

Evolutionary Alternatives for Metropolitan Areas: The Capital Region of British Columbia

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It is common to examine the organisation of local government in terms of the functions different local governments are responsible for. Equally important, however, is at what level decisions on “who does what” are made and accommodations to change undertaken. On the questions of both functional responsibility and where decisions are made, it is interesting to compare the provincial approaches taken in Ontario, New Brunswick and Nova Scotia with those of Alberta and British Columbia.

In this paper, the differences in approaches are briefly described; then, details are provided for one major case in British Columbia, the capital region. Because the capital region of British Columbia has the same population as the newly amalgamated Halifax Regional Municipality (HRM), but could not be more differently organised, some comparisons between the capital region and HRM are provided to illustrate the differences.

Provincial Approaches

Provincial policy in Ontario, Nova Scotia and New Brunswick implies that the provincial government knows best how to organise local government and assign functions to different local government units as evidenced by provincial imposed reorganisations, including amalgamation, in Miramichi in New Brunswick, Cape Breton and Halifax in Nova Scotia, and in several regions of Ontario (Vojnovic 1997). The policy implies that one can analyse local government services, decide who should do what, and impose the most efficient structure, even when local officials and citizens disagree. This parallels a classical central planning perspec-

tive where one assumes that local knowledge is easy to obtain and some optimal organisation can be identified by central authorities.

Provincial policy in Alberta and British Columbia is much different. In both of these provinces, their municipal acts set out procedural rules whereby citizens may incorporate, dissolve or amalgamate local government with the initiative coming from citizens or local governments themselves. Both provide for the creation of regional organisations but do not impose them. The approach is one where structure itself is left to local people with the expectation that they will pursue their own interest and evolve appropriate structures of local government over time. In addition, local units make their own decisions on “who does what” in dividing responsibility for different services among themselves, including between the municipal and regional governments. This is much more an evolutionary approach where it is assumed that local people know best and that local government organisation and operations will evolve over time to meet citizens’ needs. The provincial government itself provides the basic rules within which these changes can occur much as it provides a basic legal structure for markets. This latter approach contrasts with central planning approaches in that it recognises that local information is costly and that polycentric institutional arrangements may outperform centralised ones in complex environments.¹ It is useful to examine this latter approach with the British Columbia model, and specifically with some comparisons with Halifax.

British Columbia

British Columbia has a long history of policies allowing local citizens to take the initiative regarding local government structure similar to the states of Washington, Oregon and California. In 1919, for example, “home-rule,” where a municipality can organise itself and undertake any activity not specifically forbidden by the provincial government, only failed by one vote in the legislature (Bish

1. This is not a new debate. It began with Adam Smith’s attack on the mercantilists in 1776. A more recent treatment in economics is Hayek (1945), in public administration see Ostrom (1973), and with direct application to the organisation of local government see Ostrom et al. (1961), Warren (1964, 1966), Bish and Ostrom (1973) the Advisory Commission on Intergovernmental Relations (1987) and Oakerston (1999). Most important in the application of this approach to local government are conclusions that local governments organise people into groups to articulate demand and set policy, much like a consumer co-op, and that production may be undertaken either in-house or in a partnership or contract with another organisation so that production arrangements can accommodate to the variety of scales at which the different activities comprising local government services can be produced efficiently. It has also been noted that having a choice of service producers can reduce the monopoly power of an in-house bureaucracy and yield additional benefits to the citizens of the local government (Bish and Warren 1972).

and Clemens 1999). British Columbia's philosophy has resulted in municipalities and improvement districts throughout the province, but there was no general form of local government outside of municipal boundaries. In these rural areas the provincial government provided roads and policing, there were school districts across the province and welfare was and continues to be provided provincially province-wide.

In 1965, legislation was passed setting out procedural rules for the creation of regional districts. There were 30 large areas drawn on maps to cover the province, but it was up to the local governments within these areas to decide if they wanted to incorporate and there were no functions initially assigned to them (Brown 1969; Collier 1972; Tenant and Zirnhelt 1973; Paget 1998; Bish and Clemens 1999). They were a shell with procedures for representation, financing, adoption of functions and boundary changes, but it was up to the municipalities and citizens in unincorporated areas as to how they were to be used. Twenty-nine of the original 30 areas incorporated themselves over the next four years and today there are 27 (three have merged with part of one transferring to another), with all parts of the province covered except the Stikine in the northwest corner where there are very few citizens. Over time, the provincial government has decided that municipal borrowing through the Municipal Finance Authority (a cooperative run by municipalities and not a provincial government organisation) should be processed within regional districts before being brought to the Municipal Finance Authority and that regional district boards should also serve as hospital district boards for hospital planning. The only local government function they have been mandated to perform is planning for solid waste disposal, which they can do as an entire district or divide up among municipalities and unincorporated areas depending on what makes most sense for their region. Otherwise, regional districts can perform as rural governments for unincorporated areas, serve as a forum and for administration of local government services for any combination of municipalities and/or unincorporated areas within it, and serve as a regional government for the entire region as decided upon within the region.

