

TOP 10 WAYS TO IMPROVE CAPITAL REGION GOVERNANCE

Brief from Grumpy Taxpayer\$ of Greater Victoria to Capital Integrated Services and Governance Initiative, August 2016

“The difficulty lies not in the new ideas, but in escaping from the old ones.”

- John Maynard Keynes

As community stakeholders we welcome the opportunity for input into the Capital Integrated Services and Governance Initiative (CISGI) ordered by the Ministry of Community, Cultural and Sport Development to explore ways to better integrate services and improve governance.

Grumpy Taxpayer\$

Grumpy Taxpayer\$ of Greater Victoria is a not-for-profit, non-partisan, unaffiliated citizens’ advocacy group dedicated to lower taxes, less waste and a more accountable municipal government.

Our board - with a few hundred years of taxpaying experience - draws experience from the business, government, diplomatic, and private sectors. Our reach - at the one year point - is already about 2,000 people monthly through our website, monthly newsletter and social media.

The lightning rods for our formation a year ago were the mismanagement of the replacement of the Blue Bridge by the City of Victoria, and in particular, the gross ineptitude around the sewer treatment project by the Capital Regional District.

That said, while Grumpy\$ has looked at a number of municipal issues, our organizational focus is the Capital Regional District and its governance issues. The CRD has the largest consolidated operating budget of \$223.3-million, the largest capital budget of \$52.5-million, and in our view, the greatest level of dysfunction and need for change.

Furthermore consolidated debt at the CRD has increased dramatically from \$250.6-million in 2005 to \$352.7-million in 2010, and is now \$425-million at the end of Dec. 31, 2015. The total consolidated debt, which includes operating and capital expenditures and consists of the CRD's and Capital Region Housing Authority's (CRHA) budgets, now amounts to 58 per cent of the debt of the entire region. It's a percentage that is set to quickly escalate even more.

Capital Regional District held in low regard by public, politicians

Grumpy Taxpayer\$ of Greater Victoria believes that Capital Regional District, an organization designed 50 years ago, requires fundamental improvements in accountability and transparency. It's clear the institution is held in low regard both by taxpayers, and somewhat surprisingly, elected municipal mayors and councillors.

The institution is broken and has failed to meet the expectations of its creators and the needs of one of Canada's largest urban centres in many areas of critical importance to the successful functioning of any community. The need for the province to take over the sewage treatment project is the most recent evidence of systemic failure as well as its failure to resolve regional transportation issues.

The recommendations listed below are based on our clear understanding of the need for the CRD to function in a cost-effective, collaborative and accountable manner to be and be seen by all as an effective mechanism for regional issues. The biggest drawback to reaching this level of effectiveness is the structure and composition of the board of directors. All members of the board are elected in the thirteen constituent municipalities. No one ever runs on regional issues and there is as a consequence no voter focused discussion of regional issues across Greater Victoria. None.

So directors by-and-large serve with no regional mandate on any issue as they are accountable only to voters in their municipality. In the CRD budget vote earlier this year 10 of 24 directors had to recuse themselves due to conflict of interest concerns – in this case financial. How can an organization which spends \$750,000 a day of taxpayer resources be structured in such a manner?

While the province stepped in to amend the financial conflict of interest guidelines, we maintain that a far more fundamental conflict is inherent in the board structure, and this was on full view in the sewer fiasco, the resolution of which taxpayers await having already seen \$70-million wasted. It is both unfair to the individuals and destructive of the needs of the community for directors to make choices based on no regional mandate on anything with electoral legitimacy from local municipalities.

Top 10 ways to improve Capital Region governance:

1. Hold Separate Chair and Board Elections - Unlike the rest of the democratic world, the public in most cases does not know who they are voting for or their representative's position on the issues at the CRD level. It's imperative in our view, that the CRD be a separately elected body, with declared ward candidates and election platforms allowing for full democratic accountability for their actions. Otherwise, quite frankly, little progress will be made to modernize and revitalize regional governance and this 50-year-old institution.

RECOMMENDATION: The Community Charter be amended to allow for the direct election of the chair and directors of the Capital Regional District through a ward system.

