

# Intelligence MEMOS



From: William B.P. Robson and Miles Wu

To: Municipal Councillors and Ratepayers

Date: February 1, 2021

Re: **IT'S THE END OF JANUARY. DO YOU KNOW WHERE YOUR CITY'S BUDGET IS?**

Municipal budgets produce some of the most frustrating failures of accountability among Canadian governments.

Municipalities are the level of government that matters most in the daily lives of most Canadians. They oversee such crucial services as water, waste disposal, policing, road maintenance and transit. Their costs are correspondingly large, as our property tax and utility bills regularly remind us. Many have quite open budget processes, with public consultations and deputations, and extensive discussions in councils. Yet overall, the results are unimpressive: the C.D. Howe Institute's most recent fiscal accountability [report card](#) on Canada's 31 largest municipalities by population awarded only five grades of A or better, nine in the C-range, and five Ds or Fs.

Among the problems is that too many municipalities approve their budgets late. Accountability for public money is fundamental to representative government, and spending money without authorization by elected representatives offends that principle. Yet more than one-third of the municipalities in our 2020 report card failed to approve their budgets before the start of their fiscal years.

How are they doing in 2021? Thirty of the 31 municipalities we look at have fiscal years that coincide with the calendar year, starting on January 1. The table summarizes the situation at the end of January. Cities that approved budgets before the calendar year are in green and are graded as early, while those who did it in January are marked in yellow and received a "slightly late," and those that have still not managed it are in red and graded as "not yet approved." The good news is that 17 of the 30 approved their budgets before the year started. The bad news is that 13 did not. Five of those that did not manage to approve their budgets early did so in January. The worse news is that the remaining seven – Burnaby, Durham Region, Peel Region, Regina, Richmond, Toronto, Windsor and York Region – have still not done so.

Budgeting is tricky – households, businesses and not-for-profits inevitably struggle with uncertainties about their incomes and expenses. Municipal governments face their own challenges – along with the potential for natural disasters and changes in transfers from other levels of government, many must work under provincial rules that complicate budget-making. COVID has made things worse. But standards for accountability are and ought to be high for municipalities just as much as for all governments. Paying taxes is not optional for citizens, and municipalities need to exercise appropriate care when deciding how to spend, and in reporting their plans and results.

In any event, we have the example of the 17 cities that did present their 2021 budgets before the beginning of the year to show that it is possible. The staff and councillors of Brampton, Calgary, Edmonton, Gatineau, Halton, Hamilton, Laval, Longueuil, Markham, Ottawa, Quebec City, Saskatoon, Surrey, Vancouver, Vaughan, and Winnipeg have something to be proud of. They approved their budgets before money was actually spent. The staff and councillors of Burnaby, Durham Region, Peel Region, Regina, Richmond, Toronto, Windsor and York Region have work to do. It is high time that their citizens saw a properly approved fiscal plan for the year. And councillors and officials everywhere – indeed, voters – should demand timely budgets in the future.

## Budget Timeliness Scorecard: 2021

### Early

Brampton, Calgary, Edmonton, Gatineau, Halton, Hamilton, Laval, Longueuil, Markham, Montreal, Ottawa, Quebec City, Saskatoon, Surrey, Vancouver, Vaughan, Winnipeg

### Slightly Late

Kitchener, London, Mississauga, Niagara, Waterloo,

### Not Yet Approved

Burnaby, Durham, Peel, Regina, Richmond, Toronto, Windsor, York

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