The Capital Region

The Capital Region of British Columbia, on southern Vancouver Island, has a population of 335,369 (Halifax Regional Municipality includes 348,360 in one amalgamated government). It includes 12 municipalities ranging in population from 1,563 to 107,026 and a 13th municipality was voted for and incorporated in December, 1999 (it is not included in the analysis as no data are available until its first budget in May, 2000, after this article was written). Five of the 12 municipalities studied have been created since the regional district was incorporated. All were incorporated through a process of citizen-based initiatives followed by a Ministry of Municipal Affairs funded, but citizen-organised, study,

and a referendum. There are also unincorporated areas on the adjacent Gulf Islands and west of the incorporated municipalities. Table 1 provides a list of

TABLE 1 Capital Region Municipalities

Name	Population	Council	# Citizens per Councillor
Central Saanich	15,502	7	2,584
Colwood	14,758	7	2,460
Esquimalt	16,667	7	2,780
Highlands	1,563	7	1,563
Langford	19,421	7	3,237
Metchosin	5,025	5	1,256
North Saanich	10,995	7	1,833
Oak Bay	18,173	7	3,029
Saanich	107,026	9	13,378
Sidney	11,257	7	1,876
Victoria	76,121	9	9,515
View Royal	7,043	5	1,761
CRD electoral areas	31,808	4	7,952
TOTAL	335,369	88	3,811

Sources: Population figures are provided by the Capital Regional District Planning Department and Council figures are provided by individual municipalities.

municipalities, including their population and size of their council (including the mayor). All 12 of the municipalities have distinct differences. Only Saanich and Victoria are relatively large with well-defined neighbourhoods within. Seven are between 10,000 and 20,000 population, and three are smaller. Central Saanich was at one time part of Saanich but its citizens split away to have greater control of their rural farm area and not be a smaller part of a large suburban residential municipality. Several aspects of local government organisation are examined below, including: the number and costs of elected officials, the organisation of production and central city-suburban relations.

Costs of Elected Officials²

Each municipality has its own council and mayor and each sends its mayor and/or council members to the Capital Regional District Board. Unincorporated areas also elect four members to the Board, each from a separate electoral area.

2. The content of this section is a brief summary of Bish (1999c).

The result is that there are 72 councillors, 12 mayors and 4 electoral area directors for a total of 88 elected municipal officials. This compares to 24 elected officials in the Halifax Regional Municipality. Table 2 provides some very simple com

TABLE 2 Comparison of Elected Officials

	Halifax	Capital Region
Population ¹	348,360	335,369
Elected officials	24	88
Numbers of citizens per official	14,515	3,811
Expenditures	\$438,154,254	\$345,884,815
Expenditures per elected official	\$18,256,427	\$3,930,509
Total cost of councils ²	\$1,586,005	\$1,540,531
Council cost percentage of expenditures ²	0.36%	0.45%
Council cost per capita ²	\$4.55	\$4.59

Notes: 1. Population data are estimates for 1998 and cost and expenditure data is for 1997.
 2. Cost of councils includes remuneration of council and mayor plus costs of staff dedicated directly to elected officials for all municipalities and for the CRD Board. No conclusions can be drawn regarding the level of expenditures because different services are the responsibility of local government in Nova Scotia and British Columbia.

parative statistics on representation and span of responsibility for budgetary matters.

One can note in the comparison that Capital Region citizens have four times as many elected officials per capita than Halifax. There are also more councillors per expenditure. Along with greater representation, it should be noted that costs of council representation are essentially the same. This is because councillors and the mayor in small municipalities receive much smaller remuneration and do not have dedicated staff. In larger municipalities, remuneration of council and mayor is higher and because of the increased work load per councillor, they must have dedicated staff. The net result is that costs for elected officials in the two regions are essentially identical even though one has four times as much representation as the other. It should also be noted that when costs of campaigning for election were examined in the Capital Region, expenses were very low outside of Victoria and Saanich, with most candidates relying on a mailing, some signs and perhaps one small ad in a community newspaper. This makes it possible for any citizen to run without campaign contributions from interest groups as is necessary in larger constituencies. Small municipalities also average much higher voter turn out than larger ones (Smith and Steward 1998).

