REGIONAL DISTRICT GOVERNANCE IN BRITISH COLUMBIA: A CASE STUDY IN AGGREGATION

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A. Overview and Historical Summary

Prior to the introduction of the regional district (RD) in 1965, land use and planning were done directly by the British Columbia (BC) government, whereas local services (such as fire protection, lighting, water management) were provided by independently incorporated improvement districts or municipalities under contract with the province. Rapid expansion in urban and outlying rural areas highlighted the resulting fragmentation in the provision of—or planning for—services. There was no general-purpose local government, or any statute or procedure facilitating aggregation to achieve benefits of regional service delivery. In 1964, the Municipal Act was amended to authorise the incorporation of regional districts and over the next three years, 28 would be created. Due to restructuring and further amalgamation, at this time there are 27 regional districts in British Columbia.

The BC Ministry of Municipal Affairs characterises the development of regional districts as a process of ‘gentle imposition’\(^1\). After the Municipal Act was amended in 1964, the provincial government enacted the Hospital Districts Act, transferring the responsibility for hospital capital finance to the districts. In 1971, the Municipal Finance Authority was created to facilitate long term capital borrowing for RDs by permitting them to pool their assets to achieve benefits of scale and lower borrowing costs. Since then, the system has been reviewed periodically. Over the years, the emphasis has shifted from imposition to ‘facilitation’ and the promotion of autonomy: legislative changes since the 1980s have stressed the importance of collaborative approaches between the province and the local governments. In fact, from 1986 to 1989, the provincial government, in collaboration with the Union of BC Municipalities (UCBM) and local governments, engaged in a redrafting of the regional district legislation with an emphasis on collaborative approaches to service planning and delivery. Since 1998, major legislative changes have been made. The Municipal Act, renamed the Local Government Act, recognises local government as an \textit{independent, responsible and accountable level of government} (S. 1). It empowers local government with broad corporate powers (S. 176). A number of changes affect regional districts directly, granting additional flexibility to design, deliver, regulate and pay for services.\(^2\)

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\(^1\) Government of British Columbia, Ministry of Municipal Affairs, \textit{A Primer on Regional Districts in British Columbia}, Section 2.3. [www.marh.gov.bc.ca/LGPOLICY/MAR/content.html]

As a form of government, regional districts are best characterised by *diversity* and *adaptability*. Looking at the variation in population, they range from 3,900 in the Central Coast RD to 1.8 million in the Greater Vancouver RD. Similarly, geography is not a barrier to aggregation, as size varies from Nanaimo RD’s 2,082 km\(^2\) to 119,383 km\(^2\) in Peace River. As a response to the growth BC underwent in the 1960s, and the differences between BC’s various regions and municipalities, regional districts were introduced as a means to provide access, accountability and efficiency to local and regional government. They provide a forum for mediating interests of a diverse membership: rural/urban; municipal/electoral area; and large/small.\(^3\) They also help manage ‘fringe issues’, that is unincorporated areas beyond municipal boundaries, which grew at rapid rates but did not participate in growth planning or cost-sharing. RDs provide a solution to the ‘free-rider’ problem of rural users benefiting from urban services without shouldering their share of the costs. Hence, the flexibility inherent in the model accommodates large geographic areas, whose interests and needs differ from compact urban centres.

Keeping in mind that the regional district model is intended to promote autonomy, the emphasis is on localities organising themselves and making decisions over what activities their governments wish to engage in and how they will pay for them. The system has evolved significantly as the province now recognises that local government “is an independent, responsible and accountable order of government.”\(^4\) According to an official in the BC Ministry of Municipal Affairs, regional districts are recognition of the advantages of organising and delivering services locally, following needs that are identified by the people best suited to define them—the residents. The province does not interfere unless its interests are directly in question. Hence, local government is directly accountable and responsible for the power it wields, as well as the agreements and commitments it makes. Six principles underlie regional districts. They are listed and described below.

