy, research, statistics, standards, performance evaluation, and the coordination of provincial and municipal police activities.

Provincial police services are delivered by the RCMP in accordance with a 1992–2012 federal-provincial agreement that provides for the federal government to pay 30 percent of the provincial police cost and, depending on population, 30 or 10 percent of the cost of RCMP municipal units, as discussed below. All RCMP forces in B.C. are directed by the commanding officer of the RCMP's E Division, who in turn is responsible to the provincial minister, the commissioner of the RCMP and, ultimately, the minister of public safety, Canada. Provincial authorities do not have the power to deal with complaints against the RCMP, which are the jurisdiction of the RCMP Public Complaints Commission, a federal government body.

Under the *Police Act*, a municipality of more than 5,000 people has four options for providing a police service. It may:

- create its own independent municipal police force;
- create an amalgamated independent police force with one or more other municipalities, as has been done in Victoria and Esquimalt;
- contract to purchase police services from another municipality that has an independent police force; or
- contract with the minister for a municipal unit of the provincial police (the RCMP under contract to the provincial government) to deliver the service.

In 2006, 28 percent of the provincial population was served by 11 independent municipal police forces and 55 percent was protected by 59 municipal units of the provincial police. The remaining 17 percent was served by provincial police units or policing services administered by First Nations. There were no contracts for the delivery of full police services by one municipality to another, although several municipalities had seriously considered this option.

Municipal police services are financed primarily by local property taxes and, where a municipal unit of the provincial police delivers the service, the federal government cost shares. Provincial police services to unincorporated areas and small municipalities are financed by various provincial revenue sources, including federal contributions and provincial rural property taxes. In 2007, a new police financing model was introduced that requires municipalities with populations below 5,000 persons and people in unincorporated areas to pay a share of their policing costs. Under the new model, less than 50 percent of the total cost for the provincial force will be collected from property taxpayers in these areas.

Major amendments to the *Police Act* in 1997 included new provisions for the minister to establish "designated policing units" staffed by "designated constables" to supplement or replace the policing and law enforcement services otherwise delivered by B.C.'s provincial and municipal police forces, and "designated law enforcement units" staffed by "enforcement officers" to enforce specific laws of Canada and B.C., such as laws pertaining to environmental conservation. The new designated units can be established only in response to an application by a municipality, a regional district, a government corporation, or "any other prescribed entity." It is intended that the new designated constables and enforcement officers will eventually replace the special provincial constables that have been described in Section 9 of the Act for many years. Designated policing units established since 1997 include the B.C. Organized Crime Agency (now called the Combined Forces Special Enforcement Unit), the TransLink

police service, and four units established under the First Nations Administered Policing Services (FNAPS) program.[20]

Two nonprofit corporations established under the 1997 *Emergency Communications Corporations Act* provide integrated emergency communications systems for police, fire, and other services in the Lower Mainland and Greater Victoria. Before these bodies were established, there had been a variety of systems and frequencies that made communications between different police forces unreliable. E-Comm (Emergency Communications for Southwest British Columbia Incorporated) is owned by its member municipalities, police boards, and senior government agencies. It is governed by a 17-person board of directors nominated by the shareholders. CREST (Capital Region Emergency Services Telecommunications) is owned by its member municipalities, the Capital Regional District, BC Transit, and the Province of British Columbia. It is governed by a 20-person board of directors consisting of councillors appointed by each member municipality, three electoral area directors, and appointed representatives of non-municipal members, such as the RCMP, BC Transit, BC Ambulance Service, and the Province of British Columbia.

In addition to government-sponsored and financed policing it is important to recognize that many organizations also employ private security services to enhance public safety and protect property. In Canada there are more than twice as many licensed private security personnel than there are public police. Security personnel in British Columbia are regulated by the provincial government under the *Private Investigators and Security Agencies Act* and regulations which require, among other things, that security patrol licensees take two training courses from the Justice Institute. It is common for private security firms and personnel to have close relationships with police departments. For example, in Vancouver the city pays the Downtown Business Improvement Association to hire private security ambassadors who provide information to citizens and act as a security presence in public places.

Provision of RCMP municipal unit services

The standard municipal-provincial contract for RCMP services requires the municipality to pay for all operations and maintenance costs, including most equipment, and to provide the clerical support staff and accommodation needed for police operations. The RCMP is responsible for delivering all direct services, such as patrolling, and indirect services, such as laboratory work and academy training provided by the RCMP's larger organization. In some municipalities to which detachments are wholly dedicated, such as Burnaby, the RCMP behaves much like an independent police force, with a general emphasis on a community-based policing approach that permits the police officers to become relatively familiar with the neighbourhoods they serve. In other cases, where the detachment headquarters may house more than one municipal unit, as well as units serving unincorporated areas, the relationships with individual municipalities may not be as close.

A degree of local governance with respect to RCMP municipal units is permitted by Part 7 of the *Police Act*, which provides for establishing a local police committee consisting of not less than three members appointed by the Lieutenant Governor in Council. Thus, it is possible for each municipality to establish a local committee to oversee its police services and articulate the goals, objectives, and priorities it wants its police force to emphasize.

Most municipalities have opted for RCMP services because the federal government shares policing costs. Under the 1992–2012 federal-provincial agreement, the federal government pays 30 percent of RCMP municipal unit costs where populations are 5,000 to 15,000, and 10 percent of municipal unit costs

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[20] Of the four FNAPS units, the only one that was still active in 2005 was the Stl'atl'imx Tribal Police, which has served 10 bands in the Lillooet area since 1999. The Ditidaht First Nation Public Safety and Policing Services and the Kitasoo-Xaixais Public Safety Department closed in 2004. The Tsewultun unit closed in 2000. Each was governed by a police board representing the communities served by the unit and all police officers were appointed under the B.C. *Police Act*. Canada paid 52 percent of the cost and B.C. paid 48 percent.

where populations exceed 15,000. The cost savings to municipalities are significant. In 2006, for example, the reported average cost of policing for the 59 municipalities with RCMP municipal units was $166 per capita, substantially less than the average cost of $273 per capita for the 12 municipalities served by independent police departments.

Provision of independent municipal police services

While a municipality served by an RCMP municipal unit has a limited ability to govern its police services, a municipality with its own police department has a mandate to govern the service by establishing a municipal police board consisting of the mayor, who chairs the board, one person appointed by the council, and up to five people appointed by the Lieutenant Governor in Council. A modified structure may be used for an amalgamated department like that in Victoria and Esquimalt, whose nine-member board consists of the Victoria mayor, who serves as the chair, the Esquimalt mayor, who serves as vice-chair, one person appointed by each municipal council, and five people appointed by the Lieutenant Governor in Council.

Provincial appointments to police boards are made in consultation with the ministry's director of police services, to whom a municipality may informally provide a list of the people it would like to see considered. Otherwise, a municipal council's formal governance powers are limited to appointing one board member and approving the annual budget recommended by the police board.

The police board's responsibilities include establishing the municipal force, appointing a chief constable, establishing policies and procedures for administering the department, preparing an annual budget for the council's approval and, in the person of the chair, dealing with complaints against the chief constable, the deputy chief, or the police department as a whole. A complaint against an individual constable would normally be made initially to the chief constable, but any complaint can ultimately go to the police complaint commissioner.

Police service production arrangements

Police services in B.C. are delivered through a variety of own-forces, contract, joint, and volunteer production arrangements. The independent municipal police departments are staffed by municipal employees while the RCMP, itself an own-forces organization, delivers provincial and municipal police services under contract. Municipalities served by the RCMP obtain direct and indirect police services primarily from the RCMP organization. Large departments like Vancouver's may also internalize most of their production activities. Smaller independent departments use some of the indirect services provided by the RCMP and may also contract with other independent departments for the delivery of services like dispatch and detention.

In 2006, police services in B.C. were delivered by a total of 8,652 police officers, including 2,214 in 11 independent departments, 3,058 in 59 RCMP municipal units, 12 in services administered by First Nations, and 808 in RCMP provincial police units. Other RCMP officers in B.C. included 148 in division administration, 630 in provincial headquarters, 240 in district headquarters, 369 assigned to traffic enforcement, 939 federal officers, and 105 assigned to the First Nations community policing services program. In 2006, the TransLink Police Service had 103 officers and an additional 26 RCMP members provided services specific to the Vancouver International Airport. There were also civilian members, support staff, reserves, auxiliaries, and special law enforcement units.

General patrol, investigation, community liaison, and support activities

The basic organization of an independent police department in B.C. is generally straightforward. The chief constable and deputy chief are responsible for overall leadership, direction, and administration, and the department is typically organized into divisions reflecting its general patrol, investigation, crime

prevention, support, and other activities. The chief constable normally has a secretary or assistant who, in a smaller department, may perform other administrative duties. RCMP detachments are organized similarly, with the larger ones headed by an inspector, the smaller ones by a sergeant.

Most officers in B.C.'s police departments and detachments are assigned to patrol duties, usually in police cars but sometimes on foot or bicycles. Their duties include patrolling, responding to calls for service, enforcing traffic and other laws, enforcing some municipal bylaws, conducting investigations, arresting offenders, appearing in court, and doing associated administrative work. Patrol officers may also take part in crime prevention and community liaison activities.

In all but the smaller organizations, the patrol division is organized in four watches or platoons, each headed by a more senior officer, and all patrol officers work twelve-hour shifts on an eight-day cycle, including two night shifts, two day shifts, and four days off. At least one department has sought to introduce a revised approach to scheduling aimed at maximizing strength at certain times, such as on weekends, but the initiative met with resistance and was not pursued. Small detachments may work on different schedules and may close the station at night.

All but the smallest police departments or detachments have at least one detective who conducts investigations and at least one officer assigned to crime prevention, school, and community liaison duties. The latter activity has assumed increasing importance over the years as municipal police forces have endeavoured to apply community-based policing principles in delivering their services and fostering the establishment of Block Watch, Neighbourhood Watch, and other community-based safety and security initiatives. Department and detachment support services, delivered largely by civilian staff, include such activities as secretarial assistance, records management, call taking, dispatching, data processing, data analysis, court liaison, and exhibit control.

It is also increasingly common for smaller departments in urban areas to contract with a larger department for specialized services. For example, the District of Oak Bay has an arrangement for the delivery of police dispatching, homicide investigation, general crime investigation, investigative support, and administrative support services by the larger police department in the District of Saanich, which has a policy of providing such services at cost to other municipalities. This, plus arrangements with other agencies in the region, allows a small municipality like Oak Bay to provide a full range of policing services for its citizens while still producing an in-house police patrol service that maintains a community-policing atmosphere in the municipality.

Communications and information activities

Communications and information systems play vital roles in the delivery of police services, especially in more heavily urbanized areas. The activities in B.C. include:

- 9-1-1 emergency call answering and dispatch
- Telecommunications between police and other emergency services
- Real-time information sharing and management

Except in the Lower Mainland and Greater Victoria, RCMP detachments throughout B.C. are served by one RCMP telecommunications system.

As noted above, two public corporations provide emergency communications systems for police, fire, and other services in the Lower Mainland and Capital Regional District (CRD). In other areas of the province, local governments, especially regional districts, provide such services. The E-Comm radio system is a communications network that is shared throughout the Greater Vancouver Regional District (GVRD) by police, fire, and ambulance personnel. On a day-to-day basis, the radio system makes it easier for police and other public safety agencies to work together in cases of joint emergency response, criminal investigations, police pursuits, and other events that cross municipal boundaries. E-Comm provides wide-area radio (WAR) services to all the police agencies in the Lower Mainland. It also

provides ambulance radio service to the entire GVRD and its WAR system is used by the Vancouver, North Vancouver City, Richmond, Delta, White Rock, New Westminster, Coquitlam, Port Moody, and Surrey fire departments.

In the CRD, the CREST system provides police, fire, ambulance, and other agencies with an integrated radio communications network that became fully operational in 2004. It replaced separate systems operated by the RCMP, the City of Victoria, and BC Transit. The 9-1-1 emergency call answering system is coordinated through a centralized system that automatically directs calls to communications and dispatch centres operated by several independent departments, the RCMP, and Canadian Forces Base Esquimalt.

There are three main police information systems in B.C. A Canada-wide service is provided by the Canadian Police Information Centre (CPIC), which is based in RCMP headquarters in Ottawa and delivers its information services free of charge. PRIME-BC, a province-wide Police Records Information Management Environment system used by all independent policing agencies and RCMP detachments, is an online data-sharing system that provides up-to-the-minute information about criminals and crimes. PMIS, a Police Management Information System is managed by the ministry responsible for police services, which maintains aggregated statistical data from the Canadian Centre for Justice Statistics Uniform Crime Reporting Survey (UCR) and other sources.

Other police service production activities

B.C. police activities include a variety of specialized law enforcement services delivered by various traffic, street crime, fraud, dog, drug, major crime, organized crime, and other special units, squads, or programs based in individual departments, detachments, district headquarters, or provincial headquarters. Some services, such as police dog units, may be available to other municipal forces on either a contractual or a goodwill basis.

Traffic laws are enforced by RCMP officers based in detachments throughout the province, as well as by general-duty officers in individual detachments and departments, who may also assist local governments in traffic planning. In 2005, an integrated unit of 15 members seconded from the local independent and RCMP forces was established to enforce traffic laws in Greater Victoria.

Other activities in B.C. include:

- Emergency response team (ERT) services delivered by highly trained RCMP and independent department teams in Greater Vancouver and on Vancouver Island
- Forensic identification services delivered by individual specialists employed within a police organization or engaged on a contractual basis
- Forensic laboratory services delivered by the RCMP provincial laboratory to all municipalities free of charge and by the Vancouver Police Department's own facility
- Detention facilities housed within police stations or, for smaller departments, arranged on a contractual basis
- Police training for independent departments delivered by the Police Academy of the Justice Institute of B.C., a provincial government agency
- Air services delivered by the RCMP
- Marine services delivered by the RCMP and the Vancouver Police Department
- Underwater dive-team services delivered by the RCMP and the Saanich Police Department
- Victim assistance services delivered by police officers and trained volunteers, with financial support from the province, local governments, and private contributors
- Advisory services regarding crime prevention through environmental design (CPTED)

- Supplementary services delivered by RCMP auxiliaries, independent department reserves, designated constables, special provincial constables, enforcement officers, railway police, private security firms, private investigators, and citizen volunteer groups

This list is not exhaustive but it is indicative of the scope of police protection activities in B.C. and the arrangements for delivering the services.

Integration of specialized police activities in urban areas

To improve operational efficiency and effectiveness, especially in dealing with crimes that cross jurisdictional boundaries, the RCMP has integrated several specialized activities in its Lower Mainland district, which encompasses 16 detachments in the area extending to the U.S. border and the communities of Sechelt, Pemberton, and Boston Bar. An integrated homicide investigation team (IHIT) and a municipal-provincial auto crime team (IMPACT) have been established, both with the participation of the independent municipal departments in the Lower Mainland. Other initiatives include:

- Replacing five part-time emergency response teams with a public safety unit that would be a first responder to high-risk calls and high-profile cases like missing children
- Consolidating 29 dog-team units into one group
- Consolidating seven forensic identification offices into one
- Creating a special unit to deal with computer-related crimes and child exploitation through the Internet

In addition, communications systems have been integrated in the Lower Mainland and Greater Victoria, as discussed above.

In Greater Victoria, the local independent departments have provided an integrated emergency response team for many years and an integrated traffic law enforcement unit was created in 2005.

The integration of police communications, information, and other specialized services, such as homicide investigation and dog teams, is consistent with the point that services like these can be made more economically efficient by taking appropriate advantage of opportunities to realize economies of scale. Larger individual police departments have also tried to enhance their patrol and community-based liaison activities, which do not possess scale economies, by establishing decentralized operational facilities. However, when a single large police department attempts to do everything, it is likely to be inefficient in some ways because the organization will be either too large or too small for some specific activities.

An additional police force that is both integrated within an urban area and performs a special function is the South Coast British Columbia Transportation Authority Police Service (SCBCTAPS), mentioned in Chapter 5. This force is integrated into the communications and emergency systems of the Lower Mainland, and while focusing primarily on safety and security related to TransLink, the officers have full peace officer status. As of 2007, the force had 121 officers.

Police service performance

Police services are the most difficult local government service to evaluate because they involve face-to-face interaction between citizens and police officers. Quality is critical to any evaluation, but there is no easy measure for it. Furthermore, many citizen-police interactions, and the quality of those interactions, go unreported. Typically, these interactions occur when a citizen may be stopped by or may ask a question of a police officer, even though the police do record calls for service and summarize stops and arrests. Also, some crimes simply go unreported by citizens.

Many police performance measures, particularly those that track such outcomes as crime clearance rates, are subject to environmental influences that affect how successful they are. Reported crime rates are a good example of a performance measure that depends in part on how communities interact with the police. Where citizens have confidence in them, the proportion of incidents that actually get reported will

likely increase and agency data will reflect a higher crime rate there than in areas where police are less trusted or viewed as less effective.

Changes in crime rates can also reflect changes in the way police departments classify incidents, although this is more likely to be an issue for minor offences than for major ones. Thus, when using police agency statistics to develop and report performance measures, it is important to keep in mind that time-related trends and even comparisons among police departments can be influenced by a combination of factors, at least some of which the police may not control.

The most important statistics identified for evaluating policing include:

- population-related variables, including household size, family income, median age, and population density;
- the percentage of the population that owns their own home, whether the homes are single family or apartments, and the length of time they have resided in the area; and
- the proportion of nonresidential property and its nature.

These variables are all associated with public safety regardless of the performance of the police.

An important outcome of policing is how safe people feel and how safe they and their property actually are. The best approach to evaluating this outcome is to conduct careful citizen surveys. Among the variables measured in a citizen survey are: actual victimization rates (not just the incidents reported to police, but those that are not reported); assists by the police; stops by the police; citizen knowledge of police officers; and perceptions of police performance.

There is a variety of input measures from which one can develop technical efficiency or cost-effectiveness indicators, remembering that environmental factors and/or the accuracy of agency data may need to be considered as well. Some of these measures include:

- population per police officer;
- cost per police officer; and
- proportion of police personnel on the street.

These kinds of measures can be combined with data on the number of reported crimes of different kinds and the number of cases cleared to produce useful indicators of technical efficiency and/or cost-effectiveness. The numbers of reported crimes and cases cleared, which can also be compared with each other, are the most commonly used statistics in this context.

One can also compare victimization rates derived from surveys with crime rates from agency statistics to obtain a measure that at least partially reflects citizens' trust and confidence in the police. There are also measures for indirect activities (those services provided to other police and not directly to citizens), such as the cost of processing fingerprints, the cost per test of matching DNA samples, or the cost per dispatch of a dispatching centre.

Much of the available statistical data can be found in an annual report on police and crime in B.C. published by the ministry responsible for police services. The statistics are largely based on detailed data from the national Uniform Crime Reporting (UCR) Survey developed by Statistics Canada, but they also include population, police strength, and cost data for each jurisdiction.

Comparisons among police departments are often used to benchmark crime rates and other performance measures. It is important that statistics be uniform (some U.S. states require auditing on police department statistics just as they do their finances) and that different environmental factors be taken into account. If surveys are used, they should ask questions about specific incidents (victimization, reporting, and follow-up) and not just opinions of quality because citizens in different jurisdictions may have different expectation or benchmarks against which their "quality" responses are based.

Ideally, to supplement agency data and survey responses for a full evaluation, it is useful to collect data on unobtrusive measures such as the number of times a patrol car passes a known problem area

during 24 hours without the officers knowing it is being counted. This provides data from three different sources: citizens, the agency, and field observers. If this data is consistent, analysts can be more comfortable with their conclusions than if any single source of information is relied upon.

Stating performance objectives has become a common practice in independent police departments in B.C. but the objectives tend to be stated in general terms, such as "improve clearance rates," rather than in clearly measurable terms, such as "increase clearance rates for person crimes by 10 percent in the next two years."

Observations on police protection

Since the 1980s, the community-based policing model has become generally accepted by local police forces in B.C. The model emphasizes the idea of a partnership between the police and the public in promoting community safety and security, notwithstanding the fact that the RCMP has a more militaristic structure and a history of serving as an agent of the federal government. It is the community-based policing philosophy that makes citizen surveys on interactions important in evaluating police services.

While the RCMP attempts to adjust to the scale of different activities within a very large bureaucracy, it does enter into cooperative arrangements with the independent departments, some of which are described above. A significant benefit to municipalities from contracting with the RCMP is the federal share in its pricing.

In contrast to the RCMP, independent police departments begin with police patrol and use a variety of relationships with other organizations to provide policing services to their citizens. This kind of dynamic, polycentric system, where changes occur in relation to changes in technology and opportunities to be more cost-effective on specific activities, is consistent with the prevailing system of local government organization and operation in British Columbia.

7.2 Fire Protection

Historically, fire protection has been a principal concern wherever there have been populated settlements. People's lives, homes, and places of business are important and people want to protect them as best they can. Consequently, communities have arranged to protect themselves and their properties from fire by establishing specialized fire protection organizations and investing in the equipment needed for those organizations to do their jobs.

In addition to establishing fire protection organizations, other efforts have been made to reduce the likelihood of fires starting in the first place or, if a fire does start, from spreading. These efforts include provincial government fire and building codes and local government regulations and zoning bylaws to require less combustible buildings, fire-resistant barriers, substantial spaces between buildings, the installation of sprinkler systems, and routes for readily escaping from a burning building. People also protect their investments in their buildings by insuring them against loss by fire. All of these things can be regarded as a community's collective investment in its fire protection system. At the heart of the system is the organization that the community has established as its primary agent of fire protection.

The nature of fire protection service

Like police protection, a fire protection service is a public good. Where the service is provided, all of the citizens in the area benefit. In comparison to police protection, however, the fire protection function is a relatively simple one. In general, it consists of two main activities, fire inspection and fire suppression, but it also includes such other activities as fire prevention education, investigating the causes of fires, emergency planning, and responding to other emergencies, such as vehicle accidents and incidents involving hazardous materials (hazmat). Like police patrol, fire protection is a relatively labour-intensive

function although for small volunteer departments the cost of fire-suppression equipment may be the largest expenditure.

Fire inspection involves the training of inspectors and periodic inspections of buildings such as schools, theatres, hotels, office buildings, and apartment buildings. Inspections involve face-to-face interaction and are relatively easy to plan and undertake on a regular basis. Fire inspectors also undertake educational and other fire prevention activities.

Fire suppression involves training and equipment to extinguishing unwanted fires. Responding quickly is an important element of successful suppression and response time is considered to be a main criterion of performance. The activity is a discontinuous one, since fires do not occur every day in an area but when there is one, the firefighters become engaged in an intensive, possibly life-threatening situation. Fire-suppression forces also respond to other emergencies, such as when they bring the "jaws of life" to a car accident, and may also take part in fire inspection and equipment maintenance activities. Fire-suppression forces save lives and get involved in other face-to-face interactions with citizens faced with loss due to fire, flood, and other emergency events, reflecting its primary role of protecting life and property.

The local environment affects the nature of both the inspection and suppression services that are required, much as the unique characteristics of individual communities affect policing needs. Different kinds of training and equipment are necessary, depending on whether the area is open rural, forested, suburban, commercial, heavily industrial, or a high-density urban area with multistorey buildings. Each environment involves special demands for fire inspection and suppression. In addition, different components of fire protection possess different scale economies. Because response time is so important, fire suppression is best performed by local departments in geographically limited service areas. In contrast, activities such as training or arson investigation can be provided for a much larger area. Local governments meet these demands with a variety of organizational arrangements.

The fire service provision framework

Local fire services are provided by municipalities, improvement districts, and regional districts. There are more than 400 fire departments in the province. They are one of the three most common functions for improvement districts but are increasingly organized as service areas within regional districts.

While provincial legislation does not require it, B.C. municipalities generally establish their own fire departments. Departments with paid full-time staff, other than the chief, must comply with the *Fire Department Act*, and the powers that a council or board may authorize its fire chief to exercise are prescribed in the *Community Charter* and *Local Government Act*. In urban areas, the service is typically supplemented through mutual aid agreements among neighbouring municipalities to render assistance to each other free of charge. A municipality with a large land area might establish several fire halls to serve the whole area adequately.

The provision of fire inspection services is mandated for municipalities under the *Fire Services Act*, which requires the regular inspection of certain classes of structures, such as places of public assembly. All municipalities must appoint a local assistant to the provincial fire commissioner, who is responsible for inspections and investigations. If the municipality has a fire department, it is likely that the fire chief will be appointed as the fire commissioner's assistant, but any number of officials, including the chief administrator or engineer, may hold the position. In unincorporated areas that have been organized for fire protection through an improvement district or a service area within a regional district, an official of the fire department will fill this role. Inspections may be assisted by the provincial fire commissioner and training is often provided by Justice Institute of British Columbia, College of the Rockies, Vancouver Island University (formerly Malaspina College), or similar training provider.

The local individuals responsible for fire protection policymaking vary. A municipality may make a committee of council responsible for the department or the fire chief may report directly to the chief administrator. In an improvement district, decisions are made by the elected trustees. A department in a regional district service area is overseen by a committee that normally includes the director for the electoral area in which the department is located. Fire services are largely financed by property taxes, and capital expenditures requiring tax increases in an improvement district or regional district service area are generally subject to a vote of the taxpayers. Local officials also interact with provincial officials for interface fires under the *Wildfire Act* and local planning and zoning must consider mitigating the effect of interface fires.

Fire service production arrangements

Fire service production arrangements vary from community to community. The inspection service must be delivered by a trained appointed assistant to the provincial fire commissioner. This is usually the fire chief but in a large urban department, inspection services may be performed by a chief fire prevention officer assisted by a small staff of other inspectors, as well as by fire-suppression personnel. The inspection staff may also conduct investigations and deliver educational programs to school and community groups. Where arson is suspected, the police department will take part in the investigation.

Fire-suppression services may be delivered by an own-forces department with full-time paid employees, by a brigade consisting entirely of volunteers (technically part-time paid), or by a mixture of full-time employees and volunteers. Wherever a service is provided, WorkSafeBC (the Workers' Compensation Board) requires that fire-resistive clothing be worn when suppressing fires.

In general, the larger the population served and the higher the density of industrial, commercial and high-rise building uses, the more likely it is that the fire department will consist of full-time paid employees. The more rural the area and the lower the density, the more likely it is that the department will consist of volunteers. Many medium-sized municipalities are served by mixed full-time and volunteer departments.

Both full-time and volunteer firefighters may also be called upon to perform other tasks, such as conducting inspections, maintaining equipment, and responding to a variety of calls for other kinds of emergency service. If highly trained specialists are needed to deal with incidents, such as those involving hazardous materials, a fire department that does not have such people may contract for the service with one that does. In full-time departments, the firefighters are typically organized like police department members, with four platoons working on an eight-day cycle, including two 10-hour day shifts, two 14-hour night shifts, and four days off.

Not all fire services are delivered by own forces. They may also be produced by a private company or purchased from an adjacent department, as is sometimes done by improvement districts, regional district service areas, or First Nations. Training of fire-suppression personnel is provided by a number of agencies, such as the Justice Institute of B.C. and the Vancouver Island Emergency Response Academy.

Fire department emergency services are usually requested by a person triggering a fire alarm or calling 9-1-1. The call may be prompted by a fire, a medical emergency, or a need for assistance in rescue, bylaw enforcement, or other situations where a fire department's abilities are useful. It could also be one of the false alarms that can account for a substantial share of the calls. When there is a traffic accident, both the provincial ambulance service and a fire department "first responder" may be called because the employees of both agencies have the appropriate training in treating victims at the scene of an accident and response time may be critical to saving a life.

In addition to prevention and suppression personnel, a fire department may employ such support staff as alarm operators or dispatchers, equipment mechanics, and administrative personnel. Where there is a 9-1-1 system, the dispatch system is tied into it. Every department has at least one fire station, at least one

fire vehicle, hoses, and the other capital equipment needed for the job. Of crucial importance, especially in urban areas, are adequately located fire hydrants and the ability of the water supply system to provide the flow of water needed for the effective suppression of fires.

Fire service performance

Measuring and evaluating fire service performance is easier than evaluating police services. While both services are influenced by environmental factors and involve face-to-face interaction with citizens, actual fires and other emergencies are reported. The organizational relations are also simpler because the services are fewer.

There is general agreement on the key measures of fire service performance. One of the most important is response time, which can be considered an output measure. Fire departments use this measure because the damage to property and injuries to persons are directly related to how quickly a fire department can respond to an alarm once it is received in the station. In many communities, fire departments have established benchmarks for average response time. Tracking response times annually is often used as a comparative measure of how well the fire department is performing over time.

While response time is an important performance measure, for a better evaluation of fire service performance other measures of environmental factors, inputs, outputs, and outcomes must also be used. From these measures one can proceed to develop cost-effectiveness measures, as indicated in Exhibit 7–2. The input measures could also include other details, such as the number of stations and numbers and kinds of equipment, but the information shown in the exhibit is essential for cost-effectiveness calculations.

EXHIBIT 7–2: FIRE SERVICE PERFORMANCE MEASURES

Environmental measures	
number of housing units (single-family, multifamily)	
average age of housing units	total population
total assessed value of all properties	total assessed value of residential properties
area of jurisdiction	
Input measures	
cost of fire-suppression activity	cost of fire inspection and prevention activity
cost of medical responses	
cost of hazardous materials containment and cleanup	
Output measures	
average and median response times	total alarms responded to
structural fire alarms	automobile fire alarms
unoccupied land fire alarms	false alarms responded to
alarms due to arson	alarms due to careless smoking
number of fire inspections	number of educational visits and presentations
number of medical emergency responses	number of hazardous materials responses
Outcome measures	
total fires with property losses	total value of property losses
lives lost due to fire	property losses due to arson
property losses due to careless smoking	
Cost-effectiveness measures	
cost per inspection	cost per educational visit and presentations
cost per response to an alarm	cost per assessed value of property
cost per number of housing units	cost per capita
cost per medical response	cost per hazardous materials response

Many more measures than those shown in Exhibit 7–2 could be calculated, but it is necessary to understand the environmental factors in a jurisdiction and then select the measures that are most important for that jurisdiction. Most performance measures result from a combination of an environmental factor and fire department activity. For example, response time is related to the geographic size of the jurisdiction as well as the quickness of the fire department, and the number and kind of fires is related to the number and age of structures as well as the effectiveness of educational programs and inspections. Over time there should be a decline in structural and unoccupied land fires if educational programs are effective, and a reduction in structural fires if inspections are effective. Over longer periods, a decline in structural fires could also be attributed to the replacement of older buildings by newer ones that meet more stringent fire codes.

The most important outcome measures are the number of injuries and fatalities due to fires (including firefighters and citizens) and the value of fire losses in relation to the assessed value of structures. These measures can be related to costs and compared with other fire service organizations but they are pretty general. Managers interested in improving their performance will need to look at more detailed measures, including the number of people manning stations at different times of day, and their ability to respond with appropriate-sized trucks.[21] Most departments can produce these statistics if requested.

An interesting measure of cost-effectiveness could be based on the estimated cost of what individual citizens would pay for fire insurance if there was no fire department. The difference between the increase in insurance costs and the taxes paid for fire services can provide an indication of the net benefit they receive from the community's fire protection system.

7.3 Emergency Protection

Police and fire protection organizations, along with many others, must be prepared to deal with more far-reaching emergencies or disasters, such as earthquakes, floods, volcanic eruptions, chemical spills, major explosions, and major accidents. Every year, more than 7,000 incidents, such as landslides, floods, interface fires, oil spills, and persons needing rescue are reported to the provincial emergency coordination centre. The responses to most of the incidents, such as those that involve land or water search-and-rescue operations, are managed locally but there have also been some major events in British Columbia. These include the 1964 tsunami that devastated parts of Port Alberni, the heavy snowfall that paralyzed the Lower Mainland and Greater Victoria for over a week in 1996–97, the 2003 firestorm that destroyed 244 homes in the Kelowna area, and the 2007–08 ice-jam flooding in Prince George.

To provide for such events, the provincial government has established a province-wide emergency program that supports municipal and regional district emergency programs. The basic principles of emergency management in British Columbia are that, in the first instance, it is up to each citizen to be personally prepared for emergencies and secondly that local governments are at all times in charge of emergency planning and response in their jurisdictions.

The nature of emergency protection

Like police and fire protection, emergency protection is a public good—it benefits society at large. It embraces a variety of preventive, preparedness, response, and recovery activities.

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[21] Statisticians can estimate the relative contribution of different environmental factors and different inputs if they have consistent information on many fire departments. With this information a manager can compare how the department performs in comparison to other departments and make adjustments to improve performance. Unless a provincial government requires such measures to be reported regularly, the collection of data from the number of departments necessary for these analyses is very expensive. Even without this kind of analysis, in-house longitudinal comparisons and comparisons with other departments where similar measures exist can help managers make improvements.

- Preventive activities include building regulation, land use regulation, diking, public education, legislation, and the use of tax and insurance incentives and disincentives.
- Preparedness activities include producing emergency plans, mutual aid agreements, resource inventories, floodplain mapping warning procedures, training exercises, and emergency communications systems.
- Response activities include implementing emergency plans, activating emergency operations centres, issuing warnings and directions, providing medical and social assistance to citizens, and declaring a state of emergency if warranted.
- Recovery activities include restoration, reconstruction and the provision of counselling, health and safety advice, temporary housing, financial assistance, and economic impact studies.

In general, the activities tend to be labour intensive and not easy to measure but they vary in the degree to which they involve face-to-face interaction or impersonal delivery. The preventive and preparedness activities tend to be relatively continuous in nature while the response and recovery activities occur infrequently.

The emergency protection provision framework

The B.C. *Emergency Program Act* requires the minister, in concert with other ministers of government, to prepare provincial plans for emergency preparation, response, and recovery. The Act and regulations establish the Provincial Emergency Program (PEP) as the agency responsible for developing and maintaining the province's emergency program. The Act also requires local governments and provincial ministries to develop emergency plans for their specific areas of responsibility. Virtually every provincial ministry and Crown corporation has a defined role to play in the event of an emergency and national parks are protected through federal-provincial agreements.

All municipalities and regional districts in the province are required to prepare local emergency plans and establish emergency management organizations. Because the activities are so varied and necessarily entail intergovernmental cooperation, especially in an urban area, one or more local committees are required to help coordinate the participation of the police, fire, and other groups involved in the emergency protection function.

When extraordinary powers are needed to deal with emergencies or disasters in the province, the minister or Lieutenant Governor may declare a provincial state of emergency for all or a part of the province. A state of local emergency may be declared by a mayor or regional board chair for all or part of their area of responsibility when extraordinary powers are required within a single local government jurisdiction. Because it is not necessary to formally declare a state of emergency to implement emergency plans, provincial states of emergency have only been declared twice in the history of the province, while states of local emergency are declared four or five times a year on average.

Sources of funds for local emergency preparedness activities include property taxes and grants from senior governments. Local governments can also receive financial assistance from the province for eligible emergency response and recovery costs. Federal cost sharing is available to provincial ministries, municipalities, regional districts, and First Nations through a Joint Emergency Preparedness Program (JEPP) aimed at encouraging projects that support the federal government's responsibilities respecting public welfare emergencies (natural or human disasters), public order emergencies (threats to Canada's internal security such as insurrections or acts of terrorism), international emergencies (external threats to Canada or its allies), and war.

Emergency protection production arrangements

Local emergency plans are produced, with the advice and assistance of PEP, by local emergency management organizations whose size and structure vary considerably throughout the province. In a small

municipality, the organization may consist of one committee supported by part-time volunteers. In a city, it may include a number of committees and working groups supported by local government staff. Within the framework of an overall plan, there may be separate plans for communications, policing, fire protection, traffic control, evacuation, public works, medical health, and social service activities.

PEP also helps local governments in testing plans, organizing volunteers, and training them at the Emergency Management Division of the Justice Institute of B.C. While in-house and volunteer production are the primary methods used in preparing for local emergencies, a variety of other methods, including joint and contracted production, may be used in implementing response and recovery programs.

About 13,000 people across the province volunteer their time and expertise in preparing for and responding to emergency situations. PEP provides support for many volunteers and also provides the essential legal authority to recognize volunteer groups for responding to emergencies and disasters. Registered volunteers participate in search and rescue, emergency social services, emergency radio communications, air search and road rescue programs, and are eligible for workers' compensation benefits, liability insurance coverage, legal representation, and reimbursement of some expenses. Support is also available for coordination and local training.

To ensure effective response to emergencies, the provincial government has developed an emergency response management system (BCERMS) that provides for four levels of response. Most incidents are managed at the site level, where local police, fire, ambulance, and other first responders are directed by a single or unified site commander. If the response requirements become more complex, the local emergency plan is activated and an offsite emergency operations centre (EOC) is set up to manage the situation, coordinate communications, provide policy guidance, and provide the needed resources. The third and fourth response levels come into play when a community or significant infrastructure is threatened by an emergency that may overwhelm a local authority's ability to respond, in which case provincial regional emergency operation centres (PREOC) are activated as required and the provincial emergency coordination centre (PECC) becomes involved. If the emergency escalates beyond the province's capabilities, the federal government, the military, or neighbouring jurisdictions may be asked to provide assistance under existing agreements or plans. The response can move quickly from the local to the national level because the PECC and its federal counterpart operate continuously.

Emergency protection performance

The main question in assessing a local emergency management organization's performance is how well the community is prepared to respond to emergencies and how well it responds in practice. Initially, preparedness can be measured by whether or not something has been done, such as enacting the necessary bylaw, but it is important to measure the completeness and quality of the emergency plans, mutual aid agreements, resource inventories, warning procedures, training exercises, emergency communications systems, etc. At least to some extent, this can be measured with reference to PEP standards and guiding principles but people who are relatively well informed about the function can be the most valuable source of data about the organization's performance in preparing the community for responding to emergencies. Cost is usually a less important consideration here because preparedness activities are a small part of a local government's budget.

When an emergency occurs, performance can be measured by response time, the treatment of impacted residents, and other measures used in assessing the performance of police, fire, and other protective services. Cost can be an important consideration when extensive local police, fire, and other resources are spent responding to and recovering from a major event like a flood. A citizen opinion survey can be useful in measuring the performance of the response and recovery activities in such a situation.

7.4 Observations on Protective Services

Local decision making and the production of services by a diverse array of organizations are important characteristics of police, fire, and emergency protection services. The need for a multiplicity of production organizations is due to the fact that different activities within a function are most efficiently and effectively done at different scales. Policing activities range from community-based patrols to sophisticated crime laboratories and information systems. Fire services include local fire departments that are close enough to respond quickly to fire and larger organizations that produce training of inspectors and arson investigators. Emergency services involve planning so that local agents can interface effectively with provincial and national organizations.

The evolution of local government services takes time, and changes in response to technological and organizational changes and to citizen and elected official demands. The evolution of production arrangements in protective services, like the evolution of local government itself, is an integral part of local governance in British Columbia.

Chapter Eight

Engineering Services

Engineering services include the water, liquid waste, solid waste, transportation system, and public transit services, as well as other public works. Other activities include surface water drainage and flood control works (ditches, culverts, flood boxes, dikes, dams, storm sewers, etc.), and miscellaneous works such as retaining walls, seawalls, wharves, floats, and public buildings. B.C. municipalities may provide all of these services. Regional districts and improvement districts may provide the same services, except for roads. Public transit services are jointly provided by local governments and BC Transit, a provincial agency, or by the South Coast British Columbia Transportation Authority (TransLink). Special-purpose local government bodies may also be involved in some engineering services, such as the Greater Vancouver Water District (GVWD) and the Greater Vancouver Sewerage and Drainage District.

Public works production activities include planning, design, construction, acquisition, disposition, operation, and maintenance. Planning and design is done by specialists who may be contracted consultants or local government employees. Construction, operation, and maintenance work may be done by contractors or government employees, depending on such variables as municipal size, project size, and regularity of production. Local government staff usually handle acquisition and disposition activities.

With a few exceptions, other engineering services, such as electricity, gas, and telecommunications, are provided by provincial or private agencies, whose uses of roads and other municipal properties for their poles, wires, pipes, conduits, and other installations are regulated by the municipalities. Exceptions include a city-owned telecommunications corporation in Prince Rupert and municipal electric utilities in Grand Forks, Kelowna, Nelson, New Westminster, Penticton, and Summerland.

The cities of North Vancouver and Revelstoke also established district energy utilities in 2004–05 to provide "green" services that enhance economic efficiency, conserve energy, and reduce greenhouse gas emissions. Examples of other initiatives aimed at enhancing sustainability include water conservation, wastewater reclamation and reuse, and energy recovery from waste products.

Some facilities, such as roads, have the characteristics of public goods, while others, such as water and sewer utilities, do not. The services have well-defined, measurable characteristics and are generally easier to measure, evaluate, and manage efficiently than police and fire protection services.

8.1 Water Supply

Nature of water supply services

All people, households, farms, and businesses require water. Of the various functions undertaken by local governments in B.C., water supply is the most frequently provided. Water may be obtained from wells, cisterns, rivers, lakes, and reservoirs, and may be delivered to households, farms, or businesses through pipes or ditches. The quantity of water provided is easily measured, and quality (sanitation, colour, taste, hardness, and the pressure at which it is available) is also measurable. Sanitation is important for domestic supplies, and water may have to be treated to achieve adequate standards. Water pressure is important for firefighting.

Unless a user is geographically isolated, there are likely to be significant cost savings realized from utilizing a common collection and delivery system. An urban water distribution system possesses the characteristics of a natural public utility monopoly—a single continuous set of distribution pipes can serve an area at lower cost than two or more overlapping systems. Other elements of an urban system include intakes, storage facilities, treatment facilities, pump stations, pressure-reducing stations, fire hydrants, connections to individual properties, and water meters. The system is measurable, capital intensive, impersonal, and continuously provided.

Water supply provision

Virtually all B.C. municipalities provide a domestic, commercial, and industrial water supply system. Water supply services in B.C. are also provided by about 100 regional district service area systems, over 200 improvement districts, almost 200 private utilities, over 450 First Nation systems, and about 125 water users' communities, which often serve agricultural users. The variety of local agencies involved in water supply means that the decision-making processes also vary.