Finally, and most importantly, elected officials in both systems are low-cost with their total costs less than one-half of one percent of local government expenditures. Proportionate savings cannot be obtained by reducing their number

because with fewer officials per capita they will be paid more and have larger dedicated staffs.³

The Organisation of Production⁴

Local governments provide a multiplicity of services for their residents. Among the most important decisions a municipal council must make are how those services are to be produced. In British Columbia, this includes the decision on which activities should be moved to the regional level, and whether those activities should be regionalised completely or just for a sub-part of the region.

While many assume that local government services are produced by local government employees, the diversity among services is such that no organisation is the right size to produce all of them efficiently. This is even more obvious when one recognises that each local government service is, in turn, made up of many separable production activities. For example, policing is comprised of several units, including police patrol, dispatching, information systems, crime laboratories and jails, of which some like police patrol, have no economies of scale and possess diseconomies of scale; others like information systems and crime laboratories possess significant economies of scale. Other functions such as recreation, fire protection, solid waste collection and disposal, are equally diverse in that their different activities are most efficiently produced by different sized organisations. In accommodating to this diversity, local governments contract-out or enter into joint agreements for many activities. For example, a survey of how 314 different local government activities were produced for British Columbia local governments indicates an average of 32 % were contracted out to other organisations (McDavid and Clemens 1995).

Alternative approaches to production available to local governments include: municipal staff; volunteers; contracting out or a shared arrangement with another local government, non-profit organisation or a private firm. In British Columbia, with the creation of regional districts, contracting out from the regional district

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3. Lightbody (1998), in a comparison of Edmonton and Calgary, agrees that the total cost of elected officials is very small. However his conclusion that fewer local governments in Calgary leads to lower costs of governance than around Edmonton is biased by his use of 1981 metropolitan area boundaries which include 8 very small villages and summer villages up to 100km from Edmonton and exclusion of municipalities such as Okotoks, High River and Strathmore and the Municipal District of Foothills which are much closer to Calgary. When geographic corrections are made and 1996 expenditure (instead of 1993) data are used with his 1996 population data, his conclusions are reversed (Harrington 1999). It should be noted that in neither British Columbia nor Alberta are two sets of general local government officials elected from the same area as in Ontario's two-tier systems.
 4. Chapter 6 in Bish and Clemens (1999) deals with the characteristics of local services and alternative service delivery. Details on production of local government services within the Capital Region are summarized from Bish (1999a).

or delegating production to the regional district for all or part of the region is also an option any local government may use.

Nine of the twelve local governments in the Capital Region are large enough to be able to organise efficiently the two-thirds of local government activities that do not possess economies of scale. The three smaller ones will find it efficient to contract out relatively more activities if they chose to provide them to their citizens. The interesting question is whether or not the 12 local governments in the Capital Region can deal efficiently with the one-third of activities that possess economies of scale. To provide a regional forum and administration for such activities as decided upon by the municipalities is one reason regional districts were created.

Analysts must be careful to understand just what creates economies of scale in local government activities. First, the focus is on economies of scale in relation to the population served. The emphasis on population is important because there are two different kinds of scale effects where serving a larger population results in reduced cost per person. One kind is where the production of a large capital facility (e.g. a recreation centre, a land fill, a transit system) results in lower average cost the more people it serves. The second kind is where there is a requirement for specialised equipment or personnel (e.g. homicide investigation, legal expertise, computer and copier maintenance, many engineering activities) but governments serving small populations do not need the service often enough to provide it efficiently in-house unless it also sells the service to other governments. For example, Oak Bay with its population of 18,173 does not have a sufficient number of homicides to maintain a well-trained homicide investigation squad in its police department. Oak Bay, however, can manage a large recreation facility at low average cost because it attracts people from adjacent municipalities. Activities which possess either kind of economies of scale in relation to population served are likely to be most efficiently produced by a specialised group within a large organisation or by an organisation that is itself quite small, but that provides specialised services to other organisations.