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Table 1: Principles and Philosophy of Regional Districts

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
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<tbody>
<tr>
<td>Federal – Confederal</td>
<td>RDs exist to further the interests of their members. They do not constitute a distinct level of government, but are part of the municipal system.</td>
</tr>
<tr>
<td>Voluntary</td>
<td>RDs are voluntary organisations that are self-organising. They provide services their members agree to support. Contrary to other models of aggregation (amalgamation or two-tier), unilateral offloading of services and responsibilities is not an option. RDs do as much—or as little—as their members see fit.</td>
</tr>
<tr>
<td>Consensual</td>
<td>RDs generally rely on borrowed power rather than on statutory authority or direct power. There are extensive procedures for obtaining consent of member municipalities and elector assent through referenda, petition and counterpetition.</td>
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<tr>
<td>Flexibility</td>
<td>The same legislative framework permits different approaches and the provision of different services.</td>
</tr>
<tr>
<td>Fiscal equivalence</td>
<td>There must be close equivalence between the benefits and costs of services. Each service has a cost recovery formula. Pay for what you get.</td>
</tr>
<tr>
<td>Soft boundaries</td>
<td>Services do not need to encompass the entire district. Boundaries can be modified; members of a RD can opt out of, or choose to opt into, the provision of a service. In some cases, services can be provided to areas belonging to another regional district. For example, regional districts have entered into agreements with neighbouring First Nations communities to deliver certain services.</td>
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</tbody>
</table>

B. Governance Structure

Regional districts are federations of municipalities and electoral areas (unincorporated rural areas). The system balances representation by population with representation by community. Representation of municipal areas on the district’s Board of Directors is ensured by director(s) who are members of a municipal council and appointed by the council for terms of three years; representation of electoral areas is direct as the population elects directors for terms of three years. Regional districts accomplish three series of roles. While each district performs these roles, emphasis on one or another may

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5 Adapted from *A Primer on Regional Districts in British Columbia*, Op. cit. [www.marh.gov.bc.ca/LGPOICY/MAR/content.html]
6 Prior to the 2000 change in the Local Government Act, Directors were appointed for 12 months
vary according to a given region’s needs and requirements. Hence, the scope of a regional district’s power is contingent on its interpretation and application of these principles.

1. A regional district is a **regional government**. It represents regional residents and communities and is the vehicle for advancing interests of a region as a whole. It sets waste management plans and devises growth plans for the area. It is also a vehicle for delivering typical regional services (e.g. economic development, water, sewage disposal, and solid waste management). In this sense, the relationship between a RD and a member municipality is akin to a wholesaler’s relationship with a retailer. For example, the Regional district may provide a waste disposal site and municipalities collect and deliver the waste. Similarly, with the provision of water, a regional district may deliver water up to a municipality’s boundary. The municipality is then responsible for delivering the water to its residents.

2. Regional districts provide a **political and administrative framework for inter-municipal or sub-regional service delivery** on a partnership basis through the creation of a ‘benefiting area’. Municipalities and electoral areas decide on a service they wish to provide jointly. The service need not encompass the entire region, but is limited to a benefiting area. The partners establish the service and the cost recovery mechanism.

3. Regional districts constitute **local government** for unincorporated areas (electoral areas). Residents of electoral areas elect a representative to sit on the regional district board.

### C. Voting Procedures

Voting in regional districts is weighted. A voting unit is established by Letters Patent, and usually corresponds to the population of the smallest member. The number of votes to which a municipality or electoral area is entitled is determined by dividing the population of the municipality or electoral area by the voting unit. (Refer to Table 2, where the voting unit is set at 2000.) The number of directors for each political unit is determined by dividing their number of votes by 5 (a factor Cabinet can modify).

Two kinds of votes are established: a corporate vote and a stakeholder vote. In a situation where a corporate vote is required, all members vote according to the one director, one vote principle. Such a procedure is mandated for decisions on significant issues affecting all members (e.g. establishing a new service, contracting debt, approving the budget). A stakeholder vote is restricted to Directors who participate in the delivery of a service. Such a procedure is weighted (by population) and used in the management and operation of an existing service.
Table 2. Regional District Voting Mechanism

<table>
<thead>
<tr>
<th>Municipality ‘B’</th>
<th>Population</th>
<th>No. of Votes</th>
<th>No. of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality ‘C’</td>
<td>4,000</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Municipality ‘D’</td>
<td>1,500</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Electoral Area ‘E’</td>
<td>500</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Electoral Area ‘F’</td>
<td>3,900</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Furthermore, voting procedures seek to ensure that no single large municipality or a coalition of small areas or villages may dominate the vote. When voting to establish new functions or services, two-thirds of Directors casting at least two-thirds of the total number of votes must approve. To prevent the domination of more densely populated urban areas, two-thirds of electoral areas must concur with the Board’s decision. Procedures emphasise the benefits of consensus, and having members work out arrangements rather than have voting mechanisms impose a choice. In addition, changes brought forward in the 2000 Local Government Act give First Nations who have contractual agreements with regional districts the right to sit on their Board and its commissions with full voting rights under special arrangements agreed to by all parties in the RD.