All users and suppliers of water in B.C. must comply with provincial legislation. If water is drawn from a river or lake, the *Water Act* requires that a water licence be obtained from the environment ministry and that annual fees be paid for water use. Well drillers and well pump installers must meet the qualification and registration requirements of the *Ground Water Protection Regulation*. Water for domestic use must comply with the *Drinking Water Protection Act* and regulations, administered by the health ministry, and system operators must meet prescribed qualification standards. Where deemed necessary, the environment minister may require preparation of a water management plan. Decision making may also be influenced by bodies that provide grants for water-related facilities and projects, such as the municipal affairs ministry, the agriculture ministry, the Federation of Canadian Municipalities' Green Municipal Fund, and the Canada-B.C. Municipal Rural Infrastructure Program, all of which provide conditional grants to local governments.

Some local governments have extended their water supply systems so that they control the watersheds from which the water is taken. Control over the watershed may be exercised through outright ownership, as in the Capital Regional District (CRD), or through a long-term lease, such as the 999-year lease between the Greater Vancouver Water District (GVWD) and the province. The CRD, the Greater Vancouver Regional District (GVRD), and some other local governments have also adopted conservation or sustainable-use policies and regulations for using water more efficiently so as to delay the need for investing in system expansion and reduce the load on wastewater collection, treatment, and disposal systems.

A municipal or regional water supply system can entail significant capital costs, and money may have to be borrowed or negotiated in a public private partnership (P3) to finance construction. If so, the decision is subject to a referendum or alternate approval process, depending on the circumstances. The ongoing operation and maintenance of the system is usually financed through a combination of special assessments, such as parcel taxes, and user charges for water consumption, service connections, etc.

Water supply production

Water supply systems are usually planned and designed by consulting engineering specialists and constructed by private firms under contract. In some cases, local government staff may do some of the work, especially for smaller projects. It is common for local governments that own and operate their own systems to sell water to adjacent communities or to install and operate systems outside their own boundaries. The GVWD and CRD each functions as a wholesaler of water to local municipalities, which then deliver it through their municipal systems. The CRD is also the local retailer in some parts of its service area.

The operation and maintenance of municipal and regional district systems may be done by contractors or by government employees, supplemented by contracted services on a project basis. Many improvement districts rely on volunteer labour for small construction jobs and system maintenance. Other activities include measuring consumption, billing, and collecting for the service. Because of the ease of measurement and the impersonal nature of service delivery, water supply system activities are easily managed and easily dealt with on a contractual basis.

Water supply service performance

The measures used to assess the performance of a water supply system are concerned primarily with water quality and operational efficiency. Where the system supplies drinking water, its quality is measured by provincial standards based on the biological, chemical, radiological, and aesthetic parameters contained in Health Canada's *Guidelines for Canadian Drinking Water Quality*. For other purposes including aquatic life, wildlife, aesthetic, recreation, irrigation, livestock watering, and industrial activities, various biological, chemical, and physical quality guidelines administered by the environment ministry are used to measure water quality. Where the measured concentration of a substance exceeds the guideline, an overall quality assessment may be conducted.

A water utility uses many operational efficiency measures to monitor its performance over time. These range from general measures, such as total annual operating cost per megalitre, to specific activity measures, such as percentage of hydrants serviced per year, or number of water meters read per week. Sources of information about water utility performance measurement and/or best practices include the British Columbia Water and Waste Association (BCWWA), the Canadian Water and Wastewater Association (CWWA), and the American Water Works Association (AWWA), which conducts a benchmarking program in cooperation with the Water Environment Federation (WEF). More than 200 North American utility organizations participate in the program, including the CRD, the GVWD, and Sun Peaks Utilities Co. Ltd. in British Columbia.

The AWWA benchmarking program involves periodic surveys of the participants in which data are collected for over 300 items related to 22 performance indicators in the areas of organizational development, customer relations, business operations, water operations, and wastewater operations, as shown in Exhibit 8–1. Based on this information, the AWWA publishes statistical reports that a utility can use to compare its own performance with the average for its peer group.

The performance of water conservation initiatives can be measured in various ways. The AWWA recommends water volume per customer account per day, broken down by class of account. Measures used by the CRD in measuring the performance of its demand side management (DSM) program include percentage changes in per capita demand and the number of rebates issued per year under programs for promoting the use of low-flow residential toilet fixtures, low-flow shower heads, high-efficiency washing machines, and more efficient automatic irrigation systems. Some of these measures, such as low-flow residential toilets, are now required in B.C. Measures used by the GVRD with respect to its sustainable-use objective include percentage changes in per capita water consumption by residential customers, by all customers, and by all customers on peak days. The sustainability of water and wastewater services is further discussed in Section 8.2 below.

EXHIBIT 8–1: WATERWORKS UTILITY PERFORMANCE MEASURES

ORGANIZATIONAL DEVELOPMENT

1. Organizational best practices index. Self-assessment of the degree to which a utility implements strategic planning, long-term financial planning, risk management planning, optimized asset management, performance measurement, customer involvement, and continuous improvement practices.
2. Employee health and safety severity rate. Lost workdays per employee per year.
3. Training hours per employee.
4. Employee efficiency. Customer accounts per employee. Million gallons (3.7854 megalitres) of water delivered per employee. Million gallons (3.7854 megalitres) of wastewater processed per employee.

CUSTOMER RELATIONS

5. Customer service complaints and technical quality complaints per 1,000 customer accounts.
6. Number of customers experiencing service disruptions per 1,000 active customer accounts.
7. Residential cost of water and/or sewer service. Monthly bill amount for residential water and/or sewer service for a customer using 7,500 gallons (28,391 litres) per month. Average residential water and/or sewer bill amount per month.
8. Customer service cost per account per year.
9. Billing accuracy. Number of error-driven bill adjustments per 10,000 bills issued during the reporting year.

BUSINESS OPERATIONS

10. Debt ratio.
11. System renewal-replacement rates for the water treatment, water distribution, wastewater collection, and wastewater treatment infrastructure components.
12. Return on assets.

WATER OPERATIONS

13. Drinking water compliance rate. Percentage of days per year in full compliance with mandated maximum contaminant levels and treatment techniques.
14. Distribution system water loss. Percentage of drinking water placed into distribution that does not reach customers or other authorized users.
15. Water distribution system integrity. Number of breaks and leaks requiring repair per 100 miles (161 kilometres) of distribution piping.
16. Cost of operations and maintenance per million gallons (3.7854 megalitres) of water produced. Cost per account.
17. Ratio of planned maintenance to corrective maintenance activities. Proposed ratios compare costs and hours invested in planned and corrective maintenance activities.

WASTEWATER OPERATIONS

18. Sewer overflow rate. Number of overflows per 100 miles of collection piping.
19. Collection system integrity. Frequency of collection system failures per 100 miles (161 kilometres) of piping.
20. Wastewater treatment effectiveness rate. Percentage of time that an individual wastewater treatment facility is in full compliance with applicable effluent quality requirements.
21. Cost of operations and maintenance per million gallons (3.7854 megalitres) of wastewater processed. Cost per account.
22. Ratio of planned maintenance to corrective maintenance activities. Proposed ratios compare costs and hours invested in planned and corrective maintenance activities.

Source: *American Water Works Association website.*

8.2 Liquid Waste Management

Nature of liquid waste management

Liquid wastes include piped wastewater that has been used for household, business, or industrial purposes; surface runoff water that has been polluted by chemicals, oils, or other contaminants; used chemicals; and other unwanted fluids. Some fluids are hazardous and subject to special programs and regulations, such as source control measures. Wastewater disposal is handled by various kinds of septic and sewage systems. In urban areas, these may include separate sanitary sewer and storm sewer systems or, in some older areas, combined sanitary and storm systems. Because combined systems can present hazards to public health if sewers overflow after a heavy rainfall, they are no longer built. Existing ones are gradually being replaced by separate systems.

Common methods for disposing of household liquid wastes in less populated areas include draining them into a holding tank, from which the contents are periodically emptied and transported to a treatment facility, or into a septic tank, where they are broken down biologically and discharged through a porous tile field into the ground. As long as the soil is permeable, the groundwater level is not too high, and sufficient distance is maintained from wells and water bodies, septic tanks are safe and efficient. Where soils are impermeable, or water tables are high, or an area is heavily populated, septic tanks may pose hazards to human health and alternate methods must be used.

Technologies for composting and incinerating human waste, with simple filter treatments of grey water, have been used in other countries for many years. In B.C. the preference has been for waterborne systems that reduce the high biological oxygen demands of organic wastes and eliminate harmful pathogens prior to discharge into rivers, lakes, or saltwater bodies. The main components of these systems are collector pipes through which the sewage flows by gravity, pumping stations that lift it up where required, treatment plants that remove solid contaminants, and outfalls through which the treated effluent is discharged.

Like a water supply system, an urban sanitary sewage system is an example of a capital-intensive utility that functions most efficiently as a single system. It is impersonal in nature and has easily measurable characteristics. While there appear to be few, if any, economies of scale in constructing and operating collection systems, there may be some scale economies within a given system—short, fat pipes are cheaper to install per unit of sewage volume than long, thin ones. On the other hand, significant economies of scale are achievable in treatment plant operations—larger treatment plants can deal with waste at a lower average unit cost than smaller ones. It is not always possible to have large treatment plants, however, because the costs of pipe and pumping increase with distance, offsetting potential savings. Efficient systems will vary in size and configuration, depending on population locations and the terrain over which the sewage must be pumped.

Storm sewer systems are simpler than sanitary systems, draining watersheds entirely by gravity through pipes or open channels, such as ditches or creeks, and eventually discharging stormwater through a relatively short outfall. Stormwater from paved areas drains into catch basins, which collect some of the contaminants in sumps. To reduce the volume of stormwater runoff, techniques such as permeable pavement and retention ponds may be used. Concerns about pollution of the receiving environment by stormwater contaminants have led some jurisdictions to introduce stormwater treatment units that trap the contaminants before the water is discharged.

Liquid waste service provision

The central pieces of provincial legislation regulating the collection, treatment, and disposal of liquid wastes include the *Environmental Management Act*, the *Municipal Sewage Regulation* and, for smaller

systems, the *Sewerage System Regulation* of the *Health Act*. While it is not mandatory for local governments to provide sanitary sewage systems, it would be virtually impossible for a densely populated area to comply with provincial health and pollution regulations without having one. Subdivision control bylaws in urban areas normally require the installation of sewer systems.

To reduce the use of sewage systems for disposing of paint, solvents, gasoline, pharmaceuticals, domestic pesticides, and other hazardous liquid wastes, the provincial government has introduced programs that require the producers and users of these liquids to take responsibility for controlling the wastes. Special arrangements are also made for disposing biomedical wastes.

Recycling sewage sludge (biosolids) must comply with the *Organic Matter Recycling Regulation*, whose purpose is to address the risks involved in such recycled uses as landfill reclamation, mine reclamation, silviculture applications, composting, the production of dry fertilizer products for retail sales, and spreading liquefied treatment plant sludge on farmland. If the sludge still contains highly concentrated contaminants, they could be transported to plants, animals, birds, groundwater, wells, stockponds, surface waters, and ultimately to the food we eat.

The environment ministry may require a municipality or regional district to prepare a liquid waste management plan (LWMP) for dealing with sewage discharges, combined sewer overflows, urban stormwater runoff, sewage sludge management, pump station overflows, subdivisions with onsite disposal, source control programs, and effluent. The LWMP must be prepared in consultation with a provincially designated waste manager and be consistent with the ministry's long-term waste management objectives. When approved by the minister, it becomes the authority under which the operational arrangements are made for disposing of liquid wastes in the jurisdiction.

Nearly all municipalities, more than half the regional districts and some improvement districts have LWMPs or liquid waste management systems of some kind. New systems or extensions of existing systems are usually planned and designed in cooperation with the municipal affairs and environment ministries, to be sure that all permit and financing requirements are met. System construction and operation are undertaken under permits issued by the environment ministry.

As with water supply, a municipal or regional sewage system entails significant capital costs, and money may have to be borrowed or negotiated in a P3 to finance construction. If so, the decision is normally subject to a referendum or alternative approval process except where the minister has ordered the work, as has happened in the CRD. Conditional grants are usually available to assist with financing. The ongoing operation and maintenance of a sanitary sewage system is usually financed through a combination of special assessments, connection fees, and user charges based on water consumption.

Liquid waste production

Sewage systems are usually planned and designed by consulting engineering specialists. The collection, treatment, and disposal facilities are virtually always constructed by private contractors. Once construction is complete, the local government may operate and maintain the system either with its own employees or by contracting out. Most local governments in B.C. operate their own systems, do their own minor maintenance, and contract out larger maintenance projects. This permits the local government to operate with a small, efficient permanent staff.

While most municipalities operate complete systems, some manage only the local collection of sewage, with the regional district or another municipality handling regional collection, treatment, and disposal of the waste. This division of activities can be just as efficient as having one organization manage the entire operation since there appear to be few, if any, economies of scale in constructing and operating collection systems, as noted above.

Liquid waste service performance

The measures used to monitor the performance of a liquid waste management system are concerned primarily with effluent water quality and operational efficiency. Sewage sludge quality is also measured by such criteria as its suitability for processing and recycling as fertilizer.

Effluent quality measures include flow rate, biological oxygen demand (BOD), total suspended solids (TSS), fecal coliform density and the extent to which other pollutants are present. They must comply with the standards in the environment ministry's the *Municipal Sewage Regulation* and, for small system effluent discharged into the ground, the health ministry's Sewerage System Standard Practice Manual. In general, effluent discharged into a water body that also serves as a source of drinking water must meet stricter quality standards than effluent discharged into a reclaimed grey water system or a saltwater body. More restrictive standards apply in areas such as the Okanagan basin and the Abbotsford-Sumas aquifer, where levels of phosphorus or nitrogen are of critical importance, or areas such as Saanich Inlet and Shuswap Lake, where effluent can only be discharged if an environmental impact assessment demonstrates it would not harm the receiving waters.

The CRD and GVRD discharge systems each provides for a trigger process in which remedial action is taken whenever the level of a contaminant detected in the effluent, water column, sediment, or biota at the end of an outfall is found to exceed prescribed quality standards. Because the strong flushing action of the currents in the Strait of Juan de Fuca were considered to provide a kind of natural treatment effect, the CRD was permitted to discharge screened but otherwise untreated sewage through two outfalls into the strait for many years. In 2006, the B.C. environment minister decided that levels of contamination in sediments near the outfalls were unacceptable and treatment was required, notwithstanding the fact that the trigger standards had not been exceeded.

Like a water utility, a sewer utility can use a variety of operational efficiency measures to monitor its performance, ranging from total annual operating cost per megalitre of effluent to specific measures, such as percentage reduction of mercury attributable to a source control program. Sources of information about sewer utility performance measurement and/or best practices include the BCWWA, the CWWA, and the AWWA, whose benchmarking program uses the performance indicators listed in Exhibit 8–1.

Since 2000, the sustainable performance of local water and wastewater management services in B.C. has been a primary focus of various programs financed by senior governments, several of which were brought together in a Canada-British Columbia Infrastructure Framework Agreement in 2007. These programs have invested hundreds of millions of dollars in projects for improving water supply systems, wastewater systems, water conservation, and water reuse practices. The B.C. government requires the use of a P3 model as a procurement base case if provincial contributions to a project exceed $20 million.

Initially, the Canada-B.C. Infrastructure Program emphasized investments in water supply system improvements, reflecting public concerns that had been heightened by the widely reported loss of life from the contamination of Walkerton, Ontario's drinking water in 2000. There was justification for the concerns. Of the more than 3,300 water supply systems in B.C., almost 10 percent were under boil-water advisories in 2001 and a 1996 report on the state of Canada's municipal infrastructure had stated that the average age of B.C.'s water supply systems exceeded their expected life spans. The passage of the *Drinking Water Protection Act* in 2001 was a direct response to this situation.

The funding programs have also encouraged the reclamation and reuse of wastewater from sewage treatment plants for agricultural, industrial, or other uses that pose no risk to public health. This can be particularly advantageous where the demand for potable water supplied through a conventional system is significantly reduced by replacing it with grey water and/or where the impact of the treatment plant effluent on the receiving environment is an important consideration. For example, in 1977 the City of Vernon began treating and reusing the wastewater from its sewage treatment plant for irrigating

rangeland, playing fields, golf courses, and tree nurseries. As a result, Vernon virtually eliminated the discharge of effluent from its plant into Lake Okanagan and reduced its estimated water and wastewater capital expenditures by about 50 percent over a 20-year period.

In addition to a focus on recycling waste water, the impacts of the conventional waterborne sewage systems with centralized treatment plants that are common in B.C. have come under scrutiny. While the disposal of sewage sludge can be an issue, there is also evidence that endocrine disruptors and other pharmaceuticals in treatment plant effluent may adversely affect the sexual and other biological characteristics of fish in the receiving waters. This phenomenon has prompted scientific study but the implications are not yet clear.

8.3 Solid Waste Management

Nature of solid waste management

Households, businesses, and industry produce a variety of solid wastes, many with the potential to generate fire, health, and/or nuisance problems. These wastes include domestic refuse, bulky household items such as appliances or furniture, building rubble, tires, batteries, junk automobiles, animal carcasses, septic tank residues, sewage treatment sludge, contaminated soil, biomedical wastes, toxic chemicals, and radioactive wastes from hospitals and laboratories. The wastes must be collected from the waste-generating sites and transported to disposal or recycling facilities for processing.

Local governments are usually heavily involved with residential waste collection and disposal. They may also have programs that promote composting and/or recycling reclaimable waste collected by recycling crews or delivered by individuals to recycling centres. Single-family residential waste collection in urban areas is most efficient when a single truck and crew collect from every house along a street, so local governments normally make exclusive collection arrangements for these areas. Such arrangements, without the expense of individual household billing, are not only efficient but tend to be more popular than other options.

The collection of other kinds of waste often requires specialized equipment and maintaining exclusive area collection becomes less important than using the most efficient equipment. Apartment blocks and business establishments are best served by larger trucks and bins but access problems in older areas may limit them to using small bins and cans. Other wastes, such as construction rubble, biomedical wastes, toxic substances, radioactive materials, animals, junk automobiles, sewage sludge, and contaminated soil require even more specialized arrangements.

As urban areas have grown, the distances between collection areas and disposal sites have increased. Thus it is sometimes more efficient for collection vehicles to dump their loads into larger trucks at transfer stations rather than make the long drive to a disposal site. Special methods are also used for radioactive and toxic materials because not every area has the proper facilities to dispose of them. Local government involvement in these processes is minimal. Collection, hauling, and disposal are organized by provincial and federal agencies.

Local governments also provide landfill sites and incinerators to dispose of solid waste. Because landfill sites may contaminate groundwater supplies and incinerators may cause air pollution, they are subject to provincial regulations. Due to these and other constraints, the number of landfill sites in B.C. declined from 236 in 1988 to 112 in 2005, and all municipal solid waste incinerators were closed except for the GVRD waste-to-energy facility in Burnaby. In most cases, a leachate management system has had to be installed in a landfill to ensure ground and surface water quality. On the other hand, fewer than 10 of the 112 landfills in 2005 had biogas management systems, in which the collected gases are flared to reduce odours and greenhouse gas emissions or recovered for beneficial uses of their energy.

Because British Columbia landfills must satisfy rigorous criteria, large regional landfills have been gradually replacing older facilities. The larger operations can achieve economies of scale that help offset the costs of meeting regulatory criteria. They are typically operated through contracts with specialized firms and can be located far from the areas they serve. For example, some GVRD waste has been shipped to Cache Creek, about 330 kilometres northeast of Vancouver, and it has been proposed to ship it by rail to large landfills as far away as Fort St. John, central Alberta, and Washington State.

Solid waste management differs from many other government services because it is possible to identify precisely who generates the waste and who is responsible for having it collected or recycled. The process can be readily measured, such as the number of households served and the number of tonnes of different kinds of waste collected and disposed of. This permits a comparison of performance with alternative organizational arrangements, management strategies and technologies.

Solid waste management can involve face-to-face interaction when it involves individual delivery to a recycling centre, such as the one on Hornby Island where used goods are also exchanged through a community "free store." Otherwise, it is an impersonal service whose value is not dependent on face-to-face interaction between the waste collector and the citizen. The ability to quantify and the impersonal nature of production means that local governments may choose from a wider variety of approaches for producing the service than they can with services like policing and fire protection.

Solid waste service provision

As with liquid wastes, the *Environmental Management Act* and regulations are the central pieces of provincial legislation regulating solid waste management. The Act and its *Contaminated Sites Regulation* also deal extensively with the identification and remediation of brownfield sites polluted by industrial or other activities, including the relocation of contaminated soil from the sites. Other relevant provincial legislation includes the fire hazard provisions of the *Fire Services Act*, the public health provisions of the *Public Health Act*, the regional district powers described in the *Local Government Act*, and the municipal powers described in the *Community Charter*. An improvement district may be empowered to arrange for solid waste management by its letters patent.

Since 1982, the provincial government has become increasingly involved in waste management programs that emphasize "the five Rs"—reduction, reuse, recycling, recovery, and residual management. They include industry product stewardship programs for batteries, beverage containers, electronics, filters, flammable liquids, gasoline, lubricating oil, medications, paint, pesticides, solvents, and tires, as well as regulations for composting and applying organic matter on land.

In 1989, the province required all regional districts to prepare solid waste management plans (SWMP) and submit them for approval by 1995. As with liquid wastes, a SWMP must be prepared in consultation with a provincially designated waste manager and must cover the collection, transportation, handling, storage, treatment, recycling, and disposal of municipal and other solid wastes. The province also set a goal of reducing the amount of municipal solid waste[22] disposed of in B.C. landfills and incinerators by the year 2000 to 50 percent of the 1990 per capita amount. Stringent criteria were introduced for incinerator emissions in 1991 and for landfills in 1993, including detailed provisions regarding leachate and gas management, prohibited wastes, open-burning restrictions, closure procedures, etc.

All regional districts, most municipalities and some improvement districts are involved in solid waste management to some degree. Municipal involvement can be extensive, with all residential and commercial waste collection and recycling being financed by property taxes or compulsory user charges. While

[22] The *Environmental Management Act* defines municipal solid waste (MSW) as: (a) refuse that originates from residential, commercial, institutional, demolition, land-clearing, or construction (DLC) sources, or (b) refuse specified by a director to be included in a waste management plan. It implicitly excludes sewage sludge, agricultural waste, and industrial wood waste. Before 1989, the definition of MSW did not include DLC wastes.

recycling programs would ideally operate on a cost-recovery basis, some subsidization from general tax revenues may be needed. Senior governments may also provide grants to help finance recycling and other programs with environmental sustainability objectives. Regional districts tend to get most involved in managing collection contracts in some rural areas, providing disposal sites and regulating privately owned recycling and disposal facilities.

Solid waste service production

At least four different production arrangements and combinations of them are used by B.C. local governments for residential solid waste collection:

- Own-forces production by municipal employees
- Contracted production by private companies
- Exclusive area franchises, in which a single firm produces the service for a regulated price
- Licensing of private collectors who make independent arrangements with individual customers

The production options for recycling programs are similar.

The operation of transfer stations, transportation from transfer stations to disposal sites, and disposal site management are done either by local government employees or private contractors. Two or more local governments may also enter into a joint arrangement for managing a disposal site. Contractual arrangements with private companies for service delivery are used extensively because performance can be measured and contracts for production can be easily written.

Of the various options available for different kinds of waste collection, it appears that the more uniform the type of service, such as single-family residential waste collection, the more likely it is that the local government will be directly involved in service production, contracting, or franchising. Otherwise, local governments tend to limit their involvement to regulatory activity, and the waste generators and collectors make private arrangements. Even in some suburban residential areas, waste collection may simply be left up to individual residents and competing private companies.

Solid waste service performance

Considerable research has been conducted on the performance of solid waste management services in the United States and Canada. A primary source of information about best practices, standards, and innovations is the Solid Waste Association of North America (SWANA), which has chapters all over the continent and is involved in a variety of educational, certification, advocacy, and other activities.

The primary measures used in assessing the performance of solid waste management operational activities are cost per tonne and, for residential collection and recycling activities, cost per household. There are, however, many service level, quality, and other variables that have to be taken into account, especially when comparing performance among different jurisdictions. For example, the results of a 1996 survey of 327 Canadian local governments indicated that the key variables affecting residential collection costs included the number of households served per truck, tonnes collected per household, time lost to labour disputes, private versus public production, and average crew size (McDavid and Eder 1997; McDavid 2000).

Little is known about the relative efficiencies of nonresidential collection arrangements because they are difficult to ascertain. They all involve potential monopoly situations, whether they are with municipal employees, contracts with private firms, or exclusive franchises, even though competing firms have incentives to be as efficient as possible.

The research on residential waste collection over the years has generally supported the proposition that unit costs tend to be lowest where the service is delivered by a private producer in a competitive bidding environment. For example, the 1996 survey noted above found that collection by municipal crews cost 22.3 percent more on average than collection by private producers. This general proposition was

further supported in an analysis of the 1996 survey results, with some caveats (McDavid 2001). The analysis showed that:

- substantial public-private cost differences occurred only in communities under 10,000 population;
- overall costs were lower than national average costs where communities divided the collection service between public and private producers;
- contracted-producer costs were substantially lower than public-producer costs in the same communities with divided collection services; and
- costs were lower where local governments called for competitive bids than where they simply renewed the contracts with the existing companies.

Some studies have suggested that the degree of competition is a more important variable than the public-private dichotomy. For example, a 1997–98 survey of 132 residential recycling producers in Canada, including 26 in B.C., found the average recycling cost to be virtually identical for private and public producers, but with some unusual variations (McDavid and Laliberté 1999; McDavid 2000). In B.C., the average cost per tonne for private producers was about 65 percent of the average cost for public producers, which was the highest in the country. In Ontario, where the average overall costs were the lowest in the country, the private producers were found to be about 61 percent more costly than the public producers. A possible explanation for the unusual results is that the newness of the service and its linkage to unstable markets for recycled materials created an environment in which public and private operations and unit costs were similar to each other (McDavid 2000).

The 1997–98 survey also found that 75.2 percent of the recycling services were delivered by private contractors only, 15.7 percent by public employees only, and 9.0 percent by a mixed arrangement of private and public producers. The average cost per tonne, net of recoveries from the sale of recycled items, was 158 percent higher than the average cost of residential waste collection found in the 1996 survey. Key variables affecting costs included bin-filling requirements, level of participation, tonnes per vehicle, type of vehicle, and number of materials accepted for recycling.

The residential waste collection and recycling surveys cited above were two of three surveys about solid waste management in Canada conducted in 1996–98. The other, a 1996 survey of 72 landfill managers, found that most landfills were operated by a mix of local government staff and contracted personnel (only seven operated with local government employees entirely), and that the average cost of landfills operated primarily by contracted forces was 67 percent of that of the other landfills (McDavid and Laliberté 1998; McDavid 2000). The key variables affecting costs included tonnes landfilled per vehicle, the degree to which dump trucks were used, restrictions on materials accepted for landfilling (e.g., paper, glass, metal, plastics), and the degree of reliance on compactors.

Most of the research on solid waste management has been concerned with operational efficiency but program effectiveness has also been examined. Since 1990, progress towards achieving the B.C. government's 10-year goal of reducing the per capita amount of municipal solid waste disposed of in landfills and incinerators by 50 percent has been tracked through reports provided by regional districts. By 2000, the 50 percent goal had been exceeded in the Central Kootenay, Cowichan Valley, Powell River and Sunshine Coast regional districts, while reductions between 40 and 50 percent were reported for the Central Okanagan, Columbia-Shuswap, Fraser Valley, Kootenay Boundary, Mount Waddington, Northern Rockies, North Okanagan, and Squamish-Lillooet regional districts.

In the GVRD, which accounted for about 57 percent of all the waste disposed of in B.C. in 2000, the per capita amount had been reduced by about 28 percent but the GVRD had started its reduction program prior to 1990 and its percentage reduction for the decade began from a lower base. In the province as a whole, the per capita amount had been reduced by almost 30 percent, from 0.879 tonnes per capita in

1990 to 0.618 tonnes in 2000, and the total amount had dropped by 13 percent, from 2,890,516 to 2,509,112 tonnes.

While the program fell short of achieving the 50 percent reduction goal that was set in 1990, the results still indicated considerable success in diverting recyclable materials from the solid waste stream and reducing the amount sent to disposal facilities. Analysis of the data up to 2005 indicated that the per capita reduction rate probably reached a plateau of around 30 percent in 1996, and that further reductions could only be achieved through new initiatives.

One initiative aimed at further reducing the amount of solid waste in the disposal stream is a "zero-waste" approach, introduced around 1999 and promoted by the Recycling Council of B.C. It emphasizes the promotion of waste prevention through the avoidance or reduction of wasteful inefficiencies at all stages of a product's life cycle—resource extraction, processing, manufacturing, distribution, consumption, recycling, and disposal. By 2006, seven regional districts and seven municipalities representing about 63 percent of B.C.'s population had subscribed to the zero-waste approach.[23] A number of major international business firms also support the approach but, given such factors as the various product stewardship programs already in place, it is hard to say how much of an impact the zero-waste initiative may have on future solid waste disposal streams in the province.

Waste reduction and recycling objectives tend to have been most actively pursued in densely populated areas, where programs like curbside recycling are more economically feasible, and/or in areas where local governments have had difficulties in finding new sanitary landfill sites to replace those reaching their capacity. For example, in the Cowichan Valley Regional District, where more than half the municipal solid waste stream is recycled, objections from local residents and First Nations forced the abandonment of plans for a new landfill to replace several disposal facilities that closed in the late 1990s. The CVRD had little choice but to have its residual solid waste shipped to the Greater Vancouver landfill in Cache Creek, which it began to do in 1998.

Observations on solid waste services

The solid waste management industry is a large one and local governments are primarily involved in arranging for residential collection, recycling, and disposal. Disposal is often done through cooperative arrangements between municipal and regional district governments. Because of the measurability of the activities, residential solid waste collection is an area in which contracts with private companies are used extensively, since considerable evidence indicates that the kind of competitive situation associated with contracted service delivery gets more efficient results than the monopoly situation associated with delivery by municipal staff. Most nonresidential collection is simply left to the private market, with individual waste generators and individual collectors working out their own arrangements.

The nature of the industry has changed considerably since the 1980s, when the main activities were simply collection and disposal by incineration or landfilling. Since then, an emphasis on sustainability and the five Rs (reduction, reuse, recycling, recovery, residual management), along with strict regulation of incinerator and landfilling practices, have become dominant themes in solid waste management programs. At the same time, technological advances since the 1980s have enhanced the ability of local governments to comply with the stricter regulations and take advantage of opportunities to recover compost and energy from their solid waste management activities. These trends can be expected to continue in the future, with initiatives such as a zero-waste approach becoming more prominent in local government decision making.

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[23] The regional districts were Central Kootenay, Central Okanagan, Cowichan Valley, Greater Vancouver, Kootenay Boundary, Nanaimo, and Sunshine Coast. The municipalities were Fruitvale, Grand Forks, Kelowna, Lake Country, Nelson, Rossland, and Trail.

8.4 Transportation System Management

Nature of the transportation service

A community's transportation system is critical to its economic life. The more efficiently people and goods can move from one place to another, the more the community benefits. Where the ability to move is inhibited by congestion, accidents, or other impediments, transportation costs increase and benefits diminish. Thus, the engineers and others who manage the transportation system seek to ensure that, as far as possible, the system provides quick, convenient, comfortable, safe, and cost-effective access to all parts of the community.

General transportation system management activities include the planning, design, construction, acquisition, disposition, operation, and maintenance of a community's roads, bridges, traffic signs, traffic signals, road painting, curbs, gutters, public parking facilities, bicycle paths, walkways, streetlighting, street signs, street furniture (benches, bus shelters, etc.), street trees, and boulevards. Associated activities include street cleaning, snow removal, and the regulation of traffic, parking, and commercial vehicles. Because public transit is usually organized and operated separately from other transportation services, it is discussed separately below.

Transportation system management generally involves measurable activities in which there is little interaction between the producer and citizens. However, there can be situations, when a question like the location, expansion, or closure of a road becomes a controversial issue. Road maintenance demands, traffic levels, and sign locations on neighbourhood streets can be sensitive issues that require elected officials to make decisions.

Traffic congestion, air pollution, and energy consumption associated with transportation have become a focus of concern for many local governments, especially in larger metropolitan areas. Measures that may be taken to address these problems include the promotion of public transit, car pooling, teleworking, the provision of walkways and bicycle paths, the designation of bus priority lanes, high-occupancy vehicle lanes and/or bicycle lanes on main arteries, the imposition of bridge and/or road tolls, increases in car parking charges, increases in fuel taxes, and the regulation of vehicle exhaust emissions (e.g., the AirCare program administered by TransLink).

Transportation system provision

The longstanding powers of B.C. municipalities to possess local public roads was strengthened in a *Community Charter* provision granting them full title to the roads. Other roads in unincorporated areas and provincial highways within municipalities (called arterial highways) are the responsibility of the transportation ministry. Regional districts are not empowered to possess public roads but a form of regional road system was introduced in 1998, when TransLink was established and empowered to designate a Greater Vancouver regional road network, set regional road standards, finance major road development, and manage transportation systems in cooperation with the municipalities. The municipalities continue to own the roads.

Local road construction is generally required as part of subdivision processes but unless the subdivision is within a strata property (condominium), the roads are owned by the municipality or, in unincorporated territory, by the provincial government. Municipalities are also empowered to regulate traffic within their jurisdictions, subject to the provisions of the *Motor Vehicle Act*, the *Highway Act*, and the *South Coast British Columbia Transportation Authority Act*.

General plans for major municipal roads must be included in official community plans and, "to the extent that these are regional matters," regional growth strategies must include transportation plans. Plans

for reducing greenhouse gases generated by vehicular traffic and other sources are also required in official community plans and regional growth strategies.

Policymaking discussions and consideration of transportation matters can take up considerable council and committee time. Recommendations may come from the traffic engineering staff or the local police. In addition, the frequency with which citizens contact councillors over traffic issues make such matters as traffic lights and left-turn lanes common topics for full council deliberation. The construction or major rehabilitation of streets also comes before the full council and may come before the electorate if the project entails borrowing money and an alternative approval process is required.

Traffic engineers are aware of the political sensitivity of their activities and have developed a set of standards to indicate when improvements, such as stop signs, crosswalks, lights, or multiple traffic lanes are needed. The standards (called warrants) are codified in the *Manual of Uniform Traffic Control Devices* produced by the Transportation Association of Canada. When the warrants call for an improvement, the municipal engineer will request it from the council. When citizens request improvements that do not meet the standards, the engineer may recommend against them. The standards serve a useful purpose, especially in larger cities where decisions may be delegated to the traffic engineering staff, but elected officials in smaller municipalities may give more weight to citizen complaints than to engineering standards.

Provisions for transportation programs and projects are included in municipal five-year capital expenditure programs and annual budgets. These include money for the restoration of roads on a regular cycle, depending on the type of paving surface and the traffic demands, in accordance with an overall maintenance schedule developed by the engineering department.

Transportation system production

The planning and design of municipal transportation systems and works is done by engineering specialists who may be municipal employees, especially in larger municipalities, or contracted consultants. Small municipalities may rely almost exclusively on contracts with private firms for construction and even maintenance of roads, traffic control devices, and other items.

As a municipality increases in size, it is likely that routine engineering and maintenance will be looked after by municipal employees, although major projects, such as road reconstruction or a new bridge, will still be contracted out. A municipality may also be large enough to construct and maintain its own signs, signals, and other elements of the municipal infrastructure.

Transportation system performance

As with other engineering services, the range of measures available for monitoring and evaluating the performance of a community's general transportation services is extensive and their use varies considerably from one jurisdiction to another. The abundant literature on the topic includes documents published by such organizations as the Transportation Association of Canada, the U.S. Federal Highway Administration, the U.S. Transportation Research Board, Austroads (Australia) and the Organisation for Economic Cooperation and Development. A 2001–07 "InfraGuide" program sponsored by the FCM, National Research Council, and Infrastructure Canada provided information about best practices for sustaining roads, sidewalks, transit, and other parts of the urban infrastructure.

Commonly measured attributes of transportation system performance and examples of indicators and measures associated with these attributes are shown in Exhibit 8–2. The attributes include service level, quality (reliability, mobility, accessibility, responsiveness, etc.), safety, system condition, operating cost, and environmental impact. Data sources include operational records (traffic counts, pavement ratings, air quality measures, etc.), police reports, and user surveys. In the United States, the Texas Transportation Institute produces annual data for large- and medium-sized metropolitan areas that includes the number of

hours lost to congestion, the excessive costs of congestion, including extra fuel used. There are no similar annual reports on Canadian urban areas.

Local road maintenance is a primary municipal government activity. Citizens can be quick to complain about potholes, roughness, and other deficiencies. While most B.C. municipalities maintain their roads sustainably, in accordance with an overall schedule, road maintenance may sometimes be postponed when budgets are tight. The usual rationale is that delaying the work for a year would not make much difference but, in fact, it increases the risk of incurring long-run fiscal problems. If scheduled road maintenance is not undertaken when it should be, a municipality can find that increasing numbers of its roads are deteriorating relatively rapidly, possibly to the point that complete reconstruction rather than routine maintenance is required. While there now seems to be a greater awareness than there was in the past of the need to maintain roads and other elements of the urban infrastructure in a sustainable manner, it may still be difficult to get some elected officials to be concerned if the obvious problems do not occur during their terms of office.

EXHIBIT 8–2: TRANSPORTATION SERVICE PERFORMANCE MEASURES

Service level, quality, safety, system condition, and cost indicators and measures

Origin-destination travel times
Traffic volume-capacity ratios
Percentage of vehicle-kilometres travelled in congested conditions
Average number of hours per motorist spent in congested conditions
Total hours of unplanned major road closures greater than half an hour
User satisfaction ratings
Average time between a deficiency report and remediation (pot-hole, sidewalk trip hazard, obstructed or missing road sign, etc.)
Percentage of winter events where the response met or exceeded locally determined road maintenance service levels
Number of accidents (total, per capita, intersection, vehicle-pedestrian, etc.)
Number of liability claims (pot-holes, sidewalk trips, obstructed or missing road signs, etc.)
Percentage of paved lane kilometres rated in good to very good condition
System condition indices (riding comfort, surface distress, structural adequacy, road roughness, pavement condition, pavement quality, bridge condition, etc.)
Operating cost per lane kilometre by type of road (paved, unpaved, etc.)
Operating cost for winter maintenance per lane kilometre maintained in winter

Environmental impact indicators and measures

Tonnes of greenhouse gas emissions
Tonnes of other types of air pollutant
Noise levels
Traffic congestion levels
Average vehicle occupancy
Fuel consumption and/or efficiency
Automobile and bicycle parking activity
Cycling and walking travel times
Modal share (auto driver, auto passenger, transit, bicycling, walking, etc.)
Public and business travel behaviours, opinions, attitudes, preferences
Public awareness of sustainable transportation issues and options
Public transit performance measures
Economic efficiency

The main impediments to the effective performance of transportation services in more heavily populated areas are invariably traffic congestion and related air pollution, especially during peak commuting times. The air pollution problem can be mitigated through regulatory interventions, such as the AirCare program administered by TransLink in the Lower Mainland, and it will be substantially reduced in the longer term

as older cars are replaced with newer ones and as "clean" fuel, hybrid power, and other "green" technologies are used more extensively. Plans for reducing greenhouse gases are also required in official community plans and regional growth strategies. At the same time, the problem of dealing with traffic congestion, with its adverse effects on economic efficiency and competitiveness, is a major challenge.

8.5 Public Transit

Nature of the public transit service

The provision of commercial transportation services in urban areas has a long history. Before the development of motorized vehicles, people travelled in horse-drawn cabs and streetcars on rails. Communal car or bus transport began shortly after the introduction of the automobile. Automobile owners simply put signs in their windows and picked up riders along transit routes, charging a small fare to help pay for their automobiles. Gradually, the owners and operators of the streetcar systems and early bus services were able to have such activities made illegal and local transit came to be dominated by single transit systems supplemented only by heavily regulated taxicabs. Over time, most streetcars were phased out and largely replaced by motor buses, although some cities may also have electric trolley bus, light rail, medium rail, heavy rail and/or local ferry services, such as the trolley bus, SkyTrain, West Coast Express, and SeaBus systems serving Greater Vancouver.

Today, public transit has come to be viewed as a natural monopoly like a public utility in which a single company can best provide transportation for people who lack access to an automobile or for whom public transport is a choice. Public transit is also viewed as a way for people to reduce traffic congestion, air pollution, and parking demands. However, because most people have automobiles and because automobiles are quick and convenient, it is difficult for public transit systems to attract sufficient riders at high enough fares to cover their costs. Most North American cities and all B.C. municipalities, except parts of Vancouver and Victoria, have relatively low population densities, so that origins and destinations for travel are spread throughout large areas. This makes it difficult to fill buses on most routes except for the two or three hours a day in which work and school trips are concentrated. If sufficient buses are provided for peak hours, they will sit idle or be underutilized the rest of the day.

The problem of service to low-density areas becomes aggravated as transit systems spread further and further into the suburbs. In these low-density areas buses do not run very often. The further apart the headways are, the less convenient the service is and the fewer riders it attracts. Combining routes and using transfers leads to the same dilemma because the more time and inconvenience incurred in transferring, the more ridership declines. Transit managers who attempt to improve service often find that the costs exceed the revenues generated by the improvement.

Because the availability of transit is important for some people, such as the elderly, people without automobiles, and families with two employed members, and because the public subsidies involved are large, transit is a politically sensitive issue. At the same time, the productivity of a transit system can be easily measured, even though it is difficult to quantify just what value citizens place on its availability and use.

Public transit provision

Local transit systems in B.C. date back more than 100 years. The first was established in Victoria in 1890 and another began operating in Nelson in 1899. BC Hydro operated the systems in Vancouver and Victoria for many years but when the provincial government began to subsidize them in 1972, many citizens felt that providing subsidies to some areas but not others was unfair. Consequently, the entire public transit policy framework was reorganized in 1978 to make it a joint local-provincial responsibility,

with local governments providing the initiative for new or expanded services and sharing in the burden of subsidizing them. To provide overall coordination and policymaking, the provincial government established the Urban Transit Authority, which later became BC Transit.

