

# Intelligence MEMOS



**From:** William B.P. Robson and Nick Dahir  
**To:** Canadian Taxpayers  
**Date:** January 5, 2023  
**Re:** **WAKE UP CITIES, YOUR BUDGETS ARE LATE (AGAIN)**

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The festive season should be a time to look back on work well done. In far too many Canadian cities, however, one key task remained incomplete.

Canadian municipalities outside Nova Scotia run on a calendar year. They should have presented – and ideally, their councils should have approved – their 2023 budgets by now. If January 1 comes and goes with no budget, a city is taxing and spending without proper scrutiny and approval from elected representatives and voters. That is an affront to democracy.

Sadly, it is the situation in most major cities.

The C.D. Howe Institute does an annual survey of fiscal transparency in 32 of Canada's most populous municipalities. Only four of the 31 with fiscal years that began on January 1 – Edmonton; Gatineau, Que.; Longueuil, Que.; and Richmond, BC – have approved their 2023 budgets. A further nine – Calgary; Halton, Ont.; Kitchener, Ont.; Laval, Que.; London; Montreal; Quebec City; Regina; and Vancouver – have at least presented theirs. The remaining 18 – including too many of the economic heavyweights of the Greater Toronto Area – have started the new year with no formal fiscal plans.

This sluggishness would be objectionable even if city budgets were easy for councillors and voters to understand. But most are not. Unlike the federal and provincial governments, and unlike well run businesses and not-for-profits, municipalities typically use different accounting in their budgets than when they report their results. That makes even simple questions, such as how much a city plans to spend or tax in the upcoming year compared to past years, tough to answer. Even trained accountants will struggle to figure out what a budget's bottom line implies for the surplus a city will actually report – hardly anyone knows they do report surpluses! – at year end.

Sorting through the numbers takes time. Coming out of the holiday season with no budget even presented means that people are not getting the time they need.

Councillors and voters should not accept this situation. Budgets are essential for everyone, representatives and citizens alike, to understand how their cities pay for and deliver services. If city staff are taxing and spending without approval from elected officials, local democracy is breaking down.

Fiscal accountability at the municipal level matters in 2023 as much as it ever has. The cost of operations is up. Key functions such as permitting have huge backlogs. Households are stretched, and many businesses that did not go under during the COVID-19 pandemic are struggling.

Furthermore, cities provide many of the front-line services that matter most for our quality of life. Funding them in this environment is inevitably contentious. Budget presentations and debates are indispensable for discussing these issues, resolving them when possible and ensuring people feel heard even when things do not go their way.

Yet the tally of budgets approved or at least presented to date tells a story of backsliding. As of the start of 2022, 20 of the 31 municipalities had presented budgets. And 2022 was nothing great. More than one-third only presented budgets after the year started, and some of the delays were outrageous: For example, Ontario's Durham Region and Toronto did not present theirs until February, and Hamilton waited until the end of March. 2023 will be worse.

Late budgets matter because of details. Setting property tax rates, managing the costs of policing, water and sewage, electricity, snow removal – none of these are simple, and their outcomes help determine where people live and whether local businesses thrive or fail.

They also matter in the big picture. Civic engagement is bound to be lower when city council and staff present confusing numbers, and don't even bother to present them on time. Toronto and Ottawa have both said that they will not even begin their budget processes until this month. With such a casual attitude, why would anyone else take budgeting seriously?

Officials in the majority of the big Canadian cities that began 2023 with no budgets need to leap from their festive couches. They are behind, and have work to do.

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*A version of this Memo first [appeared](#) in The Globe and Mail.*