D. Jurisdictions

Regional district board members decide what services its regions and members require, and how these should be provided. A number of options are available. RDs may:

- establish or operate any service deemed necessary;
- make agreements with other public authorities, individuals, private-sector partners;
- acquire, manage or dispose of land;
- grant assistance to benefit the region;
- delegate authority to board members, staff, committees or other local government bodies.

Since the 1960s, the number and types of services a regional district provides has grown steadily. In fact, the Local Government Act no longer lists RDs’ service powers (following the categories of general, local and extended services). The Act now provides broad service powers to regional districts, confirming that their boards may decide what services
a region or its member communities need and how these will be provided. They can range from typically ‘regional’ services such as water delivery and waste management to wider services encompassing safety and economic development.

Section 176 of the Local Government Act grants local governments (including regional districts) broad corporate powers, and the ability to provide services that the council or board considers necessary or desirable (S. 518.1). A municipality or district can provide a different level of service to different areas. Costs for the service can be recovered from the benefiting area or from the entire district. A service can be provided to outside municipalities or regional districts. In the Capital District (encompassing the city of Victoria), 150 different service areas exist. Cabinet has retained power to grant additional powers and jurisdictions. For example, the Greater Vancouver Regional District has obtained exclusive jurisdiction over roads and transit.

E. Cost recovery & Financing

The Local Government Act provides for greater flexibility to recover the costs of services through a variety of measures, including fees, taxes, and charges. Whereas in the past relations between municipalities and electoral areas were fraught with tension, recent legislation has responded to these ‘fringe area’ concerns by granting RDs the authorisation to establish an electoral area administration to facilitate cost recovery in electoral areas. In addition, legislative changes have provided regional districts with general authority to impose fees and charges in relation to services.

Regional districts have the ability to tax to recover the costs of the provision (and administration) of a service. British Columbia’s property tax collection system is integrated: taxes are collected by municipalities and transferred to the district. For electoral areas, the provincial Purveyor of taxes levies outside municipalities; the provincial government transfers the required monies to the RD.

A regional district’s Board determines how costs are to be allocated. Section 803.1 (1) of the Local Government Act specifies that the cost of a service also includes the costs of administering the service. The regional district finances its operation costs in this manner. Since charges and taxes levied by the regional district must bear a close relationship with the cost of providing the service, administrative costs are incorporated into these agreements. The government is currently establishing a guide for allocating administrative charges against services. A district’s Board votes on the administration and operation of services under corporate voting rules (1 Director, 1 vote).

F. Regulatory Powers

In conjunction with the broad service powers granted by the Local Government Act, regional districts have obtained regulatory powers in relation to services they provide. (The Local Government Act defines different levels of services provided by RDs, including a

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regulatory service\(^8\), which is separate from the authority to regulate in relation to a service.) Regulatory authority extends automatically to a municipality that is part of the service area. But authority is not exclusive, unless otherwise stated in letters patent or legislation. A municipality may have concurrent authority to regulate.\(^9\)

If both district and municipality exercise their right to regulate, both sets of regulation are valid—each jurisdiction would be responsible to enforce its own regulations. Municipal councils should be aware at the time of decision to consent to participate in a regional district service that regulatory authority will go with the establishment of a service. Similarly, a service that is provided by a municipality outside its borders, or by a regional district outside its borders (this requires the assent of the affected parties, and in some cases, Cabinet) regulatory authority will also follow across boundaries.\(^10\)

For example, where a regional district supplies water to a municipality, but the municipality owns and operates the distribution system, both jurisdictions can regulate sprinkling. Similarly, a regional district that provides a fire protection service to a municipality also acquires power to regulate aspects of fire protection as part of the service. This may potentially overlap with municipalities’ authority over building regulations.

In areas where such overlap occur, there may be a need for the council and board to work together to define regulatory arrangements that are complimentary and in the public interest.

G. Accountability & Citizen Participation

As regional districts balance representation by population with representation by community, they are accountable to both constituencies. Some directors are accountable to the municipal councils that appointed them while members from electoral areas are directly responsible to the citizens who elected them. Municipal councils appoint one of their members to sit on the Regional District board. Residents directly elect representatives of electoral areas. In an effort to promote greater continuity in representation, the Local Government Act brought forward a change in the composition of a regional district’s board. In the interests of continuity, board members are now appointed to their RD councils for up to three years. Prior to this change, Directors were appointed by their municipal boards to serve for 12 months. As a result, it is expected that boards will be more effective as there will be less rotation in membership and members will have additional time to see projects and initiatives completed.