Today, public transit services in the province are provided through two central coordinating agencies. In Greater Vancouver, they are provided by TransLink. In the rest of the province they are provided by BC Transit in cooperation with over 50 local governments. Except in Vancouver and Victoria, local governance of transit systems is provided under BC Transit's municipal systems program, which involves partnerships between BC Transit, local governments and transit operators. The local government partner may be a municipality or a regional district and will usually have a committee responsible for transit. The service area may be relatively small or may cover an entire regional district, as in Nanaimo. In Greater Victoria, the local governing agency is the Victoria Regional Transit Commission, whose seven directors are appointed by the provincial government from among the locally elected civic officials in the region.

BC Transit is a Crown corporation governed by a seven-member board of directors appointed by the provincial government in accordance with the *British Columbia Transit Act*. Two directors must be from the Victoria Regional Transit Commission and two others must be mayors or regional district board chairs from the other B.C. communities served by the agency. The board's mandate includes approving the annual capital and operating budgets for each community's transit system, as well as operator selection and the designation of transit service areas in most localities. Each local government partner is responsible for enacting appropriate bylaws, funding its share of transit costs, setting system objectives, and approving plans, routes, schedules, and fares.

BC Transit provides planning, marketing, vehicle fleet, and funding support for three basic types of local transit systems.

- Conventional transit uses mid-sized, large, articulated, or double-deck buses, most fully accessible with low floors, to serve urban areas with fixed routes and schedules.
- Custom transit uses minibuses, vans, and contracted taxicabs to deliver dial-a-ride door-to-door (HandyDART) service for disabled people who cannot use conventional transit.
- Paratransit uses minibuses, vans, and contracted taxicabs to provide flexible routing and schedules for passengers in suburban, small town, and rural areas.

In 2007–08, there were 81 of these systems outside of Greater Vancouver, including 25 conventional, 15 custom and 41 paratransit systems. Within this framework, there were also programs aimed at enhancing services for particular groups, such as reduced fares for seniors, semester passes for university and college students (partly funded from tuition fees), and non-emergency medical transportation services for residents of small towns and rural areas (partly funded by a regional health authority). Similar programs were offered by TransLink in Greater Vancouver.

To initiate transit service in its jurisdiction, a local government must pass a resolution asking BC Transit to conduct a feasibility study, for which the local government pays half the cost. The study is conducted by BC Transit staff in cooperation with the local government and takes into account local objectives, land use patterns, travel demand patterns, transportation networks, and public input. Upon approval of a concept plan and a subsequent implementation plan, the two parties sign a five-year transit service agreement that describes their responsibilities and the area to be served. Unless the system is to be directly operated by the local government, a transit operator is then selected and the three parties sign master and annual operating agreements that describe their responsibilities, the service to be delivered, budget, cost sharing, payment schedule, tariff, and operational requirements.

The provisions for cost sharing are prescribed in the Act and regulations. BC Transit's share is provided by the provincial government while the local government's share comes from property taxes, fares, advertising, miscellaneous sources and, in Victoria, a motor fuel tax. In 2007–08, BC Transit funded

26.68 percent of conventional service costs in the Victoria regional transit service area and 46.69 percent in other areas. For custom and paratransit services, BC Transit funded 63.0 percent of the cost in Victoria and 66.69 percent in other areas.

The share of total expenditures funded by property taxes varies substantially from system to system, as does the share funded by fares and other revenues. A flexible funding option permits a local government to increase its share of the funding if it wishes to enhance the service in its area. Additional funding for transit improvements was made available to all transit providers under a 2006 federal-provincial gas tax program and a 2007 provincial program, both administered by the Union of British Columbia Municipalities, and the 2008 provincial transit plan.

In 2007–08, BC Transit had operating expenditures of about $169.3 million, including interest on long-term debt and amortization of capital expenditures. About 35 percent of this was financed by operating revenue, 27.6 percent by local taxes and 37.3 percent by provincial grants. Services in Greater Victoria accounted for approximately 41 percent of this budget. In the same year, TransLink spent some $593 million on its transit operations, of which about 55 percent was financed by transit fares and advertising.

Public transit production

With only a few exceptions, the arrangements for delivering the transit services provided by BC Transit and its local government partners involve contracts with private operators. In 2007–08, the exceptions included:

- Conventional and custom systems operated directly by BC Transit in Greater Victoria
- Conventional and custom systems operated by the Regional District of Nanaimo
- Conventional and paratransit systems operated by the Sunshine Coast Regional District
- Conventional systems operated by the municipalities of Nelson and Powell River

In other areas, conventional service is normally delivered by a commercial firm while the custom or paratransit service may be delivered by either a commercial firm or a nonprofit organization, such as the Summerland Transit Society. In 2007–08, the contracted operators included 24 commercial firms and 14 nonprofit organizations.

Contracted operators are selected through a competitive process on a five-year cycle, except in a few cases where the operator is a nonprofit society with a small budget. The contracts are signed annually and specify in detail the responsibilities and performance expected of the operator, the local government and BC Transit. The operator is generally responsible for managing, operating, maintaining, and providing statistics on various aspects of the service. The local government is responsible for fare setting, bus stops, security, local financial management, and marketing in cooperation with BC Transit.

In 2007–08, BC Transit reported that it had a fleet of 850 buses, minibuses, and vans. Its systems served more than 1.4 million B.C. residents and carried 44.7 million passengers, including 22.4 million in Victoria's conventional system, 20.4 million in other conventional systems, and 1.9 million in custom and paratransit systems. The agency's staff included over 600 employees, of whom more than 400 were Victoria bus drivers.

Public transit services in Greater Vancouver are delivered by TransLink, which includes:

- TransLink subsidiaries operating the bus, SeaBus, SkyTrain, and West Coast Express systems
- West Vancouver's bus system
- Private organizations that operate community shuttle and custom systems

In 2007, TransLink reported that its fleet of approximately 2,025 vehicles included 1,448 buses, 210 SkyTrain cars, 328 custom vehicles, 37 West Coast Express train coaches, and 2 SeaBus craft. The systems carried some 172 million revenue passengers. Coast Mountain Bus Company, TransLink's

largest operating subsidiary, employed over 5,200 people, including 3,350 transit drivers, 830 maintenance employees, and 75 SeaBus staff.

Public transit performance

The measurement of public transit system performance in British Columbia is based on cost, revenue, ridership, and other data that are commonly used throughout North America. Agencies such as the Canadian Urban Transit Association (CUTA), American Public Transportation Association, U.S. Federal Transit Administration, and U.S. Transportation Research Board (TRB) provide information that local transit agencies can use in assessing their performance.

Transit system performance in B.C. is continuously measured. BC Transit regularly reports how its performance compares to other Canadian systems using the CUTA benchmark data shown in Exhibit 8–3, which Statistics Canada also uses for its reports. BC Transit has reported that its performance compares favourably to the CUTA benchmarks, with a few exceptions. In Victoria, the operating cost per hour for conventional transit was found to have been slightly above average in 2003, which the agency attributed to relatively high wage, benefits, and work rule costs. In other parts of B.C., the six most heavily used conventional transit systems had a slightly lower-than-average operating cost recovery, which was attributed to lower average fares set by the local government partners. The six systems also had a slightly higher average operating cost per hour but the agency observed that BC Transit's costs were all inclusive, whereas many of the CUTA peer systems were line departments of municipalities whose corporate service costs were not fully allocated to their transit operations.

Based on guidelines adopted in 2004, TransLink measures the comprehensiveness, frequency, convenience, comfort, reliability, and efficiency of the various transit service modes for which it is responsible, using the other transit performance measures and indicators shown in Exhibit 8–3. TransLink also makes extensive use of quarterly customer-satisfaction surveys conducted by evaluation specialists. The detailed surveys measure customer perceptions of service quality and value for money, including such variables as adequacy of transit information, wait time for connections between modes, convenience of hours of operation, adequacy of bus shelters, ease of using the telephone information service, and ease of navigating the website. The results are analyzed with a TRB impact score methodology and are used to identify service improvement priorities.

Observations on public transit services

Transit services that people can use instead of private vehicles are generally considered to play an important role in providing the long-term sustainability of urban transportation systems, especially in highly populated areas. The more people who can be persuaded to travel by transit, the more urban traffic congestion may be reduced.

When TransLink was established in 1998–99, it took over responsibility for services in Greater Vancouver that had accounted for about 86 percent of BC Transit's budget. The change enabled BC Transit to focus more strongly on services in Victoria and the communities in its municipal systems program. In these communities, the institutional arrangements appear to provide a good framework for transit policymaking. Since public transit more than just a local responsibility and is supported by provincial funding, it is appropriate that the provincial government has a voice in transit policy decisions, and this is accomplished through joint decision making between BC Transit and the local governments that want transit services. At the same time, the desire of local politicians to expand public transit is conditioned by the need to provide a share of the subsidies, and having the provincial share specified in advance is better for decision making than having it negotiated each year. The initiative for new or expanded services, or the modification of existing services, appropriately comes from the local government, which best understands local needs.

It is not clear whether the operational arrangements for some of the services provided by BC Transit in Victoria and other communities will yield the most efficient service in the long run. Where there is open bidding for private operation, it can be expected that the local government will seek out efficient operators, but local governments that operate their own transit systems are monopoly producers whose market is guaranteed regardless of efficiency. A similar question arises with respect to the requirement that all buses come from the BC Transit unified provincial fleet. If the operators were given the option of leasing or purchasing their vehicles wherever they could get the best price and service, one could then tell whether the unified fleet really provides the best value for money.

EXHIBIT 8–3: PUBLIC TRANSIT SERVICE PERFORMANCE MEASURES

Canadian Urban Transit Association basic benchmark measures

Operating cost recovery (annual operating revenue divided by annual operating cost)
Operating cost per passenger (annual operating cost divided by annual passengers carried)
Operating cost per hour (annual operating cost divided by annual total service hours)
Rides per capita (annual passengers carried divided by regional population)
Passengers per hour (annual passengers carried divided by annual total service hours)

Other public transit indicators and measures

Hours of daily operation by mode, route, time period
Frequency of service by mode, route, time period
Variance between scheduled and actual run times by mode, route, time period
Average maximum passenger load by mode, route, time period
Passenger boardings per hour of service by mode
Percentage of peak period trips requiring transfers to reach specified destinations
Average percentage of seats occupied over the length of each bus route by time period
Distance between bus stops by route
Average and median walking distance to a bus stop
Proportion of commuter trips by public transit
Proportion of all trips by public transit

It is not clear that having transit planning in Victoria done by a provincially appointed regional transit commission and BC Transit is a good arrangement in the long run. Even though commission members come from the ranks of locally elected officials, they do not have their own staff and it is likely that their decisions will be more strongly influenced by the advice of BC Transit employees than by the concerns of their taxpaying constituents. A recognition of this point has led some Victorians to call for the establishment of a regional transportation authority like TransLink. However, like BC Transit and some other local government producers, both TransLink and the subsidiary companies that operate the bus system, SeaBus, SkyTrain, and West Coast Express are monopoly producers and the same concerns about longer-term efficiency would still apply.

8.6 Emerging Engineering Service Activities

Because of their nature, local government engineering services have become a main focus of "green" policies and initiatives aimed at fostering more sustainable community development. One initiative has involved investigations by a number of communities into the feasibility of establishing district energy services, like those that are common in Europe, and the actual implementation of such services in the cities of North Vancouver and Revelstoke. A second initiative has involved the exploitation of possibilities for generating energy from water and waste management service activities. Finally, a unique illustration of how these and other initiatives may be integrated in a contemporary development is provided in the Dockside Green project in Victoria, a private-sector undertaking but one for which the City of Victoria can claim much credit.

District energy services

A district energy service involves the distribution of thermal energy from a central heating plant to a number of users in the vicinity of the plant. Where the users are building occupants, the district service replaces the individual heating plants that would otherwise be installed in each building. The system typically involves a simple loop in which hot water or steam is delivered to the buildings and cold water is returned to the central plant for reheating and recirculation. The various possible methods of heating the water include burning fossil fuels, biofuels, or waste products, capturing solar or geothermal energy, or reusing waste heat from other processes.

A district energy system is similar to a municipal water supply system. Both deliver water through pipes, possess economies of scale in service delivery, and have the characteristics of a natural public utility monopoly. As it grows, a district energy utility's purchasing power increases, enhancing its ability to buy fuels at lower rates than individual building owners could obtain. Like a water utility, a district energy utility could conceivably serve a whole city. For example, parallel cold water and hot water municipal systems are found all over Iceland, where geothermally heated water is supplied to almost 90 percent of the buildings for space heating and domestic purposes.

District energy systems are commonly found in European cities and in complexes like university campuses, but they are less common in North American cities. In B.C., they include a provincially regulated investor-owned utility in Vancouver, which was established in 1967 and supplies steam heat to more than 170 downtown buildings, and the publicly owned utilities in the cities of North Vancouver and Revelstoke. New systems are underway for Vancouver's Southeast False Creek development, site of the 2010 Olympic Village, and for the Dockside Green project in Victoria. Burnaby, Coquitlam, Prince George, and Quesnel have studied the feasibility of establishing district energy systems in their communities.

Energy recovery from water and waste service activities

Technological advances since the 1980s have enhanced the feasibility of recovering thermal and other forms of energy from water and waste management activities. Local governments wishing to exploit energy recovery and reuse opportunities usually enter into contractual arrangements with private firms that bring the needed technical and operational expertise to the process.

The forms of energy recovered from water and wastewater management activities include electricity, chemical energy (biogas), and thermal energy (hot water, steam, waste heat). Biogas is usually burned to generate electrical and/or thermal energy but it can also be used to fuel vehicles, and for cooking, lighting, and absorptive refrigeration. Where electricity is produced it may be sold to BC Hydro, which distributes power to most of the province, or to FortisBC, an investor-owned utility that serves south central B.C. Examples of water and wastewater energy recovery activities among B.C. local governments include:

- The production of "micro-hydro" electricity by West Vancouver from the kinetic energy in water flowing downhill from Eagle Lake, the municipality's source of potable water
- The recovery of heat for Okanagan University College (OUC) buildings from high-quality reclaimed wastewater, which is produced at Kelowna's sewage treatment plant and circulated to the nearby OUC boiler plant before it is eventually discharged into Lake Okanagan
- The use of biogas recovered from the anaerobic digestion of sewage sludge to cogenerate heat and electricity for the operation of several GVRD sewage treatment plants
- The use of steam produced by burning municipal solid waste at the GVRD's state-of-the-art "waste-to-energy" incinerator in Burnaby to generate electricity and directly heat the dryers in a nearby recycled paper plant
- The use of steam and hot water produced by burning sawmill wood waste to heat the mill's dry kilns and the buildings served by the Revelstoke district heating system discussed above
- The use of biogas collected at the GVRD's Coquitlam landfill, which closed in 1983, to fuel the boilers and a rotary drum dryer in a nearby newsprint recycling plant
- The use of biogas collected at the CRD's Hartland landfill, Kelowna's Glenmore landfill, and Vancouver's Delta landfill to produce electricity and, in Delta, hot water for greenhouses

These are examples of the many possibilities for using recovered water and waste energy.

8.7 Observations on Engineering Services

The main engineering services provided by B.C. local governments include the water supply, waste management, and transportation services examined in this chapter. They usually account for most of the operating expenditures on engineering services incurred by local governments, although other public works, such as diking systems, may account for a large proportion of the assets in some cases. With only a few exceptions, provincial or private agencies provide other engineering-based services, such as electricity, gas, and telecommunications. Engineering services have also become a focus for "green" policies.

Engineering services tend to be capital intensive, measurable, and impersonally provided. The planning, design, and construction of major facilities are almost always contracted out to private firms, and day-to-day operations, such as solid waste collection and disposal, are often contracted out as well. Studies of performance indicate that local governments can provide many engineering services more efficiently in the competitive environments associated with contracts than through the monopolistic environments of local government organizations. Local government managers who are aware of the various service delivery alternatives are in a good position to select the best production arrangements for different kinds of service activities.

Chapter Nine

Human Services

Human service functions include education, recreation and cultural services, public health and health services, social welfare, and housing. Many of these services, especially in the areas of social welfare, health, and housing are provided by the provincial and federal governments. The human services in which B.C. local governments play an important role include education, parks and recreation, libraries, museums, public health, and social housing.

Education is the single most expensive local government function. For general-purpose local governments, parks and recreation has become one of the three most expensive functions, along with policing and roads. Libraries and museums cost much less. The public health function, which has been taken over by regional health authorities, has historically absorbed only a small proportion of local government budgets but has been important in the Lower Mainland and Capital regions. Housing affordability for low-income people is an important concern for many local governments.

9.1 Education

Education is a major provincial and local government activity in British Columbia. The range of programs is extensive and includes:

- local, district, francophone, and independent schools at the elementary and secondary levels;
- home schooling;
- special education for children with physical, mental, or emotional disabilities, as well as students who are gifted, homebound, or hospitalized;
- aboriginal education;
- English as a second language;
- distance education; and
- post-secondary education programs.

This section will focus on local government involvement in elementary and secondary education, as local school districts serve the largest number of students. One must recognize, that local school districts are only one group among the many highly interdependent institutions providing educational services in the province.

Nature of the service

Education services assist people to learn, and may range from elementary cognitive skills such as reading, writing, and arithmetic, to advanced academic skills, or specialized training for employment. The services may also help with social skills and with non-academic recreational or leisure-time activities, such as sports or music. A large share of the benefits of education, especially in higher grades, accrues to the students. External benefits for society include literacy and social understanding. These external benefits are one of the justifications for public schools and public financing of education in general. A more important rationale for public involvement, is the argument that there should be minimal barriers to education for those who cannot afford to purchase services on their own. Public education also plays an important role in socialization of children, which is beneficial to society.

Most education involves face-to-face interaction between students and teachers. Education is labour intensive and the salaries of employees constitute most of the cost. Students supplement face-to-face learning with reading, problem solving, interacting with media, including films and computers, and work experience. Still, for most educational activities, teachers are responsible for organizing work and monitoring progress.

Provision framework

Elementary and secondary (K–12) education policymaking is divided among several institutions in British Columbia, including the education ministry and school districts. The education ministry is responsible for the legislation under which 59 local school districts and a Francophone Education Authority are constituted and governed. It establishes elementary and secondary curriculum standards and sets the amount of funding for local school boards. The provincial requirement of standardized examinations also encourages the standardization of curricula throughout the province. Locally elected school board members and local administrators have decision-making authority over teachers, the breadth of the curriculum, special programs, extracurricular activities, and allocating the budget provided by the education ministry.[24]

Each school has a governance structure that includes a School Planning Council and a Parent Advisory Council. School Planning Councils are advisory bodies that develop, monitor, and review school plans for student achievement in consultation with the school community. A Parent Advisory Council, through its elected officers, may advise the school board, the principal, and staff of the school respecting any matter relating to the school other than matters assigned to the School Planning Council.

The education ministry also supervises independent schools, which, if they meet certain conditions, qualify for provincial financial aid equal to a maximum of 50 percent of the cost per student of the local public school district. This subsidy for independent schools can be viewed as a voucher system. Other services funded by the ministry include home schooling and distance education, special education services for students with special needs in the school system, treatment centres, the BC Provincial School for the Deaf, English-as-a-second-language programs, and international student exchange programs. The education ministry also funds programs for school meals, inner-city schools, community schools, and summer activities.

Production arrangements

Local governments are most involved in elementary and secondary education. With a few exceptions (primarily students served by independent schools) the service is delivered through schools run by the local school districts. School districts in B.C. served approximately 590,000 pupils in 2006–07. This is a decrease of approximately 56,000 students from the 1997–98 school year. Due to this decline in enrollment and fiscal pressures, 175 schools in BC were closed between 2001 and 2007. Teaching processes are fairly standardized throughout the province, although in rural areas there may still be several grades of students in a single classroom.

While school districts operate their own schools, it is common to contract out some support activities, such as school busing, building construction, and maintenance. Some school districts have joint purchasing agreements with municipal governments, which allow them to obtain supplies at lower costs.

Performance measurement

Education is diverse and difficult to measure. Three factors cause this difficulty. First, only some skills are measurable and there are no generally recognized units of measurement for other valuable benefits,

[24] While a school board can levy property taxes a year at a time, the levy requires a referendum. No school districts have requested this approach as of 2008.

such as socialization or acculturation. Second, one must be careful to disentangle institutional learning from intellectual capacity, aptitude, and the influences of the home or societal environment. Third, learning involves considerable work by the student who may or may not have the time or the motivation to perform. The difficulty to measure the outputs or impacts of all kinds of learning, and to disentangle outside influences, means that it is a relatively difficult activity to manage.

There is great interest in school performance, particularly demonstrated by the interest in the Fraser Institute's annual report card on BC schools.[25] There has also been extensive focus on the use of standardized testing to measure the performance of students. These tests have been critiqued, with the accusation of pushing curriculum and learning toward success on the test, rather than broader educational achievement. As well, it is argued that other factors affect test outcomes, particularly the socio-economic level of the students and the community.

School districts are required to collect data and monitor the performance of their schools, in accordance with the achievement agreements they sign with the provincial government as part of the funding process. These agreements are the boards of education's public commitment to improving student achievement. Each contract is created based on student performance information at the classroom, school, district, and provincial level and reflects the unique characteristics, priorities, and needs of each district.

The education ministry collects a large amount of data on education, including data related to students (total, grade, select student group), class size, educator (number, type, salary), funding, foundational skills assessment results, provincial exam final mark results, grade-to-grade transition, grade 12 graduation, six-year completion rate, scholarships and awards, transition to B.C. post-secondary, and satisfaction survey results.

The environmental measures the education ministry uses to assess the performance of schools include:

- district population (employment, family structure, primary language at home);
- early development indicators; and
- school readiness (early development instrument)—percentage of children who enter kindergarten ready to learn.

Some of the education ministry performance measures are:

- completion rate;
- national and international assessments (Pan-Canadian assessment program, program for international student assessment);
- participation in industry-training programs;
- transition rate to post-secondary education;
- percentage of public school students and parents satisfied with educational choices available to them;
- reading and numeracy skills (foundation skills assessment grades 4 and 7)—percentage of students who meet or exceed standards; and
- percentage of students who pass one of the following language arts 12 courses (English 12 or Communications 12).

Observations

In the seven years from 1976 to 1983, school district expenditures per student rose from $1,738 to $3,935, a rate of increase that was about 30 percent greater than the inflation rate. The magnitude of the increase led to rigid provincial fiscal control from 1983 to 1985, when costs were reduced to $2,190 per pupil. By

[25] The Fraser Institute reports are annual. Another approach used by the C.D. Howe Institute gives weight to socio-economic factors (Johnson 2008).

1988–89, however, costs had risen to $4,846 per pupil and, five years later, had increased to $6,339, a rate that exceeded the inflation rate by about 10 percent over the five-year period. In 2007–08 funding will be an estimated $7,932 per student, an increase of $336 from 2006–07.

Most evidence on the production of public services indicates that such services are best produced by relatively small or decentralized organizations. Cost increases in B.C., however, have resulted in greater and greater central control, to the point where the provincial government sets school district budgets and has engaged directly in collective bargaining with the teachers' union. These trends, which are quite the opposite of those for municipalities and regional districts, make school districts more like decentralized part of the provincial government than part of the local government system even though the education ministry still considers them to have considerable autonomy.

9.2 Parks and Recreation

Governments have a long tradition of providing local parks and playgrounds in settled areas. In the 1970s, local governments in B.C. started to become active in providing a variety of other recreation facilities and programs, often on the premise that they contribute to the wellbeing of a community in a manner comparable to educational facilities and programs. Parks and recreation services have now become one of the largest expenditures for many municipalities and regional districts, and are often heavily subsidized by property tax revenues.

Nature of the services

Local parks and playgrounds are generally open to all citizens without restrictions and hence have the characteristics of a public good. Most recreation programs, often partially financed through user fees, provide an individual benefit, but still play an important role in the overall physical and social health of a community. In general, participation in the programs can be easily monitored, the users are clearly identifiable and the programs readily lend themselves to being financed through user charges. There is currently increased attention to health and physical fitness as a preventable health care strategy, and thus more provincial funding to support initiatives in this area.

Provision framework

Most municipalities, all regional districts, and 18 improvement districts provide parks, recreation facilities, or recreation programs. The 1973 creation of a provincial Community Recreational Facilities Fund spurred local activity in recreation infrastructure. Prior to that, provincial support was limited. Between 1973 and 1975 the availability of provincial funding for one-third of the cost of recreational facilities resulted in 188 communities spending over $36 million on 604 new projects, including curling rinks, community centres, tennis courts, camps, ice arenas, swimming pools, playing fields, and golf courses. More recently, grant programs have been introduced that are not specifically designed to fund parks and recreation, but fund related projects. The Spirit Square Program has provided grants for parks in some communities and LocalMotion has provided funding for the development of trails in some communities.

Recreation facilities in municipalities are typically managed by a recreation commission that is usually composed of several councillors and citizen appointees. Members of local school boards may also be appointed to the commission. In the City of Vancouver, members of the Board of Parks and Recreation are elected. In addition to commissions established by municipalities, there are more than 400 recreation commissions organized either by regional districts or nonprofit societies in unincorporated areas.

Since 1998, municipalities and regional districts have had broad authority to establish commissions to operate services and manage property and to delegate much decision making to these commissions. In practice, the autonomy of recreation commissions varies. Some make all policy decisions and only their

budget is dealt with by council or the regional board. Others function more like committees of council or of a regional board, with major policy decisions going before the entire governing body.

Production arrangements

A majority of parks and recreation facilities are planned, designed, and built by private firms under contract to local governments. Once constructed, the facilities may be run by local government employees, a local nonprofit society, or a private organization under a contract or franchise agreement. As well, a private partner may own the facility and lease portions of it to the municipality, for instance, ice arena rentals. Public-private partnerships are increasingly common, especially for a large-scale facility such as an arena.

There are two key sources of funding for parks. The first is the *Local Government Act* requirement that owners of land that is being subdivided set aside five percent of the land for parks or pay the municipality or regional district an amount that equals the market value of that land. The other funding option is the use of development cost charges specified under legislation. Land set aside for parks (discussed in Chapter 10) and service charges are common but they do not cover costs in most cases. In addition, most centres have a policy that specific assistance to individuals, such as golf or tennis instruction, is provided on a fee-for-service basis. Volunteer workers also deliver services for such activities as baseball, soccer, curling, hockey, and craft workshops. Some local governments use voucher systems to subsidize access to recreational services for lower-income people who cannot afford to pay full user fees.

Performance evaluation

Parks and recreational activities can play an important role in the state of health of individuals in a community and the amount of exercise citizens participate in. These outcomes can be assessed through a variety of performance measures related to recreation facilities, participation in recreation programs, citizen satisfaction, and amount of physical activity. It is important that performance measures account for the size and demographics of the population the parks and recreation facilities serve. There are currently no uniform national or provincial performance measures for parks and recreation, but this is a priority for the BC Recreation & Parks Association.

Examples of performance measure for parks and recreation include:

- Total kilometres of trails per 1,000 persons
- Square metres of municipal indoor recreation facilities per 1,000 persons
- Square metres of municipally owned outdoor recreation facility space per 1,000 persons
- Number of park maintenance employees per square kilometre of developed land
- Number of recreation courses offered
- Total participant hours for recreation programs per 1,000 persons
- Operating costs for parks per person
- Operating costs for recreation programs per person
- Operating costs for recreation facilities per person
- Operating costs for recreation programs and recreation facilities per person

While these measures are for active parks, some municipalities and regional districts also maintain natural habitats and sanctuaries where different kinds of performance measures would be appropriate.

Observations

The availability of provincial grants, especially in 1973–75, led to a major expansion of the recreation facilities provided by local governments in British Columbia. Subsequent grants have been relatively smaller. The limited use of user charges to fully finance ongoing programs, has led to large local

government expenditures from property tax revenues on this function. Recreation is politically sensitive, not necessarily because of widespread citizen participation but because the users are well organized and vocal. The use of facilities by "free-riders" who do not live in the municipality can be an issue when user charges do not cover the costs of programs. Tools to overcome the free-rides issue include implementing different user charges for residents and nonresidents, or having regional districts provide recreational services, in which case all residents of the regional district contributes through tax revenue.

9.3 Libraries

In 2006 there were 240 public library facilities and 76 locally appointed library boards in B.C. These library boards were responsible for more than $170 million in annual spending.

Nature of the service

Libraries lend a wide variety of materials and provide a range of programs and services to the public. Among the many materials and resources on loan are books, magazines, CDs, video and audio recordings, and eBooks. Services include public computers with Internet access, reference services, interlibrary loan, licensed database access, workshops and user guides on topics such as computers, career development, English as a second language, small business development, etc. Library programming includes author readings, storytimes, summer reading programs, book clubs, slide shows, and events and programs designed for various age groups. Libraries are also a place for community meetings and relaxation. While libraries are common throughout the province and are a natural monopoly in some respects, their services do not possess characteristics that make governmental provision funded by taxation obviously superior to nonprofit or alternative arrangements for similar services.

Historically, many public libraries were begun by nonprofit societies and financed from contributions by community members. Today, local governments provide approximately 83 percent of public library revenue. The provincial government contributes about another 10 percent, and fundraising and other grants and contributions make up the rest.

Provision framework

Libraries in B.C. are provided by municipalities, regional library districts, regional districts, and nonprofit associations. They are each governed by an appointed library board, which is administratively separate from other aspects of local government. Under the *Library Act*, there are five types of libraries and associated boards, including:

- a library created by an incorporated public library association whose board consists of five to nine members elected by the association membership, plus a council or board representative from each municipality or regional district that provides the library with a grant;
- a municipal library whose board is appointed by the council, including one councillor and four to twelve municipal residents or electors who are neither councillors nor employees of the municipality or library board;
- a regional library district, of which there are three in the province, as described in Chapter 5;
- an integrated public library system operated by a regional district, such as in the Cariboo and Thompson-Nicola regional districts;[26] and
- a library federation established by two or more library boards and governed by a federated library board (there are now five library federations across the province that facilitate the collaboration of

[26] The authority of regional districts to operate new integrated library systems was abrogated in 1994 but existing systems were permitted to continue operating.

public libraries in specific regions on shared issues for their mutual benefit, including collections, programming, training, etc.).

The *Library Act* is administered by the education ministry's Public Library Services Branch. The branch ensures compliance with the Act, provides operating and other grants to public libraries, supports public libraries through consultation, training, and technical services, provides libraries with guidance in identifying and securing revenue from new sources, promotes information sharing among B.C.'s libraries, provides technical and financial support for a provincial interlibrary loan system, produces audio books for people with visual or neurological impairments, and provides access to library materials for individuals with special needs. The minister may also appoint one or more bodies to provide advice on library services, but individual library policies are made by each of the many different library boards in the province.

The *Library Act* outlines the basic public library services that must be provided free of charge. These services include admission to the public library building and use of library material on the library premises. Residents of the area must have a free access to borrow library materials and use references and information services. Libraries may charge fees for library fines and services not covered by the legislation.

Production arrangements

Library boards are responsible for their own administration. Library policymaking is separated from regular political decision making through the use of appointed boards, and library issues are infrequently politically visible, though disputes arise over the budget, new buildings, or controversial public issues, such as library access or freedom of expression.

It is fairly common, especially in rural areas, for libraries to use volunteers for service delivery. The use of volunteers may depend on the level of unionization, though some collective agreements include a role for volunteers.

Performance evaluation

The education ministry's Public Library Services Branch currently collects statistics annually as an accountability measure for the funding it provides. The branch collects information on revenue, expenditure, size of collection, number of cardholders, programs, number of questions answered, circulation (all items, children's books), population of service area, and annual in-person visits. These statistics are publicly available through the branch's website and are also in the process of being refined to allow for comparison between libraries across the province.

The Public Library Services Branch plans to develop additional performance measures that will better measure how libraries make an impact, both socially and economically, on the local communities they serve. These performance measures will ideally include more qualitative data about user satisfaction with a wide range library programs and services. These measures would be developed in consultation with local public libraries.

Observations

Libraries are an activity undertaken by local governments but there is a lot of community and volunteer participation as well as governance by separate library boards.

9.4 Museums

In 2008 there were 381 museums, art galleries, historic sites, archives, and natural history or botanical sites listed on the BC Museum Association website. Most were owned and operated by local nonprofit

societies. Some museums are operated by private firms, some are owned and operated by local governments, and a few are operated by local government employees for a nonprofit society.

Nature of the service

Most of the smaller museums in British Columbia focus on the history of their local area. Individuals who visit museums are easily identified. Some museums have user charges and some also perform an important educational function and help create a feeling of community for their residents. Local governments play an increasing role in helping to ensure these institutions locally promote civic engagement, social discourse, and social responsibility. There is also growing support for the involvement of museums and other cultural institutions to play an increased role in local communities and re-engage residents. Widespread volunteer and nonprofit involvement demonstrates the importance of museums regarded by many local residents.

Provision framework

Museums provided by municipalities are usually run by a committee of council or by the boards of historical societies to which one or two councillors are appointed. The society board then functions like a police commission or a library board, directly overseeing museum operation. If the museum is a local government service, budgets must be approved by the local government. The provincial ministry responsible for cultural services provides grants for specific museum activities but the activities for which grant applications are made are determined by each local museum. The BC Museums Association provides a number of programs to the museum and cultural community, including some grant programs, youth work assistance, and technology support. It also acts as a lobbying agency.

Production arrangements

Municipal museums are usually run by local government employees, often with volunteer assistance from historical societies. Even some managed by nonprofit societies, such as the museums in Burnaby, Kamloops, and New Westminster, may be staffed by municipal employees. Others are run by nonprofit societies.

Performance measures

There is currently limited statistical data available on museums, though Tourism BC collects visitor surveys and Statistics Canada collects information about visitation of cultural sites.

The following quantitative performance measures have been defined by the Museum Directors Group to compare institutional performance across Canada:

- Effectiveness
  - *Market share*—population of market area divided by number of customers
  - *Per visitor gross sales income*—number of visitors divided by gross sales income (admissions, gift shop, facility rentals, etc.)
  - *Self-sufficiency*—non-government revenue divided by total revenues
- Efficiency
  - *Cost per visitor—total operating expenditures divided by number of visitors*
  - *Marketing—salaries and direct marketing expenses divided by admissions revenue*
  - *Human resources—salary and benefits divided by total revenues*

Other examples of performance measures are:

- Diversity of visitors as expressed in visitor surveys—match between museum's visitor profile and the population distribution of the city
- Percentage of visitors satisfied as expressed in surveys
- Number of referred and non-referred publications by staff per year

- Number of presentations to professional colleagues per year
- Number of professional presentations to external audiences
- Number of information requests pertaining to the collection per year
- Number of person days of training undertaken by museum staff
- Percentage of salaries spent on training per year
- Number of volunteer hours per year

Observations

Museums are not a major local government activity. As with libraries, local volunteers and nonprofit societies play an important role in delivering museum services, especially in smaller towns.

9.5 Public Health

Regional health authorities were established by the provincial government in 2001 to govern the provision of local health services throughout the province. Each authority has a department responsible for public health that focuses on health improvement, disease, injury and disability prevention programs, environmental health, and health emergency management programs. Strategies used in public health are health promotion, health protection, preventive interventions, health assessments, and disease surveillance. Public health programs include food safety and security, air and water quality, tobacco use, and immunization for children and travel. Through bylaws, programs, and services, municipalities and regional districts still play an important role in public health.

Nature of the service

Protecting public health through immunization, food inspection, and other forms of disease control and eradication is a classic public good because the benefits accrue to everyone. The potential for widespread effects from public health problems and the localized nature of many sanitation problems creates both a province-wide and a local dimension to public health services.

While traditional public health activities are of a public goods nature, the public health divisions of health authorities also provide direct care services, including prenatal care, nursing, and home visits for seniors and people with disabilities. These activities tend to overlap with traditional hospital-based patient care. Direct care is very labour intensive and involves face-to-face interaction. The quality of the personal interaction between the recipient and the provider is important. Managing direct care requires different techniques than the more traditional responsibilities of inspection and disease control.

Provision framework

Organizational arrangements for policymaking in public health are set out in the *Health Act*, *Public Health Act*, *Health Authorities Act*, *Local Government Act*, *Community Charter*, and *School Act*. The *Public Health Act*, passed in 2008, includes a number of new requirements for the involvement of local government in public health. The Act specifies that local governments must be consulted in the creation of regional public health plans and can also require local government to consider the regional public health plans in their strategic or operational planning process. The Act also requires local government action if they become aware of a health hazard or impediment. Subject to the *Health Act*, municipalities[27] and regional districts[28] have the power to adopt bylaws to regulate public health. Local government involvement in public health policymaking includes smoking bylaws and water fluoridation. In practice,

[27] Granted in 8(3) of the *Community Charter*.

[28] Granted in 523(1) of *Local Government Act*.

public health policymaking is primarily the responsibility of medical health officers employed by regional health authorities, which cooperate with other local governmental bodies in public health regulation.

Production arrangements

Most public health services in B.C. are directly produced by the regional health authorities that were established in 2001. Still, regional districts and municipalities continue to provide some public health functions.

Performance measurement

There are broad social, economic, and other factors that contribute to "healthy communities," making measuring the performance of public health difficult. It is difficult to attribute an outcome to an intervention especially over an extended period of time. As well, different levels of government and divisions of the health care system are involved in health issues, therefore, it is difficult to attribute outcomes solely to the domain of public health. The provincial government is currently working with the regional health authorities to develop performance measures for public health activities and outcomes.

It is possible to measure and compare the inputs into the public health system, including level of funding, staff time, size and type of facilities, and equipment, with outputs and specific activities. Some of the outcomes of public health's main activities that can be measured are parental awareness of vaccine benefits, number of children immunized, reduced burden of vaccine-preventable disease in immunized children, and reduced prevalence of vaccine-preventable disease. Examples of performance measures include:

- Immunization rate for all children at 24 months of age
- Percentage of smokers or recent quitters age 18 and older who received advice to quit smoking from a health professional
- Documented cases of communicable disease related to food-service establishments
- Quarterly and annual restaurant inspection rates
- Percentage of failed restaurant inspections brought to standard within 10 days
- Level/concentration of pollutants in ambient air

Observations

Public health services absorb a small proportion of local government spending, although in some areas, like the Capital region, they are an important part of regional district activities. For most local governments, public health remains somewhat apart from other local government activities and is more integrated into the overall health system, both provincially and in relation to other health service delivery organizations, than they are into other local government activities.

9.6 Social Housing

Housing affordability for people who wish to own a home and for renters has been a serious concern in British Columbia for many years. It is of particular concern in heavily populated areas such as the Vancouver and Victoria regions where housing prices have been among the highest in Canada. Housing affordability challenges are not unique to the province as it is estimated that 1.7 million Canadians allocate more than 30 percent of their total income to shelter. According to the 2006 census 465,865 British Columbians (11.3 percent of the population) spent 30 percent or more of their household income on housing costs.

Over the years, all levels of government have developed a variety of policies, programs, and strategies aimed at addressing the problem. One of the most popular government approaches has been investment in the construction and administration of social housing developments aimed at providing safe

and suitable housing for low-income individuals and families. Although this practice was common from the 1950s to the 1990s, funding cuts at the federal and provincial levels have resulted in a decline in the number of new social housing units provided by the governments.

Nature of the service

Social housing is a welfare function that involves the redistribution of wealth through subsidies provided by the federal and provincial governments. The service can be politically sensitive, for example, when a local community group objects to government plans to locate social housing units in the neighbourhood, and it tends to involve face-to-face interaction between tenants and landlord representatives or among members of a housing cooperative. While the benefits to individuals and families who are helped can be easily measured, other benefits of home ownership and secure housing are harder to measure.

As of October 2007, government-assisted housing accounted for nearly six percent of the province's total housing. This proportion is projected to rise with the continuation of the Provincial Homelessness Initiative and Housing Matters BC programs. The provincial government also provides housing support in the form of private market rent subsidies, homeownership vouchers, and assisted-living services, especially in relation to seniors. There are also plans to increase funding to support services for social-housing tenants suffering from mental illness, addiction, and severe physical disabilities.

Provision framework

In 2004 the Canada-British Columbia Affordable Housing Program Agreement replaced several previous Canada grant programs to increase house subsidy programs. This program provides $130 million from Canada which must be matched by British Columbia. This program targets homelessness and is often accompanied by drug or alcohol treatment programs. Individual project proposals are developed by both local governments and not-for-profit social service agencies. These programs are in addition to social housing programs.

The province provides social housing in B.C. through two Crown agencies. The Provincial Rental Housing Corporation, incorporated in 1961, holds provincial properties for social and other low-cost housing, including lands leased for long terms to nonprofit societies. The net book value of the properties in 2007 was about $358 million. The British Columbia Housing Management Commission (BC Housing), established in 1967, is responsible for developing new social housing under the HOMES BC program, building and managing special group homes, administering about 8,000 units developed under the federal-provincial housing programs of 1953–93, and administering subsidy and operating agreements related to some 26,000 units managed by nonprofit societies and cooperatives. BC Housing's budget for 2007–08 was $506.1 million, which included a contribution of $328.3 million from the province and an additional $139.8 million from the federal government. The agency has allocated $256.9 million to the continued construction, maintenance, and operation of social housing units. The remaining funds, $248.2 million, are used to provide other housing support programs, such as private market rental subsidies, and assisted-living services for seniors and people with disabilities.

Local government involvement in the provision of social housing has taken a variety of forms, including such policy and regulatory measures as:

- the inclusion of affordable housing provisions in regional growth strategies and official community plans, as required by the *Local Government Act*;
- the amendment of zoning bylaws to permit such things as increased densities in new or existing residential neighbourhoods, housing above shops, secondary suites, small lot developments, manufactured home parks, comprehensive development zones, density bonusing, housing agreements and the required inclusion of some affordable housing in new developments;
- the adoption of regulatory controls over the conversion of rental housing;

- the adoption of health, safety, and comfort standards for rental housing;
- the provision of social or special-needs housing in some new developments through "housing agreements";
- the "fast-tracking" of approvals for affordable housing proposals; and
- the adoption of policies for special-needs housing.

In addition, some local governments have become more directly involved in providing social housing. The GVRD and the CRD have each established a corporation for this purpose and the City of Vancouver provides social housing through its Housing Centre. A growing number of municipalities have begun to implement new land use practices that promote the sustainable development of affordable housing including social housing, with the assistance of provincial programs designed to reduce the rate of homelessness and help households at imminent risk of homelessness.