2. CRD Governance and Mandate Review - With 221 local, regional and sub-regional services for residents of the region, including 13 municipalities and three electoral areas on southern Vancouver Island and the Gulf Islands the areas of responsibility are too broad and again not conducive to proper management. By comparison the federal cabinet manages 200 departments and agencies. The workload of current directors is formidable and overwhelming for many: CRD board, CRD committees, the Capital Regional District Hospital Board, plus their respective municipality, committees in their own municipality, along with other appointments and responsibilities such as BC Transit, Victoria Regional Transit Commission, the Greater Victoria Harbour Authority etcetera.

RECOMMENDATION: A detailed governance review of the structure and function of the CRD is recommended with a commitment to implement necessary changes. This review would

include an internal review of all areas of responsibility of the board and core mandate of the organization with the view to consolidating and streamlining.

*** 3. Consistent Appointments Needed** - Historically at election time every four years, Victoria voters recommend three councillors to the board, and in Saanich, the top four in the polls get to sit on the board. Sidney, North Saanich, Central Saanich, Oak Bay, View Royal, Colwood, Metchosin, Highland and Sooke councils each appoint their mayor. While Langford council appoints two councillors, Mayor Stu Young chooses not to be a board member of the CRD. In the three electoral districts, directors are elected directly and presumably held to higher standards by voters.

RECOMMENDATION: IF DIRECTORS CONTINUE TO BE APPOINTED TO THE BOARD IN THE CURRENT WAY, it should at least be done by the same method across the region.

4. Reduce Board Size by Half - With 24 directors - the PEI Legislature has 27 members - the size of the CRD board is simply unworkable and not conducive to quality decision-making. In the current convoluted system of weighted voting, 5,000 in population translates into one vote, so to accommodate a smaller board this would need to be changed to one vote per 10,000 population.

RECOMMENDATION: The Community Charter be amended to allow for one vote per 10,000 population and to reduce the size of the board to twelve directors.

5. Limit Board Terms - In our view, professional politicians who sit on boards for three, four, five terms, are counterproductive to healthy local government. Roles that are thought of as a part-time public service by much of the public - extremely difficult when directors are permanent fixtures - should allow for a broad diversity of skills, experience and points of view.

RECOMMENDATION: Modify the Community Charter to limit CRD directors to two terms on the board.

6. Modify Oath of Allegiance - Before taking one of the 24 seats on the board, directors are faced with a dilemma - do I vote for the interests of my municipality, district, town, city, or the interest of the region as a

whole? Because of its structure the CRD is an unaccountable level of government and its directors are unaccountable for their decision - good or bad. The dual and conflicting roles have been at the heart of the failure to reach a consensus on the sewage treatment issue. (See attachment)

RECOMMENDATION: The oath of allegiance be modified to clearly outline the responsibility of acting for the greater good of the region.

7. Respectful Governance Including Public Transparency - While the organization framework professes to include public transparency and participation as part of doing business, in reality that's often not the case. Press releases tend to cover the 'good news stories', as opposed to hard news or informing the public on controversial issues. A recent example, the archives contain no press release with respect to approving an increase of the hotel tax 50 per cent. Agendas and budgets are often 1,000 pages or more, hardly understandable for the average resident.

RECOMMENDATION: CRD staff be instructed to provide clear and concise information in a timely fashion on all items of significant interest to the taxpaying public.

8. Insist on Core Competencies - CRD has the largest operating budget, the largest capital budget, the greatest impact on residents in the region, and requires high quality and experienced directors. With a cue from BC Transit - where the province appoints board members - essential core competencies such as financial literacy, strategic planning, and knowledge about local government should be a 'job' requirement. If the director doesn't have those skills, workshops or training should be offered to them. If a board member can't read a financial statement for example maybe they shouldn't be on the board and have a say in managing hundred of millions of taxpayer dollars!

RECOMMENDATION: A skills matrix with core competencies be developed for CRD directors and workshops offered to help fill shortcomings.

9. Implement System for Tracking Board, Committee Motions - It's troubling that motions passed by the Capital Regional District (CRD) board or a committee can disappear into the bureaucratic abyss with no action

taken. A case in point concerns pay: At the Sept 9, 2015 CRD board meeting, the new board approved essentially doubling their remuneration, including the motion, "That the matter of developing a formula to address director absences be referred to the finance committee."