To understand whether or not the multiplicity of municipalities in the Capital Region have organised production in an efficient manner, it is necessary to examine how local government activities in each local government are actually produced. The initial list of activities was developed from several lists of local government activities, including those that have been identified as produced by organisations other than the local government providing it (Bish 1986). The initial list included 266 activities divided into 12 functional areas. In addition to the listing, each was identified as to whether or not it was likely to possess economies of scale in relation to population beyond the size of most municipali-

ties in the Capital Region (between 10,000 and 20,000 population).⁵ However, when interviews with administrators of each of the 12 municipalities was complete, the list of separable activities had grown to 283. The functions, with the number of separable activities indicated in brackets, are:

- ▶ General Government Services (31)
- ▶ Police Services (37)
- ▶ Fire Services (15)
- ▶ Emergency Response (3)
- ▶ Engineering, Roads and Parking (41)
- ▶ Engineering, Solid Waste Management (8)
- ▶ Engineering, Water Supply (23)
- ▶ Engineering, Liquid Waste Management (20)

5. In his classic on the production of local government services, Hirsch (1970) described three ways to determine if a local government function possessed scale economies. One is through engineering and accounting costing out of alternatives. Hirsch's observation was that this approach worked well for small changes but for large changes or large new projects, it was inadequate because it assumed management functioned perfectly. It was precisely because management difficulties increase disproportionately to scale that diseconomies of scale occur. This is the approach utilised in most amalgamation studies.

A second approach is statistical and is most popular with economists. Hirsch concluded that the major problem with this approach was the difficulty of measuring the quality and quantity of a service but there are two additional problems. One is that most studies are of entire functions (e.g. policing, fire protection) as reported in the census, provincial statistics or local government budgets. The lumping of different activities within a function into one measure gives misleading conclusions. For example the largest component of policing, police patrol, does not appear to possess economies of scale beyond detachments as small as 5 or 6 officers but homicide investigations, crime laboratories and academies for police training are most efficiently provided for large populations, usually entire metropolitan areas or even for entire states or provinces (Parks 1985). This is why serious analysts of local government production break their analysis down to hundreds of activities and do not rely on census or provincially published statistics. Finally, many statistical studies that include population or per capita measures as a proxy for output use the population measure for the local government providing the service without identifying if production was actually undertaken by that government just for its own citizens, whether it was producing for a larger market, or whether production was contracted out to an organisation that produced the service on a scale different than that of the single local government examined. This is critical when we observe high percentages of different activities within functions are contracted out (McDavid and Clemens 1995).

Finally, Hirsch noted that in industrial organisation studies that we could infer appropriate scales of production by observing which sized production arrangements were increasing their share of the market relative to others in studies of industrial organisation but that this approach would be less useful for the public sector where competitive forces did not necessarily result in efficient production. One can note, however, that in practice private firms are not perfectly efficient (Liebenstein 1966) and that local government production arrangements in many areas have evolved patterns that let us infer which activities do or do not possess scale economies (Parks and Oakerson 1993).

Recognizing that there is no one best way for determining scale economies, classifications reflect best judgements based on studies utilising all three approaches.

- ▶ Engineering, Miscellaneous (34)
- ▶ Parks and Recreation (34)
- ▶ Community Services (20)
- ▶ Development (17)

Identifying large capital facilities and requirements for specialised equipment or personnel in a list of 283 activities does not yield exact results. This is because some facilities can operate at many scales (e.g. a theatre) and lowest cost production may result at different population sizes because other variables which influence cost are more important.

Of the 283 activities, 80 (28%) were identified as having economies of scale due to the need for specialised equipment or personnel. Only 14 (3.5%) were identified as having economies of scale due to the need for a large capital facility. These 14 include a Jail, Landfill, Water Supply, Trunk Sewers, Recreation Centres, Library System, Bus System, Regional Parks, Regional Trails, Sewage Treatment Plant, Sewage Discharge Facility, Art Gallery, Museum and Theatre. The last five of these activities may also be produced on a smaller scale depending on the local situation.

It is not possible to present the details of a survey of 12 municipalities as to how they produce up to 283 different activities in a short paper; those results are available in a longer report (Bish 1999a). What is interesting, however, is that the local governments do utilise arrangements other than municipal staff for virtually all activities where there are economies of scale beyond the population of their municipality and for many other activities as well. The variety of arrangements actually used by Capital Region municipalities includes all of the alternatives in the previous list and there would have been no way to predict the arrangements that have emerged. For example, Langford dispatches 23 fire departments under contract to the Capital Regional District, which in turn contracts with the individual fire departments. Given that there are only 14 major capital facilities, their production arrangements are listed in Table 3.