Production arrangements

The planning and design of projects that include social housing is typically completed by architectural and engineering consultants, and the projects are built by contractors engaged through a tendering process. Once built and occupied, a project may be managed and maintained by the owner's staff, a tenant cooperative, a contracted property manager, or other contracted personnel.

Performance evaluation

Performance measurement and evaluation has become an increasingly important to social housing in Canada. Unfortunately, there are many methodological challenges to measuring the effectiveness of social housing programs and currently there is no universally accepted framework for evaluating social housing. As well, many social housing programs include support services such as addictions counselling, employment and education programs, and various health care services, and the abundance of these programs makes it difficult to isolate outcomes attributed to social housing alone. It could be argued that the provision of such assistive services are a direct result of social housing, and therefore social housing does have a positive impact on individual tenants and the community as a whole.

Academic researchers interested in this issue have stressed the importance of identifying measurable and logically consistent objectives prior to developing an effective system of performance measurement. There is debate, however, as to whether outcomes should be measured on an individual or community basis, and some countries such as the United States and Australia, have attempted to evaluate social housing using both scales with some degree of success.

In the Australian state of Victoria, performance measures for social housing have been created regarding governance, agency management, financial viability, housing management, maintenance, and tenancy management. Tenancy management involves measures issues of allocation, accessibility, affordability of rent, security, client services, and tenant participation.

Observations

An underlying premise of government housing programs is that the incomes of many people are too low for the private market to meet the community's housing needs or aspirations. For 50 years, Canada Mortgage and Housing Corporation (CMHC) has provided programs of mortgage insurance that make it possible for many people who could not otherwise afford to buy a home with a low down payment. Similarly, federal-provincial social housing programs were introduced because housing costs are too high for many citizens.

The problem of housing affordability in B.C., especially in some heavily populated areas, has been exacerbated by a number of factors, such as rates of population and household growth that have exceeded the rate of new housing construction for many years, land speculation, geographical and public policy

constraints on land supply, and local government approval procedures that increase project costs. These factors, together with the fact that the homeless rate has been steadily rising since 1993, and that the supply of social housing has experienced a decade-long period of stagnation, it can be said with certainty that there will continue to be a problem of housing affordability and suitability in B.C. for the foreseeable future.

9.7 Summary Observations on Human Services

Human services, which are generally provided to people rather than to property, tend to be labour intensive, hard to measure, personally provided, and sometimes politically sensitive. Nevertheless, the services are delivered not only by government employees but also through contractual, volunteer, and other arrangements.

The list of local government functions and activities examined in Chapters 6 through 9 is not exhaustive but they do account for the vast majority of local government expenditures. They also illustrate the variety and nature of local government services and the diversity of institutional arrangements used to provide and produce them.

Chapter Ten

Regulatory and Development Functions

The preceding chapters have discussed the delivery of services to a community. This chapter examines functions that regulate the activities of some members of the community for the benefit of others. One of the most important functions is the management of development, which includes a variety of regulatory and planning activities.

Achieving a balance between benefits and costs of regulation is more difficult than with most expenditure programs because regulation is relatively inexpensive to the government, but the major costs are borne by those who are regulated and not seen by the council as an expenditure they can compare with other expenditures. Performance measurement is also difficult, with most measures being of processes and costs of processes, not the ultimate outcomes from the regulation.

10.1 Regulatory Functions

Regulation is typically a function reserved to governments. Like imposing taxes, the power to prohibit or limit what people can do with their property, livelihood, or other activities, or to require people to do specific things, are not powers generally given to individuals or non-government entities except for the land use regulation authority provided by the government to condominium regimes. Most forms of local government have authority to create specific rules for services they provide or in relation to property they own. Beyond that, the broadest scope of regulatory authority for local governments is provided to municipalities. In addition to regulation of development, regional districts have a limited number of the same regulatory powers as municipalities, such as building regulation, public health, and nuisance control. Local trust committees of the Islands Trust are limited to authority to regulate development in the trust area, with authority that is much the same as regional districts' authority to regulate development in other rural areas.

Spheres of regulation

Prior to the *Community Charter*, municipalities were able to only enact bylaws to regulate matters which provincial legislation specifically identified. Over time, the list of permitted regulatory authority became extensive. Under the *Community Charter*, municipalities have broad powers to regulate and in most cases prohibit and/or impose requirements in relation to a number of broad areas or "spheres." Those spheres are divided into those which are autonomous, in which municipalities can choose independently whether or not to act, and those which are concurrent, which require some form of provincial involvement, whether by specific approval, agreement, or through general regulation, before a municipality can act on that matter.

Areas in which municipalities have autonomy to regulate, prohibit, and impose requirements are:

- municipal services;
- public places;
- trees;
- firecrackers, fireworks, and explosives;
- bows and arrows, knives, and other weapons;

- cemeteries;
- crematoriums;
- columbariums and mausoleums and the disposition of the dead;
- the health, safety, or protection of persons or property in relation to specific things, such as trailer courts, manufactured home parks, and matters within the scope of the *Fire Services Act*;
- the protection and enhancement of the wellbeing of its community in relation to specific matters, such as nuisances, noise, and unsanitary conditions;
- animals, except for wildlife;
- building and other structures, except standards that are, or could be dealt with by provincial building regulations; and
- removal and deposit of soil or other material, except prohibitions on soil removal or on deposit of soil that is contaminated or of a particular quality.

Areas in which municipalities have concurrent authority to regulate, prohibit, and impose requirements are:

- public health;
- protection of the natural environment;
- wildlife;
- building standards that are or could be dealt with by provincial building regulations; and
- prohibitions on soil removal or on deposit of soil that is contaminated or of a particular quality.

Where regional districts have some similar areas of authority (e.g., public health, building regulation), those areas are also concurrent.

Municipalities are also able to regulate businesses, to regulate and impose requirements for certain matters related to signs and other advertising devices, and to regulate and prohibit in relation to the discharge of firearms. Municipalities also have important regulatory powers by virtue of legislation other than the *Community Charter* or *Local Government Act*, in areas such as traffic and motor vehicles and solid waste management.

To be effective, regulatory authority is accompanied by important ancillary powers. Under the *Community Charter*, municipal bylaws may establish different rules for different classes of persons, places, activities, property, or things, and may also differentiate for different areas of the municipality, times, conditions, or circumstances. Municipalities may establish a system of licences, permits, or approvals in relation to any matter they regulate, including providing for the suspension and cancellation of those permissions, attaching conditions to them, charging fees for them, and prohibiting an activity unless permission is obtained. As well, two or more municipalities may establish intermunicipal schemes for any matters, enabling, for example, a small municipality to have a larger municipality apply its animal control bylaw in the smaller municipality, or a number of municipalities in a region to join together in an intermunicipal business licensing scheme. Intermunicipal business licensing operates in various areas of the province, including the Victoria area and parts of the Okanagan, especially for mobile businesses.

Business regulation

Most of the rules that businesses must meet are set by the provincial government but the *Community Charter* gives municipalities general authority to regulate business activities, including commercial, industrial, professional, personal, or other service businesses. Municipalities have authority to prohibit businesses or impose requirements on them in only limited circumstances using business regulation authority, for example, prohibiting exhibitions or requiring second-hand dealers to notify police of goods they take in. In practice, local governments use their zoning authority to prohibit certain types of businesses from certain areas of their jurisdictions. In addition to the general authority to regulate

businesses, municipalities may also regulate carriers of persons or things, such as taxis or delivery trucks, to the extent that they are not regulated under another act, such as the *Passenger Transportation Act*. Municipalities may also license commercial vehicles, subject to a variety of exemptions and conditions.

Recognizing that business regulation can directly intrude on the livelihood of citizens, municipalities must provide an opportunity for representations to council by those who consider themselves affected before exercising this authority, and must give written reasons for refusal of a business licence.

These ancillary powers are most frequently used in relation to business regulation. Perhaps best known are municipal bylaws requiring business licences, which in years past appeared in practice to be more revenue-raising measures than regulatory ones. At one time, the provincial government put limits on the amount of business licence fees and restricted local governments from charging fees on businesses from adjacent municipalities under most conditions, but these provisions were eliminated when the *Municipal Act* was reformed in 1999. The *Community Charter* now allows municipalities to charge fees to finance the implementation of regulations, but under common law, those fees cannot be taxes and must bear some relation to the costs of regulation.

Regulation of development

A local government's physical development functions can be divided into two groups. The first group includes development activities undertaken by the public sector, such as the planning, design, construction, operation, and maintenance of the infrastructure of pipes, roads, parks, and other facilities. The second group includes the regulation of development activities undertaken by the private sector through the use of building regulation, land use planning, zoning, subdivision control, and related activities. These are the most extensive regulatory activities undertaken by local governments and most of this chapter is devoted to them.

10.2 Building Regulation

Public regulation of the design, construction, alteration, and demolition of buildings is considered to be a protective service, as noted in Chapter 7, because it is primarily concerned with structural, fire, and other types of public safety related to buildings. Some communities use it as a development control tool that is related to zoning and similar activities for regulating physical development.

Policy framework

The primary instrument for regulating building in the province is the *British Columbia Building Code*, adapted from Canada's national building and plumbing codes to reflect conditions in B.C. Other instruments include acts or regulations related to health, fire services, electrical work and equipment, gas systems and equipment, elevating devices, and boilers. Policymaking has historically been the responsibility of the ministry responsible for municipal affairs but in 2008 was administered under the ministry responsible for housing and building standards, which, through the BC Safety Authority, also administers the regulation of gas, elevating devices, boilers, and most electrical installations. Local governments administer the regulation of building, plumbing, heating, ventilating, air conditioning, and in a few cases, electrical installations.

Before 1996, municipalities and regional districts were empowered but not required to adopt bylaws for regulating buildings and other structures. In that year, Part 21 of the *Municipal Act* was amended to empower the Lieutenant Governor in Council to make regulations that establish a uniform building code for the province. However, the procedures to be followed in administering building regulations and enforcing the Code were left up to the local government so that, for example, a regional district might decide that the extent to which it enforces the Code in remote areas should be limited due to cost considerations. Nevertheless, the effect of the 1996 amendment was that all owners of buildings in B.C.

are responsible for ensuring that the buildings comply with either the uniform code or, in accordance with the *Vancouver Charter*, the Vancouver code.

In 2008, the B.C. government announced that every new building in B.C. will have to meet new "green" standards for energy and water efficiency. New houses, multifamily residential buildings under five storeys, and small commercial and industrial buildings must meet new insulation requirements, or their equivalent, to achieve an EnerGuide rating of 77.[29] New high-rise residential buildings and larger commercial buildings will have to satisfy internationally recognized standards of energy efficiency. Low-flow toilets and other water-saving plumbing fixtures will be mandatory. The announcement also indicated that the province is exploring additional ways to reduce the impact of buildings on the environment by further improving water conservation, reducing energy use, and promoting the use of more environmentally friendly construction materials.

Implementation and enforcement

Local government building regulations are generally implemented by building inspectors who have appropriate technical education, experience, or both and, under the 1997 *Building Officials' Association Act*, may have the title "Registered Building Official." Their activities include providing consultation and advice to building owners, designers, and contractors; reviewing plans for compliance with regulations; processing applications for building, plumbing, demolition, and possibly other permits such as signs; issuing permits; conducting inspections of work at various stages of progress; and the issuing of occupancy permits when work has been satisfactorily completed. Inspection staff may also respond to complaints about such matters as the failure of a secondary suite to comply with regulations.

In a larger municipality, the building inspection department staff may include specialists for building, plumbing and sometimes electrical or gas inspection. In a smaller municipality, a building inspector may also act as a bylaw enforcement officer. Some municipalities allow owners of buildings to rely on certification of plans by architects and engineers who meet certain training qualifications and other requirements such as having liability insurance.

Regulation and liability

Sections 289 and 290 of the *Local Government Act* provide that municipalities and regional districts cannot be held liable for damages or loss resulting from a failure to enforce building regulations or from issuing a building permit for a development that does not comply with the regulations, as long as the permit has been issued when a professional engineer or architect has certified that the plans comply with an applicable code and the municipality has indicated in writing that it had relied on this certification. These provisions address certain questions of legal liability that have concerned local governments for many years, especially when some kind of notable building failure has occurred, such as the "leaky condominium" phenomenon of the 1990s.

Another response to the liability issue, along with the Homeowner Protection Office, has been the adoption of a procedure aimed at more clearly indicating that the onus for ensuring compliance rests with the owners and designers of buildings. The procedure, which was incorporated in the *B.C. Building Code* in 1992, provides for mandatory letters of assurance from the owner and registered design professionals that a building complies with all regulations. In addition to clarifying questions of legal liability, this and other requirements imposed by building professionals, are seen as ways to simplify and expedite a permit application process that can become very complex and lengthy, especially in larger jurisdictions.

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[29] The EnerGuide rating system was developed by Natural Resource Canada's Office of Energy Efficiency (OEE). The rating process involves the engagement of a qualified energy advisor who analyses the house plans, recommends energy-saving upgrades and works with the builder to identify cost-effective options. When the work is complete, the advisor verifies the applied energy upgrades and performs a blower door test. The home eventually receives its EnerGuide rating and a label for display on the furnace or electrical box.

In 1987 the Municipal Insurance Association was created in response to a liability insurance crisis under which local governments were unable to afford the insurance necessary to cover their operations, part of which was brought about by liability problems associated with poorly constructed buildings. The association is a nonprofit insurance cooperative that pools common risks for its members. The association's key purposes are: (1) to maintain the liability insurance coverage needed for member's financial security; (2) to stabilize liability insurance costs; and (3) to provide risk management education to assist members in preventing crime. More than 160 municipalities and regional districts insure through the association.

Performance measures and financing

The desired outcome from building regulation is buildings that are safe and minimize damage from events like fires and earthquakes. This is a continually upgrading process, where one learns not only from work in laboratories but also from natural events. This kind of research is generally beyond the capability of local governments and that is why most of the codes are prepared by national and provincial bodies.

At the local government level, performance measures include the cost of processing a permit, the time it takes to process a permit, and the time it takes an inspector to respond to a call to undertake an inspection. Time is an important variable because construction delays are very costly to builders.

It is generally assumed that builders should pay the cost of the permitting process. This facilitates a balance between the cost of providing the service and the importance of time to the builders. If builders complain that the time to process permits takes too long, or that there is too great a delay when inspections are called for, the local government can raise the fees for permits and use the revenue to add to building department inspection capacity so they can perform their tasks more quickly.

10.3 Land Use Regulation

Planning, zoning, and subdivision control are the most extensive regulatory activities undertaken by municipalities, regional districts, and the Islands Trust. The primary powers are in the *Local Government Act* and the *Land Title Act*.

Objectives of land use regulation

Land use regulation has three general objectives and many specific ones. The first general objective is to help private developers and local government officials predict future land use patterns with some degree of certainty. The planning function is associated with this objective.

Some knowledge of what kinds of land uses are likely to locate in an area facilitates building construction decisions. Private developers and businesspeople benefit from knowing with some certainty what the future uses of an adjacent property may be. A residential subdivision developer, for instance, would like to be sure nearby land uses will not be detrimental to the subdivision, and a person establishing a business may want it to be close to related businesses in areas with good traffic flow. Local governments also benefit from having a more certain future. By being able to predict future land use patterns they can plan for the installation of watermains, sewers, highways, and other public facilities. The quest for certainty has always been a major concern of land use regulation because land uses require large capital investments that will last and be used for a long time.

A second general objective prevents incompatible uses from locating next to one another. The zoning function allows a community to control what uses are permitted and where they may locate, thereby providing for compatible adjacent uses. In general this has meant that uses generating noise or traffic are kept away from residential areas, especially single-family neighbourhoods. The underlying assumption is that, unless adjacent land uses are controlled, undesirable external effects will abound.

A third general objective is to facilitate the orderly extension of public facilities and services to growing or changing areas. Local governments have a major concern for the adequacy of utilities, access roads, and other characteristics of specific developments. Through land use regulation, especially subdivision control, citizens may be protected from the expensive burden of upgrading an inadequate development. Thus, the three objectives of land use regulation—greater certainty about the future, avoiding negative external effects, and assuring an adequate infrastructure for new developments—have corresponding regulatory activities—planning, zoning, and subdivision control.

Within this context many municipalities and regional districts adopt specific objectives and guidelines, including economic development, social objectives including reducing the impact of illegal drug use or creating affordable housing, heritage preservation, and reducing automobile congestion with spatial patterns that encourage public transit usage. The entire area of land use regulation involves both planning and implementing those plans through regulations.

Public information and participation

The *Local Government Act* includes a number of provisions for public information and participation in the land use regulatory process. There must be extensive consultation and a public hearing in the process of preparing and adopting a regional growth strategy. A public hearing, for which notice must be given in a specified manner, must be held after first reading but before third reading of a community plan or zoning bylaw. Although they are not stated in the legislation, the courts have read in a number of common-law procedural and due process requirements into the public hearing requirement; for example, all reports that the council or board will be considering when making a rezoning decision must be made available to the public before the public hearing.

A local government must clearly define its regulatory procedures in a bylaw, must make available to the public a list of all bylaws, proposed bylaws and permits that have been issued, and may publish a procedures manual for public information.

The mandatory provisions in the Acts and common law are minimum requirements for public information and participation. Local governments not only comply with these provisions but may also use other methods such as onsite signage, open houses, workshops, surveys, focus groups, and special advisory committees to enhance public information and participation in the land use regulatory process. Sometimes these additional public information and participation opportunities are implemented on a case-by-case basis, and sometimes they are established as standard practice through the local government's procedures bylaw.

The mandatory consultation for various aspects of land use regulation may also require consultation with neighbouring jurisdictions. For example, development of an official community plan by a municipality requires consideration of early and ongoing consultation with its regional district board, any adjacent local governments, and provincial and federal governments.

First Nations consultation

Aboriginal rights, including aboriginal title and treaty rights are recognized and protected under the *Constitution Act 1982*. The province has a legal duty to ensure consultation with First Nations takes place and, where appropriate, provide for accommodation. The courts have indicated that the province's duty to consult is not just limited to Crown land, but also applies to Crown decisions made on private land in certain circumstances. The courts have also determined that the province may delegate procedural aspects of First Nations consultation to third parties.

The *Local Government Act* includes a number of provisions for specific consultations with First Nations in the land use regulatory process. Examples include the development of an official community plan

(OCP), the development of a regional growth strategy (RGS), and for a local government request to provide statutory approval, such as for a municipal boundary extension or a regional district bylaw.

10.4 Planning

Planning in B.C. occurs at provincial, regional, and community levels. Provincial land-related planning primarily relates to uses of Crown land. Processes that have been important in the regional and community planning context include the land and resource management plans prepared for various regions of the province and the designation of new provincial parks and protected areas. Increasingly, the province is directly involving First Nations in provincial land use planning for the lands in their traditional territories. Some provincial land use planning and regulation regimens do apply to private land and restrict the latitude that local governments have in their own planning. These include the agricultural land reserve (ALR), private managed forest land (MFL), and riparian area protection. For example, having set aside certain lands only for farm use, the ALR, through cabinet regulation, defines what may occur on those lands by limiting local government from using its zoning authority to prohibit certain types of uses and activities which the provincial government considers to be linked to agriculture.

Regional planning activities include the preparation of regional growth strategies, conducting research related to regional economic development, growth pressures and other regional issues, and coordination of shared regional services. Regional districts are also responsible for community-level planning for unincorporated areas.

At the community level, planning activities include the preparation of official community plans, or sometimes, unofficial plans, at the neighbourhood or community level. In addition to land use and related physical development, such plans may address such subjects as heritage conservation, social development, economic development, and most recently, the greenhouse gas emission target that must be included in OCPs and RGSs.

History

Modern city planning in North America started at the turn of the century with the City Beautiful movement, which was stimulated by the 1893 Chicago World's Fair. The work was initially undertaken by voluntary civic groups who were mainly concerned with urban sanitation, park planning, garden city developments, zoning, and subdivision regulation. These groups evolved into formal advisory commissions that realized that, if planning was to be effective, it had to be implemented by civic administrations. Eventually, land use planning and regulation became accepted as basic local government functions and, as urban areas continued to grow, the need for regional planning became more apparent. British Columbia passed the *Town Planning Act* in 1925, which facilitated municipal planning to supplement the zoning activities in which a few municipalities were already engaged.

Regional planning in B.C. dates back to the creation of a Vancouver regional sewerage committee in 1911 and a regional water district in 1926. In 1937, municipal representatives from Vancouver, Burnaby, Coquitlam, Port Moody, West Vancouver, and North Vancouver created a voluntary planning association for the Lower Mainland. Provincial legislation permitting regional planning was passed in 1948.

In 1949 the Lower Mainland Regional Planning Board was created. Its major achievement was a 1966 regional plan which laid out policies for dealing with forecasted growth. Other regional planning bodies that predated regional districts included the Capital Region Planning Board, created in 1951, the Greater Nanaimo Regional Planning Board (1956), and a Thompson-Okanagan planning body created in the 1960s. These bodies were eventually superseded by the regional districts in their areas.

From 1965 to 1983, regional planning was a mandate of regional districts which attempted to reconcile the policies of various municipalities and unincorporated areas within a coherent plan for the future.

Within the regional planning framework, municipalities created their own official community plans and regional governments assisted local electoral area directors and their advisory planning commissions to create official settlement plans for unincorporated areas. The municipal official community plans, regional district official settlement plans and regional plans were worked on until they were consistent with one another.

Official regional plans were eliminated in 1983. The apparent reasons for this were that regional plans were being used by some municipalities to control development in other municipalities and that, in any case, they were considered to be duplications of community and settlement plans. A form of voluntary, cooperative regional planning was restored in 1989 when amendments to the *Municipal Act* provided for "regional district development services consisting of coordination, research, and analytical services relating to the development of the regional district." In 1995, legislation providing for the preparation of regional growth strategies strengthened the regional district role in regional planning, although not to the level that existed before 1983.

Regional planning in the Lower Mainland

When regional districts were created in 1965–67, the regional planning function in the Lower Mainland was divided among the Greater Vancouver, Central Fraser Valley, Dewdney-Alouette, and Fraser-Cheam regional districts (the latter three were merged into the Fraser Valley Regional District in 1995). Nevertheless, the four jointly developed a 1980 *Plan for the Lower Mainland of British Columbia* that was adopted by each regional district as its official regional plan. Not all of the policies were implemented, but the planning process was a major contributor to increasing public awareness of future growth problems for the Lower Mainland, especially in transportation.

In the GVRD itself, a *Livable Region Plan* (LRP) had been adopted in 1975 and continued to serve as a main point of reference until the late 1980s, well after official regional plans had been abolished in 1983. The main elements of this plan included the establishment of core areas with associated job targets, corresponding allocations of residential growth targets, the creation of regional town centres, the preservation of farmland, parkland, and views, and the establishment of a light rail system connecting the town centres and core areas.

By 1989, the rail system had been built in the form of SkyTrain and the GVRD decided to update the LRP. The process and results were documented in a series of reports, notably *Choosing Our Future* (1990), *Creating Our Future* (1990) and the *Livable Region Strategic Plan* (1996). The LRSP was formally adopted by the GVRD board in January 1996 and was "deemed to be a regional growth strategy" by the municipal affairs minister two weeks later. Action to implement the plan's transportation policies was taken with the creation in 1998–99 of TransLink, the Lower Mainland transportation authority. In addition to the consensus among the 18 GVRD municipalities reflected in the plan, there is an agreement with the Fraser Valley Regional District to ensure that the GVRD and FVRD growth strategies are in harmony with each other. The Greater Vancouver area has a long, continuing history of regional planning.

Regional growth strategies

Regional growth strategy legislation is contained in the *Local Government Act*. The process for developing a regional growth strategy reflects the federative nature of regional districts, and requires establishing a strategic consensus among the various municipalities and electoral area directors regarding growth and development in the region.

As shown in Exhibit 10–1, the legislated purposes and content of a regional growth strategy extend beyond traditional land use, transportation, and utility system concerns to embrace a broader spectrum of growth management issues, including environmental protection, resource preservation, economic

EXHIBIT 10–1: REGIONAL GROWTH STRATEGIES

Excerpts from *Local Government Act*, RSBC 1996 Chapter 323, as appended and proclaimed as of May 29, 2008

849 Purpose of regional growth strategy

(1) The purpose of a regional growth strategy is to promote human settlement that is socially, economically and environmentally healthy and that makes efficient use of public facilities and services, land and other resources.

(2) Without limiting subsection (1), to the extent that a regional growth strategy deals with these matters, it should work towards but not be limited to the following:

- (a) avoiding urban sprawl and ensuring that development takes place where adequate facilities exist or can be provided in a timely, economic and efficient manner;
- (b) settlement patterns that minimize the use of automobiles and encourage walking, bicycling and the efficient use of public transit;
- (c) the efficient movement of goods and people while making effective use of transportation and utility corridors;
- (d) protecting environmentally sensitive areas;
- (e) maintaining the integrity of a secure and productive resource base, including the agricultural land reserve;
- (f) economic development that supports the unique character of communities;
- (g) reducing and preventing air, land and water pollution;
- (h) adequate, affordable and appropriate housing;
- (i) adequate inventories of suitable land and resources for future settlement;
- (j) protecting the quality and quantity of ground water and surface water;
- (k) settlement patterns that minimize the risks associated with natural hazards;
- (l) preserving, creating and linking urban and rural open space including parks and recreation areas;
- (m) planning for energy supply and promoting efficient use, conservation and alternative forms of energy;
- (n) good stewardship of land, sites and structures with cultural heritage values.

850 Content of regional growth strategy

(1) A board may adopt a regional growth strategy for the purpose of guiding decisions on growth, change and development within its regional district.

(2) A regional growth strategy must cover a period of at least 20 years from the time of its initiation and must include the following:

- (a) a comprehensive statement on the future of the region, including the social, economic and environmental objectives of the board in relation to the regional district;
- (b) population and employment projections for the period covered by the regional growth strategy;
- (c) to the extent that these are regional matters, actions proposed for the regional district to provide for the needs of the projected population in relation to:
  - (i) housing,
  - (ii) transportation,
  - (iii) regional district services,
  - (iv) parks and natural areas, and
  - (v) economic development;
- (d) to the extent that these are regional matters, targets for the reduction of greenhouse gas emissions in the regional district, and policies and actions proposed for the regional district with respect to achieving those targets.

(3) In addition to the requirements of subsection (2), a regional growth strategy may deal with any other regional matter.

(4) A regional growth strategy may include any information, maps, illustrations or other material.

851 Area to which regional growth strategy applies

(1) Unless authorized under subsection (2) or required under section 852 [*Requirement to adopt regional growth strategy*], a regional growth strategy must apply to all of the regional district for which it is adopted.

(2) On request by the applicable board or boards, the minister may authorize a regional growth strategy that:

- (a) applies to only part of a regional district, or
- (b) is developed jointly by 2 or more regional districts to apply to all or parts of those regional districts.

(3) The minister may establish terms and conditions for a regional growth strategy authorized under subsection (2) or required under section 852.

(4) If the minister considers this necessary or advisable for a regional district service in relation to a regional growth strategy referred to in subsection (3), the minister may by order give directions respecting the operation of the service, sharing of costs, voting on bylaws and resolutions relating to the service, the intergovernmental advisory committee and other matters relating to the regional growth strategy.

(5) To the extent of any inconsistency between this Act and an order under subsection (4), the order prevails.

855 Consultation during development of regional growth strategy

(1) During the development of a regional growth strategy,

- (a) the proposing board must provide opportunity for consultation with persons, organizations and authorities who the board considers will be affected by the regional growth strategy, and
- (b) the board and the affected local governments must make all reasonable efforts to reach agreement on a proposed regional growth strategy.

(2) For the purposes of subsection (1) (a), as soon as possible after the initiation of a regional growth strategy, the board must adopt a consultation plan that, in the opinion of the board, provides opportunities for early and ongoing consultation with, at a minimum,

- (a) its citizens,
- (b) affected local governments,
- (c) first nations,
- (d) school district boards, greater boards and improvement district boards, and
- (e) the Provincial and federal governments and their agencies.

(2.1) In adopting a consultation plan under subsection (2), the board must consider whether the plan should include the holding of a public hearing to provide an opportunity for persons, organizations and authorities to make their views known before the regional growth strategy is submitted for acceptance under section 857.

(3) A failure to comply with a consultation plan under subsection (2) does not invalidate the regional growth strategy as long as reasonable consultation has been conducted.

(4) and (5) [Repealed 2008-23-16.]

(6) For certainty, at any time during the development of a regional growth strategy, additional regional matters may be included in accordance with section 850 (3).

development, environmental pollution, housing, water quality, and energy supply. A main objective is to avoid urban sprawl. As of 2011 all regional growth strategies must establish greenhouse gas reduction targets and identify actions that will be taken to meet those targets.

Exhibit 10–1 also indicates that a regional growth strategy must apply to a whole regional district unless the province allows it to apply to another area, such as part of a regional district or several regional districts that have jointly developed a strategy.

The legislation encourages the voluntary participation of all affected local governments in the preparation of regional growth strategies. Thus, unless explicitly required by the Lieutenant Governor in Council, it is not mandatory for a regional district to prepare a regional growth strategy. If a regional district board passes a resolution to prepare a strategy, it must then provide for consultations with the municipalities and other parties affected by or vitally interested in it. Before it can be formally adopted, which must be done through a bylaw, the strategy must be accepted by all of the affected local governments except for very minor changes or, where efforts at gaining such acceptance voluntarily have failed, the issues must be resolved through a dispute resolution process which is binding on all parties.

Where the preparation of a regional growth strategy is warranted but the regional district has failed to act voluntarily, the provincial government reserves the right to require that a strategy be prepared and adopted. The province has ordered that a regional growth strategy be developed by the newly created Comox Valley Regional District and it is underway.

By 2008, regional growth strategies had been adopted for:

- Greater Vancouver Regional District (adopted in February 1996),
- Regional District of Nanaimo (updated June 2003),
- Thompson-Nicola Regional District (adopted in May 2000),
- Regional District of Central Okanagan (adopted in June 2000),
- Capital Regional District (adopted in August 2003), and
- Fraser Valley Regional District (adopted in October 2004).

Four other regional districts are currently in the process of developing their regional growth strategy including Squamish-Lillooet Regional District (initiated in 2003), Okanagan-Similkameen Regional District (initiated in 2004), Regional District of North Okanagan (initiated in spring 2007), and Comox Valley Regional District (initiated as part of its creation from the split of the Comox-Strathcona Regional District in 2008).

Community planning

Official community plans (OCPs) are the formal process by which councils and boards articulate their strategy and policies for physical development in the community. OCPs are adopted by bylaw, and once such a plan has been adopted all future bylaws and public works in the planning area must be consistent with it or require an amendment.

OCPs are prepared by municipalities, regional districts and local trust committees of the Islands Trust. The provisions for municipal and regional district OCPs are contained in the *Local Government Act*. As indicated in Exhibit 10–2, an OCP must include provisions for land use, residential development, sand and gravel deposits, special land use restrictions, infrastructure, public facilities such as schools and parks, housing policies, and other matters that the minister may require or authorize. An OCP may also include social policies, farming policies, environmental policies, designated development or temporary use permit areas, and designated heritage conservation areas. As of June 2010 all OCPs will be required to include targets for the reduction of greenhouse gas emissions in the planning area, and actions and policies to achieve the stated targets. An OCP must contain a regional context statement if it includes an area to which a regional growth strategy applies.

EXHIBIT 10–2: OFFICIAL COMMUNITY PLANS

Excerpts from *Local Government Act*, RSBC 1996 Chapter 323, as appended and proclaimed as of May 29, 2008.

875 Purposes of official community plans

(1) An official community plan is a statement of objectives and policies to guide decisions on planning and land use management, within the area covered by the plan, respecting the purposes of local government.

(2) To the extent that it deals with these matters, an official community plan should work towards the purpose and goals referred to in section 849 *[regional growth strategy goals]*.

877 Required content

(1) An official community plan must include statements and map designations for the area covered by the plan respecting the following:

(a) the approximate location, amount, type and density of residential development required to meet anticipated housing needs over a period of at least 5 years;

(b) the approximate location, amount and type of present and proposed commercial, industrial, institutional, agricultural, recreational and public utility land uses;

(c) the approximate location and area of sand and gravel deposits that are suitable for future sand and gravel extraction;

(d) restrictions on the use of land that is subject to hazardous conditions or that is environmentally sensitive to development;

(e) the approximate location and phasing of any major road, sewer and water systems;

(f) the approximate location and type of present and proposed public facilities, including schools, parks and waste treatment and disposal sites;

(g) other matters that may, in respect of any plan, be required or authorized by the minister.

(2) An official community plan must include housing policies of the local government respecting affordable housing, rental housing and special needs housing.

(3) An official community plan must include targets for the reduction of greenhouse gas emissions in the area covered by the plan, and policies and actions of the local government proposed with respect to achieving those targets.

878 Policy statements in community plans

(1) An official community plan may include the following:

(a) policies of the local government relating to social needs, social well-being and social development;

(b) a regional context statement, consistent with the rest of the community plan, of how matters referred to in section 850 (2) (a) to (c), and other matters dealt with in the community plan, apply in a regional context;

(c) policies of the local government respecting the maintenance and enhancement of farming on land in a farming area or in an area designated for agricultural use in the community plan;

(d) policies of the local government relating to the preservation, protection, restoration and enhancement of the natural environment, its ecosystems and biological diversity.

(2) If a local government proposes to include a matter in an official community plan, the regulation of which is not within the jurisdiction of the local government, the plan may only state the broad objective of the local government with respect to that matter unless the minister has, under section 877 (1) (g), required or authorized the local government to state a policy with respect to that matter.

879 Consultation during OCP development

(1) During the development of an official community plan, or the repeal or amendment of an official community plan, the proposing local government must provide one or more opportunities it considers appropriate for consultation with persons, organizations and authorities it considers will be affected.

(2) For the purposes of subsection (1), the local government must:

(a) consider whether the opportunities for consultation with one or more of the persons, organizations and authorities should be early and ongoing, and

(b) specifically consider whether consultation is required with:

(i) the board of the regional district in which the area covered by the plan is located, in the case of a municipal official community plan,

(ii) the board of any regional district that is adjacent to the area covered by the plan,

(iii) the council of any municipality that is adjacent to the area covered by the plan,

(iv) first nations,

(v) school district boards, greater boards and improvement district boards, and

(vi) the provincial and federal governments and their agencies.

(3) Consultation under this section is in addition to the public hearing required under section 882 (3) (d).

An OCP is adopted by bylaw. After first reading, the OCP is first examined with reference to the financial plan and any relevant waste management, economic strategy, or other plans, then it is referred, as appropriate, to the regional district, the Land Reserve Commission, and other municipalities. A public hearing must be held before third reading and adoption. The procedures in a regional district are the same

as that for municipalities, unless the minister provides otherwise. The plan must be submitted to the minister for approval before the board can adopt the bylaw.

Heritage conservation

In addition to designating heritage conservation areas in an OCP, the *Local Government Act* empowers a local government to conserve heritage properties by establishing a community heritage commission, creating a register of heritage properties, officially recognizing the heritage value or character of a property, and temporarily or permanently protecting heritage properties from actions that would inappropriately change them. Local governments have considerable power to enforce heritage property regulations but, in practice, it is unusual to designate a heritage property without the consent of the owner. The legislation requires that the owner be compensated for any reduction in market value caused by heritage designation and provides for transfers of development rights.

The heritage conservation legislation, which dates from 1995, was a result of increasing concerns about the impact of modern development on properties of particular architectural and historical value in B.C. communities and a general interest among British Columbians in the issue. Communities that have undertaken heritage conservation programs include North Cowichan (Chemainus), Cumberland, Ladysmith, Nanaimo, Nelson, Revelstoke, the City of North Vancouver, and Victoria.

Social planning

In addition to their powers to include social policies in an OCP, municipalities and regional districts may undertake social planning services. Municipalities which have done so include Burnaby, Kamloops, Vancouver, and Victoria. The areas of concern might include such things as social trends, community development, intercultural understanding, cultural activities, child care, disadvantaged citizens, refugee and immigration matters, substance abuse, juvenile prostitution, detention policies, housing affordability, and the social use of heritage buildings. Social planning services supported by government grants may also be provided by one or more local nonprofit societies, such as a social planning council or community services agency.

Economic development

While the subject of economic development must be addressed in a regional growth strategy, there is no specific requirement to include it in an OCP. Nevertheless, many local governments have included economic development policies in their OCPs and have developed complementary strategies.

The elements of an economic development strategy typically include an analysis of the existing situation, trends and issues, the identification of economic growth possibilities, the articulation of objectives, and the development of policies and action plans for achieving the objectives, including establishment of a government department or economic development commission to implement the strategy.

Neighbourhood planning

Provision for neighbourhood or local area plans can be found in most OCPs for larger municipalities. In some cases, such as the District of Saanich, the OCP consists of a general plan and a number of local area plans which, like the general plan, have been adopted by bylaw and may take precedence over the general plan in the case of disagreements between them. Alternatively, a municipality such as the City of Victoria, which has a single overall OCP, may have unofficial neighbourhood plans that have been adopted by resolution but may be as influential as the OCP itself in guiding future development. The City of Vancouver is unique in that it has a series of neighbourhood plans but no overall OCP as such.

Rural land use bylaws

Prior to 2000, unincorporated areas could adopt a rural land use bylaw that was effectively a combined official community plan and zoning bylaw for the area. The rural land use bylaw authority was discontinued in 2000 but existing plans continue to be in effect and may be amended.

Advisory planning commissions

Advisory planning commissions (described in Chapter 4) are used by municipalities, regional districts, and local trust committees of the Islands Trust to advise on such matters as land use, community planning, zoning, permits, and subdivision bylaws. Some councils use an APC for policy advice only, while others may involve it in the implementation of regulatory policies, such as the review of rezoning applications. In some cases, several APCs have been created for the initial development of local area plans, then, when the plans were approved, dissolved, and replaced by a single APC appointed for future deliberations.

A regional district board may appoint an APC to advise it on a rural area OCP or land use bylaw upon the recommendation of the electoral area director who represents it. In addition to the planning advice it gives, a rural area APC may also be used as a sounding board for the regional director regarding other services or facilities that the regional board should consider providing.

Observations on the community planning process

While public officials and technical personnel do most of the work in creating plans in larger municipalities, local residents often do much of the work in small municipalities, municipal neighbourhoods, subareas of a regional district, or local trust areas. The development of community plans is an important exercise, especially in rural areas where such planning had never occurred before it was required in 1971. Developing a plan leads to a greater understanding of the likely future of an area and, to the extent that there is agreement on likely future directions, expectations tend to be self-fulfilling. As developers take the plan into account, certainty is increased and conflicts are reduced.

Because the planning process tends to involve a variety of interest groups, the results may be mixed. An influential group may advocate policies based on abstract notions of the way things should be rather than what can be rationally predicted, or may seek to maintain the status quo and try to block forces for change, rather than plan for orderly development that acknowledges the way an area fits into its larger environment. To ignore such forces is not good planning, and the referral process provides some protection against it. For example, if a provincial ministry or agency objects to a regional district OCP, approval may be delayed and final approval by the minister may even be withheld.

10.5 Zoning and Related Activities

The *Local Government Act* provisions for zoning are contained in Part 26, "Management of Development." In addition to zoning, this part of the Act covers OCPs, rural land use bylaws, public hearings, public information, land use procedure manuals, advisory planning commissions, boards of variance, regulation of signs, farm bylaws, development permits, temporary commercial and industrial permits, tree-cutting permits (for regional districts only), land use contracts (which are no longer used), fees, subdivisions, and development cost charges (DCCs). Subdivisions and DCCs are discussed in the next section.

History of zoning

Zoning was first developed in Europe in the mid-1800s. In North America, it was first used in California in 1885 to exclude Chinese laundries from specific areas. In 1916, after the State of New York passed legislation permitting New York City to undertake zoning, more comprehensive land use classifications

were developed that were intended to prevent the intrusion of industrial and high-density residential uses into the carriage trade areas along Fifth Avenue. Zoning was introduced in Ontario in 1921 and in the Municipality of Point Grey in 1922. It was extended to the City of Vancouver in 1927 when Point Grey, South Vancouver, and Vancouver merged. The *Town Planning Act* (1925) allowed all B.C. municipalities to undertake zoning.

Zoning started with the relatively simple idea of designating which land uses (e.g., single-family residential, multifamily residential, retail commercial, industrial, etc.) and at what density could occur in different areas of the city. Designating what uses are permitted in a zone excludes others. In the early years, the focus was generally on protecting single-family residential neighbourhoods from the intrusion of multifamily residences or commercial or industrial activities. Over the years, zoning practices have become more elaborate and additional types of uses have received special protection, such as agricultural lands and port terminal areas. In addition, with increasing desires to exercise greater control over developments, there has been a continuing increase in the number of detailed zoning distinctions related to specific sites. In many bylaws, the distinctions have become so elaborate that it is common to find 100 or more different zoning categories In Victoria, for example, there were 121 in 1985, over 350 by 1995 and over 600 by 2008. In addition to the rigidity introduced by the detailed specification of land uses permitted in so many zones, a variety of tools to introduce flexibility have also been created, some of which are presented below.

Zoning bylaws

Like OCPs, zoning bylaws are prepared by municipalities, regional districts, and trust committees of the Islands Trust. As indicated in Exhibit 10–3, the main provisions for zoning bylaws are contained in section 903 of the *Local Government Act.* It is possible to include zoning provisions in a single, comprehensive land use bylaw that incorporates all elements of land use regulation. Provisions regarding parking, drainage, signs, screening, and flood plains may be incorporated in a zoning bylaw or could be in one or more separate bylaws. Nonconforming uses that exist at the time the bylaw is adopted are permitted to continue.

An individual property owner is not entitled to compensation for a reduction in land values or other losses related to the adoption of an OCP or zoning bylaw, unless the property in question is restricted to a public use. Some hardships may be alleviated through development variance permits.

Development variance permits

Sometimes a relaxation of the full application of the land use regulations would be appropriate. In such circumstances a municipal council or regional district board may issue a development variance permit to vary the provisions of a land use regulation with regard to a specific property. As with a board of variance, the use or density of the land cannot be varied, nor can a flood plain specification. The decision to issue a permit is made by a resolution of the council or regional district board no less than 10 days after it has issued appropriate notice of the proposed variance.