The issue arose because a director is paid a fixed stipend per year, which includes attending up to two standing committees, and when missing a meeting it results in an alternate replacement being paid to attend in their absence. The issue arose in 2014 and 2015 because of chronic absences of some board members and alternates doing their job.

The motion was never addressed by the finance committee last fall or since then, months after the initial directive. Thanking us for the reminder, Grumpy\$ was told the issue of 'director absences' will now be addressed by the finance committee and Dir. Dave Howe at the September 2016 meeting, according to Chair Barb Desjardins (Correspondence, July 13, 2016).

RECOMMENDATION: To improve governance, devise a system to track board and committee motions to ensure issues and business are dealt with.

10. Create a Ministry of Municipal Affairs - Since the creation of regional governments 50 years ago, the importance of local government as a conduit of programs and services has increased dramatically. The complexity of local government has also increased exponentially since then. Now, every citizen is touched one way or the other by the actions or inactions of the CRD on a daily basis. With that in mind, it's felt the provincial government should recognize that critical importance and create a dedicated Ministry of Municipal Affairs consistent with most jurisdictions in Canada.

RECOMMENDATION: Our foremost recommendation is to urge the government of British Columbia to create a dedicated Ministry of Municipal Affairs to provide leadership and a support role for municipal and regional government. As well, we urge the newly created ministry initiate a review and update of the Community Charter (Bill 14, 2003).

In conclusion, we hope and expect CISGI will view our recommendations as fairly radical compared to other stakeholders. We are not one of the 91 self interested local politicians dependent on the power and pay that comes with their jobs. We are not employed as a member of the municipal bureaucracy of the Capital region and subject to that inherent bias. We are concerned and informed taxpayers.

Our interest and priority is to encourage lower taxes, less waste and a more accountable municipal government. It's hoped the CISGI will act courageously and challenge the status quo.

Tweaking and muddling along shouldn't be an option.

REFERENCES:

Oath of Allegiance and Office for Board of Directors, Capital Regional District (Attachment)

Good Governance Guide, Produced by the Municipal Association of Victoria, Victorian Local Governance Association, Local Government Victoria and Local Government Professionals to promote good governance in local government, Australia. <http://www.goodgovernance.org.au>

Some of the CRD-related articles and press releases filed on www.grumpytaxpayer.com in 2016:

- i. Capital region needs strong medicine: Governance and service integration study demands bold action plus taxpayer input to improve municipal services.
- ii. Where are the finely sharpened pitchforks?: Some regional taxpayers reluctant to challenge the status quo.
- iii. Performance audit of CRD urged: Taxpayer money hemorrhaging.
- iv. What's \$63.4-million?

v. Taxpayers outraged with dysfunctional CRD: Province urged to shake-up 50-year-old undemocratic institution.

vi. CRD is a mystery, a riddle, an enigma.

vii. After 50 years, CRD still a work in progress.

viii. Should we be worried about municipal debt escalating?: Regional taxpayers already owe a billion dollars

CANADA
PROVINCE OF BRITISH COLUMBIA
CAPITAL REGIONAL DISTRICT

OATH OF OFFICE

I, **[DIRECTOR'S NAME IN BOLD]**, do swear/solemnly affirm that:

1. I am qualified to hold the office of Director for the **[NAME OF MUNICIPALITY]**, Capital Regional District, to which I have been appointed;
2. I will faithfully perform the duties of my office, and will not allow any private interest to influence my conduct in public matters;
3. As required by the *Local Government Act*, I will disclose any direct or indirect pecuniary interest I have in a matter and will not participate in the discussion of the matter and will not vote in respect of the matter.

Director's Signature

SWORN/AFFIRMED before me at Victoria, B.C.,
this _____ day of _____, 20____

Corporate Officer, Capital Regional District

OATH OF ALLEGIANCE

I, **[DIRECTOR'S NAME IN BOLD]**, do promise and swear that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth II, her heirs and successors.

Director's Signature

SWORN/AFFIRMED before me at Victoria, B.C.
this _____ day of _____, 20____

Corporate Officer, Capital Regional District

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