The public is afforded a role to ensure that decision-making is sufficiently transparent and that citizens have a say in what happens in and to their region. For example, the Act recommends that most board and committee meetings be open to the public. Citizens must be informed of the intended use of the RD’s new corporate powers (e.g. notice must be

\(^8\) “Regulatory service” is defined as the exercise of a regulatory authority conferred on a regional district by or under the Local Government Act or another Act.


given prior to the disposal of land or improvements; counter-petition opportunities must be provided prior to granting long-term property tax exemptions; elector assent is required on matters such as the disposal of water or sewer works). Information on new fees or charges for services must be provided. In addition, citizens must be consulted during the five-year financial planning exercises.\(^{11}\) The Local Government Act recommends that, in addition to engaging citizens, regional districts engage local governments, adjacent municipalities and First Nations at early stages in policy-making. Though these are steps in the right direction, it remains difficult to ascertain whether ‘consultation’ will take the form of relatively benign initiatives (surveys, mailouts, etc.) or whether regional district boards will make significant efforts to gather and act upon citizen feedback.

Regarding the role of the provincial government, its oversight was reduced in the recent legislation. Respecting the facilitative role it has sought to preserve since the 1970s, the province limits its interventions in regional districts’ affairs to cases where a clear and identifiable provincial objective or third party interest is involved (e.g. public health, environment, long-term financial commitments, transportation, etc.). This, in the words of an official from the Ministry of Municipal Affairs, makes regional districts responsible for their successes, but also their failures.

**Aggregation Outcomes**

Overall, officials from BC’s Ministry of Municipal Affairs believe that the regional district as a form of aggregation of municipalities and rural areas is a successful and promising model. Regional districts have been strengthened by the passage from ‘gentle imposition’ to recognition that local government is a level of government. Unique in Canada, regional districts, though part of the municipal system, are treated by the BC government as an actor in its own right. Recent changes to the legislative framework governing RDs reiterate the autonomy of their boards—and by extension, their members—to devise and deliver the services they require. This is a system that is flexible, able to respond to the needs of a number of very different—and even distinct—areas.

Regional districts have not been static over the years, but have responded to potential problems and uncertainties, namely the possibility to withdraw from a RD and to resolve disputes. Since a regional district is confederal in nature and relies on borrowed power (see above, Table 1), its members are free to disengage from the provision of a service. In other words, they can go it alone. But a municipality could not disengage from the regional district itself. In some areas, RDs are the vehicles that municipalities and electoral areas must use to secure capital borrowing, finance their hospitals, and soon, to establish long-term financial plans.

The Local Government Act introduces mechanisms whereby members may review and withdraw from the provision of certain services. RDs and their members are free to rethink relationships and commitments as conditions and costs change. The review and withdrawal procedures emphasise flexibility to respond to local needs and circumstances and the

importance of means for consulting, collaborating and agreeing on mutually beneficial solutions.

There are two steps to withdrawing from services. The first step is service review, whereby the regional district board, the participant that initiated the review and other participants in the service review the terms and conditions of an arrangement. Once the review process has been initiated, the Minister can appoint a facilitator to assist parties to reach agreement on the most effective arrangements. Costs of the review process itself are absorbed by the regional district, which oversees the process. Each participating municipality or electoral area absorbs its own costs of participating in the review.

If the issues can not be resolved satisfactorily, the initiator of the review has two choices: to continue participating in the service or commence withdrawal procedures. Legislation defines services from which it is impossible to withdraw (including core government services (administration); regulatory services (building; nuisance, animal); and other services as defined by legislation or Order in Council). Once the withdrawal is initiated, the Minister plays the role of ‘traffic cop’, and is empowered to direct parties to: follow the legislated review process; negotiate terms for withdrawal with or without a facilitator; and arbitration as a last result.12

Costs/Benefits

It has been difficult to ascertain whether aggregation has led to evidence of economies of scale; and of higher quality of services at lesser costs. The general consensus is that regional districts have been useful to overcome the fragmentation and disparities between municipalities and unincorporated rural areas. For example, smaller municipalities or rural areas could not afford to build a recreation centre with a pool, but together, they can. In other cases, geography (or topography) determines the most efficient way to organise a sewer collection and treatment system: the ability to extend the provision of this service to a broad area, or even beyond the formal boundaries of a district, are examples of the benefits of this mode of aggregation.13

Conclusions

British Columbia’s approach to aggregation is a most interesting case. Regional districts form an all-purpose regional government; a federation of municipal and unincorporated electoral areas whose purpose is to provide services to people and governments as well as representation to rural areas. They rely on borrowed power rather than on legislated power, and therefore, it is a form of government that is quite ‘loose’ in the types of services provided. In fact, they operate on the principle that members get what they agree to pay for, and procedures for withdrawal from the provision of services are laid out.