Where a local government has both a development variance permit procedure and a board of variance, a person can apply for a variance through either process. Some governments prefer the development variance permit mechanism because the basis on which a local government may allow a variance is broader than that for a board of variance. They may also prefer to exercise more direct control over variance decisions than is possible through an autonomous board of variance.

EXHIBIT 10–3: ZONING

Excerpts from *Local Government Act*, RSBC 1996 Chapter 323, as appended and proclaimed as of May 29, 2008.

903 Zoning bylaws

(1) A local government may, by bylaw, do one or more of the following:
- (a) divide the whole or part of the municipality or regional district into zones, name each zone and establish the boundaries of the zones;
- (b) limit the vertical extent of a zone and provide other zones above or below it;
- (c) regulate within a zone
  - (i) the use of land, buildings and other structures,
  - (ii) the density of the use of land, buildings and other structures,
  - (iii) the siting, size and dimensions of
    - (A) buildings and other structures, and
    - (B) uses that are permitted on the land, and
  - (iv) the location of uses on the land and within buildings and other structures;
- (d) regulate the shape, dimensions and area, including the establishment of minimum and maximum sizes, of all parcels of land that may be created by subdivision, in which case
  - (i) the regulations may be different for different areas, and
  - (ii) the boundaries of those areas need not be the same as the boundaries of zones created under paragraph (a).

(2) The authority under subsection (1) may be exercised by incorporating in the bylaw maps, plans, tables or other graphic material.

(3) The regulations under subsection (1) may be different for one or more of the following, as specified in the bylaw:
- (a) different zones;
- (b) different uses within a zone;
- (c) different locations within a zone;
- (d) different standards of works and services provided;
- (e) different siting circumstances;
- (f) different protected heritage properties.

(4) The power to regulate under subsection (1) includes the power to prohibit any use or uses in a zone.

(5) Despite subsections (1) to (4) but subject to subsection (6), a local government must not exercise the powers under this section to prohibit or restrict the use of land for a farm business in a farming area unless the local government receives the approval of the minister responsible for the administration of the Farm Practices Protection (Right to Farm) Act.

(6) The minister responsible for the Farm Practices Protection (Right to Farm) Act may make regulations
- (a) defining areas for which and describing circumstances in which approval under subsection (5) is not required, and
- (b) providing that an exception under paragraph (a) is subject to the terms and conditions specified by that minister.

(7) Regulations under subsection (6) may be different for different regional districts, different municipalities, different areas and different circumstances.

904 Zoning for amenities and affordable housing

(1) A zoning bylaw may
- (a) establish different density regulations for a zone, one generally applicable for the zone and the other or others to apply if the applicable conditions under paragraph (b) are met, and
- (b) establish conditions in accordance with subsection (2) that will entitle an owner to a higher density under paragraph (a).

(2) The following are conditions that may be included under subsection (1) (b):
- (a) conditions relating to the conservation or provision of amenities, including the number, kind and extent of amenities;
- (b) conditions relating to the provision of affordable and special-needs housing, as such housing is defined in the bylaw, including the number, kind and extent of the housing;
- (c) a condition that the owner enter into a housing agreement under section 905 before a building permit is issued in relation to property to which the condition applies.

(3) A zoning bylaw may designate an area within a zone for affordable or special-needs housing, as such housing is defined in the bylaw, if the owners of the property covered by the designation consent to the designation.

Board of variance

The *Local Government Act* requires each local government which enacts a zoning bylaw to create a board of variance—an autonomous body with authority to vary requirements of the bylaw within prescribed statutory limits. The board can allow a "minor variance" if it finds that "hardship" to the applicant would be caused by full compliance with a zoning bylaw, a tree protection bylaw, prohibition of an alteration to a nonconforming structure, or certain parts of a subdivision servicing agreement in an area zoned for agricultural or industrial use. The variance cannot vary use or density, nor can it "defeat the intent of the bylaw."

Neither a council nor a regional district board has the power to consider an appeal of a board of variance decision. It can only be appealed to the B.C. Supreme Court.

Observations on traditional zoning

Ideally, traditional zoning closely follows planning so that both the municipality and developers can predict future land use patterns from the zoning bylaw and considerable certainty is introduced into

development for a local area. To accomplish this end, zoning has to be based on accurate land use forecasts. The uses assigned must be economically feasible and the location and relative quantities of land assigned to different uses must be an accurate reflection of future market demands, because traditional zoning is primarily a negative tool. It can prevent development inconsistent with zoning, but it cannot get buildings constructed for appropriate uses. The marketplace and the individual commitments of private developers will determine the actual nature of development within the zones.

Serious problems can arise when land is zoned for uneconomic uses or is not allocated in relation to demand. Land zoned for uneconomic uses may be left vacant or, more likely, the landowners may continually request rezonings from the municipal council. Lack of development on inappropriately zoned parcels can also lead to a lower tax base and to development moving outside the municipality, but continual rezoning leads to a net reduction in certainty for everyone involved. Unlike in Ontario, there is no appeals process for zoning decisions other than the courts, which consider process and not the substance of the zoning itself.

Traditional zoning is not an easy tool to use. Local governments have not had a good history of predicting demands for future land use and have tended to zone vacant land very restrictively, so that every major change requires a political decision. It has been common, for example, to zone vacant land for rural or very large lot single-family residential use without designating any areas for future commercial or industrial developments. A residential developer may put in a subdivision and promise tranquility to the homeowners because the land adjacent to the subdivision is zoned for rural use. What the homeowners may not realize is that all vacant land may be zoned for rural use and, when market forces dictate a demand for industrial or commercial development, the demand may result in a rezoning application on the property next to the subdivision. Even if the land use is appropriate, political controversy can ensue. In one of the few attempts to evaluate zoning in British Columbia, a 1980 review and analysis of zoning in the Lower Mainland and elsewhere concluded that it had not worked very well (Goldberg and Horwood 1980). A policy of restrictive zoning followed by ad hoc changes increases rather than decreases uncertainty about future land use. It also presents a dilemma—how to balance the flexibility to achieve municipal objectives, which often include "amenity contributions" while not turning into an outright selling the zoning a developer wants.

Over the years, in recognition of the problems with traditional zoning, municipalities and regional districts have been provided with more flexible options. These options, which have included land use contracts and now include density bonusing, comprehensive development zoning, development permit areas, design review, transfer of development rights, phased development agreements, and covenants, are discussed below.

Contract zoning

Land use contracts were used in British Columbia from 1971 to the early 1980s. In simple terms, land use contracts were zoning contracts for individual pieces of land and each was negotiated with a local government individually. They were essentially spot zoning, that is zoning lots individually rather than providing larger zones for specific uses. The reason given for discontinuing their use in the province was the same as the criticism leveled against some flexible approaches elsewhere—they gave planners too much authority and, as a result, local governments were simply viewed as blackmailers who extorted demands from developers as a condition for project approval. The *Local Government Act* still contains provisions for amending or discharging previously existing land use contracts. New zoning options are more limited.

Density bonusing

A zoning bylaw may provide for density bonusing, whereby the zoning bylaw is written to offer additional density if developers provide amenities such as affordable housing, special-needs housing, public art, etc. This provision exemplifies the manner in which zoning bylaws have become elaborate mechanisms for local governments to provide more flexibility and exert greater control over specific developments.

Comprehensive development zoning

Establishing a special zoning category tailored to a specific development proposal for a site is sometimes called comprehensive development zoning. All the regulations for a specific development, including use and density, are written into a zoning category that is tailored specifically for the site. This approach is more flexible than conventional zoning but it is also more demanding of the time of proponents and municipal staff.

Development permit areas

The *Local Government Act* empowers local governments to designate development permit areas where development within an area must meet specific design requirements for that area. Development permit areas may be established for purposes such as protection of the natural environment, revitalization of commercial areas, form and character of multifamily residential development, protection of development from hazardous conditions, and since 2008, objectives to promote reduction of greenhouse gas emissions. The objectives for the permit areas and design guidelines must be clearly specified in the OCP or in a zoning bylaw.

Subject to certain restrictions, a development permit may vary or supplement a zoning or subdivision bylaw, impose conditions respecting the sequence and timing of construction and, as appropriate, include requirements, conditions, or standards regarding protection of the natural environment, landscaping, screening, fencing, siting, building form, exterior design, machinery and equipment, and finish. The types of physical changes that trigger a requirement for a development permit vary depending upon the purpose for which the design control is required. For example, a development permit may or may not be required for the removal of vegetation, depending upon the purpose of the area.

Development permit areas are used throughout British Columbia. Development permit areas provide landowners and developers with information about the special characteristics of the area and the community's aspirations. They also provide a community with an opportunity to regulate in a more detailed manner than a conventional zoning. The City of Vancouver, whose *Vancouver Charter* provisions are different from those of the *Local Government Act*, essentially treats the whole city as a development permit area.

Design review

Many local governments establish an advisory committee to review the design of proposed developments. The committee is typically composed of design professionals, such as architects and landscape architects. A design review committee can be especially valuable in assessing whether a proposed development complies with the requirements and guidelines stated in the OCP for a development permit area.

Transfer of development rights

The technique of transferring development rights involves transferring the density permitted on one property to another property, so the permitted density on the first property is reduced while that of the second property is increased. There is no specific legislative provision authorizing this technique. The most common format is for a local government to process two companion rezonings together, and for it to

require that a covenant be registered on the land title of the donor property indicating that it is not eligible for a return to higher density of development. This is a sophisticated approach that requires a great deal of political self-discipline. The Salt Spring Island OCP includes formal provisions for transferring development rights to discourage sprawl and encourage clustering of residential uses.

Phased development agreements

A phased development agreement is an agreement between a developer and the local government that has the effect of freezing subsequent changes to zoning bylaws and specified development permits for the term of the agreement, unless the developer agrees. A PDA can cover items such as the inclusion of certain features or amenities in the development, and the timing of the development.

Under a PDA, a local government is empowered to assure that the zoning for a large project will stay the same over the long term. In exchange, the local government may be able to negotiate greater benefits for the community. Provisions for PDAs were introduced in 2007 to address some of the concerns surrounding amenity zoning in British Columbia and to help increase certainty for the development industry that there would be no changes when, for example, the makeup and direction of councils may change from one election to another.

Covenants

A land use covenant is legal contract that runs with the land and is used to restrict or control development on a parcel of land. Covenants can be used for "building schemes," for some other subdivision matters, and for the protection of natural areas and heritage resources. The types of covenants used in B.C. include agreements among private property owners, and, under section 219 of the *Land Title Act*, agreements involving private property owners and governments and non-governmental conservation organizations.

10.6 Subdivision Control

Subdivision, which involves the creation of new lots by subdividing larger ones, is a major activity in economic development and urban growth. Because it involves transactions in real property it is governed by the *Land Title Act* and the *Strata Property Act*, as well as the *Local Government Act*. The subdivision of land must meet requirements provided for in the zoning bylaws and other regulations which may or may not be combined into a single bylaw.

Subdivision servicing regulations can accomplish several objectives. They can ensure that new lots are appropriate for the intended use, that public services are installed at standards comparable to those in the rest of the area, that improvements are paid for by the developer as part of the development process rather than by the general taxpayers, and that ongoing servicing costs will be reasonable. When new developments must pay their own way, more efficient land use decisions are made because subdivisions will not be undertaken until there is sufficient market demand to pay the cost of transforming land for a new use.

Strata subdivision

The enabling legislation for land use regulation defines a subdivision as including both bare land and condominium building subdivision under the *Strata Property Act*. Bare land stratas[30] must be approved by the approving officer before they can be registered on land titles. Building stratas are not administered through this process.

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[30] Bare land stratas are subdivisions within a condominium regime where roads and infrastructure are owned by the strata corporation, which is made up of the owners within the development. The corporation is likely to have much stricter rules than a municipal government.

Land use regulations, including minimum lot size, cannot be used to prevent condominium buildings from being built in multifamily zones. However, boards and councils do have effective veto-power over any conversion of existing rental buildings to strata ownership.

Subdivision of land as a bare land strata is a special situation. The legislation provides flexibility for the approving officer to use site size averaging to allow clustering of the development and the preservation of greenspace under common ownership. Because the internal roads and services will not come into public ownership the subdivision servicing standards bylaw does not apply to bare land stratas.

Subdivision approval process

An approving officer's signature on a final application is required before the provincial Land Titles Office will recognize a subdivision by registering the new plan and the deeds for the new parcels. The *Land Title Act* requires that each municipality designate an approving officer for subdivisions. Normally this is an employee, such as the chief planner, engineer, or another individual who has been given the role of an approving officer. The role of subdivision approving officer is primarily technical and administrative but it requires legal expertise as well as technical knowledge and judgement, and smaller municipalities may have to obtain services from a consultant. Although the approving officer is a local government employee, when exercising the approving officer functions the officer does not take direction from the council or elected representatives except through their enacted bylaws.

For unincorporated areas the approving officer is an employee of the ministry responsible for transportation. The ministry assumed this role long before the creation of regional districts in 1965–67 because of its responsibility for monitoring and controlling access to all land in the province, including highway access to subdivisions and adjacent lands through subdivided parcels, so that pockets of inaccessible land did not remain. In 1997 the provincial legislation (*Land Title Act*, s. 77.1) was amended to enable this authority to be delegated to regional districts that request the authority, but as of 2008 no such delegations have been approved.

Development cost charges, school, and park dedications

To supplement subdivision controls, local governments may impose development cost charges (DCCs) on every person who either obtains approval of a subdivision or obtains a building permit. DCCs contribute to the capital cost of the local infrastructure required to serve the development, including roads, sewers, water systems, drainage services, and park acquisition and development. DCC revenues must be placed in separate reserve funds to be used for future capital works or to help pay off debts incurred in the past for the provision of infrastructure. Considerable discretion is permitted local governments in the development of DCC schedules but a DCC bylaw must reflect actual costs that the local government has incurred or expects to incur, and it must be approved by the inspector of municipalities.

Subdivision permission, primarily for larger subdivisions, also requires that land be donated to the government for schools and parks. Under some provisions, cash can be paid instead.

Replotting schemes

Sometimes when development occurred long ago the actual construction of buildings did not conform to the correct parcel boundaries, with the result that several buildings encroach upon their neighbours' property. When a major project like a new freeway is undertaken, it can be expected that there will be situations in which existing patterns of land subdivision will be disturbed. To address this kind of situation, the *Local Government Act* enables municipalities to initiate replotting and reallotment of parcels to the landowners in the district, with compensation paid to owners who are adversely affected by the replotting scheme. To initiate such a replotting, a municipality must first publish a notice of it in a newspaper and must then have the consent of owners whose lands constitute at least 70 percent of the

assessed value of all land in the district. To deal with complaints, the municipality must ask the Supreme Court to appoint a commissioner to hold a public hearing. Ultimately, the replotted parcels are registered in the land title system. This is a specialized tool that is rarely used.

10.7 General Bylaw Enforcement

Local government bylaw enforcement generally refers to a host of actions directed at obtaining compliance with local government bylaws. This may include educating the public about regulatory rules, conducting inspections to ensure that the rules are being followed, mediating between members of the public, leveraging voluntary compliance with the rules where possible, and administering consequences for contraventions where compliance is not forthcoming or harm has been done to the community.

Key local government bylaw enforcement authority is found in the *Community Charter*, which provides the core municipal powers. Certain provisions of the *Community Charter*, particularly relating to municipal ticketing, also apply to regional districts and local trust committees. Other bylaw enforcement authorities for regional districts are found in the *Local Government Act*, and for local trust committees in the *Islands Trust Act*. Other local government bodies may have specific bylaw enforcement powers in their acts, for example, in the *Vancouver Charter* for the City of Vancouver.

"Self-help" enforcement powers allow local governments to undertake inspections by entering onto property at reasonable times and in a reasonable manner to determine if bylaw requirements are being met. In relation to certain hazardous situations or declared nuisances, a municipal council may order a person to rectify the situation or take action to eliminate the hazard. Where bylaw compliance is a condition of a permission, such as a business licence, a municipality could suspend the licence pending compliance. If a person does not take required actions in relation to property, the local government may take the action and recover the cost of it through property taxes.

If efforts to obtain compliance fail, a local government can take legal steps for enforcement in a number of ways. Since 2003, for simple matters, such as parking violations, local governments can implement an administrative penalty system known as bylaw notice enforcement under the *Local Government Bylaw Notice Enforcement Act*. If it chooses this system, a local government is required to establish a dispute process that is much less formal than a court and is presided over by a third party. As of 2008, 13 local governments had implemented this system. A local government can also choose to seek a summary conviction for the contravention of a bylaw in Provincial Court, through the abbreviated municipal ticketing process under the *Community Charter*. A municipal ticket is completed by a police or bylaw enforcement officer, and may be immediately personally served on the alleged offender. A municipal ticket may be resolved without court appearance through payment of a fine and admission of guilt, or may be disputed in court. A paid municipal ticket is typically not drawn up as a conviction. Since the *Community Charter*, there are few exceptions to the type of bylaw infraction that may be ticketed. Finally, a local government may seek a summary conviction for the contravention of a bylaw in Provincial Court through the longer process under the *Offence Act* involving appearance in court. This process is for the most serious bylaw infractions, with the formality of the process matching the potential seriousness of the consequences, such as a fine of up to $10,000 and imprisonment.

A local government can also use civil remedies to enforce or prevent or restrain the contravention of a bylaw, such as applying to the Supreme Court for an injunction or court order.

Most bylaws require enforcement by individuals with specialized training, knowledge, or experience. Elements of bylaw enforcement are carried out primarily by employees and officers of a local government who are appointed by name or job classification as bylaw enforcement officers, although not all local governments employ such staff. Traffic and possibly some other regulations are enforced by the police. Some bylaws may be enforced by contracted personnel for parking or for animal control. For many

regulations there is no active enforcement mechanism and officials act only when complaints are received.

10.8 Performance Measures and Fiscal Equivalence

Evaluating the performance of the entire system of land use planning and regulation is difficult and is seldom attempted. Historically one might look at measures such as how often rezoning was undertaken to satisfy a particular proposal, which would be a negative measure in a well-zoned system, but this would be meaningless within governments that use more flexible zoning and land use tools regularly. There may be measures that can be used to look at specific outcomes, such as whether annual measures of automobile congestion are increasing or decreasing, or whether the amount of affordable housing is increasing or decreasing, but these broader measures cannot be associated with any single policy or program. Scholars and policymakers have a long way to go to develop performance measures for the land use planning and regulatory system.

The fact that it is difficult if not impossible to associate specific planning or regulatory decisions with specific outcomes makes achieving fiscal equivalence in planning and regulatory decisions equally difficult. While the direct costs for land use regulations to both the governments and developers can be identified and it is common for fees to cover a major portion of the costs, other costs that can be compared with the benefits of land use regulations are the long-term impacts on land and housing markets.

When land use regulations and the installation of infrastructure (roads, water, sewers, etc.) increases the supply of buildable land, the increased supply may contribute to keeping its price down for developers and result in lower housing costs for homeowners. However, when the regulatory processes lengthen the time it takes to make land available, get approvals for construction, or actually restricts the supply of land, the supply of housing may be restricted and costs and prices can rise significantly. The consequences for price increases due to regulation are very different for differently situated families.

Those families who already own homes can benefit significantly from regulation-driven cost increases as their homes become more valuable. They are also the local voters who dominate local hearings and local elections. Newcomers to the community will find housing prices to be very high, as will low-income families and individuals. Furthermore, if housing prices rise faster than incomes, an increasing proportion of residents will not be able to afford to become homeowners in that community. It is difficult to sort out the influences on housing markets and thus difficult to identify which government activities exert the strongest influence on housing prices, but the consequences can be very important.

Scholars in the United States tried to work out these consequences since cities in California began purposively restricting development in the 1960s. A recent study of the Seattle metropolitan area by the University of Washington's Economic Policy Research Center, which uses methodology developed at Harvard and the Wharton School at the University of Pennsylvania, concludes that land use restrictions and regulations in the Seattle area add approximately $200,000 to the price of a $450,000 residence. The study does not conclude that this is either good or bad. It simply points out that it is costing $1,147 each month for the benefits for a family living within the regulatory system of the Seattle metropolitan area. It is difficult to take into account and balance the benefits and costs of the land use regulatory decisions by local governments throughout a metropolitan area, but that does not mean that real benefits and costs do not result from their decisions.

We are unaware of any similar studies in Canada, but land use regulations, including restrictions such as agricultural land reserve designation, do affect land availability and the time it takes for new developments. One should anticipate that the regulatory framework does increase housing prices and take that into account when designing these and other policies on housing.

Land use planning and regulatory decisions are shaped by provincial legislation, the *Local Government Act*, *Community Charter*, and other provincial legislation like the *Land Title Act*. Both the policy and regulatory decisions made by local government are relatively inexpensive compared to both the costs and benefits that accrue to citizens. In addition, citizens may have multiple and sometimes conflicting roles, such as citizens as homeowners liking higher housing values, but citizens as home purchasers preferring lower prices. There is no way to avoid these issues and problems, but they are very real ones.

10.9 Summary Observations

Planning, zoning, and subdivision control are undertaken by all municipalities and regional districts in British Columbia. While the legislation provides for comprehensive regulation it is not without problems. One problem is that the zoning process itself can lead to increased uncertainty regarding future land use in situations where OCP amendments and zoning changes are routinely made, each on the basis of an ad hoc political decision. This problem has been a serious one in some jurisdictions.

The second problem concerns the increasing complexity of regulations. For example, anyone proposing a subdivision or land use change must be sure the proposal meets community plan requirements. Next, the developer must meet all the zoning and subdivision requirements in the *Local Government Act*, *Land Title Act* and local bylaws, and must obtain any necessary approvals from one or more of the ministries responsible for transportation, highways, environment, Crown lands, forests, and agriculture. Each set of requirements that must be met is part of a substantial body of regulations, only a few of which will apply to the project. If any change in regulations is required, such as a rezoning or a variance, additional time must be allowed. Finally, several of the acts and the local regulations may cover precisely the same issues and the most restrictive one in any given case likely applies.

The net result is sufficiently complex that, for problems of any magnitude, developers who would normally process their own applications must turn to land surveyors, planning consultants, and/or lawyers for assistance, and even these specialists are not always conversant with the provincial or local bylaws applicable to specific situations. That the system functions at all is due to the efforts of people like the subdivision approving officers who are the focal point for coordinating all the different requirements before an approved plan can be forwarded to the land titles office for registration. It must be emphasized that criticisms of the complexity of overlapping regulations are not criticisms of the substance of the regulatory process. The roles of provincial ministries, regional districts, municipalities, and local groups involved in settlement and community planning are legitimate and essential to the effective regulation of land use.

Finally, given the complexity and magnitude of outcomes that cannot be associated with any specific policy, plan, or regulation, evaluating these processes is extremely difficult.

Chapter Eleven

Labour Relations

While unionization and collective bargaining for employees of the governments of Canada and British Columbia fall under special legislation, local government labour relations come under the same labour legislation as the private sector. Because they have major implications for the efficiency and responsiveness of local government service delivery, it is useful to examine the framework within which labour relations occur.

11.1 Policy Framework

A number of acts shape labour relations in the local government environment. Municipalities and regional districts can employ people, appoint people as officers of the local government, enter into agreements, and establish terms and conditions of employment by virtue of the powers they are granted as corporations. The *Community Charter* and the *Local Government Act* also set out specific powers and rules, especially in relation to local government officers—for example, the authority of the mayor to suspend an officer, subject to confirmation by council, and the requirement that termination of an officer without cause be decided by a two-thirds vote of all council members. However, the terms and conditions of employment and the processes that govern labour relations for local governments are determined by the key labour statutes—namely, the *Employment Standards Act* and the *Labour Relations Code*.

The *Employment Standards Act* ensures there are basic standards of compensation and conditions of employment that promote the fair treatment of employees and employers and provide fair and efficient procedures for resolving disputes. Where a contract of employment with non-unionized employees or officers or where a collective agreement between a union and a local government contains provisions relating to matters covered by the *Employment Standards Act*, the contract or collective agreement will apply. Where the contract or collective agreement is silent, the applicable provisions of the *Employment Standards Act* are deemed to be a part of the contract or collective agreement.

The relationships between local governments and their unionized employees are governed primarily by the *Labour Relations Code*. The Code includes rules for the formation and certification of unions, collective bargaining in good faith, collective agreement enforcement, settlement of disputes, strikes, lockouts, picketing, and the designation of essential services. Employers cannot interfere either positively or negatively with union organization processes. No strikes or lockouts can take place when a collective agreement is in force. Mid-contract disputes must be resolved by joint consultation, mediation, or arbitration. Strikes require authorization votes by the union membership and neither strikes nor lockouts can take place without proper notice. If the minister considers that a dispute "poses a threat to the health, safety, or welfare" of British Columbians, the "facilities, productions, and services" can be designated as essential services. Since 1996, a number of minor housekeeping changes have been made to the Code. For example, it has been amended to make the statute easier to read by reorganizing its layout.

The *Labour Relations Code* is administered by the Labour Relations Board, which consists of a chair, vice-chairs, and part-time members who represent employers and employees. The number of vice-chairs and part-time members fluctuate over time and are appointed by the cabinet. Members sit on adjudicative panels led by board vice-chairs to deal with such matters as applications for union certification or

decertification, complaints of unfair labour practices, or violations of the Code. The board provides mediation and arbitration services and enforces the provisions of the statute.

The Labour Relations Board operates under rules that have been developed primarily to govern private-sector labour relations, and local government employees comprise only a small proportion of the union members falling under its jurisdiction. However, even though local government employees constitute only a small part of the total unionized labour force in B.C., a high proportion of local government workers are union members.

One other piece of labour legislation affects local governments. The 1995 *Fire and Police Services Collective Bargaining Act* empowers the minister to refer collective bargaining disputes between employers and their firefighter and police locals to arbitration for binding resolution. No changes have been made to the Act since 1995. The *Fire and Police Service Collective Bargaining Act* supplements but does not replace the Code, which otherwise governs the labour relations involved.

11.2 Local Government Employee Unionization

In 2007, municipalities, school districts, and regional districts in British Columbia employed approximately 96,949 people, including management, a 19 percent increase from 1982. Unionized employees in municipalities, school districts, and regional districts totalled approximately 87,749, an increase of 26.5 percent from 1982, as indicated in Exhibit 11–1.[31]

EXHIBIT 11–1: CHANGE IN TOTAL EMPLOYEES AND UNIONIZED EMPLOYEES IN LOCAL GOVERNMENT 1982–2007

	Total Employees	Total Union Members
1982	81,500	69,365
2007	96,949	87,749
Percent Change	19.0%	25.2%

Within the totals in Exhibit 11–1:

- The estimated number of people employed in "local administration," a census category for local government that excludes school districts and health providers, has varied over the years, from a low of 27,000 in 1988 to a current high of approximately 44,000. In 2007 over 37,000 worked in municipalities, nearly 5,000 in regional districts.
- The number of members in the BC Teachers' Federation was 29,913 in 1982, 44,121 in 1998, and 31,299 in 2007, a decrease of 29 percent since 1998. Not all members of the BC Teachers' Federation are employed as teachers and not all are full-time.
- The number employed in public school districts was estimated to be 48,500 in 1982, and 78,000 in 1997, a 61 percent increase. In 2007, the number decreased to 54,784, a drop of 29.9 percent. Teacher and school district employment follows demographic trends in the number of students.

[31] Data on union membership was solicited directly from unions in both 1982 (Winter 1982) and 2007. Not all unions keep records of where their members are employed and this data must be viewed as a best estimate.

Of the estimated 81,500 employed in municipalities, school districts, and regional districts in 1982, 69,365 or 85.1 percent were unionized. In 2007, approximately 90.5 percent of those employed in municipalities, school districts, and regional districts were unionized, as indicated in Exhibit 11–2.

The percentage of unionization may be under-represented as some union member data was reported in mixed groups rather than in the categories of municipalities, school districts, and regional districts and could not be included in the analysis. There has been an increase in unionization in local governments from 1982 to 2007. Particularly, unionization in school districts has increased from 89.4 percent to 97.8 percent of the total workforce.

EXHIBIT 11–2: LOCAL GOVERNMENT UNIONIZATION

1982	Employees	Union Members	Percent of Employees Unionized
Municipalities	31,000	24,963	80.5%
School Districts	48,500	43,381	89.4%
Regional Districts	2,000	1,021	51.1%
Total	81,500	69,365	85.1%
2007	Employees	Union Members	Percent of Employees Unionized
Municipalities	37,387	31,223	83.5%
School Districts	54,784	53,552	97.8%
Regional Districts	4,778	2,974	62.2%
Total	96,949	87,749	90.5%

Source: Winter,1982, and Sean O'Melinn. Census and interviews. Numbers are estimates.

Unions representing local government employees

Twenty-two unions represented local government employees in 2008. The Canadian Union of Public Employees (CUPE) and the BC Teachers' Federation (BCTF) are the largest. Most local governments have to bargain with several unions, and the unions represented have changed over time. Some have amalgamated with each other, others currently have no local government employed members and new ones are represented. An example of amalgamation is in 2004, the Industrial Woodworkers Allied Union became a part of the United Steelworkers Union. In some cases, like the International Brotherhood of Electrical Workers, members are contracted rather than employed by local governments. Two unions appearing since 1982 are the Canadian Auto Workers Union in the District of Kitimat and the International Alliance of Theatre and Stage Employees in the City of Vancouver. Exhibit 11–3 lists unions representing employees of local governments. The numbers of members must be regarded as estimates and not all union members are employed by local governments.

EXHIBIT 11–3: UNIONS REPRESENTING LOCAL GOVERNMENT EMPLOYEES

Union	Membership in 2007
Canadian Union of Public Employees School Districts (22,253) Municipalities (20,969) Regional Districts (1,553) Other* (11,695)	56,470
British Columbia Teachers' Federation	31,299
Firefighters	3,650
Operating Engineers	not available
Police	3,557
West Vancouver Municipal Employees Union	1,078
Teamsters	396
British Columbia Government Employees Union	440
Greater Vancouver Regional District Employee Union	556
International Alliance of Theatre and Stage Employees	62
United Steelworkers **	245
International Brotherhood of Electrical Workers	140
Canadian Auto Workers Union	130
New Westminster Public Library Staff Association	60
Fraser Valley Regional Library Professional Staff	Not Available
Amalgamated Transit Union	90
Total union membership***	98,173

* The Other category includes some union members from municipalities, regional districts, and improvement districts which under-represents the levels found in those categories.
** In 2004, the Industrial Woodworkers Alliance Union joined the United Steelworkers.
*** Total union membership numbers include improvement districts, part-time employees and temporary employees not recorded in the total number of employees working in local government. There are also likely to be members who do not work for local governments.

Source: The data was collected by Sean O'Melinn from several sources and interviews.

Sizes of bargaining units

In response to the large number of unions that municipalities and regional districts have to bargain with, some employers have formed associations for labour relations and bargaining purposes. The three largest employer associations are the Metro Vancouver Labour Relations Department (formerly the Greater Vancouver Regional District Labour Relations Department),[32] the Greater Victoria Labour Relations Association, and Okanagan Mainline Municipal Labour Relation Association remain. The Metro Vancouver Labour Relations Department bargained with representatives of over 15,000 employees while the Greater Victoria Labour Relations Association bargained with approximately 2,000 employees.

Bargaining units in local government are typically small. For example, Exhibit 11–4 indicates even within the large municipalities of the Greater Vancouver Regional District, 50 percent of bargaining units have less than 100 members in them.

32 It should be noted that the GVLRA does not represent all of the municipalities in the GVRD area.

EXHIBIT 11–4: SIZES OF BARGAINING UNITS IN THE GREATER VANCOUVER REGIONAL DISTRICT IN 2004

Size of Union Membership	Number of Bargaining Units
1 to 49	13
50 to 99	12
100 to 199	8
200 to 299	6
300 to 399	4
400 to 499	1
500 or more	6
Total Bargaining Units	50

Source: Sean O'Melinn, Interviews.

11.3 Private Market Labour Law and Local Government

A basic principle of private-sector labour relations is that groups of employees and employers should voluntarily work out the conditions of employment, with either side having the right to withhold agreement through strikes or lockouts. The implications of this model for most public-sector activities are different than the implications for the private sector.

Generally, when production ceases in the public sector, a public service ceases to be available. Thus, the inconvenienced parties are citizens who were receiving services such as garbage collection and who continue to pay taxes for services not received during the work stoppage. In contrast, much private-sector employment involves the production of physical products like lumber or manufactured goods. These products can be inventoried or obtained from alternative suppliers. When strikes or lockouts occur in the private sector, employees cease to receive paycheques and employers cease to receive revenues from sales, but customers can switch to other sources of supply and are generally not too inconvenienced.

When the public is injured or inconvenienced by a cessation of public service, local government employers have no more authority to end the stoppage than a private employer. Except for disputes involving essential services such as fire or police services, which must not be stopped and must ultimately be resolved through arbitration, local public officials have to weigh the costs of service stoppages against citizen responses to higher taxes. Public officials must also consider that public-sector union members may be active in politics as well as in labour negotiations. Union members may contribute to campaigns or work on behalf of elected officials who promise to provide them with more generous settlements or to increase services and may work against those who promise to cut taxes or reduce services.

Another way in which local government labour relations differ from those in the private sector is in the relative sophistication of the bargaining parties. Many local government unions are local chapters of the Canadian Union of Public Employees (CUPE), which is a member of the Canadian Labour Congress. CUPE provides even small local unions with assistance for bargaining and contract negotiations that are as sophisticated as those usually found in the largest municipalities and in bargaining associations in Vancouver and Victoria. As one moves to smaller local governments, however, the willingness of elected officials to delegate bargaining to professionals declines and their negotiating teams often lack the skills of their union counterparts.

While it is difficult to assess the overall effects of municipal government union activities, one measure is provided by Richard E. Mueller. His study examined the wage differentials between local,

provincial, and federal governments in Canada. He found that at the federal and local levels, employees earned a wage premium across the different wage ranges (Mueller, 1998). A direct comparison of wages between local governments and the British Columbia provincial government in several job categories indicated that local government has a high hourly wage. The only category in which a higher wage was not seen was the maximum wage of clerks or typists. The strength of the comparisons between governments is limited because the job descriptions and duties may not be identical and wage data did not include all local governments in British Columbia.

11.4 Summary Observations on Labour Relations

Public-sector labour relations differ from those in the private sector because of the potential seriousness of a cessation of service provision. This problem has led to modification of the private-sector labour relations model for local governments, primarily through provisions for the designation of essential services and the arbitration of disputes affecting police and fire services. Historically, public-sector settlements were imposed through government legislation but the Labour Relations Board now has the authority to use a variety of dispute resolution processes. These processes are designed to encourage successful collective bargaining in both the public and the private sectors.

Chapter Twelve

Finance

The preceding chapters have discussed local government functions and activities, the magnitude of the expenditures on them, and budgeting procedures in municipalities and regional districts. This chapter examines the rationale for different revenue sources, accounting requirements, ways expenditures are financed, and the magnitude of the different revenue sources. There is also a discussion of approaches to evaluating financing alternatives and the relationship between financing and the decision to provide services.

12.1 Local Government Revenue Principles

While revenues and revenue raising are sometimes discussed separately from the basic decision-making processes of local governments, revenue raising and expenditure decision making are intimately related. An important criteria for a decentralized system of local governance is that when decisions are made to provide benefits, they need to be balanced against the costs of those benefits. This is best done by elected officials, a municipal council, or regional district board that represents the citizens who will benefit and who will also have to raise taxes or impose service charges on the benefiting citizens to pay for their benefits. This principle is called “fiscal equivalence.” This does not mean that groups cannot make separate decisions within themselves to adjust tax burdens in different ways and there are always some people who would prefer their benefits be paid for by someone else. However, only if some reasonable balance between benefits and costs can be maintained in individual and local government decision making can fair and efficient long-run results be expected. This concept has some dimensions that are useful to identify.

Direct benefits to individuals

Many governmental activities result in direct benefits to identifiable individuals who may choose whether or not to use a good or service. According to the principle of fiscal equivalence, benefits such as parking spaces, tennis courts, ball fields, or special searches for documents should be paid for by users. People will use more or less of a service depending on its price and the availability of substitutes. Only by charging a price equal to the cost can one be sure that the value placed on the service is at least as great as the cost of providing it. B.C. local governments levy a lot of service charges consistent with this requirement.

Benefits to groups

Local governments separate provincial citizens into spatially defined groups. Some municipalities provide a broad range of services for their citizens. Improvement districts, school districts, and regional district service areas provide a single or very few services to their members. Where the benefits accrue primarily within the boundaries of the group, it is appropriate that the group raise the funds to pay for them. The British Columbia local government system, especially its regional districts, is organized on this principle. Where there are significant spillovers of benefits to citizens outside the boundaries of the group, the criteria of fiscal equivalence would be better met if some part of the cost was borne by a larger govern-

ment that included all of the beneficiaries. This includes provincial government transfers to smaller governments where there is a provincial interest involved, and also the assumption, by the provincial government, of almost all of the services that directly involve income redistribution (e.g., welfare).

Temporal fiscal equivalence

Temporal fiscal equivalence is the matching of payments to the time when benefits are received. This means paying for current programs from current taxes but paying for the construction of a long-term facility through borrowing which will be paid back over time by the users of the facility. These two aspects of fiscal equivalence appear to be achieved to a very high degree in British Columbia because the provincial government supervises local government debt quite strictly.

The other way to pay for a facility over time is through contributions to a reserve fund. In this case, temporal fiscal equivalence is not achieved because the time when the payment is made does not match the time when the benefit is received.

There can be problems with achieving or maintaining temporal fiscal equivalence. For example, once physical facilities such as streets, sidewalks, watermains, and sewers are in place, maintenance by the current beneficiaries may be neglected. Such neglect reduces the need to raise revenues in the short run but much more expensive reconstruction may be required in the long run. Achieving a balance between costs and benefits would require that beneficiaries pay for maintaining the facilities they inherit—a policy that would provide net benefits for all over time. However, raising funds for the upkeep of existing facilities appears to be something elected officials are often willing to put off. As a result, the deterioration of facilities can become a serious problem.

Tax equity

While the criterion of fiscal equivalence applies to governments in relation to other governments and to service charges for individual benefits, tax equity applies to individual taxpayers within a government. Several criteria that are important. One criterion is **benefits received.** That is, taxes should bear some relationship to the benefits received by the taxpayer. A second is **horizontal equity,** which means equally situated taxpayers should pay the same taxes. Two other closely related criteria are **vertical equity** and **ability to pay.** With vertical equity, taxpayers who are unequally situated should pay different taxes, and ability to pay makes it clear that taxpayers with higher income or assets (depending on the tax base) should pay more than those with less. Another concept with regard to property taxes is that **an old tax is a good tax.** Property purchases are usually long-term decisions, so knowing what taxes and benefits are associated with the property allows the purchaser to make better decisions. The criteria of fiscal equivalence and tax equity are used to understand the effects of using the different revenue sources.

12.2 Budgeting and Financial Reporting

Budgeting and financial reporting in local governments are two vital functions at opposite sides of the same issue. Budgeting looks forward and estimates costs and revenues for the future, while financial reporting looks back at the past and quantifies what results were achieved.

Budgeting

The budget process in local government is one in which policy becomes reality. Estimates of the costs of programs and projects are put into a timetable, and revenue sources put in place to fund them. In this way all the financial needs of a local government are collected with estimated revenues into one document called the budget or financial plan.

Budgeting was referred to in Chapter 3 as part of the municipal governance process, where the legal responsibilities of council to adopt a five-year financial plan by May 15 in each year were listed.

Here we will deal with the financial plan from the finance point of view. The budget process in most local governments is one of the most important and time-consuming processes that the organization will undertake. In most organizations it will actually take almost a year. A typical budget process includes these steps:

- Finance director meets with council to determine budget objectives for the year.
- Budget instructions issued to departments.
- Departments submit budget requests to finance department.
- Finance department compiles the requests.
- Staff evaluates request and makes adjustments.
- Finance department submits preliminary budget figures to council.
- Council considers budget and makes adjustments as they see fit.
- Public meeting held to review proposed budget.
- Council considers public input and makes changes as they see fit.
- Finance draws up financial plan bylaw.
- Council considers bylaws and adopts the plan.

Within these steps there can be considerable negotiation between the finance department, operating departments, council committees, and council. For major changes in service charges or programs, council or council committees may involve the public in meetings or open houses prior to the more formal presentation of the complete budget in a public meeting. Separate activities that are self-financing, such as utilities, may follow a parallel process before coming together in the final budget plan.

Regional districts follow a similar process except that they must budget by function and include all costs and revenues related to that function. They must also complete the process earlier so that requisitions for funds can be delivered to the municipalities well before the May 15 deadline for setting tax rates.

In practice, the budget process is divided into operating and capital sections, although the processes will run in parallel.

- Operating expenditures on such items as salaries, benefits, supplies, contracted services, and debt payments, are funded from operating revenues raised in the same year that the money is to be expensed.
- Expenditures on tangible capital assets such as roads, buildings, and underground utilities can be financed from a variety of sources including operating revenues, grants, development cost charges, reserves, or borrowing.

The budgeting process is the major decision-making process for local government activities. Once the process is completed, the budget plan is also the legal framework for revenue collection and spending.

Financial reporting

Accountability requires that local governments report their financial results to their various stakeholders in a variety of ways. Several different reports are needed:

- Annual audited financials statements prepared in accordance with Generally Accepted Accounting Principles for Canadian Governments as laid out by The Public Sector Accounting Board (PSAB). This report will usually be presented to the board or council three months after the year-end and incorporated in the annual report issued to the public and outside stakeholders soon after.
- Internal reporting to councils and boards, directors, and managers. These reports are usually monthly or quarterly and usually concentrate on comparisons of budgets to actual results.

- Statutory reports required by specific agencies, such as CRA, Statistics Canada, and the provincial government. For municipalities the municipal affairs ministry requires a specific report (LGDE) on which it collects data which is distributed to other provincial agencies.

In the past, local governments in B.C. accounted for and reported on their revenues and expenditures through a variety of self-contained funds, each established for a defined purpose. This simplistic "cash-in, cash-out" system worked well for many years, particularly in small entities with a limited number of funds, where the stakeholders involved understood the limitations of each fund.