Of the 14 major kinds of facilities, the CRD provides seven and a significant part of another (recreation). The provincial government provides two, and three are provided by sub-regional joint agreements (libraries, art gallery and theatre). All police departments have access to short-term holding facilities and longer-term facilities are available on a sub-regional basis.

It must be emphasised that the production arrangements, including arrangements to produce those activities which possess economies of scale in relation to population served, have evolved over time, presumably in response to municipal councils and managers seeking ways to provide services to their citizens more efficiently. They were at no time directed by the provincial government. Equally important, it must be recognised that municipalities regionalise and select production arrangements at the “activity”, not functional, level. This permits better selection of alternatives because not all activities within a function are best performed by the same organisation. The choice to regionalise

is just one of the options. It is difficult to imagine a provincial government every having better information to do a better job at determining “who does what” for several hundred local government activities than local officials.

The empirical examination of how local government services are actually produced in the Capital Region when there is a multiplicity of municipalities in an urban region lends support to the general finding from an analysis of 60 statistical studies of what patterns of local government organisation are associated

TABLE 3 Major Capital Facilities and Production Arrangements

Capital Facility	Production Arrangement
Jail	Produced by Victoria and Saanich and contracted for use by the smaller departments. The Western Communities RCMP provides one in a building provided by Colwood, Langford and View Royal to serve RCMP contract areas.
Landfill	Provided by the CRD for the region.
Water Supply	CRD for the region excluding Highlands where there is no piped water supply.
Trunk Sewers	CRD for the region excluding Highlands and Metchosin where there are no sewers
Recreation Centres	CRD, through subregional agreements for the Peninsula (three municipalities) and Western Communities (four municipalities and an unincorporated area). Also produced by each of the four core municipalities.
Library System	Greater Victoria and Vancouver Island Regional Library systems serve all but View Royal. View Royal subsidises library cards for citizens wishing to use the Greater Victoria system.
Bus System	provided for the region (excluding Highlands) by B.C. Transit.
Regional Parks	CRD for the region
Regional Trails	CRD for the region
Sewage Treatment Plant	CRD for the region
Sewage Discharge Facilities	CRD for the region
Art Gallery	The Art Gallery of Greater Victoria is provided through a subregional agreement among five municipalities
Royal Museum	Provided by the Provincial government
Theatre	Royal Theatre is administered by the CRD on a subregional agreement from three municipalities. There are smaller theatres provided by some other municipalities.

Note: 1. CDR = Capital Regional District.

with lower costs of local services (Boyne 1992). The conclusions from this review were:

- ▶ the horizontal fragmentation of multi-purpose governments (a multiplicity of municipalities) is associated with lower spending;
- ▶ local government units compete in a market which is geographically limited and such competition is associated with lower spending;
- ▶ vertical concentration of market share in large top-tier units (i.e. the regional government spends more than the municipalities) is associated with higher spending, and
- ▶ the establishment of barriers to entry (e.g. restrictions on the creation of new municipalities) is positively related to expenditures by the local governments's units that are protected by the barriers.⁶

The Capital Region possesses all of the characteristics identified as associated with lower spending: it is horizontally fragmented into 12 municipalities; there is rivalry among the local governments within the Region to keep costs down; the spending by municipalities is significantly greater than spending by the upper tier CRD, and new municipalities can be created when the citizens in an area demonstrate their support with a majority vote for incorporation.

The examination of the production of local government activities within the Capital Region indicates that the provincial government philosophy of providing a "shell" for regional cooperation but letting municipalities be created by citizens when they want one, and in turn letting municipalities organise the production of their activities in the manner they feel best, has led to rational production patterns in the Capital Region of British Columbia. While the local service production arrangements of other regional districts have not been as closely examined as the Capital Region, local governments in other parts of British Columbia appear to operate similarly (Bish 1999b; Oberlander and Smith 1993).

6. It is interesting to note that all of these conclusions are consistent with economist's conclusions on the relationship between the organisation of an industry and prices for consumers. One example of research on the freedom to incorporate with local initiative that concluded that freedom to create new local governments is associated with lower costs of local government is a study that compared both pre- and post restrictions in California and a comparison of states with and without incorporation restrictions (Martin and Wagner 1978). This observation is interesting as virtually all restrictions on the creation of new local governments have as a policy objective reducing the costs of local government. No economist should be surprised that the opposite is the result as such restrictions simply give monopoly power to the existing units by preventing the entry of new competition.

