

The Politics of Local Budgeting in Canada: Three Case Studies

Postdoctoral Seminar
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Public Budgeting in Canada

There are 3,587 budget processes to study in Canada!

Presentation Overview



Municipal budgeting differs in key ways from federal/provincial



There are not many instances of budget reform at the municipal level, but there are three relatively recent cases which I will talk about – Halifax, Toronto and Vancouver



Three key take-aways to consider when embarking on local government budget reform to facilitate change

Key Differences in Budgeting



Fiscal years differ – exception is Nova Scotia



Accounting systems differ – cash-based vs accrual



Public servants **present the budget**, instead of the politicians – different in Ontario with the Strong Mayors' legislation



Multi-year financial planning is optional in all provinces – it is required in British Columbia



Legislated balanced budgets compared to voluntary balanced budgets (7/13 provincial/territorial governments with BB laws)

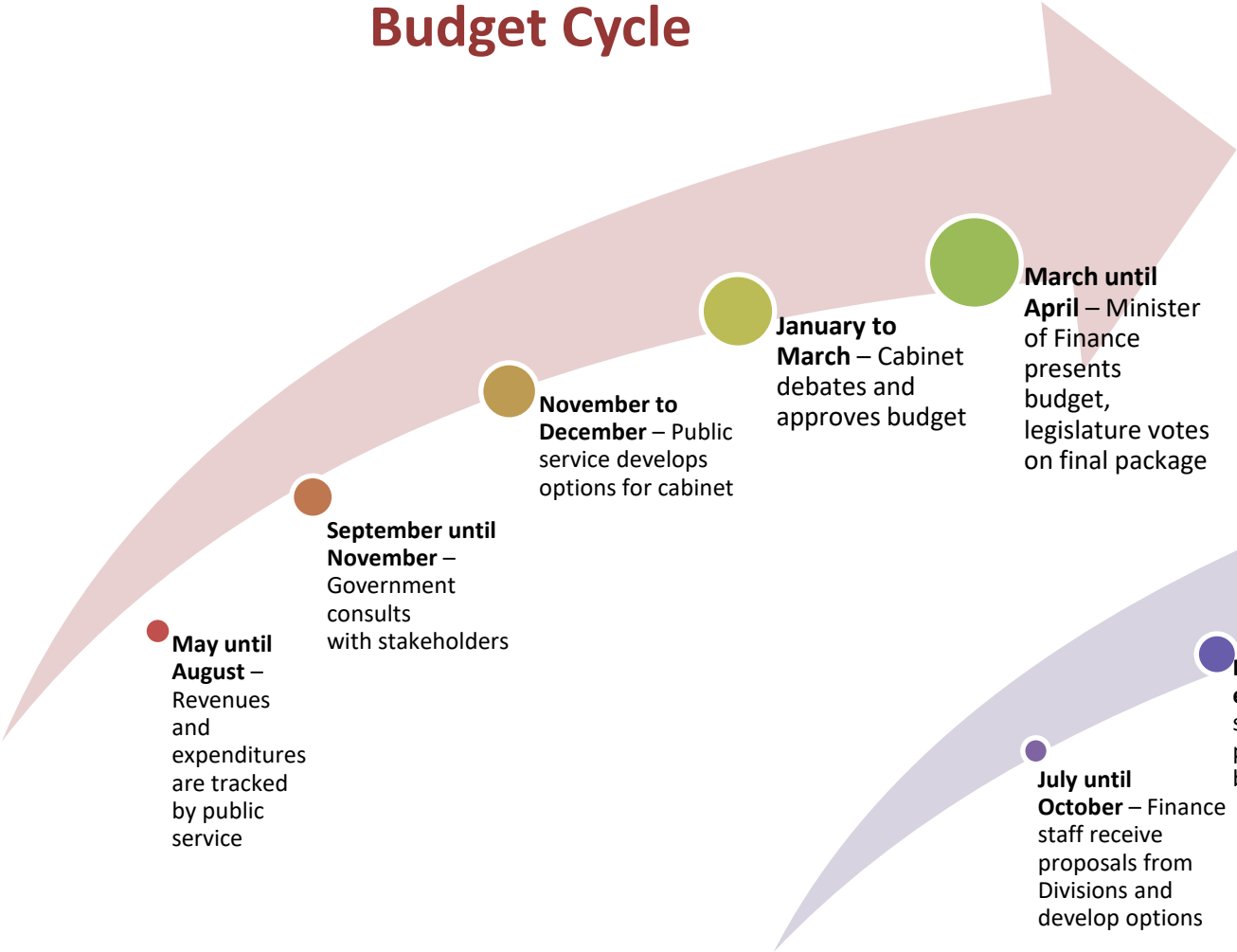


In-year budget management differs

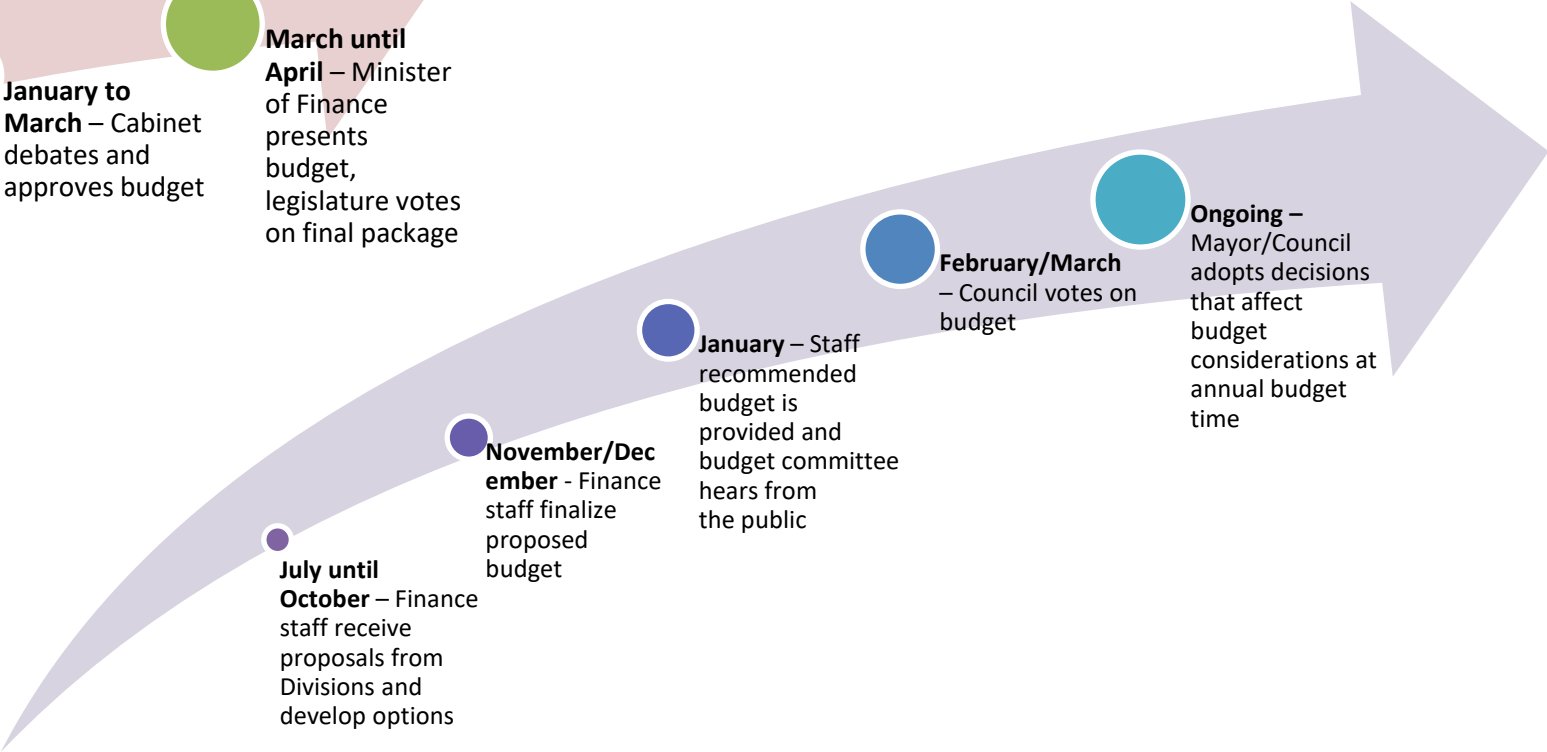


Budget process, cycle, and timelines differ

Federal/Provincial Government Budget Cycle



Local Government Budget Cycle



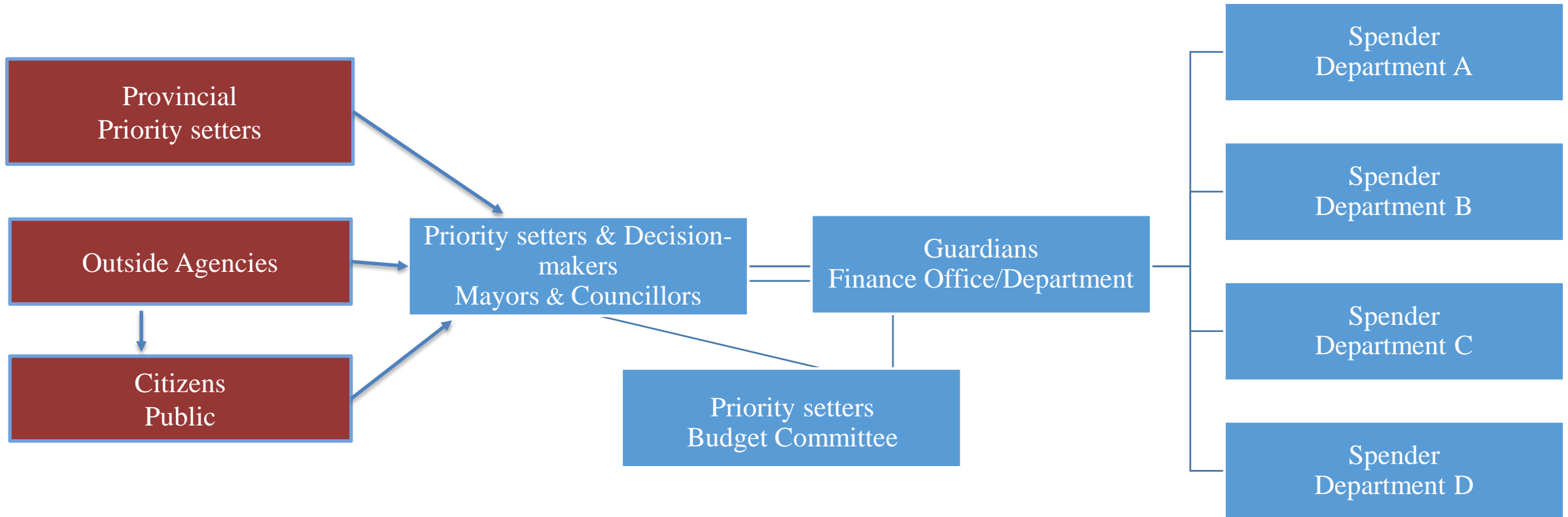
Key Differences in Politics

- Party system in provincial/federal government with joint cabinet decision-making
- Local councillor is a sole actor in Halifax and Toronto
- Stronger “horse trading” in local government
- Budgeting is closer to the public and one could argue more transparent in local government



Political Framework

Local Government Budget Actors





Halifax Regional Municipality (HRM)

Fiscal Year Change

Halifax Regional Municipality (HRM) Profile

- **Population is 500,000** in 2024 (50% of Nova Scotia)
- HRM is **one of 49 municipalities** in Nova Scotia
- Geographic size is **5,500 sq. km**
- Contributes **57% to provincial GDP**
- **Operating budget was \$1.04 B** and **Capital budget was \$0.31 B** in 2024/25
- Budget process reform: ***Municipal Fiscal Year Act, 1990***