Reporting by fund did not give a clear picture of the whole entity's financial condition. PSAB was formed with this vision: "That the public understands and has confidence in public-sector reporting." They issue standards and guidance with respect to matters of accounting in the public sector.

Under PSAB, local governments must:

1. Consolidate all activities of the government entity into their financial statements. For instance, if they control a library, it must be shown as part of the local government's statements.
2. Show actual results compared to budget.
3. Show their financials assets and financial liabilities separately so as to calculate their net debt or net financial asset position.
4. Report liabilities such as post-employment benefits and landfill reclamation costs.
5. As of 2009, local governments must show their tangible capital assets on their balance sheets at cost less accumulated depreciation in the same way as the private sector and other levels of governments.

The results give a clearer picture of the total financial position of a local government in a format that is the same for all governments, so that results can be compared across different entities. Annual financial statements must be audited. B.C. legislation requires that each local government have an auditor who is qualified under section 180 of the *Company Act*.

However, PSAB only relates to annual external reporting. Many stakeholders need more detailed information, more frequent reporting, or for the same numbers to be reported in a different way. Local governments must issue periodic budget variance reports, reports on individual entities, capital project reports, and reports on reserves to satisfy the needs of their internal users, who must monitor progress being made throughout the year.

Regional districts have more complex fund structures than municipalities in order to allocate revenues and expenditures to their many service areas. For example, before being split, the Regional District of Comox-Strathcona had separate funds within its general, water, and sewer funds for more than 125 distinct functions in 2004. While these are consolidated in the audited financial statements, many external users are interested in the financial results of each function, so most regional districts ensure that the numbers for each fund are reported separately in their annual statements.

All local governments must issue statutory reports under provincial and federal legislation as well as reports to granting and lending agencies. Most modern computer systems can easily accommodate codes for different entities, funds, functions, objects, and departments. These can be adapted to report on the same basic numbers in a format that will meet the different reporting requirements of many stakeholders.

12.3 Revenue Sources

Local governments in British Columbia, like those in most of the western world, finance their activities with revenues from property taxes (including grants in lieu of taxes), service charges and special assessments, transfers from other governments, and various other of their own sources, including developer contributions, licence fees, fines, earnings on reserve funds, and sale of assets. However, as

indicated in Exhibit 12–1, the relative reliance on the various sources varies considerably among the different local governments.

Four kinds of government—municipalities, regional districts, school districts, and TransLink—collectively account for over 98 percent of all local government operating revenues and expenditures in British Columbia. Exhibit 12–1 shows that these governments received and spent over $13.2 billion in 2006, an amount equal to a little over $3,000 for each person in the province or slightly over $9,000 for a family of three. Municipalities and school districts accounted for 83 percent of the total.

The distribution of revenue was as follows:

- Municipalities raised over $5.9 billion, 45 percent of the overall total or $1,626 per municipal citizen. About 48 percent of this came from property and other taxes, 32 percent from sale of services, 12 percent from other own source, and 7 percent from government transfers.
- Regional districts raised $1.2 billion, 9 percent of the total or $278 per regional district citizen. Thirty-two percent came from electoral area property taxes and municipal requisitions, 48 percent from sale of services, 9 percent from other own source, and nearly 11 percent from other governments.
- Nearly $5 billion was raised for school districts, 38 percent of the total or $1,151 per provincial citizen. More than 90 percent came from provincial and other government transfers. No property taxes are levied by school districts, but the provincial government does levy a school property tax which raises revenue equal to approximately 33 percent of school district expenditures. Those revenues go into the provincial general fund and schools are financed on a formula basis. School district own-source revenues include summer school charges, international student fees, rents, and transfers directly from First Nations to school districts where the First Nation has assumed responsibility for education or wants special programs in the schools.
- TransLink raised over $1.1 billion, about 9 percent of the overall total or $527 per Greater Vancouver citizen. Fuel tax was the largest source, and together with property taxes, accounted for over 47 percent of total revenue. More than 26 percent came from transit fares. Twenty-two percent of the government transfers was from municipalities for capital projects benefiting the municipality that were being managed by TransLink.

The revenue patterns for British Columbia's general local governments are similar to local governments across North America. The property tax and sale of services are the most important sources for general local governments, including municipalities, regional districts, and, elsewhere, counties. While a greater proportion of education funding is being provided by provincial or state governments, British Columbia is one of the jurisdictions in which the tax-setting function of local boards of education on even a small part of the total cost has been replaced by provincial transfers, even though the districts possess a residual taxation authority, subject to a popular referendum, that none have used. The almost total reliance on provincial transfers reflects the fact that the provincial government assumed direct control over the collection of nonresidential school taxes in 1982 and residential school taxes in 1990. In the process, the general power of school districts to set their own rates and collect their own property taxes was effectively abrogated and the percentage of school district revenues attributable to property taxes declined from around 40 percent in 1980–93 to 33 percent in 2006. This shift has helped provide tax room for other local governments that levy property taxes and helped keep residential property taxes in British Columbia around one percent of property value, which is toward the low end of residential property tax rates across North America. Provincial control of education spending also appears to contribute to education costs being lower relative to total spending by municipalities than prior to the takeover.

EXHIBIT 12–1: LOCAL GOVERNMENT REVENUE SOURCES IN 2006

Local Government (1)	Municipalities	Regional Districts	School Districts	TransLink	Total
population (1,000s)	3,618.53	4,319.08	4,320.26	2,221.61	4,320.26
Revenue (millions)	$5,899.11	$1,203.64	$4,973.58	$1,169.83	$13,246.16
Percentage of revenue	45%	9%	38%	9%	100%
Per capita revenue from:					
property and other taxes (2)	$779	$90		$249	$871
service sales (3)	$523	$134	$49	$139	$692
other own-source (4)	$203	$25	$61	$19	$266
government transfers (5)	$121	$30	$1,040	$119	$1,232
Total per capita revenue	$1,626	$279	$1,151	$527	$3,061
Percentage revenue from:					
property and other taxes	47.9%	32.4%	0.0%	47.4%	28.5%
service sales	32.1%	48.0%	4.3%	26.5%	22.6%
other own-source	12.5%	8.9%	5.3%	3.6%	8.7%
government transfers	7.4%	10.7%	90.3%	22.5%	40.3%
Total percentage revenue	100.0%	100%	100%	100%	100.0%

Notes:

1 The four kinds of governments listed account for 98.5 percent of local government revenues. Excluded are improvement districts, regional hospital districts, regional library districts, and the Island Trust. Greater detail for municipalities and regional districts is provided in Exhibits 12–2 and 12–3.

2 For TransLink, motor fuel tax revenues are slightly higher than property tax revenues.

3 For school districts service sales are for summer school, off-shore tuition fees, direct funding from First Nations and rentals. For TransLink these are primarily transit fares.

4 These are not always listed in more detail on financial statements but include items such as the sale of capital and investment income.

5 Included in the government transfers for schools are property taxes labelled “school property taxes” collected by the provincial government. They are equal to approximately 33 percent of school district expenditures. These tax revenues go into the general fund and are not related to the transfers provided to individual school districts, which are formula based.

Sources: *BC Stats; Public Accounts; Local Government Statistics*; Ministry of Community Services (improvement district data); reports available on the websites of the Islands Trust, regional hospital districts, TransLink, regional library districts, Ministry of Education, Surveyor of Taxes.

Revenues of other local governments

Regional hospital districts, regional library districts, and the Islands Trust all rely on property taxes as a major revenue source. Improvement districts raise revenue from property taxes and the sale of services, depending on the nature of their activity. The total revenues for local governments are estimated to be less than two percent of the total revenues for all local governments. Property taxes raised by the provincial government in unincorporated areas and to finance BC Assessment, the Municipal Finance Authority, and BC Transit are also excluded from the Exhibit 12–1.

Municipal revenues

As indicated in Exhibits 12–1 and 12–2, municipalities have a diversified revenue base. Overall, nearly 93 percent of their 2006 revenues came from their own sources, including:

- 47.9 percent from local property and other taxes, including grants in lieu of taxes but not including taxes collected for other bodies, such as regional districts;
- 32.1 percent from sales of services (water, sewer, solid waste, transportation, recreation, etc.), rentals, franchise fees, licences, permits, fines, and other service charges;
- 6.15 percent from development cost charges; and
- 7.9 percent from the disposition of financial and physical assets, investment income, actuarial adjustments (reduction to the principal) on long-term debt, insurance proceeds, income of government business enterprises, and miscellaneous other sources.

The remaining 7.45 percent of the revenue were conditional or unconditional grants, entitlements, and cost-sharing transfers from other governments, including 5.7 percent from the provincial government, 0.7 percent from the federal government, and 1.1 percent from other governments (regional districts, school districts, First Nations, improvement districts, some non-public authorities such as the Federation of Canadian Municipalities). Smaller municipalities were more reliant on transfers from other governments, especially provincial grants.

Regional district revenues

The sources of regional district funds are similar to those of municipalities, as indicated in Exhibits 12–1 and 12–3, but there are notable differences between the Greater Vancouver Regional District (GVRD), which accounts for over half of the provincial population, and the other incorporated regional districts. Nearly 90 percent of all regional district revenue is from their own sources but, for all but the GVRD, property taxes are the major revenue source. For the GVRD, sale of services is the major revenue source.

- 32 percent (7 percent GVRD, 53 percent other) from property taxes, parcel taxes, and grants in lieu of taxes
- 48 percent (72 percent GVRD, 28 percent other) from sales of services, rentals, franchise fees, licences, permits, fines, and other service charges
- 9 percent (10 percent GVRD, 10 percent other) from developer cost charges, disposition of financial and physical assets, investment income, actuarial adjustments on long-term debt, insurance proceeds, government business enterprise income, and miscellaneous other sources

The remaining 10 percent of the revenue (11 percent GVRD, 10 percent other) was conditional or unconditional grants, entitlements, and cost-sharing transfers from other governments.

Regional districts do not collect their own property value taxes but rely on municipal tax collectors and the provincial surveyor of taxes to collect regional district taxes within their respective jurisdictions. The regional district submits requisitions to the province for services to citizens in electoral areas and to each municipal government in the regional district for services to municipal citizens. Tax collectors must indicate how much has been levied to pay the requisitions so citizens are aware of the cost of the regional district.

12.4 Property Taxes

Directly or indirectly, property taxes are an important source of revenue for local governments. Property value taxes are annual levies generally based on the assessed value of land and buildings. Tax rates are typically expressed in dollars per $1,000 of the total value. Thus, a tax rate of $10 would be $10 per $1,000 of assessed value, or one percent of the value of the property.

EXHIBIT 12–2: MUNICIPAL REVENUE SOURCES IN 2006

	Pop. under 5,000 (81 municipalities)	5,000–19,999 (46 municipalities)	20,000–99,999 (21 municipalities)	100,000–499,999 (8 municipalities)	Over 500,000 (Vancouver)	All municipalities (157 total)
2006 population (1,000s)	176.53	452.35	1,182.06	1,228.18	579.41	3,618.53
2006 revenue ($ millions) (1)	$310.13	$830.26	$1,916.94	$1,783.21	$1,058.57	$5,899.11
Per capita revenue from (2)						
Property and other taxes (3)	$724.75	$888.99	$793.28	$686.74	$875.91	$778.97
Service charges (4)	$498.96	$509.86	$495.31	$431.17	$789.23	$522.60
Developer contributions (5)	$48.34	$84.82	$98.48	$146.43	$32.53	$100.04
Other own-source revenue (6)	$106.20	$66.27	$73.37	$68.07	$42.31	$67.31
Provincial govt. transfers (7)	$241.89	$166.91	$66.46	$81.09	$69.59	$93.04
Federal government transfers (7)	$17.93	$46.25	$9.45	$2.59	$1.70	$10.90
Other government transfers (7)	$46.60	$23.03	$33.09	$3.54	$0.00	$17.16
Disposition of assets (8)	$33.87	$45.30	$45.82	$32.30	$16.22	$35.84
Total per capita revenue	$1,718.54	$1,831.43	$1,615.26	$1,451.93	$1,827.49	$1,625.86
Percentage revenue from (2)						
Property and other taxes (3)	42.17	48.54	49.11	47.30	47.93	47.91
Service charges (4)	29.03	27.84	30.66	29.70	43.19	32.14
Developer contributions (5)	2.81	4.63	6.10	10.09	1.78	6.15
Other own-source revenue (6)	6.18	3.62	4.54	4.69	2.32	4.14
Provincial govt. transfers (7)	14.08	9.11	4.11	5.58	3.81	5.72
Federal government transfers (7)	1.04	2.53	0.59	0.18	0.09	0.67
Other government transfers (7)	2.71	1.26	2.05	0.24	0.00	1.06
Disposition of assets (8)	1.97	2.47	2.84	2.22	0.89	2.20
Total percentage revenue	100.00	100.00	100.00	100.00	100.00	100.00

Notes:

1 Excludes property taxes collected for other governments.

2 The breakdowns are based on statistical schedules that were amended in 2002 to conform with generally accepted accounting principles (GAAP) for local governments.

3 Includes property value taxes, grants in lieu of taxes and other own-purpose taxation, such as parcel and business taxes.

4 Includes sales of services (water, sewer, solid waste, transportation, recreation, etc.), rentals, franchise fees, licences, permits, fines, etc.

5 Includes revenue from developer cost charges, payments of cash in lieu of park land, etc.

6 Includes investment income, actuarial adjustments (reduction to the principal) on long-term debt, insurance proceeds, income of government business enterprises, etc.

7 Includes unconditional and conditional grants, entitlements, and cost-sharing agreements. Federal transfers include $4.1 million for the Town of Sidney, accounting for $48 of the $56 overall per capita amount. “Other” governments include regional districts, school districts, First Nations, improvement districts, some non-public authorities such as the Federation of Canadian Municipalities, etc.

8 Includes disposition or revaluation of financial assets and disposition of physical assets.

Source: *Local Government Statistics, Ministry of Community Services; LGDE Help Manual*

EXHIBIT 12–3: REGIONAL DISTRICT REVENUE SOURCES IN 2006

	Greater Vancouver Regional District		Other 26 Regional Districts		All 27 Regional Districts	
2006 population (1,000s)	2,221.61		2,097.46		4,319.08	
2006 revenue ($ millions) (1)	$539.19		$664.45		$1,203.64	
Percentage of total revenue (1)	44.80%		55.20%		100.00%	
	per capita	percent	per capita	percent	per capita	percent
2006 revenue from (2)						
Property and other taxes (3)	$17.13	6.66	$159.37	53.10	$90.30	32.40
Service charges (4)	$185.97	72.33	$84.38	28.11	$133.72	47.98
Developer contributions (5)	$2.25	0.88	$5.77	1.92	$4.06	1.46
Other own-source revenue (6)	$20.46	7.96	$19.14	6.38	$19.78	7.10
Federal government transfers (7)	$10.67	4.15	$3.38	1.13	$6.92	2.48
Provincial govt. transfers (7)	$17.31	6.73	$22.76	7.58	$20.11	7.22
Other government transfers (7)	$0.12	0.05	$5.35	1.78	$2.81	1.01
Disposition of assets (8)	$3.19	1.24	$0.00	0.00	$0.99	0.36
Total per capita revenue	$257.10	100.00	$300.15	100.00	$278.69	100.00

Notes:

1 Excludes member municipality MFA debt payments.

2 The breakdowns are based on statistical schedules that were amended in 2002 to conform with generally accepted accounting principles (GAAP) for local governments.

3 Includes parcel taxes; grants in lieu of taxes; funds requisitioned from municipalities and the provincial surveyor of taxes (for electoral areas), who collect property value taxes on behalf of regional districts.

4 Includes sales of services (water, sewer, solid waste, transportation, recreation, etc.), rentals, franchise fees, licences, permits, fines, etc.

5 Includes revenue related to developer cost charges, payments of cash in lieu of park land, etc.

6 Includes investment income, actuarial adjustments (reduction to the principal) on long-term debt, insurance proceeds, income of government business enterprises, etc.

7 Includes unconditional and conditional grants, entitlements, and cost-sharing agreements. “Other” governments include municipalities, school districts, First Nations, improvement districts, some non-public authorities such as the Federation of Canadian Municipalities, etc.

8 Includes disposition or revaluation of financial assets and disposition of physical assets.

Source: *Local Government Statistics, Ministry of Community Services; Regional District LGDE Help Manual*

Historically, the property tax was one of the earliest taxes used by any government and it has become almost exclusively limited to use by local governments in North America as national, provincial, and state governments have made increasing use of income, sales, and excise taxes. Newfoundland-Labrador and Quebec have retained provincial property taxes, as does British Columbia with its provincial rural and school property taxes. Ontario and Alberta also levy provincial property taxes for schools.

Rationale

Property taxes have three main advantages for local governments. First, they can be easily used by very small jurisdictions with overlapping or different boundaries, including the service areas within regional districts. Each jurisdiction indicates the tax rate in different areas to the tax collector who in turn adds them to the annual tax bill of property owners within the jurisdiction. The revenues are then collected and passed on by the tax collector.

A second advantage is that real estate is immobile. This facilitates the use of the tax by small jurisdictions because property cannot get up and leave if a tax is levied on it. However, in the long run, unless the property owners' tax costs are offset by government benefits or lower land prices, there may be less new construction. A jurisdiction whose taxes are high relative to the benefits it provides or in relation to other jurisdictions providing similar benefits will experience less new growth than one with lower costs.

Third, the property tax is a benefits-received type of tax to the extent that the benefits of government expenditures financed by property taxes accrue to residents and property owners in the jurisdiction. The depressing effects of the tax on property values are offset by the enhancing effects of the benefits. The enhancing effects are obvious when revenues are spent for police protection, fire protection, street paving and streetlights, but they also occur with services such as sewers, parks, and even education. To achieve these benefits, property tax assessments must be consistently accurate and up to date. The actual uses of property taxes in British Columbia are described below.

Property assessment procedures

In British Columbia, BC Assessment (BCAA), a provincial Crown corporation, assesses all property in the province. As shown in Exhibit 12–4, property in B.C. is divided into nine basic classifications for assessment purposes.

In general, the assessed value of a property in B.C. reflects the estimated market value of the land and improvements on it. There are three main approaches to determining the market value:

- A direct comparison approach, in which the market value is determined by comparing the prices at which comparable properties have been sold, is the primary method used in assessing the value of residential properties wherever annual sales volumes permit reasonably valid, accurate comparisons.
- An income approach, in which the market value of a property that is rented or leased, such as an apartment or a commercial space, is determined by calculating the total investment that would be needed to earn the rental or lease income under current market rates of interest.
- A cost approach, in which the market value is determined by estimating the site value (land and improvements) and the cost of replacing the existing building, then deducting the value of all sources of depreciation, including physical deterioration, functional obsolescence and economic obsolescence. This approach is used where there are no comparable sales or rental income, or where the improvements are unique or specialized, such as for a large industrial plant.

To stabilize municipal tax bases that had experienced extreme cyclical variations when more traditional market approaches were used in assessing major industrial properties, the *Assessment Act* and regulations include special provisions for assessing major industry (class 4) and farm (class 9) property.

Another approach is used to assess linear utility (class 2) properties, for which the taxable value is normally determined using rates prescribed by the BC Assessment Authority. This is not an approach to estimating market value but rather, a substitute for such an estimate. In place of the BC Assessment Authority rates, which are not to be confused with tax rates, the *Local Government Act* requires municipalities to base certain utility company property taxes on gross annual sales and rental revenues, as described below.

EXHIBIT 12–4: BRITISH COLUMBIA PROPERTY CLASSIFICATIONS

1. **Residential**: single-family residences, multifamily residences, duplexes, apartments, condominiums, nursing homes, seasonal dwellings, manufactured homes, recreational property, some vacant land, farm buildings, day care facilities.
2. **Utilities**: structures and land, excluding offices and sales outlets, used for railways, pipelines, telecommunications transmission, electrical generation, and transmission.
3. **Supportive Housing:** includes only eligible, designated supportive housing properties.
4. **Major Industry**: land and improvements (buildings) of major industrial properties, such as lumber and pulp mills, mines, smelters, large manufacturers of specified products, ship building, and loading terminals for sea-going ships.
5. **Light Industry**: property used or held for extracting, manufacturing, or transporting products, including ancillary storage, scrap metal yards, wineries, and boat-building operations, excluding properties used for food and non-alcoholic beverage production.
6. **Business Other**: offices, retail, warehousing, hotels, motels, properties that do not fall into other classes.
7. **Managed Forest Land**: privately owned forest land managed in compliance with the *Private Managed Forest Land Act*.
8. **Recreational Property Nonprofit Organization**: land used solely for such outdoor recreational activities as golf, skiing, tennis, public swimming pools, waterslides, amusement parks, marinas, and hang gliding (but excluding improvements such as a clubhouse); and property used for at least 150 days per year as a place of public worship or as a meeting hall by a nonprofit, fraternal organization.
9. **Farm Land**: farm land that must produce a prescribed amount of qualifying primary agricultural products for sale, such as crops or livestock.

Every year, on or before December 31, the BCAA mails the owner of each property a notice of its assessed value and prepares an assessment roll or report for each taxing jurisdiction. The roll or report lists all properties within the jurisdiction, including those exempted from taxation.

People may appeal the assessment of their properties to a local property assessment review panel appointed by the minister, as long as the notice of complaint is filed by January 31. The review panel must render its decision by April 7. If either the appellant or the assessor is dissatisfied with the panel's ruling, an appeal can be made in specified instances to the provincial Property Assessment Appeal Board, provided that a notice of appeal must be filed by April 30.

Properties in an improvement district that directly levies its own taxes are also assessed by an officer of the improvement district, who notifies all owners and prepares an improvement district assessment roll. Complaints can be made to a court of revision appointed by the improvement district trustees and that body's decisions can be appealed to the inspector of municipalities.

Property tax rates

The bodies that can tax property in B.C. include the province, municipalities, the Sechelt Indian Government District, regional districts, the Islands Trust, improvement districts, regional hospital districts, TransLink, BC Transit, the Municipal Finance Authority (MFA), the BCAA and, where it has satisfied a referendum requirement, a school district.[33] Each body determines how much revenue it needs to recover through property taxes. First Nations may also levy property taxes on reserve lands.

[33] Some jurisdictions, like municipalities, levy property taxes directly. Others, like regional districts, do not directly levy taxes but "requisition" revenue at specified tax rates to be collected by either the municipal tax collector or surveyor of taxes. The rate setting is similar and consequences the same for taxpayers.

The province levies a tax on rural properties at uniform province-wide rates (except for special provisions in Peace River) for each class to fund road maintenance, rural subdivision approval, and snow removal for public secondary roads. The province levies school taxes throughout the province at uniform rates for each class of nonresidential property but rates for residential properties vary among the school districts, based on a formula that takes into account variations in residential assessments across the province. The province also levies a property tax on unincorporated areas and in municipalities under 5,000 population for provincial policing provided to those areas.

Municipalities, regional districts, and the other taxing jurisdictions set their rates to generate the tax revenue needed to cover costs not covered by other revenue sources. The variable tax rates set by regional districts, improvement districts, regional hospital districts, BC Transit, and the MFA must be based on "class multiples," ratios for each class of property set by the ministry responsible for municipal affairs or set out in separate legislation or service establishment bylaw. For example, if the rate for business properties were required to be 2.5 times the residential property rate, and if the residential rate were set at $5 per $1,000 of assessed value, the business rate would have to be $12.50. In municipalities, the tax rate ratios are independently determined, subject to any restrictions in the governing legislation. The tax rates set by BC Assessment and MFA are generally uniform for each class throughout the province, while the rates set by the other taxing jurisdictions must be uniform within the relevant service area.

Municipalities use two approaches to determine tax rates. One approach sets the rate for each class of property as a multiple of the residential rate, calculates a multiplied assessed value for all nine classes, then calculates the actual rate for each class required to generate the needed revenues, based on the preset multiples. The other approach decides the proportion of the needed funds to be provided by each class of property, then calculates the rate for each class by dividing the total amount it is to provide by the total assessed value for the class. In practice, several calculations with different rates for different classes are normally made before the tax rates for the year are finally set.

Taxation of utility and port properties

Taxes on linear utility properties are normally based on assessed values determined by BC Assessment. However, the *Local Government Act* requires that a different method be used by B.C. municipalities for taxing the property of any electric light, power, telephone, water, gas, or closed-circuit television company operating within a municipality, wherein the tax is equal to one percent of the company's gross rental or sales revenue from customers in the municipality.

For the taxation of other utility properties, such as railways, a municipality can levy up to $40 per $1,000 or 2.5 times the class 6 (business) rate, whichever is greater. This rate cap was introduced by the provincial government in 1995 after it determined that municipal tax rates on linear utility properties had become too high in some cases and reform was warranted. The reform was part of an initiative that changed the ways railway properties were assessed, making B.C.'s railway property taxes fairer and more comparable to those elsewhere in Canada.

In 2004, the provincial government placed a cap on the tax rates for certain class 4 (major industry) port properties in the municipalities of Delta, North Vancouver City, North Vancouver District, Port Moody, Prince Rupert, Squamish, and Vancouver. The legislation was extended in 2008. A cap of $27.50 per $1,000 on the existing properties extends to 2018, while a cap of $22.50 per $1,000 for 10 years on new investment in those properties if constructed before 2018. The rate cap was imposed in response to concerns about the impact of municipal property taxes on the competitiveness of B.C. ports and the municipalities were compensated by the provincial government for their loss of revenue.

Exemptions and payments in lieu of taxes

The federal and provincial governments cannot tax each other, so federal properties are exempt from property taxation. In recognition of local services, the government owning the property pays a payment in lieu of taxes (also called grants in lieu) to the local government. These payments are generally included in property tax revenue. Provincial legislation further requires that certain types of property be exempted from taxation, including most provincial and municipal properties, public libraries, cemeteries, places of worship, certain nonprofit homes for the elderly, hospitals, schools, fruit trees, sewage treatment plants, and some specified farm property. The Lieutenant Governor in Council may also prescribe exemptions with respect to specific industrial, business, community airport, or community port improvements.

In addition to provincial exemptions, municipalities may exempt properties owned or used by charitable, philanthropic, or other not-for-profit corporations, properties owned or used by other local authorities, and properties used for specified religious, seniors' homes, private hospital, private school, or recreation purposes. A municipality may also exempt properties to encourage various types of revitalization, to achieve a range of environmental, economic, or social objectives. Municipalities may enter into special tax exemption agreements with respect to heritage properties, riparian properties, cemetery properties, and golf properties related to municipal service partnering agreements. These are specified exceptions to a general prohibition on assistance to business. Regional districts have similar powers for exemptions with the exception of for revitalization.

Property tax collection and enforcement

Property taxes are collected in B.C. by three types of taxing authorities: municipalities, the provincial surveyor of taxes, and some improvement districts. In a municipality, taxes are collected by a municipal officer whose duties must specifically include tax collection, although some municipalities' tax bills are processed by contractors. The municipal collector also collects taxes on behalf of the province (for school purposes and for policing in municipalities under 5,000 population), regional districts, regional hospital districts, BCAA, MFA, transit authority, and any other body whose taxing jurisdiction includes properties in the municipality.

In rural areas, the provincial surveyor of taxes collects provincial rural property taxes as well as other property taxes on behalf of the various taxing jurisdictions. Improvement districts may levy their own taxes directly or, if the services they provide include fire protection and/or streetlighting, may arrange to have the taxes collected on their behalf by the appropriate municipal and/or provincial tax collector(s), depending on where the improvement district is located.

Municipalities and the surveyor of taxes mail annual tax notices in time for property owners to pay their taxes by the due date, normally July 2. A municipality may establish one or more other due dates by bylaw, in which case a property owner may elect to pay taxes either on July 2 or on the other date(s). Improvement districts that collect their own taxes may establish their own schedules and other provisions by bylaw.

Each taxing authority enforces its powers and recovers delinquent taxes by charging interest, imposing penalties, seizing personal or other property, accepting real property, proceeding with a tax sale of the real property in question, or going to court. Annual tax sales for delinquent properties in municipalities are held on the last Monday in September. Owners whose properties have been sold for taxes have one year in which to redeem the properties by paying all outstanding taxes, interest, penalties, and costs. Delinquent rural and improvement district properties forfeit to the Crown.

Property tax assistance programs

The provincial government provides three property tax assistance programs through the Surveyor of Taxes Office. One, a farm extension program provides a time extension until October 31 for qualifying farms to pay current year taxes.

A homeowner grant program introduced in 1957 offers grants to owner-occupiers of residential properties to offset part of their school property tax burden. In practice, the grants are paid by the province directly to the tax collector on behalf of the property owners and are applied to school taxes first, then to municipal or other taxes. In 2008, they included a "regular grant" of up to $570 to a qualifying homeowner, provided that the net tax payment could not be reduced below $350, and an "additional grant" of up to $845 to a qualifying homeowner who is a senior, a veteran, or a disabled person, provided that the net tax payment could not be reduced below $100. These grants are phased out for high-valued homes, beginning at assessed values of $1,050,000 and are eliminated for homes assessed at $1,219,000 or more.

A property tax deferment program introduced in 1974 offers low-interest loans to qualifying homeowners to help them pay their property taxes. The program benefits people who have low incomes, such as some seniors, by letting them remain in homes whose market value has increased to a point where they cannot afford to pay all the taxes. To qualify for the program, a person must be able to satisfy residency criteria, have a minimum equity in the home of 25 percent of the assessed value, and be at least 55 years old, or a surviving spouse, or a person with disabilities. In 2004, about 11,000 people were taking advantage of the program.

Property taxation on Indian reserves

In 1988, British Columbia was the only Canadian province in which provincial and local government property taxes were consistently levied on leasehold lands held by non-aboriginals on Indian reserves. This practice was controversial because the provincial government did not maintain the Indian reserve roads that served leaseholds in rural areas and there was evidence that, on average, municipalities only provided about 25 percent of the services to leaseholds that were provided to properties elsewhere in the municipality.[34] In addition, the province, regional districts, and municipalities had no regulatory authority, such as land use regulation, on reserve lands. However, in some instances municipalities provided all services to leaseholds and, in some cases, to all reserve lands. In these cases, since the First Nation governments paid neither property taxes nor grants in lieu of taxes with respect to the unleased reserve lands, the services were delivered either through a contractual arrangement or on an informal basis.

While some First Nations and municipalities had managed to resolve leasehold tax and service delivery issues, there were many complaints. Some First Nations complained that leasehold values were reduced because taxes were levied but no services provided. Some municipal officials complained that they could neither collect taxes from status Indians nor regulate reserve lands within their boundaries. In addition, because of the difficulty of enforcing property tax collection on reserves, there was a relatively high incidence of delinquency. Delinquencies could be expensive for a municipality because it had limited ability to collect taxes levied but still had to pay other taxing jurisdictions, such as regional districts and school districts, the money that the municipality was required to collect on their behalf, whether the taxes were actually collected or not.

Major changes were made in the legislation affecting Indian reserves in 1988 and 1990. In 1988, amendments to the federal *Indian Act*, called "the Kamloops amendments" after the band that initiated them, made it easier for all First Nations to introduce their own property taxation on reserves. To assist

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[34] Forty-five of approximately 1,600 Indian reserves in British Columbia were estimated to be located within municipal boundaries in 1988. In 2008 the provincial government estimated that there are 1,703 reserves in the province but no adjusted numbers for those within municipalities were available.

First Nations develop taxation regimes, the federal government established the Indian Taxation Advisory Board (ITAB) to perform regulatory functions for First Nation taxation and in 2005, ITAB was replaced by the more comprehensive First Nations Tax Commission.

In 1990, the passage of B.C.'s *Indian Self Government Enabling Act* harmonized provincial practices with the 1988 *Indian Act* amendments. By 2007, 82 Indian band council governments in B.C. and 114 in Canada levied a total of over $49 million in taxes on reserve properties that had been leased to non-aboriginal parties. Many have also formalized contractual relations with municipal governments to purchase services, and some sit on regional district committees and pay for their share of a regional district service. This indicates an increased understanding that jurisdictions that supply a service should be able to collect appropriate fees or taxes to pay for the service and that taxes should not be levied where services are not provided.

Property tax impact, incidence, and effects

Property tax policies and practices have important implications for the local economy and tax base. It is important to understand the impacts, incidence, and longer-term effects of the use of property taxes as the major source of local government financing.

Property tax impacts are the costs generated or any problems taxpayers encounter in paying the bill. Most residents with mortgages have the tax included as part of their monthly payments. The elderly and disabled may defer tax payments and have them paid when they die or the property is sold. Farmers are allowed to defer payment until October 31, when harvest revenues are realized. Others may have to write large cheques once a year but an approximate amount is known well in advance. After income tax payments are due, some businesses find their tax bills have a large impact on cash flow and reserves must be set aside to pay them.

Tax incidence refers to the actual burden of a tax that may be borne not only by the taxpayer, but by other parties as well. Tax incidence must be understood before the criteria for taxation can be applied. Tax incidence on owner-residential-occupied property is straightforward. The homeowner pays. The homeowner also takes into account the amount of property taxes (and the benefits it finances) when purchasing the residence. If taxes are raised or lowered significantly without a change in benefits, the tax change may affect the price for which the homeowner can sell the house. With taxes higher, the price will be lower and vice versa. This effect is called capitalization and it simply means that any significant change in either taxes or benefits can be expected to be reflected in the market value of the residence when it is sold. This results in the primary incidence of the tax accruing to the property owners at the time the tax change occurs as initially a higher tax payment and subsequently as a lower value for their property.

The application of tax criteria to residential property taxation is straightforward. Because benefits from local services accrue largely to residents they virtually always receive benefits in excess of their tax costs. Residents in homes with similar assessed values pay the same tax (horizontal equity) and residents in more valuable homes pay higher taxes (vertical equity). Within a jurisdiction, because residents with more valuable homes pay higher taxes, there is a correlation of tax payments with ability to pay. This is increased with the homeowner grant program, which provides greater relative relief to owners of lower-valued homes.[35]

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[35] The correlation between income and the assessed value of a residence is fairly high within a local government. However, there may be little correlation in different parts of the province. For example, a high-income family in Prince George may reside in a physically nicer, but lower-valued, house than a lower-income family in Vancouver. When property taxes are levied province-wide, the lower-income family in a high-housing-value area may pay higher taxes than the higher-income family in a low-housing-value area. This is why property taxes are most appropriately used by local governments.

Residential property taxes in British Columbia generally do not exceed one percent of value and are known when residents purchase their house. A 2003 study (Bish 2003) indicated that median residential tax rates were the lowest in Canada. The effect of property taxes on residences should be minor, especially as they are more than offset by benefits.

Tax incidence and the application of tax criteria to business is more complicated for two major reasons. One is tax shifting. The other is due to nonresidential properties being diverse, with no systematic relationship between their assessed values upon which the taxes are based, and the benefits received from local services. For example, a railroad that has properties with high assessed values receives virtually no benefits from local services, is extremely difficult to compare to other taxpayers and has a limited ability to pay because its income is low relative to the value of the property. In contrast, a bar that depends heavily on local services may occupy a property with a low assessed value and have a high ability to pay because its income is high relative to the value of the property. Furthermore, nonresidential school property taxes are the same throughout the province. This is likely to result in similar businesses paying significantly different taxes in different areas of the province because assessed values in some areas, such as the Lower Mainland, are much higher than assessed values in other parts of the province.

Business property owners may try to shift the tax burden forward by increasing prices and/or shift it backward by reducing expenditures on labour, raw materials, and wholesale products. Whether or not it is possible to do this depends on the state of the markets in which they buy and sell. Sales could decline if customers resist paying higher prices, in which case some of the burden could be shifted backward as the businesses reduce their purchases of supplies. In most cases, it is difficult to shift the burden in this manner. Many large industry businesses cannot shift property taxes forward because they sell their products at world market prices. This includes the lumber, pulp, paper, minerals, oil, and gas industries. For profitable businesses there is some relief as the taxes are part of business costs and thus result in a lower income tax burden.

If it is not possible to shift the tax burden forward to customers or back to suppliers, it must be borne by the property owner and/or the business owner. If the business is owned by stockholders whose earnings are reduced by the property taxes, they might shift their investments to other businesses. If the business owner is a tenant and the property owner tries to shift the tax burden by increasing the rent, the business owner could relocate to less costly premises. In both cases, the property owner may have to bear the full burden of the tax. For many large businesses, the business is the property owner.

Where the full burden of the tax is borne by a business, the net annual income from the property is reduced by the amount of the tax and its sales value is reduced commensurately. In other words, the tax burden is capitalized into the value of the property. If the property is sold, the new owner does not bear the burden of the tax because it has already been reflected in the sales price, even though the new owner will continue to pay the annual property tax bill. For business, if the tax was in effect prior to purchasing the business, it should have been considered in the price paid for the business. Problems for business may arise from changed tax rates or from changed business conditions where the business revenue declines for other reasons.

Tax shifting and diversity make the application of tax criteria to business very difficult. Because there is no systematic relationship between taxes paid and benefits received nor between the assessed value of a business (and its taxes) and its net income, there is no relation between taxes paid and ability to pay. This also means that criteria of neither horizontal nor vertical equity cannot be determined and are unlikely to be met.

The effects of property taxation on business are related to the tax rates in individual municipalities. In general if taxes are not too far from benefits received and not higher than adjacent jurisdictions there are no adverse consequences. The overall level of property taxes on business relative to residential taxes, and

the extremely high property tax rates on industry in some municipalities, may have negative consequences for business investment and the overall investment climate in British Columbia. Several studies have addressed these issues.

The relationship between residential and business property taxes

British Columbia's municipalities have more discretion to set different property tax rates on different classes of property than any other jurisdiction in Canada. Other provincial governments set the ratios among property classes, have fewer business and industrial classes, and/or constrain tax ratio and rate setting. Since 1984, when they were no longer required to base their tax rates on ratios set by the province, B.C. municipalities have gradually increased the rates on business, industry, and utility classes relative to residential tax rates. By 2003, some nonresidential rates and associated tax ratios were the highest in North America. At the same time, the median rates on residential properties in B.C. were the lowest in Canada. Studies that have been done on this issue include the following:

- A 2006 study of British Columbia's competitiveness determined that in some municipalities, high municipal property tax rates on major industry, such as pulp and paper mills, smelters, and ports, were creating a disincentive to investment and having a serious impact on the competitiveness of business, specifically the pulp and paper industry. The study concluded that the weighted average tax rate for the major industry class in the province was $40/$1,000 of assessed value compared to just over $4/$1,000 of the assessed value for the residential class. The significant uncertainty caused by the ability to adjust rates each year was also described as having a negative effect on B.C.'s competitiveness (B.C. Competition Council 2006).
- A 2005 study confirmed that, relative to other property classes, major industry property assessments in B.C.'s industrial municipalities have declined over time while the tax rates on those properties have increased, such that municipal tax revenues from this source have remained relatively stable over the years. Any changes in tax policy to limit major industry tax rates would have the biggest negative impact on smaller resource towns with an undiversified tax base, since they depend on major industry revenue to provide more services than would be sustainable without the major industry tax base (Mezynska 2005).
- A 2004 study of taxation in the two North Vancouver municipalities for the North Shore Waterfront Industrial Association found that industrial taxpayers paid $2.45 in property taxes for each dollar of net services consumed while residential taxpayers in the City and District paid 58 cents and 86 cents respectively (MMK 2004).
- A 2004 study of major industry taxation from 1990 to 2003, conducted for the Union of British Columbia Municipalities, found that major industry property assessment in the 73 or so B.C. municipalities with such properties had declined both absolutely and relatively, from an average of 3.5 to 1.1 percent of their tax bases. At the same time the assessment for this class had increased in unincorporated areas. Almost all municipalities had increased their tax rates to compensate for the assessment decline and their annual revenue from the properties had actually increased by $23 million. On average, more than 40 percent of the property tax revenue received by industrial towns with populations under 5,000 came from major industry (Adams 2004).
- A 2003 study found that high tax rates imposed by the top quartile of municipalities on major industry properties, and to a lesser extent on utilities, were the highest in North America and may be contributing to a business climate problem in B.C. (Bish 2003).
- A 1995 study of Vancouver's property taxes for the City of Vancouver found that the taxes on business not only covered the costs of providing city services to commuters and shoppers coming into the city from other municipalities, they also contributed so much that local residential taxpayers only had to pay 50 cents for each dollar's worth of services they received (KPMG 1995).

In response, the City of Vancouver has pursued a policy of gradually shifting more of the tax burden to the residential class.

The studies show that services to B.C. residential properties have been significantly subsidized by the taxes levied on nonresidential properties, especially those in the industrial class. There are two explanations for this.

The history of industry support for local amenities in smaller municipalities led those municipalities to depend on its industrial tax base for support. Local industry management often supports the high taxes to finance amenities for their employees. However, with relatively high tax rates those towns have not attracted additional investment from existing industry or new industry—so they keep raising tax rates as the plant and equipment depreciated and assessments declined to maintain industry tax revenues. The mills and other heavy industry in these municipalities also cannot shift taxes to higher prices because their products are sold at world market prices in U.S. dollars. This has been exacerbated by the rise in the Canadian dollar, which in effect means their revenues in Canadian dollars, which they use to pay business costs and taxes, are lower. These towns are essentially in a property tax death-spiral because with high tax rates and as rates increase further, no business will make investments in the town and eventually the depreciating facility will close,[36] and taxes on remaining residents and businesses will have to rise to maintain local services.[37] Situations such as in Vancouver and the North Vancouver municipalities do not have the same history as their business taxes are not nearly as high as industry taxes in outlying towns. They seem to result from normal operation of democratic elections where elected officials respond to their voters.

The second and rather unsurprising explanation is that municipal councils seek to satisfy their voters, who are largely residential property owners or tenants, by keeping residential property taxes low at the expense of nonresidential property owners. The councils can then provide more services for their residents than the residents would be willing to pay for because the tax burden can be shifted to nonresidential property owners, who subsidize the services to the residents. It is nice for residential property owners to reside in such a system, at least in the short run, but it is not so nice if the high taxes on nonresidential properties discourage investment and ultimately undermine the tax base. The structure of property tax rates in most municipalities it is quite straightforward. Except for farmers, the fewer the voters in a property class, the higher the tax rates.