Other Issues

Democratic representation and organisation for the production of local government services are two major aspects in any evaluation of the organisation of local governments in an urban region. If both democratic representation and the production of local services are well organised, it should be possible to resolve other issues within such a system. Three other issues often raised when considering local government organisation in an urban area include core city-suburban relations, long-term regional planning and adaptive capacity of the system over time.

Central City-Suburban Relations

One issue often raised in urban areas characterised by a multiplicity of local governments is that those in suburban communities “exploit” the central city by traveling into the city to work, shop and recreate, but pay their taxes to their suburban municipality. This can be compounded if social service spending is the responsibility of municipalities and a disproportionate share of social services recipients reside in the central city. This latter problem is not an issue in British Columbia as social services are financed and administered by the provincial government.

Victoria, with a population of only 76,121 (22.7%), is the central city for the region of 335,369 population. As the central city and the focus for employment and shopping in the region, it contains 60.7 % of the region’s business tax base (White 1999). This is partly because Victoria permitted suburban style shopping malls to locate just inside its boundaries such that the largest malls remain in Victoria rather than in suburban communities as is so often the case elsewhere.

While the regional distribution of non-residential property tax base illustrates the role of Victoria as the central city, non-residential properties also provide 52.5 % of the city’s property tax revenues (White 1999). This is because in British Columbia it is common for municipalities to tax utilities, commercial and industrial properties at rates 2 to 4 times higher than those imposed on residential property. This results in the business sector, which is the major reason suburbanites come into a central city, paying taxes far in excess of the costs of local services provided to businesses. For example, the KPMG (1995) study of Vancouver indicated that after businesses were allocated the costs of shoppers and commuting workers coming into Vancouver, business taxes still generated a surplus over those costs that provided a subsidy for residents such that residents only had to pay 50 cents for each \$1.00 worth of services they received. While no separate study has been completed for Victoria, with business property tax revenues at 52.5 % of total property tax revenues, it is very likely

that those taxes not only cover the costs of servicing business and their shoppers and commuters, but also subsidise Victoria residents. This is consistent with the observation that in the Halifax Regional Municipality, the wealth of the old City of Halifax is now being used to subsidise residents in the rest of the region (HRM 1997). Other similar research also indicates that suburbanites are more likely to “exploit” the central city when they are brought within its boundaries because suburban spatial patterns generate lower property taxes and higher costs than the more densely populated areas of the central city.

Regional Planning

In keeping with other provincial policies, regional planning is permitted if the local governments want it but it is not required by the provincial government. Such planning is encouraged by the provincial government, however, as it will provide some matching funding for regional growth management planning, of which eight regional districts, including the Capital Regional District, are now involved or plans completed. These regional planning processes must be entered into voluntarily, and once entered into, disputes between the regional plan and individual municipal plans are first mediated and then arbitrated. This process prevents some municipalities from ganging up on others in disputes over tax base because the regional plan does not take precedence over municipal plans.

Adaptiveness of the System Over Time

One issue with local government organisation is whether or not it can adapt to new technologies or other changes in its environment over time. If there is any area where British Columbia’s local government system excels, it is in adaptation over time. Democratic control is maintained through relatively small municipalities, and those municipalities in turn utilise other organisations, including regional districts, to enter into joint activities or to produce particular services, where that is advantageous to municipal citizens. This would appear to be a far superior system to one where problems build up until the provincial government comes in and imposes massive reorganisations, including amalgamation, which reduces democratic control, eliminates comparison and competition with nearby municipalities, and may result in large bureaucracies where diseconomies of scale result for a majority of local government activities if it tries to produce most services in-house.

Conclusions

The organising framework for local government in British Columbia relies on

citizens and local officials to take the initiative to organise local governments and select appropriate ways to have local services produced. The provincial government has also provided a unique regional structure, regional districts, to provide services to non-municipal areas, to regionalise some activities and, most important, to facilitate intermunicipal cooperation. This system has the advantage of maintaining relatively small municipalities with high levels of representation for distinct communities while facilitating regional cooperation and adjustments to provide local government services over appropriate geographic scales with production arrangements that accommodate to the diversity of local government services (Bish 1999b). It is based on the assumption that local people know their situation best and, if provided with an appropriate framework, they will govern themselves. This approach represents a very different approach from those of provincial government central planners who that believe technical analysis and provincial direction can substitute for local knowledge in organising local governments.

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