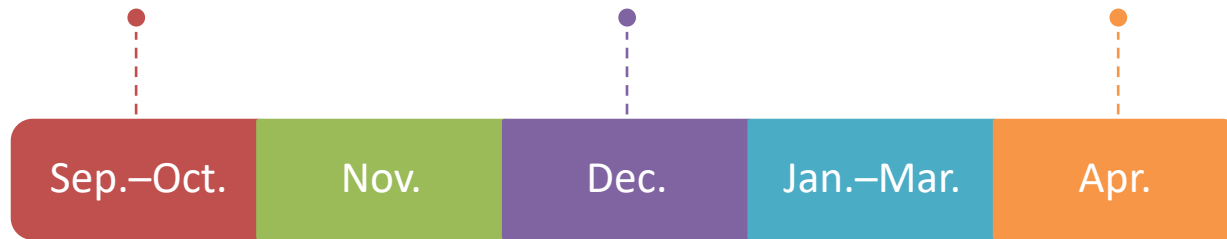
Nova Scotia's *Municipal Fiscal Year Act, 1990*

- Legislated by the **provincial government**
- Began on January 1, 1991 and was a 15-month fiscal year until March 31, 1992
- Impacted all municipalities in Nova Scotia
- John Buchanan was Premier from October 5, 1978 until September 12, 1990
- Roger Stuart Bacon took over on September 12, 1990 to February 26, 1991 as interim Premier for the Progressive Conservatives

Expenditure budget cycle begins; initiated by **Finance & Asset Management staff** in collaboration with **individual business units**

Capital Plan updated by **Finance & Asset Management staff**

Budget approval by **City Council**



Budget Direction report is presented to **Budget Committee**

Budget presentations by each business unit to **Budget Committee**

HRM Budget Process, Timeline, and Actors



Overall, a technical budget reform, less complicated to implement



Facilitates strategic planning and transfers from the province when the fiscal years align



Leadership on legislation from the province, less municipal power?



Budgeting and financial reporting was impacted that year

Municipal Fiscal Year Change Benefits and Drawbacks



City of Toronto

Ontario Strong Mayors

City of Toronto

- **Population is 3.026 M** in 2022 (21% of Ontario)
- City of Toronto is **one of 444 municipalities** in Ontario
- Geographic size is **641 sq. km**
- Contributes **53% to provincial GDP** and **21% to Canadian GDP**
- **Operating budget was \$17.1 B** and Capital budget was **\$49.8 B in 2024**
- Budget process reform:
 - **Changes to the *City of Toronto Act, 2006* in 2022** by the province through ***Bill 3, Strong Mayors, Building Homes Act, 2022***
 - ***Bill 39, Better Municipal Governance Act, 2022***



Strong Mayor Powers in Toronto



Strong Mayor powers came into effect in the fall of 2022 for Toronto and Ottawa



On July 1, 2023, 26 additional Ontario municipalities (large and fast-growing), which are single- or lower-tier local governments with a population of over 100,000 by 2031, joined



Changes included council committees; powers relating to city administration; **mayoral power to introduce the city budget**; mayor's veto; and public repository of mayoral decisions

Implications of Strong Mayor Powers for the City Budget

- **Mayor** has supported that **staff continue to table a budget** with input from **divisions** and input from the **Mayor** but this is not a requirement under COTA
- **Mayor** has chosen to continue having a **Budget Committee** to deliberate **the staff tabled budget** and hear from the public.
 - Mayor appoints the Budget Committee Chair and Vice-Chair
 - Budget committee's recommendations go to the Mayor
- **City Council** deliberates on budget proposed by **Mayor** (no longer transmitted by budget committee)
 - Council only actively votes only on amendments

Proposed and Adopted Budgets Differences

Mayor's Proposed Budget on Feb 1

- **Operating budget funding sources totaling \$17.1 B**
- **Capital budget and plan funding sources totaling \$49.8 B (over 10-year period)**
- The Mayor also allocated a total of **\$18.565 M to a “Budget Balancing and Bridging Reserve”**
- A total of **\$8 M to “2024 emergent budget priorities”** (i.e., funds available for allocation during Council consideration)