In recognition of the likely outcome from providing municipal councils with unlimited tax-rate-setting authority, other provinces either combine classes so all businesses are in a single class (which reduces the opportunities to tax industry higher than locally owned businesses) or fix the ratios among tax rates on different classes of property. In the U.S. virtually all state governments or state constitutions simply require that tax rates are the same for all kinds of properties.

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36 It can be difficult to compare property tax rates with income and excise tax (GST) rates. Property tax rates are based on assessed or capital value while income and excise tax rates are based on an income flow or transaction. One simple approach is to estimate that a business expects a 10 percent net return from a capital investment. A one percent property tax on the entire investment would be equivalent to a 10 percent income tax. The study of property tax rates on industry in 2003 (Bish 2003) found that the top quartile of municipal tax rates in B.C. municipalities was 6.4 to 14.6 percent. If the expected net return on capital was 10 percent those rates are equivalent to income tax rates of 64 to 146 percent of the return on that investment. The "old tax is a good tax" often applies to existing business but it is very unlikely either old or new businesses will invest under these tax rates.

37 The increase in property taxes necessary to make up for the loss of industry property tax revenues will be borne primarily by existing property owners. New purchasers buying residences or business in the town will be able to take into account the high property tax rates when determining how much they are willing to pay for a house. Existing owners can remain and pay high taxes or sell their property for a lower market value as the cost of increased taxes is capitalized into their property value. If part of the economic base of the town is also eliminated so residential prices fall still further, these towns become desirable places for retirees to live as they often have excellent amenities, including community recreation facilities that were paid for by the former industrial property owners.

In recognition of the problems associated with high tax rates on business and industry in some municipalities, the provincial government legislated ceilings on port industrial property taxes, as previously mentioned, and in 2007 passed legislation requiring all municipalities to meet new tax policy disclosure requirements. The *Community Charter* now requires municipal five-year financial plans to include a more explicit form of revenue and tax policy disclosure, which requires municipalities to include in the five-year financial plan their objectives and policies regarding: (a) the proportion of total revenue that comes from each of the funding sources; (b) the distribution of property taxes among the property classes; and (c) the use of permissive tax exemptions (such as revitalization tax exemptions). These new revenue and tax policy disclosure requirements further enhance municipal accountability to the public by requiring all municipalities to develop and publicly disclose their objectives and policies in relation to their municipal taxes. The development and disclosure of objectives and policies is intended to assist municipalities in making more considered and meaningful decisions regarding their revenue and tax policies, including in the distribution of property tax rates across property classes, such as major industry.

There is a growing awareness among municipalities that the inequitable distribution of rates is a problem. For example, in 2008, the City of Vancouver's Property Tax Policy Review Commission released its final report. The commission was established to engage with Vancouver's business and residential communities, as well as other stakeholders, to essentially "recommend to Vancouver City Council a long-term policy that will define and achieve a 'fair tax' for commercial property taxpayers, addressing the perceived inequity in the share of the City of Vancouver's property tax levy that is paid by the nonresidential property classes, as compared to the share paid by the residential property class."

Observations on property taxes

British Columbia has one of the most highly evolved, geographically based, fiscally equivalent property tax systems in North America. Standardized property assessments are exceptionally uniform at market value across the province and the tax system is well administered. Homeowner grants and tax deferment programs reduce the burden on occupants of lower-valued dwellings, the elderly, and the disabled, who might otherwise be unable to afford to continue living in their homes. The regional district system allows for a flexible pattern of internal divisions into various areas for supplying services, so that only the properties within a given area are taxed for the services to that area. Likewise, a municipality can create special taxing areas to pay for special services not provided elsewhere in the municipality. Both situations provide opportunities for local people and their officials to relate local taxes to local benefits. In addition, the proportion of school financing from property taxes has been reduced and school resources are equalized province-wide. Social welfare and other services devoted primarily to income redistribution, which were once funded by local property taxes, are now administered by the provincial government and funded from general income and sales taxes.

While the local government system possesses fiscal equivalence and residential property taxation is reasonably structured, the balance between residential and nonresidential within municipalities appears out of balance, with businesses subsidizing residential taxpayers. This raises questions of fairness in larger municipalities, but its consequences in smaller, industry-dependent towns, are likely to be much more serious.

12.5 Service Charges and Special Assessments

In addition to revenues from property taxes some local governments derive considerable operating revenue from service or user charges, such as rentals, franchise fees, licence fees, fines, permit fees, and sales of services (water, sewer, solid waste, transportation, recreation, education, etc.) to other governments, businesses, and individuals. These revenues constitute a third of municipal revenues, more than 70

percent of GVRD, and nearly half of all regional district revenue. They are also the only funding source for some improvement districts.

Rationale

Service charges and special assessments can be used to finance the provision of any service for which the beneficiaries can be easily identified (individuals or small groups of property owners) or can be easily excluded unless payment is made (such as potential users of parking stalls), but they are more than simple revenue sources. Their special relationship to a benefit received can make information derived from their use important for decision making and their direct benefits-received nature provides them with a quality of fairness, in the sense of getting what you pay for, that may be lacking with general taxes. Licence and permit fees can also be fair when the revenues are used to provide a related service, such as when fees for dog licences are used to finance enforcement and pound services, or when building permit fees help finance building inspection department activities.

The information component of service charges and special assessments is important. For a special assessment, an estimate is made of the costs of providing the service and what the assessment will be for each individual property owner in the group. If most property owners feel the benefits are worth the cost, the local government will provide the service. This moves decisions on public expenditures to a small group level, with beneficiaries and taxpayers having the major say in decisions. Thus, they can balance benefits against costs in their decision making in a way that is lacking when general government expenditures are considered separately from the taxes that pay for them.

Revenues collected from user charges provide an indication of the current value of the service to the citizen consumers, and revenue and price information can provide a basis for local governments to make investment decisions. For example, a local government can use service charges to finance downtown parking facilities. If the facilities continually fill up, it can estimate the price increase necessary to ration the spaces available and determine if estimates of future revenues from expanded sales would be sufficient to construct additional parking facilities. If demand warrants, additional facilities can be constructed, with the additional revenues from their use paying for the construction. Thus, demands can be met as long as the citizens place a high enough value on the services to pay for them.

There are some disincentives to the use of service charges for full cost recovery. Local officials may choose to charge less than full price to make the service more affordable for more people, especially lower-income citizens, or simply to help increase demand for the service. For example, few local governments set service charges for recreational facilities like playing fields for clubs and swimming pools at a sufficient level to recover costs, although in some cases they may subsidize certain services to lower-income users through a device such as a voucher system.

Special assessments, such as local area service taxes within municipalities, are also levied on individuals and businesses for specific goods or services provided to them. Thus, a special assessment is a kind of service charge imposed on a group of property owners for a specific service benefiting the group. Services funded by special assessments typically include water supply systems, sanitary sewer systems, curbs, sidewalks, underground wiring, snow removal, and public parking facilities but since 2004, municipalities can do any service on an area-by-area basis. The service may be delivered to all or most of the properties in a municipality, such as a water supply or sewerage system, or it may be a local area service, such as sidewalk paving or underground wiring. In the latter case, the service may have been requested in a petition from the local property owners or may have been initiated by the council, subject to a counter-petition or a local referendum.

The special assessment may be in the form of a parcel tax (based on either a single amount, the taxable area, or the taxable frontage instead of based on assessed value), although to use parcel taxes the local government must prepare its own parcel tax roll and appoint a parcel tax review panel to authenti-

cate the roll and deal with complaints or appeals. An improvement district that levies its own property taxes and bases the tax on a criterion other than property value would follow this kind of procedure.

Some common local services charges are listed in Exhibit 12–5.

EXHIBIT 12–5: COMMON LOCAL GOVERNMENT SERVICE CHARGES

Advertising	Moorage	Skating and ice rentals
Bicycle licences	Museum fees	Subdivision fees
Building permits	Parking meter charges	Swimming pool fees
Campground fees	Plumbing permit fees	Taxi meter inspection fees
Cemetery charges	Public health inspection fees	Tennis lesson fees
Civic centre rental	Pool rentals	Theatre entrance fees
Concession rental	Recreation facility usage fees	Transit fares
Dog licences	Sewer connection charges	Tuition fees
Garbage collection fees	Sewer service charges	Water connection charges
Golf course fees	Sign fees	Water supply charges

Service charge policy issues

When individual or small groups of beneficiaries can be identified and charged for the benefits, fiscal equivalence and benefits-received criteria are fully met. Where ability to pay is an important criteria municipalities often set service charges to cover only part of the costs of the service or provide vouchers and special prices for some users. For services such as playfields for organized sports, the municipality may decide there are sufficient external benefits for the entire community to share costs between service charges and the general municipal budget.

One dilemma with cost sharing between users and the general taxpayer is that no one other than an administrator argues for more service charges. Non-users of special services are unlikely to find it worthwhile to lobby for increased charges because any single user charge has little effect on general tax levels. In contrast, groups of users are more likely to lobby to retain their benefits and keep the charges down. The lobbying efforts of special groups can be resisted only when the local government adopts a general policy of imposing user charges for full cost-recovery wherever beneficiaries can be identified and there is not a specific objective of income redistribution.

12.6 Developer Contributions and Other Own-Source Revenues

Development cost charges (DCCs) and payments in lieu of park and school land contributions (described in Chapter 10) are a normal practice in B.C. municipalities and regional districts. These charges are in addition to the developer bearing the costs of infrastructure within the development itself and are a charge to buy into the extensive infrastructure that already exists and provide reserves for future infrastructure as the population within the local government increases. They prevent the costs of new development and new residents from being borne by existing taxpayers. Under some conditions both DCCs may be waived but that is not common.

Various other revenue sources, such as the disposition or revaluation of financial assets, the disposition of physical assets, investment income, actuarial adjustments (reduction to the principal) on long-term debt, and insurance proceeds are collected by different governments. As with development cost charges, while the overall amounts are small relative to total revenues for all local governments, they are often important for a few local governments at different times.

12.7 Government Transfers

Historically, transfers of funds from other governments have been an important revenue source for local governments in B.C. While they have declined in importance for municipalities and regional districts, they account for almost all school district revenues. As indicated in Exhibit 12–1, government transfers comprised 40.3 percent of all local government revenues in 2006, including 7.4 percent for municipalities, 10.7 percent for regional districts, 90.3 percent for school districts, and 22.5 percent for TransLink.

Approximately 90 percent of transfers to municipalities and regional districts and 95 percent of transfers to school districts came from the provincial government. Transfers from the federal government accounted for most of the rest but this did not include federal contributions to federal-provincial programs administered by the province or UBCM. Transfers from other sources, including municipalities, regional districts, school districts, First Nations, improvement districts, and some non-public authorities, such as the Federation of Canadian Municipalities' green municipal funds, accounted for less than one percent of all municipal and regional district revenues.

Rationale

Activities where significant benefits accrue beyond a local government's boundaries are unlikely to be provided at levels that reflect those benefits if all of the costs are borne by local taxpayers. These include activities for which the provincial or national government determine there is a provincial or federal interest such as encouraging energy-efficient programs. Transfers are also used when the larger government has responsibility, such as for welfare and other income redistribution activities, but where the activity itself is more effectively produced by a local government, as with social housing. Conditional transfers are specifically designed to encourage the local government to undertake activities it would not undertake without the payment.

Conditional transfers to school districts, where they comprise 95 percent of school district revenues, involve a combination of external benefits because educated people move around, equalization among school districts with different levels of wealth, and provincial control. They have a different impact than when a local government funds 90 percent of its activity from own-source revenue and undertakes a small proportion of its activities from conditional transfers as do municipalities and regional districts.

Unconditional transfers, often referred to as grants, are a small proportion of all transfers. While they appeal to local government officials who get funds to spend without having to impose taxes or charges, senior government officials would like to inform their taxpayers of specific benefits to be obtained and just giving money to other governments has not proved attractive relative to the use of conditional grants. The most important uses of unconditional transfers are to support local governance, especially smaller governments. From 1978 to 1994 the province had a much larger unconditional transfer program where it shared a percentage of the major provincial tax revenues with municipalities. The remnants of that program are small transfers to small local governments and regional districts. Instead, the province has turned to conditional transfer programs more focused on specific provincial priorities and to take advantage of federal involvement.

Conditional transfers

Provincial transfers to municipalities, regional districts, and prescribed related organizations are governed primarily by the 1994 *Local Government Grants Act* and regulations. The Act allows for funding a variety of projects including local government planning, growth management, restructuring, water supply, sewage disposal, highways, underground installation of utilities, and other infrastructure. There are specific ministry guidelines for the different kinds of transfers and the total must fit within the ministry budget. The Act also provides that the municipal affairs minister must consult with the Union of British

Columbia Municipalities (UBCM) at least annually regarding the amounts and administration of the grants.

The municipal affairs ministry also provides a number of specific funding programs to promote environmental sustainability and healthier communities. These programs, which are in some instances provided with assistance from federal and other provincial ministries, aim to, for example, reduce greenhouse gas emissions, improve drinking water and sewer services, provide greater access for seniors and those with disabilities, and help build active communities. Some of these key programs include the Canada-BC Municipal Rural Infrastructure Fund, Towns For Tomorrow, BC Spirit Squares Program, and the Green Cities Awards. Other provincial ministries and agencies also provide conditional transfers to local governments for purposes that further their policies, including a number that are administered by the UBCM. Programs administered by the UBCM included transfers to promote tourism, prepare emergency response plans, improve fire protection in forest fringe areas, traffic safety, mosquito control, counter the use of crystal meth, health promotion, develop innovative approaches to housing and senior programs and, jointly with BC School Trustees, to strengthen school and community connections. Programs administered by other provincial government ministries or agencies include grants for public libraries, museums, crime prevention, emergency preparedness, cycling infrastructure, and roads that had been transferred by the provincial government to local governments.

The federal government has directly sponsored or contributed to a number of conditional funding programs in B.C., such as the infrastructure and emergency preparedness programs mentioned above, within the broader frameworks of such initiatives as the Canada Strategic Infrastructure Fund, the Municipal Rural Infrastructure Fund, and the Border Infrastructure Fund. In 2005, a new five-year New Deal for Cities and Communities was introduced which provided for the transfer of $635.5 million in federal gas tax revenues to B.C. local governments for projects aimed at improving air quality, drinking water quality, waste management, public transit, and other items in support of an environmentally sustainable local government infrastructure. This fund was extended through 2014 with $8 billion in new funding in 2007. UBCM is a full participant in tailoring appropriate programs and administering the fund in British Columbia.

Unconditional transfers

The unconditional transfers provided by the province to municipalities and regional districts are prescribed in the *Local Government Grants Act* and regulations. While important for small municipalities, they are a very small proportion of all local government funding. They include grants to small municipalities, grants to regional districts, and traffic-fine revenue-sharing grants. The provincial government also makes other unconditional transfers from time to time, which have included transfers to the Peace River Regional District (to share some oil and gas revenue), and a transfer of a share of provincial casino revenue with the municipalities within which casinos were located.

Observations on government transfers

Most government transfers in British Columbia are for activities of interest to the provincial (or national) government where they want to encourage local governments to do something differently than they would have done if the activity was financed by local taxpayers. One new feature is the direct involvement of the UBCM in some of these grants. This gives UBCM the opportunity to design programs that meet member needs and federal assessments indicate that UBCM's programs are exceptionally well run. Unconditional transfers support local governance by small municipalities and regional districts.

The most significant change in local government finance over the past decades is the elimination of taxation by school districts. When school districts do not levy taxes, even if they finance only a small proportion of their expenditures, there is very little reason for most residents to pay any attention to them.

The predicted result is that the members elected to the board are likely to be elected by only those interested in higher expenditures on education, primarily parents, teachers and their unions. The result is that the school board can turn into a lobbying agency to get more funds from the provincial government, rather than a board carefully considering how to balance educational needs against what their local taxpayers are willing to pay. Ministry control, has led to the proportion of school district spending relative to municipal spending to fall over time.

12.8 Debt Finance and Reserve Funding

The financing of local government activities through borrowing and reserve funding is not separately indicated in Exhibits 12–1, 12–2, and 12–3 because longer-term debt is repaid over a period of years, debt incurred through borrowing in anticipation of revenue is simply repaid during the current year, and money placed in a reserve fund is not counted as an expenditure until it is spent, in some cases it is also not counted as revenue until it is spent.

For municipalities and regional districts, repayments of interest on long-term debt are included in the annual operating expenditure for each function, but repayment of the principal is not, just as the money borrowed for capital works is not included in the annual operating revenue. With respect to the other local governments, regional hospital district revenues are used primarily for servicing debt, some TransLink revenues are used for paying interest on debt, and long-term borrowing for school districts is handled directly by the provincial government.

Rationale

The rationale for local government debt is simple. For short-term debt, some municipalities borrow at the beginning of the year because property tax revenues do not come in until July. They then pay off the debt. More important is long-term debt for major capital expenditures. Use of debt finance for major capital expenditures means the local government does not have to raise large irregular sums of money, and it is appropriate that the beneficiaries of the project pay for it over the lifetime of its use.

Debt finance procedures

The provincial government has historically supervised local government borrowing very closely. Municipalities and regional districts must follow prescribed procedures. The Islands Trust cannot borrow money without ministerial approval, improvement district borrowing bylaws are subject to registration by the inspector of municipalities, regional hospital district borrowing bylaws must conform to provincial requirements, and regional library districts can only borrow money on a short-term basis to meet current expenditures. TransLink is an exception in that its board only needs to pass a resolution to authorize borrowing, although the resolution must be ratified by the mayors' council.

The province also restricts the aggregate size of the debt that a local government may incur. For example, in 2005 the *Community Charter* and *Municipal Liabilities Regulation* provided that a municipality's annual cost of servicing its aggregate liabilities for the year could not exceed 25 percent of its annual revenue for the previous year, in accordance with definitions and calculations prescribed in the regulation, unless the inspector of municipalities approved an increase. Furthermore, as a conservative restriction for local governments that rely heavily on class 4 (major industry) tax revenue, the regulation provided that the tax rate used in calculating the applicable tax revenue from class 4 properties could not exceed the average rate in the province, as determined by the inspector of municipalities, and the total calculated assessed value of the class 4 properties could not exceed 20 percent of the total assessed value of all properties in the municipality. The *South Coast British Columbia Transportation Authority Act*

provides that TransLink's outstanding debt obligations cannot exceed $1.05 billion or any increased amount ratified by a resolution of the GVRD board of directors.

A municipal council or regional district board can provide for short-term borrowing in anticipation of revenue simply by passing a bylaw but, where it wishes to incur a longer-term debt, the bylaw must be approved by the inspector of municipalities. If the repayment period will be longer than five years and the money is being borrowed for capital purposes, a loan authorization bylaw must be approved by the electors unless the annual cost of servicing all of the municipality's liabilities is less than five percent of the previous year's total revenue or the work is ordered under the authority of the provincial inspector of dikes, the *Waste Management Act*, the *Environmental Management Act*, or the *Drinking Water Protection Act*. Approval of the electors may be obtained through a referendum or through the alternative approval (counter-petition) process.

When a municipality has adopted a loan authorization bylaw, it does not borrow the money directly. Instead, it must ask the board of the regional district in which it is located to undertake the financing. If it consents, the regional district board adopts a security-issuing bylaw providing for the issue of debentures or other evidence of debt. A loan application, which includes the two bylaws, a liability servicing limit certificate confirming the municipality's ability to service the debt, and a ministry certificate of approval, is then submitted for approval to the Municipal Finance Authority of British Columbia (MFA). Upon approval, the MFA includes the amount to be borrowed in the value of securities it periodically issues in the international money marketplace. The proceeds of the securities issued are then re-lent by the MFA to the local governing bodies that had requested loans.

With the exception of the City of Vancouver, which may incur long-term debt directly, all municipalities and regional districts in B.C. must finance their long-term capital borrowing through the MFA. Like the City of Vancouver, regional hospital districts and TransLink may finance long-term borrowing by issuing their own securities or through the MFA. Municipalities and TransLink borrow through their respective regional districts, as described above, while regional districts and regional hospital districts borrow on their own behalf. Otherwise, the procedure for regional district borrowing is essentially the same as for municipalities.

To repay its MFA debt, a municipality transfers the required funds in accordance with the payment schedule to the regional district, which in turn transfers the money to the MFA. The MFA then places it in a sinking fund to secure eventual repayment of the money it owes to investors. In 2006, B.C. regional districts processed almost $92 million in municipal MFA debt payments.

Improvement districts must issue their own securities to finance their borrowing. Short-term borrowing and capital leasing may also be financed through the MFA.

The Municipal Finance Authority

The Municipal Finance Authority (MFA) was established in 1970 to undertake long-term capital borrowing on behalf of all regional districts and municipalities in B.C. It is a small operation with a staff of eight people that handled investment portfolios worth more than five billion dollars in 2007. It is governed by thirty-five regional district appointees, including eight from the Greater Vancouver Regional District (GVRD), two from the Capital Regional District (CRD), and one from each of the other twenty-five regional districts. MFA members meet twice a year and elect from amongst themselves a chair, a vice chair, and a board of trustees, which must include four members from the GVRD, one from the CRD and five from the other regional districts. The board develops policy and oversees operational activities.

Since its inception, the MFA's client base for long-term capital borrowing has expanded to include the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District, regional hospital districts, TransLink and two emergency communications corporations, one in Greater Vancouver

(E-Comm), the other in Greater Victoria (CREST). In addition, the MFA has introduced several voluntary programs:

- An interim financing program provides short-term financing at attractive rates (prime less approximately 1.25 percent) for borrowing in anticipation of revenue, capital borrowing up to five years, temporary financing of capital projects, or temporary financing to meet current operating expenditures. Some B.C. municipalities, regional districts, and regional hospital districts, as well as E-Comm, CREST, TransLink, and the Okanagan-Kootenay Sterile Insect Release Program participated in this program in 2007.
- A pooled leasing program provides low-cost, flexible financing for capital leasing of equipment or rolling stock at preferred rates of interest (prime less one percent). Program participants in 2007 included some B.C. municipalities and regional districts, as well as the Oliver and West Shore Parks and Recreation Societies, the Greater Victoria Public Library, and municipalities in Alberta, Ontario, and the Yukon.
- A pooled investment program provides opportunities for local governments and other bodies to invest surplus funds at better-than-market rates in three professionally managed investment funds. Program participants in 2007 included municipalities, regional districts, improvement districts, regional hospital districts, regional library districts, First Nations, TransLink, educational institutions, other governing bodies, and local government interest groups.

More than 280 groups participated in at least one of these programs in 2007. In addition, the MFA offers a community bond alternative which provides for the purchase of bonds by community members in support of local projects, and a voluntary investment program for municipal employees, elected officials, and their partners. The MFA also offers financial forums, community workshops, and assistance to educational institutions.

Protection for MFA investors is provided by the combined credit of the participating local governing bodies, which collectively stand behind the MFA's obligations. In addition, the MFA has established a debt reserve fund to which each borrower sharing in the proceeds of a securities issue with a term of five years or more must contribute an amount equal to one-half of the borrower's average annual debt payment. Ultimately, all MFA borrowing is secured by its unconditional legal authority to levy property taxes in all the jurisdictions it serves and in Vancouver, which essentially includes all the taxable land and improvements in the province. Consequently, MFA securities are consistently rated by Canadian and U.S. bond rating services in the highest category.

Reserve funding

Debt finance (buy now, pay later) and reserve funding (pay now, buy later) are both ways to "smooth out" capital expenditures over time. Reserve funds are particularly useful for things that may not be readily amenable to debt financing, such as smaller items of furniture or equipment, or items financed by development cost charge revenue that may not be spent in the same year as the money was received. A reserve fund must be established by bylaw and is not the same as a reserve account, which is merely a form of appropriated surplus usually established by resolution.

Municipalities and regional districts may establish reserve funds for any of specific purposes, such as water supply, sewerage, roads, parks, general capital works, equipment replacement, land acquisition, local improvements, feasibility studies, etc. Reserve funds must be established for any money received from development cost charges, the sale or disposition of parkland, the disposal of highway property that provides access to water, off-street parking space or alternative transportation infrastructure payments, and the sale of land and improvements (except tax sales). An improvement district is required to establish a reserve fund for renewing the works of each service it provides.

In general, the money in a given municipal or regional district reserve fund can be used only for its stated purpose but, if the amount in the fund exceeds what is required for that purpose, some or all of the money can be transferred to another reserve fund. As well, local government may borrow internally from one capital reserve fund to another subject to repayment requirements. Money in a development cost charge reserve fund or a parkland acquisition reserve fund can only be transferred to another fund if the relevant bylaw is approved by the minister.

Observations on debt finance

The system of local government debt finance in B.C. through the Municipal Finance Authority exemplifies an exceptionally successful cooperative approach to financing regional district and municipal investments in roads, sewers, water systems, and other infrastructure. By acting on behalf of all regional districts and municipalities, the MFA is able to obtain more favourable borrowing terms than individual local governments could get on their own. With the small premium it collects on borrowing by local governments, the MFA has created a fund that would cover any failure by a local government to meet its payments. Long-term borrowing is not permitted to meet current expenses, but is reserved, as it should be, for financing projects with long-term benefits.

12.9 Observations on Local Government Finance

It is impossible for any analyst or group of analysts in Victoria to determine if local governments in British Columbia are functioning responsibly and efficiently. It is possible, however, to see if the *Local Government Act*, *Community Charter*, and other legislation under which local governments operate provide a framework for local citizens to resolve their own problems efficiently. This in turn requires that local citizens and local officials account for both the benefits and costs of their actions.

There appear to be only two arrangements where problems should be predicted. One is the property tax death-spiral that small, single-industry towns have experienced by relying on higher and higher tax rates on depreciating industrial assessments so that new investments are discouraged. As existing plants become obsolete, they will be abandoned rather than renewed and the municipality will have a tax rate crisis for its residents. This dynamic is not the only problem for small towns but it is a serious one. The benefits-received imbalance between residents and businesses is a problem in some other municipalities, because of the fairness of taxing business for benefits that residents may not be willing to pay for. While this is a fairness and efficiency problem, it is unlikely to lead to the kind of crisis facing small, industrial towns.

The second arrangement is the current organization and operation of school financing. No matter how hard a ministry tries, it cannot monitor the effectiveness and efficiency of the production of education by school districts. To create a situation where locally elected members have no incentive to balance taxpayer-funded costs against benefits is unlikely to result in good performance. That will depend on the administrators. With the ministry providing almost all financing, it is likely to become less and less clear what role school boards have in the delivery of education in the province.

Except for the variable tax rate structure, the financing of school districts, and some of the regulatory practices presented in Chapter 10, the British Columbia local government system is characterized by a high degree of fiscal equivalence. This is the single most important characteristic of a polycentric local government system such as in B.C. Equally important, the reliance on the property tax and service charges for the great proportion of municipal, regional district, and other local government revenues (except schools) is appropriate to this system, as is the use of provincial and federal government transfers to achieve broader objectives. The philosophy of local governance and the financing system match.

Chapter Thirteen

Concluding Observations

British Columbia is a large and diverse province. Its settlements include isolated fishing villages, farming villages, diversified manufacturing and marketing centres, and the large urban agglomerations of the Lower Mainland, southern Vancouver Island, and the Okanagan.

Most of the economic activity within British Columbia occurs through private market transactions. However, some kinds of problems, such as public goods, common pools, external effects, and utilities, are best dealt with collectively. To achieve their resolution, over 500 local governments have been created. Policymaking in these local governments is the responsibility of over 2,000 elected officials and numerous appointed boards and commissions. In 2006 these officials employed more than 90,000 people and incurred expenditures of over $13 billion, more than $3,000 for every person in the province.

Some goods and services provided by local governments are easily measurable but others have no common measuring unit. Some are delivered or produced primarily by labour, others by machinery, and others by capital equipment. Some are delivered through individualized face-to-face interaction between the provider and the citizen, while others are delivered impersonally. This diversity has led to the use of a variety of production arrangements, including own-forces production, joint arrangements, public-private partnerships, contracts, corporations, franchises, and volunteer production. At the same time, the diversity of goods and services and the difficulty of measuring outputs have made comparisons of performance and evaluations of efficiency difficult.

The structure of local government that has evolved within the parameters of provincial legislation is extremely diverse. While it began with municipalities and school districts, like most of North America, it has evolved to include regional districts, with their electoral areas and service areas, local community commissions, an Indian District, the Islands Trust, single- and multipurpose improvement districts, regional library districts, regional hospital districts, regional health boards, a regional transportation authority, water users' communities, and local service areas. Of these organizations, British Columbia's regional districts are one of the most innovative forms of local government in North America.

The examination of local government in the preceding 12 chapters reveals an evolutionary structure with a distinct problem-solving orientation. Reform ideologies, such as those advocating the separation of politics from administration, the creation of strong city manager systems, or the consolidation of smaller local governments into larger, comprehensive local governments for each urban region, have not had a major impact in British Columbia. Instead, elected officials are involved in administration as well as policymaking, city managers are closely controlled by elected officials, and urban areas are populated by numerous independent local governments. This reflects traditions of local self-government.

The provincial government sets the framework within which local governments are organized and function. The rules established by the province permit institutional flexibility while ensuring consistency where necessary, so that finances and debt creation are managed properly. Within a local government the council or board is responsible for the effectiveness and efficiency of its operations. For some functions, such as education and health services, the provincial ministries play a much larger role and local governments have less autonomy.

The evolution of local government is ongoing. New ways to organize production can lead to greater efficiency. As the system grows larger and more complex, it will become increasingly difficult to trace through all the potential impacts of changes. To aid in such analysis, better data on the performance of alternative arrangements and the satisfaction of citizens with the goods and services they receive is needed. Only with such data is it possible to determine how efficiently decision makers use their revenues and whether one form or another or one size or another is more efficient and responsive.

In addition to gaining greater knowledge of performance, guidelines for structural change can be useful. These are not guidelines such as bigger is better or more professionalization is better, which, in spite of their popularity, are supported by little or no evidence (Bish 2001). Rather, they are guidelines that explicitly recognize the diversity of the environment. They include the criterion that institutions should be designed to achieve fiscal equivalence, that is to force the analysis and balance of both benefits and costs for everyone involved in decision-making processes—citizens, elected officials and administrators. Then those decision makers who are closest to the problems can weigh the advantages and disadvantages of various options and make their choices accordingly. This is the only kind of decision-making framework that is effective for managing large, complex systems, which is what the institutional arrangements for local government in British Columbia exemplify. To a great extent, the B.C. local government system does possess this balance, which is consistent with a tradition emphasizing responsibility for decisions and the common-sense notion that all benefits have a cost that must be accounted for in local government decisions.

Appendix:

First Nations Governments

Local and First Nations governments in British Columbia are becoming increasingly interested in collaborating to provide, share, and develop local services. These emerging relationships are growing as a result of the growing number of First Nations assuming responsibility for self-government and providing local services.

In 1997, the Union of British Columbia Municipalities (UBCM) and the First Nations Summit organized a provincial forum that brought representatives from local and First Nations governments together to discuss goals and opportunities to work together. The success of this event helped to establish the Community to Community Forum Program, which is unique in Canada. The program provides grants to hold forums between local and First Nations elected officials and is jointly funded by the provincial and federal governments. Since 1997, more than 130 local governments and close to 200 First Nations have participated in 170 forums around the province. As a result of the forums, numerous protocol agreements and memorandums of understanding have been signed by the parties, which have helped establish formal communication lines and build relationships in areas that include servicing, economic development, and business collaboration.

The following material provides an overview of some First Nations governments and examples of relationships being established between local government and First Nations in B.C. The statistics in this Appendix are from 2006 and were obtained from the Government of Canada and Census Canada websites.

Indian Bands

Most First Nations governments in B.C. operate under the federal *Indian Act.* This federal legislation establishes that the basic unit of First Nations governance in B.C. is a band governed by a council elected by members of the First Nation. The council consists of a chief and from one to twelve councillors, based on a formula of one councillor for every 100 members.

Each First Nation has reserve lands[38] set aside by the federal Crown and the federal government provides funding for services in accordance with its constitutional obligations.[39] In 2006, there were just over 200 Indian bands and over 1,700 reserves in B.C. for a total area of 343,741 hectares or 0.36 percent of the province's total land area. The population centres on reserve lands are called villages, reflecting traditional aboriginal organization that preceded the establishment of reserves and the introduction of the *Indian Act*.

First Nations in B.C. vary in size. In 2006, the average size was about 600 members per band. The largest was the Cowichan Tribes near Duncan with 4,200 members and the smallest was the Popkum

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38 Legal title to reserve land is held by the federal Crown for the use and benefit of specific First Nations through the bands recognized under the *Indian Act*. Section 29 of the *Indian Act* protects reserve lands from seizure under legal process.

39 Under the *Indian Act*, the relationship between the federal government and Indian bands is trust-like, where the federal government has fiduciary obligations to the Indian bands under its jurisdiction.

Band near Hope with eight members. In 2006, the total aboriginal population of B.C. was about 196,075. About 26 percent of the aboriginal population in B.C. lived on reserve lands.

In some respects, First Nations governments are similar to small municipal governments in that they provide basic local services for residents living within a defined territory. Both governments can make bylaws and create a variety of boards, societies, commissions, or committees to support the activities of the elected councils, and both provide a variety of services on different scales to residents. Sections 81, 83 and 85 of the *Indian Act* give band councils the power to enact bylaws applicable to lands within their reserve boundaries.

With respect to how they are elected and what additional services they provide, First Nations governments are different from small municipal governments. A municipal council is elected by voters who reside within the municipality at the time of the election, but a First Nations council is elected by band members who are formally registered on a list maintained either by the First Nation and/or Indian and Northern Affairs Canada (INAC), and who may or may not reside on First Nations reserve lands. In addition, First Nations election practices may vary from those prescribed by INAC through the development of a custom code. This can mean that First Nations could hold elections every three years, rather than two, or be governed by a traditional or customary method of governance, such as a hereditary system, with only limited responsibilities assigned to the First Nation elected council. In this case, a band council's powers may be more limited in scope than those of a small municipal council.

The range of services provided to band members living on reserves varies considerably, depending on factors such as the size and geographic location of the reserve population. At one time, the federal government provided virtually all the funding for services on reserve. Over time this has changed and now First Nations governments may also receive revenue from other federal departments, the provincial government, trust account earnings, leaseholds, on-reserve enterprises, user charges, and property taxes from aboriginal and non-aboriginal leaseholders.

On reserve, First Nations governments are engaged in a range of services that cover social, cultural, education, child welfare, and health services. Police protection can be delivered by provincial units of the RCMP, through contract with municipal forces, and by the First Nation. Other local services, such as fire protection, water supply, waste, and road system management, may be delivered by the First Nation, through contracts with private firms, and through contracts with nearby local governments.

Sechelt Indian Band

Located on the Sunshine Coast about 50 kilometres north of the Lower Mainland, the Sechelt Indian Band (SIB) became the first band in B.C. to negotiate a type of self-government agreement that was completely outside the provisions of the *Indian Act*. In 1986, after many years of negotiations, the federal *Sechelt Indian Band Self-Government Act* was passed, providing the SIB with powers for self-government, and the band subsequently adopted its own constitution and criteria for membership. Determination of SIB members' Indian status continues under the *Indian Act*.

In 1987, B.C. passed the *Sechelt Indian Government District Enabling Act* (SIGD Act) that enabled the SIB to become the first Indian government district (IGD) in B.C. This legislation recognizes that the SIB will exercise its federally defined powers in the provincial sphere and over non-Indian residents of the IGD. The Sechelt IGD mimics a municipality in terms of its jurisdiction for property taxation and servicing, though it is not actually incorporated as such. The SIGD Act also enables IGD membership in the Sunshine Coast Regional District. In 2006, the provisions of the Act were renewed for an additional 20 years.

The IGD and the SIB are governed through a council structure. Members of the SIB elect a chief and council for three-year terms under the conditions of the SIB constitution. The SIB council oversees

jurisdiction relating to social development, education, housing, public works, resource management, community health, economic development, and culture and recreation. The members of the SIB council also make up the IGD council, which holds the legal powers of the IGD and is the decision-making body with respect to zoning and land use, building construction and maintenance, taxation for local purposes, public order and safety, road construction, traffic regulation, and operation of businesses. The IGD council acts on behalf of all residents residing on reserve lands and its bylaws apply to all residents, while SIB council bylaws apply only to band members.

In addition to the IGD council, an advisory council created by the SIGD Act forms part of the IGD structure. The advisory council's purpose is to allow participation by non-member lessees living on reserve lands in the decision making of the IGD council on local servicing matters. Any resident living on reserve lands may run for election for the advisory council. Five members are elected for three-year terms under the provincial *Local Government Act* election provisions.

Under the self-government agreement, reserve lands are now owned by the SIB in fee simple, though they retain reserve status and remain under federal jurisdiction. Provincial and federal laws of general application apply to reserve lands. Both the SIB and IGD are vested with the rights and obligations of a natural person, which includes the capacity to sue and be sued, to make contracts, to invest and borrow money, and to acquire and hold property.

It should be noted that the Sechelt self-government agreement is a delegated arrangement and does not abrogate or derogate from any land claims process or treaty negotiation being undertaken by the SIB. Currently, the SIB is in stage five of the six-stage B.C. treaty process.

Indian Self Government Enabling Act, 1990

In 1988, amendments to Section 83 (taxation) of the federal *Indian Act* made it easier for all First Nations to introduce a system for property taxation on reserves and to pass taxation bylaws. The Indian Taxation Advisory Board (ITAB) was created to provide technical assistance on the development and implementation of section 83 bylaws. ITAB also reviewed bylaws and made recommendations to the federal minister for their approval. The board was made up of five regionally based representatives of aboriginal descent. It has been superseded by the First Nations Tax Commission.

In 1990, B.C.'s *Indian Self Government Enabling Act* harmonized provincial practices with the federal legislation by providing First Nations with options for exercising their taxation jurisdiction. The Act also included an option for other First Nations to adopt the SIB model and participate as Indian government districts in the local government system. However, to date, no other First Nations have expressed an interest in this option.

First Nations Land Management Act, 1999

In 1996, 14 First Nations in Canada seeking greater control over their land and resources negotiated the *Framework Agreement on First Nations Land Management* (Framework Agreement), a government-to-government relationship with the federal government.

In June 1999, the *First Nations Land Management Act* (FNLMA) was ratified by the federal government that brought into effect the Framework Agreement. The FNLMA is a governance arrangement that allows signatory First Nations, who apply and qualify for the process, to manage their reserve land and resources outside of the *Indian Act*.

Bands develop their own land code that must be ratified by band members. Bands then negotiate an individual Framework Agreement with INAC, which is implemented with the approval of the minister.

The FNLMA allows First Nations to manage their reserve lands and resources, though title remains vested in the Crown for the use of the First Nation. If new lands are acquired following a treaty or land claims settlement, the FNLMA only applies if the new lands are designated as treaty settlement lands.

Under FNLMA, First Nations have jurisdiction to manage forestry and agriculture resources on their lands, while fisheries, oil and gas resources, subsurface rights, migratory birds, and endangered species remain outside their jurisdiction. Individual land codes differ, but all First Nations under the FNLMA may make laws pertaining to development (includes zoning and servicing), conservation (includes environmental protection), and protection, management, use, and possession of reserve lands. First Nations can generate revenues by leasing and granting rights and licences on First Nations land. A First Nation can also develop its own land.

As of October 2007, 25 First Nations in British Columbia are signatories to the Framework Agreement and have either developed their land codes or have the option to do so.

Nisga'a Final Agreement

In 1998, the Nisga'a Lisims Government (NLG) was established under the terms of a treaty between the Nisga'a Tribal Council, Canada and B.C. The *Constitution of the Nisga'a Nation* provides for the NLG to consist of five main parts: a legislature; an executive; four village governments; a council of elders; and "urban locals" in Vancouver, Terrace, Prince Rupert and any other local area "determined in accordance with Nisga'a law." Beginning in 2000, elections for NLG officers, village government chiefs and councils, urban local representatives and other elected offices in Nisga'a public institutions take place every four years. The elected officials and voters must be Nisga'a citizens, but non-Nisga'a people residing on Nisga'a lands can be consulted about decisions, seek review of decisions, and participate in elected bodies where their interests are "directly and significantly" affected.

In 2006, there were about 5,500 Nisga'a citizens. Of those, almost two-thirds resided outside Nisga'a territory. Nisga'a citizens must meet specified eligibility and enrollment criteria that allow the enrollment of non-aboriginal people in very limited circumstances. Under the terms of the treaty, Nisga'a citizens continue to be aboriginal people but their aboriginal rights under the *Constitution Act, 1982* are modified into treaty rights, which are exhaustively defined in the treaty. The *Indian Act* no longer applies except to determine who is a status Indian. Their *Indian Act* tax exemptions for transaction taxes (PST and GST) expired May 31, 2008, and the tax exemption for income tax will expire December 31, 2012.

The lands in Nisga'a jurisdiction comprise 1992 square kilometres in the lower Nass River area, located in Electoral Area A of the Regional District of Kitimat-Stikine (RDKS), about 100 kilometres from Terrace in northwestern B.C. The Nisga'a own all the forest resources on Nisga'a lands and also own another 27.5 square kilometres of lands that are subject to the laws of B.C. All lands owned by the Nisga'a are held in fee simple and are constitutionally protected.

The Nisga'a have established a land title system that is similar to and harmonious with the B.C. Torrens system. In accordance with the treaty, replacement tenures have been issued for continuing the legal interests of other parties in lands within Nisga'a jurisdiction, including fee-simple lands, agricultural leases, wood lot licences, submerged lands, rights of way, the Nisga'a highway, and other key roads held by the province.

Fee-simple property owners and third-party tenure holders have guaranteed access to their interests and the public has access to Nisga'a lands for hunting, fishing, and recreation, although the NLG may regulate access for public safety and protection of environmental, cultural, or historic features. The federal and provincial governments may acquire interests in Nisga'a lands for purposes such as rights of way, subject to fair compensation.

Wilp Si'ayuukhl Nisga'a (WSN) is the elected legislative body. Its members include a speaker, a deputy speaker, officers of the government executive, the chairperson of the council of elders, the village governments, and the urban local representatives. The council of elders advises the government on matters relating to the traditional values of the Nisga'a Nation and is composed of a chairperson, seven other elders, including simgiigat (hereditary chiefs) and sigidimhaanak (hereditary matriarchs), and eight alternates, all of whom are appointed by the NLG Executive Committee for staggered two-year terms.