Turning to the benefits brought by this mode of aggregation, regional districts deliver benefits of economies of scale and greater efficiency in the planning and delivery of

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13 Correspondence with Prof. Robert Bish, University of Victoria, December 12, 2000.
services. In addition, it provides better service ‘coverage’ as rural areas are part of—and contribute towards—the delivery of regional services. In fact, the free-rider problem of unincorporated rural areas benefiting from adjacent municipalities’ installations and services has been all but eliminated in the latest revision of the Local Government Act. In addition, the model affords flexibility to members and accountability without creating a distinct level of government and bureaucracy. Thus, it distinguishes itself from models of two-tier aggregation.

Costs or downsides of this model pertain to the question of accountability and public participation. Robert Bish from the University of Victoria, has underlined that there is extensive citizen participation in rural areas and in specific projects in some municipalities. In fact, he points out that through these activities, citizens are more aware of their municipalities’ role within districts than they are of the RD’s role in municipalities. Municipal governments remain citizens’ (at least those domiciled in municipalities) principal point of contact with regional government. As for more direct participation of citizens in the affairs of regional governments, it remains to be seen whether the measures in place to encourage citizen engagement will be sufficient to take public input into account or whether they will remain token.

Whereas regional districts were first created to facilitate the provision of services, new burdens regarding accountability and citizen engagement have been added. In fact, with the 2000 legislative changes, regional districts must submit a number of issues to the public (e.g. financial planning). In addition, procedures have been established to govern the use of petitioning and counter-petitioning in certain circumstances. Failure to fully actuate these procedures and incorporate them into districts’ procedures would likely make regional districts appear more remote and affect their legitimacy.

Nonetheless, in the case of British Columbia, and regarding the specificity of its population and its geographic dispersal, this model makes sense and is widely regarded as successful. It may not be equally applicable to other jurisdictions as regional districts have a 35-year history, and benefits from the trust and relations that have been established over time. Regional districts require a commitment to flexibility and openness—and a degree of political and social capital—which were established through years of practice. 30 years of meetings where council members from different municipalities as well as elected representatives of electoral areas meet and work together has established a resilient forum for interaction and cooperation.

As such, a regional district has no ideal size. Geography has not impeded aggregation in BC, even between very large, and mainly rural, communities. As for the breadth of services provided by districts, this too has ebbed and flowed. The flexibility to provide services that members want and to respond to changing priorities constitute the model’s strength. Constant tinkering with the rules and the content of RD’s powers and responsibilities has made the system reliant on members’ responsibility and autonomy.

This speaks to the nature of government itself. Regional districts have changed the nature of the relations between government bodies. Relationships between the provincial

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14 Correspondence with Prof. Robert Bish, University of Victoria, December 12, 2000.
government and regional districts, as well as the relationships between their members, are based on consensus and mutual understanding. The dynamic of power in BC continues to emphasise consensus (through voting procedures; financial planning, etc.) while other provinces and jurisdictions have witnessed a hardening—or even a verticalisation—of such relationships. The model works in British Columbia because it has benefited from a commitment by the provincial government as well as by municipalities and electoral areas. Presumably, it is a model which is applicable to other jurisdictions, provided that partners participate in good faith and adhere to its principles.

As for application of a similar model within First Nation communities, Robert Bish believes regional districts are quite appropriate, pointing out that Nuu Chah Nulth Tribal Council already functions in a similar fashion. Some First Nations work with RDs and have contractual arrangements with them. Sechelt’s council sits on their RD as a full member. The 2000 Local Government Act grants First Nations the ability to sit on district boards and committees with full voting rights under a special contractual arrangement agreed to by all parties in the RD.\textsuperscript{15} The decentralised nature of the regional district, as well as its emphasis on consensus makes it an interesting model.

\textsuperscript{15} Correspondence with Prof. Robert Bish, University of Victoria, December 12, 2000.