Council Adopted Budget Amendments on Feb 14
\$12.6 M for Toronto Police Service
\$4.1 M for the Winter Windrow Clearing program
\$200K for Black Creek Pioneer Village
\$750K for additional By-Law officers
\$970K for tree planting, pruning, and watering
\$200K for outreach/implementation of the Home Energy Loan Program and Emissions Performance Standards
\$400K for community safety, violence prevention, and wellbeing
\$800K for Toronto’s Culture Sector including Toronto Arts Council, local arts service orgs
\$500K for the Action Plan for Toronto’s Economy
\$800K for Local Arts Service Organizations

A nighttime photograph of Vancouver, British Columbia, Canada, viewed from an elevated position. The city's lights are in sharp focus, while the foreground and background are blurred, creating a bokeh effect. The sky is a mix of dark blue and orange, suggesting a sunset or sunrise. The water of the harbor is visible on the left side of the image.

City of Vancouver

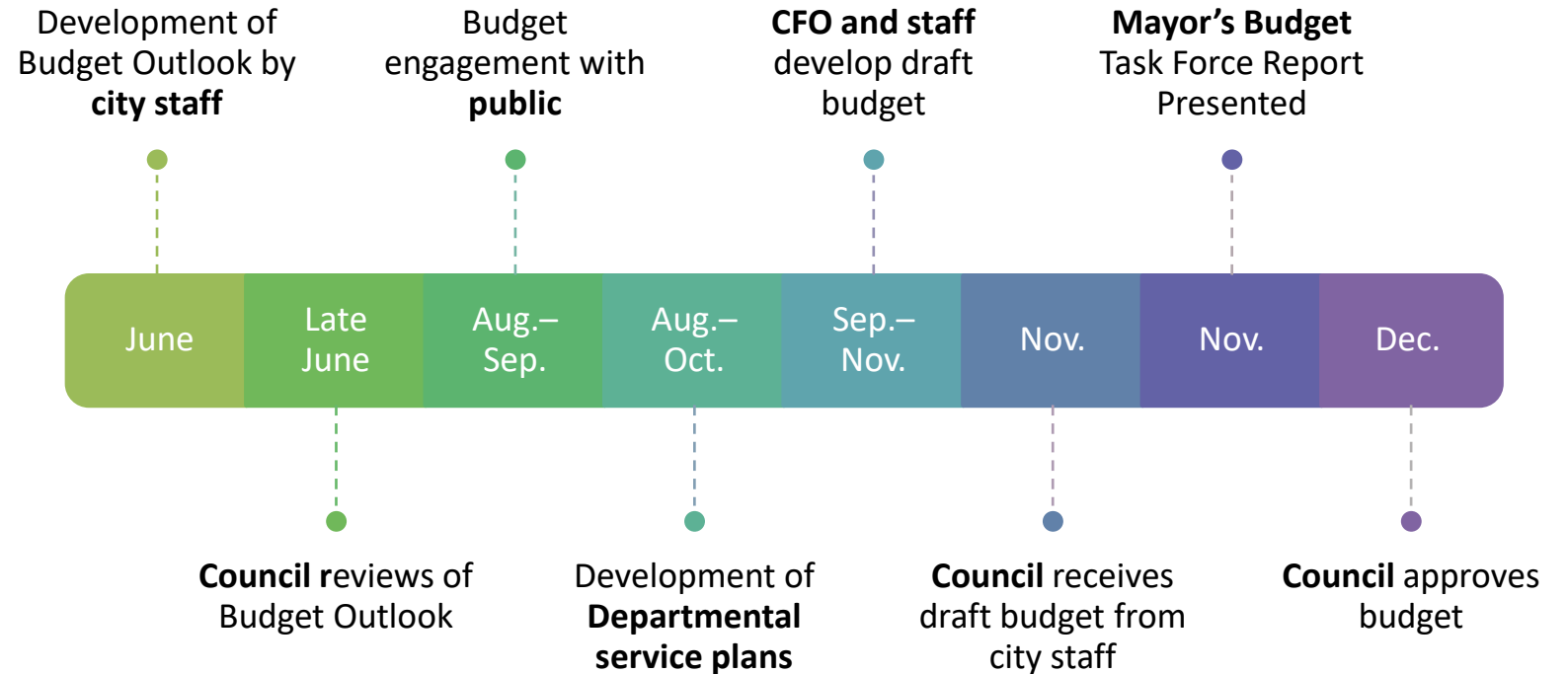
Multi-Year Financial Planning

City of Vancouver

- **Population is 675,218** in 2024 (13.2% of British Columbia)
- Vancouver is **one of 161 municipalities in BC**; there are 27 regional districts in BC
- Geographic size is **115 sq. km**
- Metro Vancouver contributes **61% to provincial GDP**
- **Operating budget for 2024** was **\$2.2 B** and approved on December 12; **Capital budget** was **\$367.8 M**
- Budget process reform: ***Community Charter and Local Government Act***, December 16, 2015



City of Vancouver Budget Process, Timeline, and Actors





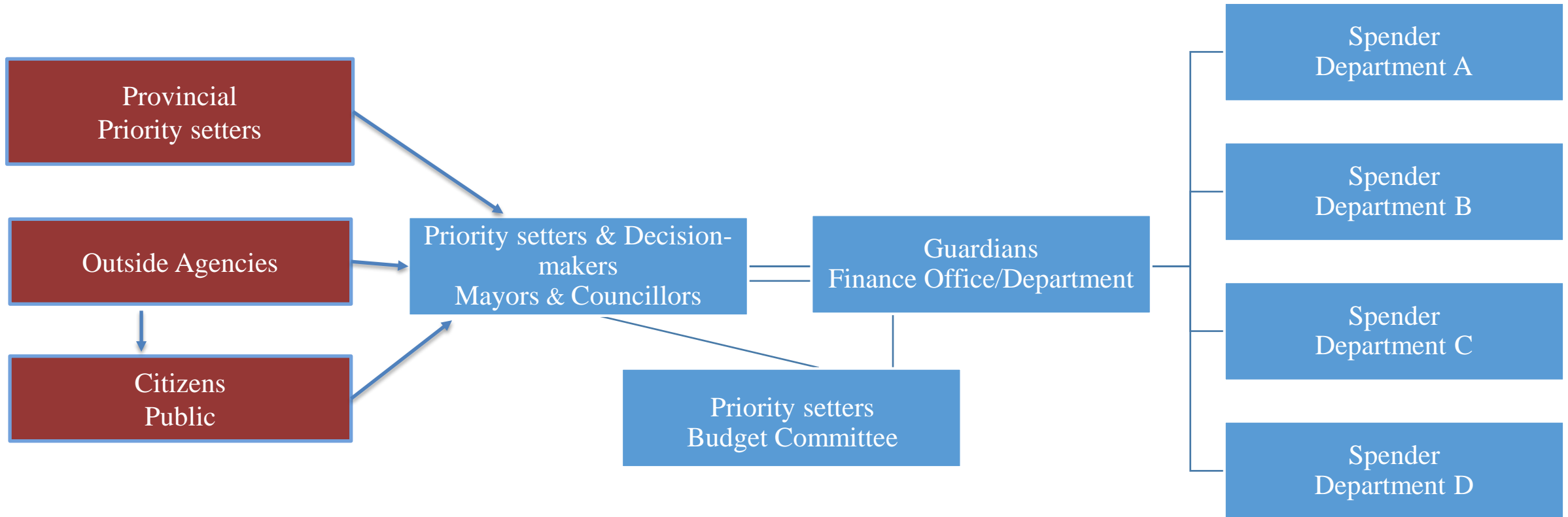
Benefits & Drawbacks to Multi-Year Planning