The NLG Executive Committee consists of the president of the Nisga'a Nation, the executive chairperson, the secretary-treasurer, the chairperson of the council of elders, the chiefs of the village governments, and one representative from each urban local. It can make regulations and oversees the administration of the government.

In 2005, the central administrative structure included more than 50 staff in five directorates: programs and services, lands and resources, fisheries and wildlife, communications and intergovernmental relations, and finance. The programs and services directorate includes child and family services, an enrollment and eligibility department, a justice department, and an Ayuukhl Nisga'a department which is responsible for the preservation and promotion of Nisga'a language, culture, and history. Each of the five directorates is overseen by a committee of the executive.

Wilp Si'ayuukhl Nisga'a can make laws regarding culture, language, public works, transportation, land use, solemnization of marriages, health, child welfare, and education services, but it has no exclusive powers. Constraints on NLG legislative and other powers include:

- All NLG law-making powers are concurrent with those of Canada and British Columbia, whose laws of general application apply to the Nisga'a unless varied by terms of the treaty.
- The *Criminal Code of Canada* and the *Canadian Charter of Rights and Freedoms* apply to the Nisga'a people.
- NLG regulatory standards with respect to forests are to meet or exceed provincial standards.
- The province retains full ownership and regulatory authority over water. Existing water licences remain in place. The Nisga'a are allocated one percent of the average annual flow from the Nass Valley watershed for domestic, industrial, and agricultural needs. Any Nisga'a hydro development project would be subject to B.C. approval and regulation.
- Canada and B.C. retain responsibility for fisheries conservation and management. The Nisga'a have an annual allocation of Nass River fish, and can sell them under certain conditions, but cannot establish large fish processing facilities until 2008.
- Existing traplines are under NLG jurisdiction; guide outfitter and angling guide tenures remain under provincial jurisdiction.
- Nisga'a hunting is subject to conservation, public health, and public safety requirements, and cannot interfere with other authorized uses of Crown land or the ability of the Crown to dispose of Crown land. The Nisga'a must prepare an annual wildlife harvest management plan for provincial approval and cannot sell wildlife, but they can continue to trade and barter among themselves or with other aboriginal peoples. Nisga'a citizens who hunt wildlife outside the Nass Wildlife Area, which includes the NLG lands and some Crown lands, are subject to provincial laws.
- The NLG has concurrent authority with Canada and B.C. for environmental assessment and protection on Nisga'a lands, but federal and provincial laws prevail if a conflict occurs. B.C. and Canada may respond to natural disasters and environmental emergencies on Nisga'a lands.
- The Nisga'a Memorial Lava Bed Park, Bear Glacier Park, and the Gingietl Creek Ecological Reserve remain under provincial ownership. The Nisga'a Memorial Lava Bed Park and Bear Glacier Park are established as Class A provincial parks and operate under a co-management arrangement with NLG.

- Key cultural sites are designated provincial heritage sites under provincial legislation. Key geographic features are given Nisga'a names in accordance with provincial policy.
- The NLG can provide its own police protection service, subject to provincial approval. The service must meet the provincial requirements that apply to municipal police in B.C. with respect to training, qualifications, and professional standards. In 2008, the Nisga'a, Canada, and B.C. operated the police service under a tripartite agreement delivered by the Lisims-Nass Valley detachment of the RCMP.
- The NLG can establish a Nisga'a court with jurisdiction over Nisga'a laws on Nisga'a lands, subject to provincial approval. The court must meet provincial standards for independence, accountability and supervision. Accused persons may also choose to have their cases heard in B.C. Provincial Court.

The treaty provided for a dispute resolution process and two joint management committees, each with representatives of the Nisga'a, B.C., and Canada, to make recommendations to the responsible federal and provincial ministers respecting Nisga'a fisheries and wildlife management activities.

The NLG can enter into service agreements with the RDKS and otherwise coordinate activities with respect to common areas of responsibility. Nisga'a citizens may vote in local municipal and regional district elections, depending on where they live in the RDKS. As the Nisga'a population is the majority in Electoral Area A they have consistently elected a Nisga'a citizen to the RDKS board as the electoral area director. This director represents all residents of the area, including those not on Nisga'a lands.

Several key services that the NLG could provide directly are still provided by agencies that delivered them before the treaty was signed.

- Nisga'a School District 92, established in 1974 under the B.C. *School Act*, delivers K–12 educational services that emphasize Nisga'a language and culture. It is governed by a board of five trustees elected for three-year terms.
- The Nisga'a Valley Health Authority, established in 1984 under the B.C. *Society Act*, delivers a range of health services through a contract with the provincial government and functions independently of the provincial health authorities. It is governed by six directors, five elected for four-year terms, plus one appointed by the NLG.
- Wilp Wilxo'oskwhl Nisga'a Institute (the Nisga'a university college [WWNI]), established in 1993 under the B.C. *Society Act*, provides adult education and related services. It is governed by ten or eleven directors, including a chairperson, the president, an elder, and one representative for each of the four village governments, the urban locals, the faculty, and the student body. The WWNI is a degree-granting institution under terms of an agreement with the University of Northern British Columbia. The WWNI also delivers programs under agreements with the Simon Fraser University, Northwest Community College, and the B.C. Justice Institute.

The school and health boards both include four members elected by village citizens and one elected by the non-aboriginal population in the area. All members of the WWNI board are appointed by the executive or the village governments, except for the faculty and student representatives who are elected by their peers. The NLG could exercise more direct jurisdiction over any of these services but has not yet chosen to do so.

The four Nisga'a villages are New Aiyansh (also known as Gitlaxt'aamiks), Gitwinksihlkw (formerly known as Canyon City), Laxgalt'sap (formerly known as Greenville), and Gingolx (formerly known as Kincolith). Each has its own charter and the legal capacity to contract. They are governed by elected village chiefs and four to eight councillors, depending on the size of the resident population. The village governments make laws regarding local matters and sit as members of Wilp Si'ayuukhl Nisga'a. New

Aiyansh, the largest village with a population of about 900 people, is the seat of the central Nisga'a Lisims Government.

The village governments are responsible for local services, programs, and regulations. For example, the Gitwinksihlkw Village Government's functions include governance and administration, community planning and development, social development, education, infrastructure maintenance, fire protection, emergency response, parks and recreation, and search-and-rescue services. Each village fire chief serves as the local assistant to the provincial fire commissioner under the *Fire Services Act*. Like the governments of other small communities, the administrative staff size in the villages is small, ranging from about 25 in New Aiyansh (the largest village) to 12 in Gitwinksihlkw (the smallest village).

The NLG receives fiscal transfers from Canada and B.C. that enable it to provide government services at levels comparable to those generally available in northwest B.C. The fiscal financing agreements are negotiated every five years and take into account the NLG's ability to raise funds from other sources, such as the community's fisheries, forestry, and tourism activities. In 2008, the NLG continued to operate under the first fiscal financing agreement as negotiations for the second fiscal financing agreement continued.

Like other local governments in Canada, the NLG's activities are generally tax-exempt. It can levy direct taxes on Nisga'a citizens on Nisga'a lands. If and when it imposes property taxes on its citizens, it may negotiate a tax delegation agreement with B.C. to permit it to impose property taxes on non-Nisga'a occupiers of Nisga'a lands. In the meantime, provincial taxing authorities continue to have the power to levy property taxes on non-Nisga'a occupiers of Nisga'a lands as well as provincially incorporated businesses.

Westbank First Nation

In 2004, the Westbank First Nation Self-Government Agreement (Agreement) was ratified by Canada through the passage of the *Westbank First Nation Self-Government Act.* This legislation gave the Agreement the force of law and recognizes Westbank First Nation (WFN) jurisdiction in several important areas.

However, the Agreement, is not a treaty and may be superseded by the outcome of future treaty negotiations. The Agreement differs from others reached in B.C. as the provincial government was not a party to the agreement.

Democratic elections of council, procedures for the passage and amendment of laws, financial accountability, and provisions for establishing WFN membership, amongst other matters, are set out in the WFN constitution as required by the Agreement. The WFN constitution was ratified by the WFN community at the same time as the Agreement and was developed by a community working group. The WFN Constitution also includes provisions respecting the creation, holding, and disposition of Westbank lands.

The Agreement essentially removes the application of the *Indian Act* on Westbank lands. WFN members retain their Indian status as defined by the *Indian Act* and in many areas of WFN jurisdiction, the *Indian Act* continues to apply until the WFN passes a law in its stead. WFN may enter into agreements for providing services with other governments and may make agreements concerning land, water, and other resources with other governments.

The Agreement does not involve a change in the amount or type of lands set aside for WFN and WFN lands remain federal lands as "lands reserved for the Indians" within the meaning of section 91(24) of the *Constitution Act, 1867.* For a short period prior to the Agreement, WFN lands were managed under a *First Nations Land Management Act* land code. The FNLMA no longer applies to WFN and, as with bylaws that were previously in effect under the *Indian Act*, laws passed under the land code remain in

force as WFN laws under self-government. The *Westbank First Nation Self-Government Act* recognizes WFN jurisdiction over the management, regulation, use, and protection of WFN lands, which includes zoning and land use planning.

In addition to land management, WFN may make laws concerning renewable resources such as wildlife, hunting, trapping, and forestry. WFN may regulate and manage their non-renewable resources, including oil and gas and surface minerals. Environmental standards and conservation must be greater than or equivalent to related provincial laws in that area. Other areas of jurisdiction include public works, infrastructure and local services, K–12 education, and Okanagan language and culture preservation. The Agreement also provides that there must be a mechanism in WFN law for consultation with residents of, or interest holders in, WFN lands who are not WFN members, on decisions that directly and significantly affect them.

There are approximately 30 WFN laws in force. These include establishing an advisory council to address the representation of non-members living on WFN land, residential tenancy matters, the allotment of community lands, land use, including a land use plan and zoning regulations, family property, dealing with the division of property on marriage breakdown, and a number of administrative laws addressing the enforcement and adjudication of Westbank law.

Federal and WFN law-making powers are concurrent on WFN lands. Conflict rules with respect to the application of WFN law and federal law are set out for each area of WFN jurisdiction. General provincial laws apply to WFN members and lands unless those laws deal with a subject matter covered by the Agreement, the enabling legislation or a Westbank law, or where there is conflict with the Agreement, the enabling legislation or a Westbank law.

The WFN government and its public institutions are exempt from income and other taxes in the same manner as municipalities. For status Indians registered under the *Indian Act*, including WFN members, tax exemptions under the *Indian Act* continue to apply. The WFN government's own-source revenue includes the collection of property and consumption taxes, and fees and other charges levied under WFN law.

In addition to own-source revenue, the WFN government has an ongoing fiscal transfer agreement with Canada, renegotiated every five years, which sees the federal government providing funding for services comparable with other jurisdictions in the area and which considers the revenue-generating capacity of the WFN.

First Nations Fiscal and Statistical Management

On July 1, 2007, the First Nations Tax Commission (FNTC) officially began operations. The 10-member commission was established through the passage of the *First Nations Fiscal and Statistical Management Act*. It is the successor institution to the Indian Taxation Advisory Board, building on the board's 18 years of experience and expertise.

The FNTC is a major step forward for First Nations governments in the field of property taxation. It is mandated to help First Nations governments build and maintain fair and efficient First Nations property tax regimes, and to ensure those First Nations communities, and their taxpayers alike, receive the maximum benefit from those systems.

In the past, the Indian Taxation Advisory Board (ITAB) provided many functions similar to provincial government bodies that regulate their local government property tax authorities. However, there were important differences. For example, the Board was advisory in nature, having only the power to make recommendations. The power to approve or not approve First Nations taxation laws remained with the minister. ITAB also faced many unique challenges because the First Nations property tax system

operates within a legislative, legal, and policy context that is very different from local government tax systems.

The enhanced authority of the FNTC will allow property tax revenues to finance infrastructure more effectively and reduce other barriers to economic development on First Nations lands. The FNTC will operate as part of an overall system of fiscal governance for First Nations. It will be responsible for the development and regulation of the First Nations property tax system. In carrying out this role, the FNTC will work with First Nations, other First Nations institutions, and the federal, provincial, and local governments. In 2008 the FNTC created the Tulo Centre of Indigenous Economics to provide university programs in tax administration and economic development for First Nation students, as well as undertake economic development research for reserves. The first programs are being offered at Thompson Rivers University in Kamloops.

The FNTC will ensure the First Nations property tax system is administratively efficient, harmonized with the rest of the country, and is fair to on-reserve taxpayers. To do this the FNTC will set administrative standards, regulate matters pertaining to its property tax mandate, enforce these regulations, mediate disputes, and act on behalf of the collective interest of First Nations tax administrations.

The *First Nations Fiscal and Statistical Management Act* created two other bodies:

- First Nations Finance Authority (FNFA) provides a legal framework for issuing investment-grade First Nation bonds, and provides for long-term financing for First Nations infrastructure borrowing. The FNFA operates throughout Canada, but is modelled after B.C.'s Municipal Finance Authority.
- First Nations Financial Management Board is an independent body that offers certification and intervention services in support of FNFA borrowing, and in support of FNTC policies relating to taxation and expenditures.

British Columbia Treaty Commission

Most First Nations in B.C. have not signed treaties[40] and most of the province remains subject to outstanding aboriginal land claims. From the late 1800s, the B.C. government rejected the validity of claims, arguing that aboriginal rights or title to land were extinguished before B.C. became part of Canada. If claims were found to exist, the province said they were entirely the federal government's responsibility. In 1990, the B.C. government changed its position and in 1993, Canada, B.C., and First Nations in the province established the British Columbia Treaty Commission (BCTC) to facilitate the negotiation of modern treaties.[41] The BCTC assesses the readiness of the parties to begin negotiation, allocate negotiation funding to aboriginal groups, help obtain services to resolve disputes when requested, and monitor and report on the status of negotiations.[42]

Local governments have several interests in the outcome of the BCTC process. Issues of concern to B.C. local governments include land ownership, governance, intergovernmental relations, dispute resolution, service provision, infrastructure, land use planning and regulation, emergency services, bylaw enforcement, economic development, loss of property tax revenue, the political representation of non-aboriginal citizens residing on treaty settlement land, and First Nations regional district membership.

Local governments in B.C. do not directly participate in the BCTC process, but they are recognized as advisory members of the provincial negotiating teams under a memorandum of understanding between

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40 B.C. has two historic treaties: the Douglas Treaties on Vancouver Island and Treaty 8 in northeastern B.C.

41 For more information on the B.C. Treaty Process see the BC Treaty Commission website.

42 The Nisga'a Treaty was negotiated outside of the B.C. Treaty process.

the province and the Union of British Columbia Municipalities. To assist in this role a number of treaty advisory committees (TACs) have been established to represent local government interests and advise the provincial negotiators on issues of concern to local governments. The TACs consist of municipal and electoral area elected officials and local government staff. The largest TAC is the Lower Mainland Treaty Advisory Committee, which has a thorough website detailing research and activities that support treaty negotiations in the area.

In 2006, two agreements were signed through the BCTC negotiation process and were ratified by the participant First Nations, the Tsawwassen and Maa-nulth First Nations. Following ratification by First Nation residents, both received Canadian government Senate approval and Royal Assent June 26, 2008.

Tsawwassen First Nation Final Agreement (2007)

On July 25, 2007, B.C.'s first modern urban treaty negotiated through the BCTC process was ratified by the 358 Coast Salish members of the Tsawwassen First Nation (TFN). Their traditional and modern-day village is located on the Strait of Georgia, approximately 35 kilometres south of Vancouver, adjacent to the municipality of The Corporation of Delta (Delta). While the traditional territory covers approximately 279,000 hectares, the Final Agreement land package consists of approximately 724 hectares located mainly between and around the B.C. Ferries terminal and Roberts Bank Superport.

The TFN Final Agreement provides TFN with rights and law-making authorities for matters related to land, resources, and self-government. Following a transition period, the federal *Indian Act* will no longer apply to Tsawwassen First Nation, its land, or its members.

Approximately 662 hectares of the treaty settlement land, known as the Tsawwassen lands, consist of former reserves (290 hectares) and provincial Crown land (372 hectares). The First Nation will own the Tsawwassen lands and subsurface resources, and will have law-making authorities over the lands. The remaining 62 hectares of land, known as the Boundary Bay and Fraser River parcels, will transfer to the TFN as fee-simple land. The First Nation will not own the subsurface resources of these fee-simple lands. These latter parcels will remain within the municipal boundaries of Delta.

As of the treaty's effective date, all Tsawwassen lands will be or continue to be registered in the B.C. Land Title Office in accordance with the *Land Title Act*.

TFN will have rights of refusal for 80 years after the treaty takes effect to purchase approximately 278 hectares of lands north of Tsawwassen lands (Brunswick Point lands) if the people currently leasing these lands choose not to buy them or decide to sell them. If TFN purchases land within the Brunswick Point lands within 50 years after the effective date of the treaty, TFN may add these lands to its treaty settlement lands.

Following this 50-year period, TFN can add lands to its treaty settlement lands if it purchases the land from willing sellers, but the federal, provincial, and municipal governments must consent to the addition.

While federal and provincial laws apply to the lands owned by TFN, the provincial agricultural land reserve (ALR) designation only applies to about 227 hectares consisting of former provincial Crown land and the Boundary Bay parcels. If they wish to remove this land from the ALR, TFN must apply to the Agricultural Land Commission (*Agricultural Land Commission Act*).

The Highway 17 and Deltaport Way (Roberts Bank) corridors remain provincial land. Other roads that may become Tsawwassen lands are to remain open for public use.

The Tsawwassen Government will hold elections at least every five years. While the government may include elements of traditional governance, such as hereditary chiefs, the majority of government representatives will be elected. This will be determined by the First Nation's constitution, which will come into force on the treaty's effective date.

The Tsawwassen First Nation Final Agreement sets out the First Nation government law-making authorities and, in the event of a conflict, specifies whether federal, provincial, or TFN laws will prevail. Areas of authority include the delivery of health services, education, adoptions and child protection, social services, public works, culture, and emergency preparedness. In most of these areas of authority, federal or provincial law prevails in the event of a conflict with Tsawwassen law.

The TFN government can make laws with respect to land management and use, including planning, zoning, and development. This includes authority over agriculture through land use planning and zoning. Before a proposed law is made, residents of those lands who may be affected by the proposed laws are to be consulted, similar in principle to that required of a municipality undertaking similar law making.

The TFN government can also make laws with respect to the regulation, licensing, and prohibition of businesses, traffic regulations on their roads, fire protection, and public works on Tsawwassen lands. The *British Columbia Building Code* (BCBC) applies to buildings and structures on Tsawwassen lands. They can make laws with respect to buildings and structures on Tsawwassen lands but cannot establish standards that are additional to or different from the BCBC. Laws to conserve and protect culture and language including regulating the access to heritage resources can also be made.

On the effective date, the TFN government will become responsible for providing local services to all residents on Tsawwassen lands.

The TFN government will also become a member of the Greater Vancouver Regional District (Metro Vancouver). The director, an elected member of the Tsawwassen First Nation government, will be appointed to the board and have all the functions, powers, duties, and obligations of all Metro Vancouver board directors. As a regional district member, TFN government will pay for regional services, e.g., administration and solid waste management, and access voluntary services.

The TFN Final Agreement provides access to water from the Greater Vancouver Water District (GVWD) on the same basis as other members of the water district. Costs for water provision are to be negotiated by the TFN and the GVWD. Existing service agreements between the TFN and the municipality of Delta will remain in place and the two parties can enter into new agreements for the provision of services.

The TFN will have the ability to tax members and non-members within the Tsawwassen lands, including the levying of property taxes. The *Assessment Act* and *Assessment Authority Act* will apply in respect to establishing property taxes.

Residents who reside on Tsawwassen lands who are not members of the First Nation will contribute to the decision-making process of a Tsawwassen public institution if the activities of the institution, including taxation matters, directly or significantly affect them.

Under the TFN Final Agreement, tax exemptions for transaction taxes and other taxes under the *Indian Act* (section 87) will be phased out after eight and twelve years respectively of the treaty effective date. Through a negotiated side agreement, B.C. will share 50 percent of provincial income tax and sales tax revenue collected from TFN members after the tax exemptions have been phased out.

On June 26, 2008, the TFN Final Agreement received Senate approval and Royal Assent in parliament.

Maa-nulth First Nation Final Agreement (2007)

In the summer and fall of 2007, the Maa-nulth Final Agreement was ratified by the Huu-ay-aht First Nations, the Ka:'yu:'k't'h'/Che:k'tles7et'h First Nations, the Toquaht Nation, the Uchucklesaht Tribe, and the Ucluelet First Nation. These five nations comprise the Maa-nulth First Nations, whose communities are in the areas of Bamfield, Ucluelet, Alberni Inlet, and Kyuquot Sound on the west coast of Vancouver Island. They have a combined population of approximately 2,000 people.

The Maa-nulth Final Agreement provides for the creation of five Maa-nulth governments, one for each of the five First Nations who are signatories to the treaty. Each Maa-nulth First Nation will have a constitution that provides for a government that is democratically and financially accountable to the Maa-nulth-aht and Maa-Nulth First Nation citizens. The constitution of each Maa-nulth First Nation will come into force on the effective date of the treaty.

The Maa-nulth First Nations governments will hold elections at least every five years. At the discretion of each Maa-nulth First Nation, its constitution may provide for the appointment of Ha'wiih (Nuu-chah-nulth hereditary chiefs) into its government structure, but the majority of government representatives will be elected. This will be determined by the First Nation's constitution.

Maa-nulth First Nations continue to be aboriginal peoples and their rights under the *Constitution Act, 1982* are set out exhaustively in the Final Agreement for greater certainty. With the exception of determining Indian status, after a transition period the *Indian Act* will no longer apply to Maa-nulth First Nations, their lands, or members.

When actions of a Maa-nulth government or public institution will directly and significantly affect individuals who are not Maa-nulth citizens, the Maa-nulth government or institution will have to consult with those individuals. The Maa-nulth must ensure that non-members have the ability to participate in discussions and vote on decisions that will affect them. The Maa-nulth First Nation governments will also be accountable to Canada and B.C. for financial transfers they receive from them.

Maa-nulth First Nation lands do not form part of any municipality. Local government bylaws do not apply to Maa-nulth First Nation lands unless specific agreement has been reached between the applicable Maa-nulth First Nation and local government. The Final Agreement sets out the provisions under which the Maa-nulth First Nations will become members of the relevant regional district. After the effective date of the treaty, there will be a 10-year transition period during which the Maa-nulth First Nations are not required to become regional district members. However, at any time during the transition period a Maa-nulth First Nation may end the transition period and become members of the regional district.

If it has not done so already, at the conclusion of the 10-year period each Maa-nulth First Nation will become a member of the applicable regional district. The First Nation director to the regional district Board will be an elected member of the First Nation government. The Huu-ay-aht First Nations, the Toquaht Nation, the Uchucklesaht Tribe, and the Ucluelet First Nation will join the Alberni-Clayoquot Regional District, while the Ka:'yu:'k't'h'/Che:k'tles7et'h First Nations will become a member of the Strathcona Regional District.

After the transition date, the Maa-nulth First Nations will participate in regional services, such as administration, solid waste management, and hospital financing of the applicable regional district. They may opt to participate in voluntary services, such as library, the 9-1-1 emergency service, the Tofino-Ucluelet Airport, and other services provided by the regional district.

Each Maa-nulth First Nation may enter into land use planning protocols or service agreement contracts with the regional district. However, neither party is obligated to provide or pay for services unless both have specifically agreed to do so. The Province of British Columbia must consult with the Maa-nulth First Nations on any changes planned for the structure or boundary of regional districts that will directly and significantly affect the Maa-nulth First Nations.

The Maa-nulth First Nations will have law-making authority over such matters as the Nuu-chah-nulth language and culture, governance and citizenship, lands, K–12 education, and adoption as set out in the Final Agreement. In these areas, Maa-nulth First Nations laws prevail over federal and provincial laws if there is a conflict between the two. The Maa-nulth First Nations may also make laws in areas including child care services, post-secondary education, health services and social development, public order, regulation of businesses, traffic and transportation, and enforcement of Maa-nulth laws. However, in

these areas the applicable federal or provincial law prevails over the Maa-nulth law if there is a conflict between the two.

Constraints on Maa-nulth First Nations' legislative and other powers include:

- Maa-nulth regulatory standards with respect to forests and range practices must meet or exceed provincial standards.
- Federal and provincial laws concerning water continue to apply on Maa-nulth First Nation lands. Water reserves for each Maa-nulth First Nation will be established on the effective date of the treaty for domestic, industrial, and agricultural use. Certain streams will be set aside for potential hydro development by Maa-nulth First Nations. Water licences will continue to be issued by the British Columbia government.
- B.C. retains jurisdiction for fisheries, though Maa-nulth First Nations may harvest fish for domestic purposes and regulate harvests and distribution of fish among members. A Joint Fisheries Committee, with one member appointed by Canada and each Maa-nulth First Nation, and by B.C. if that government chooses to do so, will receive annual fishing plans from each Maa-nulth First Nation and will manage matters relating to fisheries for the Maa-nulth First Nations.
- Maa-nulth First Nations may harvest wildlife and migratory birds for food, social, and ceremonial purposes subject to conservation, public health, and public safety regulations and according to a harvest plan written by each Maa-nulth First Nation government.
- Environmental assessment laws of Canada and B.C. will apply on Maa-nulth First Nation lands. However, no project will proceed on these lands without the consent of Maa-nulth First Nations.
- Maa-nulth First Nations governments may not establish a court for arbitration of Maa-nulth First Nations laws. The Provincial Court of B.C. will hear prosecution of offences under Maa-nulth First Nations laws.

The Final Agreement land package consists of a total of approximately 24,550 hectares of treaty settlement lands, including former reserves, that will be held in fee-simple title by the Maa-nulth First Nations. The Maa-nulth First Nations have identified certain parcels of land that are eligible to be purchased by the Maa-nulth First Nations and added to the MFN lands within 15 years of the treaty coming into effect. When these parcels are located within the boundaries of a municipality, the purchase must be agreed to by the municipality. In general, Maa-nulth First Nation lands are not subject to expropriation by the federal or provincial governments, though cases where this might occur are detailed in the Final Agreement.

Maa-nulth jurisdiction on treaty settlement land includes management, planning, zoning, and development. Each Maa-nulth First Nation owns and manages all forest resources and most subsurface resources on their lands and may determine the conditions for resource development and extraction. The Final Agreement allows for access to Maa-nulth First Nations lands to be granted to officials of the federal or provincial government as they carry out their duties, such as enforcing laws or responding to emergencies. The general public has access to Maa-nulth First Nations lands for recreation and non-commercial hunting and fishing. Public roads and highways on Maa-nulth First Nations lands remain under British Columbia jurisdiction.

Each Maa-nulth First Nation will have regulatory jurisdiction over the foreshore (Crown land below the high-water mark) adjacent to its treaty settlement lands. The specific provisions for this jurisdiction will be outlined in individual Foreshore Agreements entered into by each Maa-nulth First Nation and B.C. The regulatory powers over the foreshore delegated by the province will include planning, zoning, regulation of businesses, and nuisances.

Each Maa-nulth First Nation government will have the ability to levy direct taxes (such as income taxes) on its citizens within its treaty settlement lands. Current sales tax exemptions for status Indians under the *Indian Act* will be phased out eight years after the effective date of the treaty, and other tax

exemptions will cease twelve years after the effective date. Each Maa-nulth First Nation government will provide that non-Maa-nulth First Nation members who ordinarily reside on Maa-nulth First Nation lands, and registered owners of real property (or their representatives) who do not ordinarily reside on Maa-nulth First Nation lands, will have the ability to participate in discussions and vote on taxation decisions that directly and significantly affect them.

Provincial legislation to ratify the Maa-nulth Final Agreement received Royal Assent on November 29, 2007. The treaty will also require Royal Assent from the federal parliament before taking effect. At the time of publication, the timing of this process was not known.

Tribal Councils

In addition to individual First Nations providing services to members on reserve, groups of First Nations have formed associations, or tribal councils, to perform specific functions. Tribal councils are not a form of government and are not provided for in the *Indian Act*. They are generally established as societies under the provincial *Society Act*. Tribal councils consist of two or more First Nations that work cooperatively on issues, such as cultural concerns, presenting positions to other governments and providing services on a larger and more efficient scale to members. In 2006, 29 tribal councils represented more than 150 First Nations bands in B.C. While not recognized as a First Nations government, tribal councils receive some government funding to operate.

There is great diversity in the levels of authority and activities of tribal councils, depending on the needs and wishes of the First Nations that form them. Some, such as the Nuu-chah-nulth Tribal Council on Vancouver Island, can be described as a comprehensive tribal council concerned with a wide range of political, cultural, and service delivery matters. Others have more limited mandates, including a single focus such as the resolution of aboriginal land claims through the negotiation of treaties.

Tribal councils will generally defer to individual member First Nations in land matters related to their traditional territory.

Observations

First Nations governments in B.C. are undergoing significant change as First Nations assume greater responsibilities for providing a broad range of services and look for opportunities to partner and promote economic development. As a result, many First Nations are developing contractual relationships with surrounding or adjacent municipalities and regional districts, and are participating formally and informally in the local government system. It is expected that First Nations governments will have an increasingly important role in governance and service provision in the province.

Chapter Notes

Full citations to references and some other documents are listed in the bibliography. Persons interviewed are listed in the acknowledgements. For the first two editions, the most important bibliographical sources of information were Crossley and Nykwist. For the third and fourth editions, the most important sources include documents and other information posted on various websites. The main websites are for the provincial government (www.gov.bc.ca and links) and the Union of British Columbia Municipalities (www.civicnet.bc.ca and links). Virtually all municipalities, regional districts, and organizations like the Island Trust maintain their own sites. We have found that searches, primarily in Google, for specific information, legislation, or documents work very well.

Chapters 1 and 2

The approach taken in the book is based in a tradition that focuses on the incentives inherent within institutional arrangements to balance benefits and costs in decision making and the nature of the good or service desired by citizens. It is an integration of classical liberal economics and political science. The classic article describing this perspective in political science is by Ostrom, Tiebout and Warren. The article that introduces the term fiscal equivalence is Olson. Two useful introductions with direct application to local government are Bish (1971) and Bish and Ostrom. Applications of this approach to a broad number of local government issues is provided in *Polycentricity and Local Public* Economies, ed. Michael D. McGinnis. A non-technical, more detailed explanation of the problems with applications to local governments is included in Bish (1971). Other publications by Bish are referenced or available at http://publicadmin.uvic.ca/cpss/lgi/publish.htm. Examples of different kinds of public services are also provided in subsequent chapters. Information sources for the overviews of local governments, provincial ministries, agencies, and statutory officers include annual reports, published statistics, and other documents on websites.

Chapters 3 and 4

The history of municipal government in British Columbia is discussed by Bracewell, Ormsby, and William Burns in pages 623–640 of Scholefield. The B.C. Royal Commission reports of 1912 and 1938 and the 1947 Goldenberg report are also excellent sources of historical information. Background on regional districts is contained in Brown, Collier, Tennant, and Zirnhelt, Ministry of Municipal Affairs (1978) and Bish (1999c). The main sources of information about municipalities and regional districts are the municipal affairs ministry, the individual local governments, and interviews. Smith and Stewart also analyze the problems of the electoral system in Vancouver. Indian reserves in municipalities are discussed in Bish (1987); Cassidy and Bish; and Bish, Clemens and Topham. The discussion of amalgamation is largely based on sources cited in Bish (2001) and Sancton. The amalgamation issue in the Capital Regional District is examined in Bish (1999a, b and d). Most current information, comes from websites for the governments described.

Chapter 5

The municipal affairs ministry is a primary source of information about the Sechelt Indian District, improvement districts, local community commissions, the Islands Trust, and local areas. The Islands Trust provided updated statistical data. A discussion of the Sechelt Indian District is included in Cassidy and Bish. Updating of other information came from websites and directly from the ministry responsible for those governments.

Chapters 6–8

The descriptions and analysis in Chapters 6 through 8 were done by Bish, McDavid and Eric Clemens and is based on research on these topics since the 1970s and 1980s. Many of the reports were for clients and are not public. Others are published and listed in the bibliography. Specific information on local government arrangements in British Columbia came initially from many student papers, but has since been updated through websites and consultation with local and ministry officials. Documents in which concepts are discussed include Advisory Committee on Intergovernmental Relations (ACIR); McGinnis; and Bish (1986; 1999a).

Alternative approaches to service production, including contracting, are the focus of many articles by McDavid and his co-authors. More than a dozen of these studies are listed in the bibliography, and they cover policing, fire protection, recycling, and solid waste collection and disposal.

Information on the production of local government services in the United States is presented in Ostrom, Bish, and Ostrom. U.S. police services are discussed in Ostrom, Parks, and Whitaker; Parks; and several articles in McGinnis. We relied heavily on interviews and comments from the officials listed in the acknowledgements for the information on current arrangements in British Columbia.

Evaluation of services and programs is discussed in McDavid and Hawthorn (2006). This textbook includes chapters on both program evaluation and performance measurement, and a separate chapter on cost-benefit analysis that describes the key steps in conducting a cost-benefit study of project or program alternatives. A more recent guide to policy and program evaluation that is intended for persons who do not have background in evaluation is McDavid and Huse's *Policy Evaluation Guide for the BC Government* (2008). It is available from the authors and includes two modules that offer additional web-based sources on a wide range of evaluation topics, including program evaluation, cost-benefit analysis, and performance measurement.

Chapter 9

The previous three editions relied heavily on student papers and interviews. For this edition, websites, BC government statistical sources, and a new set of interviews were conducted.

Chapter 10

Land use planning, zoning, and subdivision policies and practices are covered in a variety of publications from the municipal affairs ministry and local governments. The Vancouver area regional planning history is presented in Gerald Hodge and Ira M. Robinson's *Planning Canadian Regions* (2002). Other documents relevant to this chapter include Bish and Nourse; Goldberg and Horwood; Kitchen; and Martin. Buholzer's *British Columbia Planning Law and Practice* looseleaf seems to be the reference for planners.

Chapter 11

Sources of information on local government labour relations include the direct contact with the variety of unions involved, not all of which had information on the number of their members who worked for local governments, employers and employer bargaining associations.

Chapter 12

Any public finance text covers issues of taxation. The Ministry of Municipal Affairs, the Municipal Finance Authority, and individual local governments are the main sources of information on municipal, regional district, and improvement district finances. Indian reserve taxation issues are analyzed in Bish (1987) and Bish, Clemens, and Topham. The business-residential property tax relationship studies are all cited in the text and may be found in the bibliography. User charges are examined in Kitchen (2002), Galambos and Schreiber; and Sproule-Jones and White.

First Nations Governments Appendix

In recognition of the variety of First Nations governments in B.C., the authors felt it would be valuable to provide an overview of the different approaches to providing local services and administration. Sources of information included federal, provincial, and First Nations websites, as well as interviews with individuals working within government and First Nations organizations. Text on First Nations governments from previous editions was updated and incorporated into the Appendix.

Index to Legislation and Regulations

Agricultural Land Commission Act, 218
Assessment Act, 188, 219
Assessment Authority Act, 219
Auditor General Act, 18
British Columbia Building Code, 14, 153, 154, 219
British Columbia Transit Act, 131
Building Officials' Association Act, 154
Business Corporations Act, 34
Canadian Charter of Rights and Freedoms, 213
Community Charter, 11, 12, 13, 22, 23, 24, 27, 29, 33, 34, 38, 61, 81, 84, 87, 89, 90, 95, 108, 123, 127, 145, 151, 152, 153, 170, 172, 173, 197, 202, 205
Company Act, 182
Constitution Act, 11, 156, 212, 215, 220
Contaminated Sites Regulation, 123
Criminal Code of Canada, 78, 213
Drinking Water Protection Act, 116, 121, 203
Election Act, 37
Emergency Communications Corporations Act, 101
Emergency Program Act, 49, 112
Employment Standards Act, 173
Environmental Management Act, 49, 119, 123, 203
Financial Information Act, 73
Fire and Police Services Collective Bargaining Act, 174
Fire Department Act, 108
Fire Services Act, 34, 108, 123, 152, 215
First Nations Fiscal and Statistical Management Act, 216, 217
First Nations Land Management Act, 211, 215
Freedom of Information and Protection of Privacy Act, 18
Greater Vancouver Transportation Authority Act, 72
Ground Water Protection Regulation, 116
Health Act, 120, 145
Health Authorities Act, 145
Highway Act, 127
Hospital District Act, 72, 73
Indian Act, 27, 28, 192, 193, 209, 210, 211, 212, 215, 216, 218, 219, 220, 221, 222
Indian Self Government Enabling Act, 28, 77, 193, 211
Islands Trust Act, 74, 75, 170
Judicial Review Procedure Act, 19, 33
Labour Relations Code, 16, 173
Land Title Act, 34, 155, 168, 169, 172, 218
Library Act, 15, 73, 142, 143
Local Government Act, 11, 13, 22, 23, 24, 29, 33, 35, 37, 38, 40, 45, 54, 55, 57, 69, 87, 108, 123, 141, 145, 147, 152, 154, 155, 156, 158, 160, 162, 163, 164, 165, 166, 167, 168, 169, 170, 172, 173, 188, 190, 205, 211
Local Government Bylaw Notice Enforcement Act, 170
Local Government Grants Act, 200, 201
Local Government Statutes Amendment Act, 2000, 61, 69
Local Services Act, 79
Miscellaneous Statutes Amendment Act (No. 2), 2008, 45
Motor Vehicle Act, 127
Municipal Act, 11, 13, 21, 22, 23, 29, 33, 34, 46, 50, 87, 98, 153, 158
Municipal Clauses Act, 21
Municipal Incorporation Act, 21
Municipal Liabilities Regulation, 202
Municipal Sewage Regulation, 119, 121
Municipalities Act, 98
Offence Act, 170
Ombudsman Act, 12, 19
Organic Matter Recycling Regulation, 120
Passenger Transportation Act, 153
Personal Information Protection Act, 19
Police Act, 19, 51, 99, 100, 101
Private Investigators and Security Agencies Act, 101
Public Health Act, 123, 145
Public Schools Act, 65
Resort Municipality of Whistler Act, 22
School Act, 11, 68, 145, 214
Sechelt Indian Band Self-Government Act, 5, 76, 210
Sechelt Indian Government District Enabling Act, 5, 76, 210
Sewerage System Regulation, 120
Society Act, 214, 222
South Coast British Columbia Transportation Authority Act, 77, 127, 202
Strata Property Act, 168
Town Planning Act, 157, 164
Vancouver Charter, 12, 22, 34, 36, 100, 154, 167, 170
Waste Management Act, 203
Water Act, 15, 68, 78, 116
Westbank First Nation Self-Government Act, 215, 216
Wildfire Act, 109

Selected Bibliography

The references listed here have been selected from many documentary sources that provided the basis for this book. Items relevant for the first two editions that are unavailable have been deleted. Such items as news releases, websites, or local government bylaws are not listed unless a specific reference is made to them in the text. Legislation discussed within the text is not listed separately but is included in the index. For ease of reference, the bibliography has been divided into provincial government and other publications and documents. Where publications are accessed online the website as of August 2008 is provided. Because website addresses may change, such publications are usually found by Google searches for either the publication or the name of the publishing organization.

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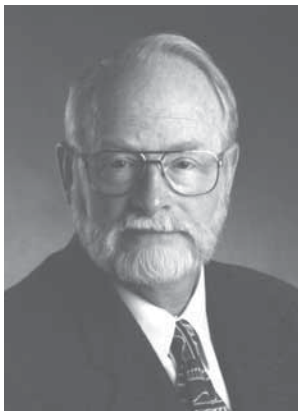
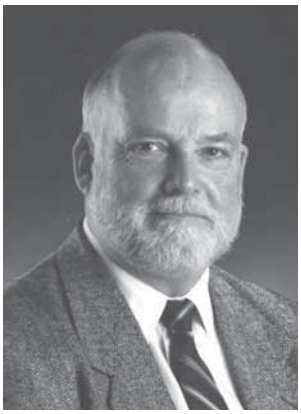


Robert L. Bish, Ph.D., is Professor Emeritus in the School of Public Administration at the University of Victoria and Academic Chairman, Board of Directors, of the Tulo Centre of Indigenous Economics. Prior to joining the University of Victoria in 1981, Dr. Bish received his A.B. Magna Cum Laude from the University of Southern California (1964) and M.A. (1966) and PhD (1968) in Economics from Indiana University. He served in departments or schools of economics, public affairs, public administration, and urban studies at the universities of Washington (1968–72), Southern California (1972–76), and Maryland (1976–81).

Dr. Bish was one of nineteen economists at Canadian universities included in the first edition of *Who's Who in Economics* in 1983. The editors selected an international group of 1,000 economists from 1700 to 1980, based on the frequency with which their published work was cited in economics and related social science journals. He was included in subsequent editions until his retirement in 1998.

Dr. Bish's research and consulting activities have included, in the United States, the Office of Technology Assessment, U.S. Congress; The U.S. Departments of Commerce, Transportation, Agriculture, and Housing and Urban Development; Advisory Commission on Intergovernmental Relations; Washington State Legislature; the Puget Sound Water Quality Authority; Governor's Office, State of California; and the National Science Foundation. In Canada, they have included projects for the Department of Indian and Northern Affairs; Macdonald Royal Commission; the B.C. Ministry of Municipal Affairs; the Gitksan-Wet'suwet'en Tribal Council; the Indian Taxation Advisory Board; the InterAmerican Development Bank; and various other provincial ministries, local governments, First Nations governments, and incorporation study task forces.



Eric G. Clemens was a management consultant whose areas of practice include public policy and program analysis, survey research, and local and aboriginal government management, finance, and service delivery. He held the degrees of Bachelor of Architecture (Manitoba), Master of Architecture and Urban Design (Washington, St. Louis), and Master of Public Administration (Victoria). He was also an Adjunct Assistant Professor in the University of Victoria School of Public Administration and had served as a practising architect, an Assistant Professor of Architecture, and a Senior Planner (Urban Design) with the National Capital Commission in Ottawa.

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Eric passed away in October 2008, prior to the completion of this edition. He was a major contributor to the local government and academic communities in British Columbia and will be greatly missed.