

From: Farah Omran and William B.P. Robson
 To: Steve Clark, Ontario Minister of Municipal Affairs and Housing
 Date: December 19, 2019
 Re: **REMOVING AN OBSTACLE TO TIMELY BUDGETS FROM ONTARIO'S MUNICIPALITIES**

January 1 is a special day for many reasons. For Ontario's municipal governments, their councillors, ratepayers and voters, it marks the beginning of the 2020 fiscal year. It also marks the date by which municipalities should have voted on their 2020 budgets. If they have not, they will violate a core principle of representative democracy: that governments should not spend public money without legislative authority.

Sadly, as we document in a recent [report](#) grading the fiscal accountability of 31 of Canada's major cities, timely passing of budgets is a widespread problem. Ontario municipalities did particularly badly in our 2019 report. As the table shows, of the 16 Ontario municipalities in our list, none scored higher than a B, and three earned Fs. The median grade for Ontario's municipalities was D.

Many Ontario municipalities objected to the poor grades we gave them. In connection with timeliness of budgets, several blamed the provincial government. The *Municipal Act*, they pointed out, prevents municipalities from approving a budget for upcoming year in the year of a municipal election. Ontario held municipal elections in October of 2018. As a result, Ontario municipalities presented their 2019 budgets in January, February, March, or even April of 2019. This late publication of budgets showed in Ontario municipalities receiving lower grades in [our 2019 fiscal accountability scorecard](#) than they did the year before, when most – as they should – published their budgets before the fiscal year began.

We do not know what these municipalities would have done if the *Municipal Act* did not preclude timely budgets. What we can do is show how our results would have differed if each Ontario municipality had presented its 2019 budget on the same date that it presented its 2018 budget, when no election delayed it.

Alongside the grades Ontario's municipalities received in our 2019 fiscal accountability report card, based on the dates they actually presented their 2019 budgets, we show the grades they would have achieved had they presented those budgets on the same date they presented their 2018 budgets. Many would have done considerably better. Brampton, Markham and York, for example, would have achieved A- rather than B or C+. Others that did not show improvement also presented their 2018 budgets late, and do not have the province as an excuse for their poor 2019 grades. For its part, Ontario should amend its *Municipal Act* to remove the restriction on approving budgets in an election year. As well, recently announced [consultations](#) by the province propose aligning the municipal fiscal year – currently from January 1st to December 31st – with the province's – April 1st to March 31st. This change would give the municipalities more time after the October elections to table and approve the budget before the fiscal year begins, and will better align the municipal and provincial plans.

We hope – actually, we firmly expect – that our report next year will show better grades for Ontario's municipalities, with more timely budgets being a key factor behind the improvement. With no elections triggering the act's prohibition this time round, five of the Ontario municipalities in our list have already approved their 2020 budgets, and others have committed to approving theirs before January 1, 2020. The others should do the same.

Ontario Municipalities Fiscal Accountability Grades, 2019		
	Grades with 2019 Budgets Release Dates	Grades with 2018 Budgets Release Dates
Brampton	B	A-
Durham	F	F
Halton	B-	B
Hamilton	D-	D-
Kitchener	D	D
London	F	D
Markham	C+	A-
Mississauga	C+	B
Niagara	D	C
Ottawa	D+	C+
Peel	C	C+
Toronto	D	D
Vaughan	D+	D+
Waterloo	D+	C+
Windsor	F	D
York	B	A-

No taxation without representation is too central a principle for us to excuse late municipal budgets on the grounds that the province forced cities' hands. But the cities are right to point to the province as a problem. Ontario should amend its *Municipal Act* to permit new councils to approve budgets before the year begins. If it does so before the 2022 provincial elections, the way will be clear for all Ontario municipalities to achieve A+, and stay at the top of the class from now on.

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