



# Comparing Municipal Boundary Expansion to Additions to Reserve

The Additions to Reserve (ATR) process on its face is too slow, too cumbersome, too unfamiliar for other affected governments and too costly to garner broad public support. This need not be the case. Adding land to a jurisdiction and expanding a boundary is not unique in Canada. Municipalities and other local jurisdictions have been growing, forming or contracting through amalgamations, annexations and incorporations since each province's entry into confederation. Currently approximately 4000 municipal governments in Canada are classified into 10 categories.

Local government structures are complex as are their service, financial and debt responsibilities. When municipalities expand in Canada they have to sort out a myriad of jurisdictional services responsibilities, financial responsibilities while communicating and consulting with a number of other interests. Despite these levels of complications, municipal boundary expansion (MBE) seems to proceed in Canada with few disputes and at a pace that accommodates municipal growth and municipal incorporation, as well as opportunities to achieve economic efficiencies and other policy objectives.

On the surface, the ATR and MBE processes are similar in that:

- Both proceed down the same path of application, consultation, negotiation and implementation before boundaries are officially changed,
- Both must ensure that fiscal and service responsibility matters are resolved in their new territories,

- Both require broad consultations with affected parties,
- Both involve other levels of governments at almost every stage, and
- Both types of boundary changes are implemented through an order in council procedure.

This surface analysis has led many people, especially, First Nation people, to ask why ATR seems to take so much longer than MBE. Although no direct comparison was conducted, our analysis found that MBE could take as little as 6 months or in extreme cases as long as 8 years but on average took about 2 years. Anecdotally, this is significantly shorter than ATR, which can take up to 14 years in one case.

The reasons for this difference lay below the surface of the ATR process. While MBE is defined in legislation (Municipal Acts), ATR is only a policy. This creates uncertainty that can lead to delays. Where MBE has clear criteria for applications, consultations and review processes, the ATR criteria are open to subjective interpretations thus creating more delays. MBE is conducted in relation to familiar land use planning and fiscal framework where revenue options and service responsibilities are clear. This is not the case for ATR hence long delays are created.

These differences however do not invalidate the comparison between ATR and MBE. In fact, they make the comparison all the more valuable. If ATR could be made more like MBE, a great number of problems could be resolved and some of the economic development potential of ATR could be delivered.

This comparison of ATR to MBE is intended to support, in the short term, a review of 1991 ATR policy and to help guide long term ATR policy development. In support of the short-term policy review objectives, a number of lessons can be learned from comparing MBE to ATR. Some of these lessons are presented in the table below:

### Municipal Boundary Expansion Best Practices

In the long-term, critical barriers to ATR such as an inadequate and unstable First Nation fiscal relationship or unclear reporting and review criteria can be overcome through policy or experience. This report provides some guidance for these long-term policy questions by detailing the fiscal system and the MBE processes that are relatively effective for municipalities. There are three principle recommendations in this report:

1. To improve communications and consultation processes, understand the interests of local governments and their constituents and use their best practices to enhance ATR consultations with them.
2. The MBE process has a much longer history and experience than does ATR. This experience has led to a number of best practices relating to clarity, transparency, review, approval and transition that with adjustment could be applied to the ATR process to ensure quicker informed consent.
3. Place more emphasis on solutions and responses to fiscal, land use and economic concerns. For obvious reasons, the ATR process has a number of mechanisms for ensuring the federal government's legal and fiscal liabilities are minimized. It is important, however, to balance these concerns with the economic and fiscal opportunities that ATR presents.

| Best Practice           | Description  | Recommendation for ATR  |
|-------------------------|--|---|
| Public Notification     | Rationale, maps of change, preliminary land use plan and initial impact assessment.  | Seek ways to publish completed application – perhaps through the First Nation Gazette or local newspaper.   |
| Consultation            | Report detailing nature and logistics of consultation and communications process. This should include a preliminary land use plan.   | Develop communications plans for each ATR, focus on fiscal and economic issues and specify contents of plan in policy.  |
| Preliminary Negotiation | Principle of fiscal neutrality and/or corresponding service quality improvement associated with tax rate change.   | Work with the ITAB to utilize expertise in service agreement resolution.  |
| Feasibility Report      | Consolidation of financial, economic, political and social assessment of proposed change with clear guidelines as to contents. Contents should include: description of negotiations, consultation, original proposal, financial and service implications, social and economic impacts. | Specify contents of feasibility study similar to contents of MBE reports. Use feasibility study in communications and consultation. Develop institution or support mechanism to facilitate feasibility studies. |
| Dispute Resolution      | Formal and clear dispute resolution.   | Work with First Nations institutions to develop resolution systems, roster of mediators and possibly roster of arbitrators.   |
| Ministerial Approval    | Clear and transparent review processes and criteria.   | Publish ATR application review criteria in policy and develop federal review committee.   |

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