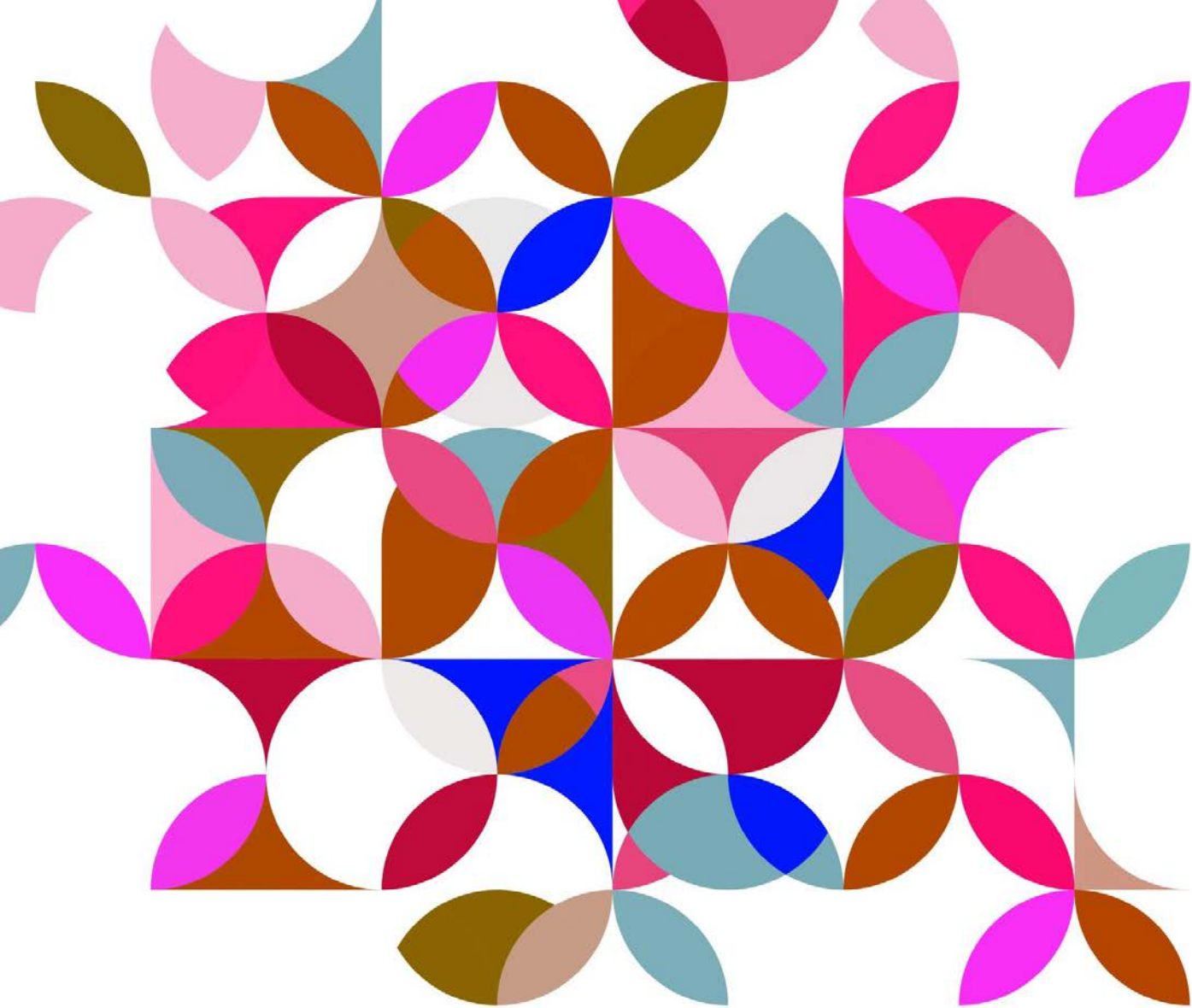
- Fiscal stability and predictability
- Maintain city assets in good repair
- Proactive risk planning, mitigation, and management
- Keep property taxes and fees affordable and competitive

- Divergences between planning and actual spending for several reasons

Political Framework

Local Government Budget Actors





Key Take Aways

Local Budget Reform in Canada

Key Take Aways



1. Provincial legislators as key budget actors for reform – instigated by the province for all three case studies



2. Implementation and full optimization of reform will take time but can provide tools for other municipalities



3. Budget reform requires training, administrative considerations, and dedicated resources for success



Questions?

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