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# Municipal Roles, Responsibilities, Resources, and Relationships

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Enid Slack  
Institute on Municipal Finance and Governance  
Munk Centre for International Studies  
University of Toronto

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# Outline of Presentation

- Trends in expenditures across Canada, 1990-2005
- Municipal roles and responsibilities
- Changes in responsibilities over time
- Trends in revenues across Canada, 1990-2005
- Intergovernmental relationships

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# Trends in Expenditures and Revenues:

## Methodology

- Statistics Canada data 1990-2005
  - Local governments by province/territory, total provincial population
  - Problems with education expenditures/property taxes; problems with unincorporated municipalities
- Municipal legislation
  - Municipal Acts, Local Government Acts, City charters and special legislation
- Literature review
- Interviews
  - Municipal associations and municipal officials
  - Provincial and territorial officials

# Municipal Expenditures, 2005

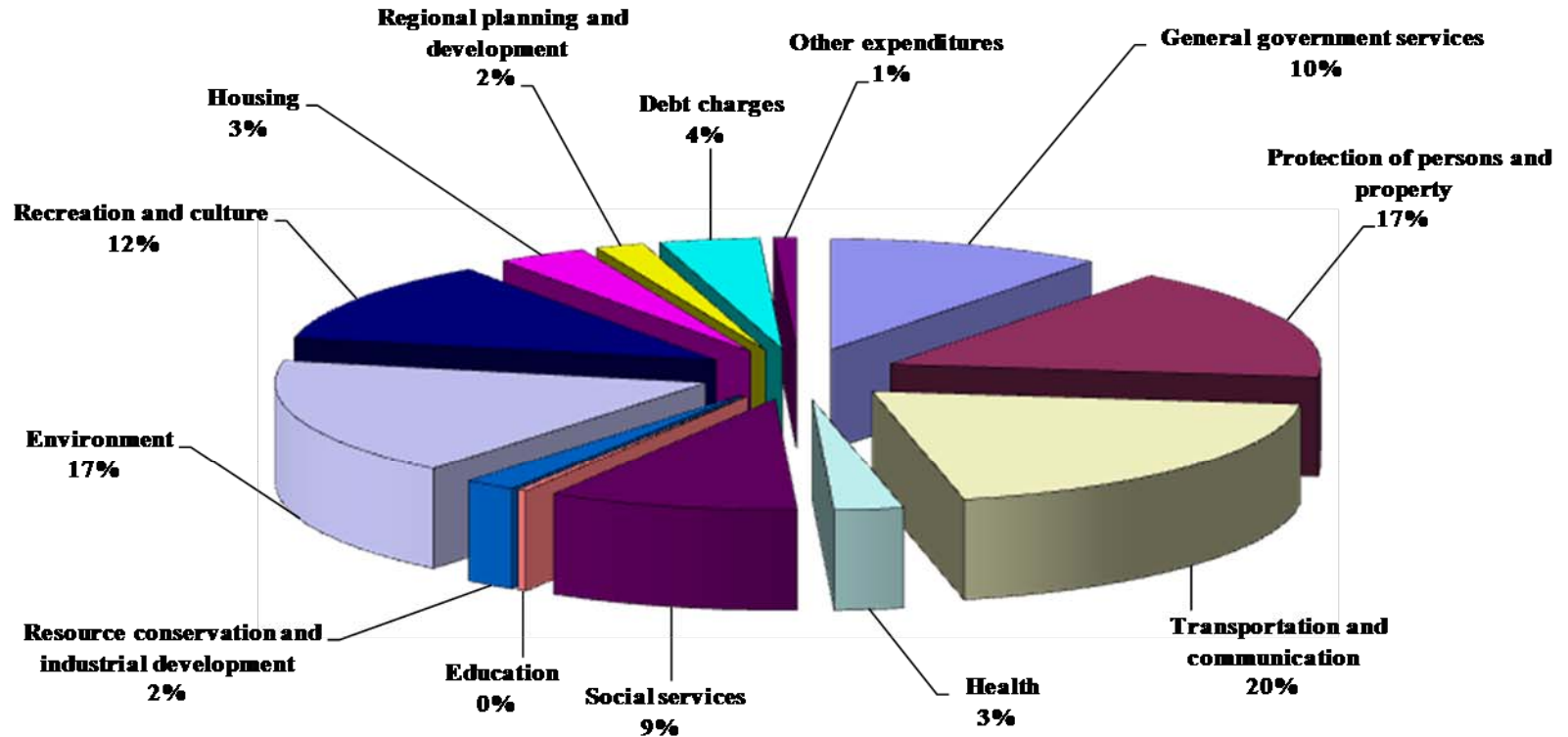
**Municipal Expenditures by Province and Territory, 2005**

Province/Territory	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC	YU	NWT	NU
Per capita expenditures, 2005 (\$)	806	582	1,360	1,078	1,676	2,144	1,281	1,475	1,963	1,555	2,138	2,838	5,139
Share of GDPP (%)	1.9	1.9	4.1	3.4	4.7	5.0	3.6	3.4	2.9	3.9	4.4	3.0	13.8
Share of personal income (%)	3.1	2.2	4.8	4.0	5.6	6.5	4.5	5.2	5.1	5.1	5.2	6.3	14.8
Share of consolidated provincial/local government expenditures (%)	7.1	5.6	13.5	10.6	14.1	20.8	11.8	12.3	16.7	15.4	7.8	--	--

Note: GDPP is Gross Domestic Provincial Product.

Source: Calculated from Statistics Canada, FMS data.

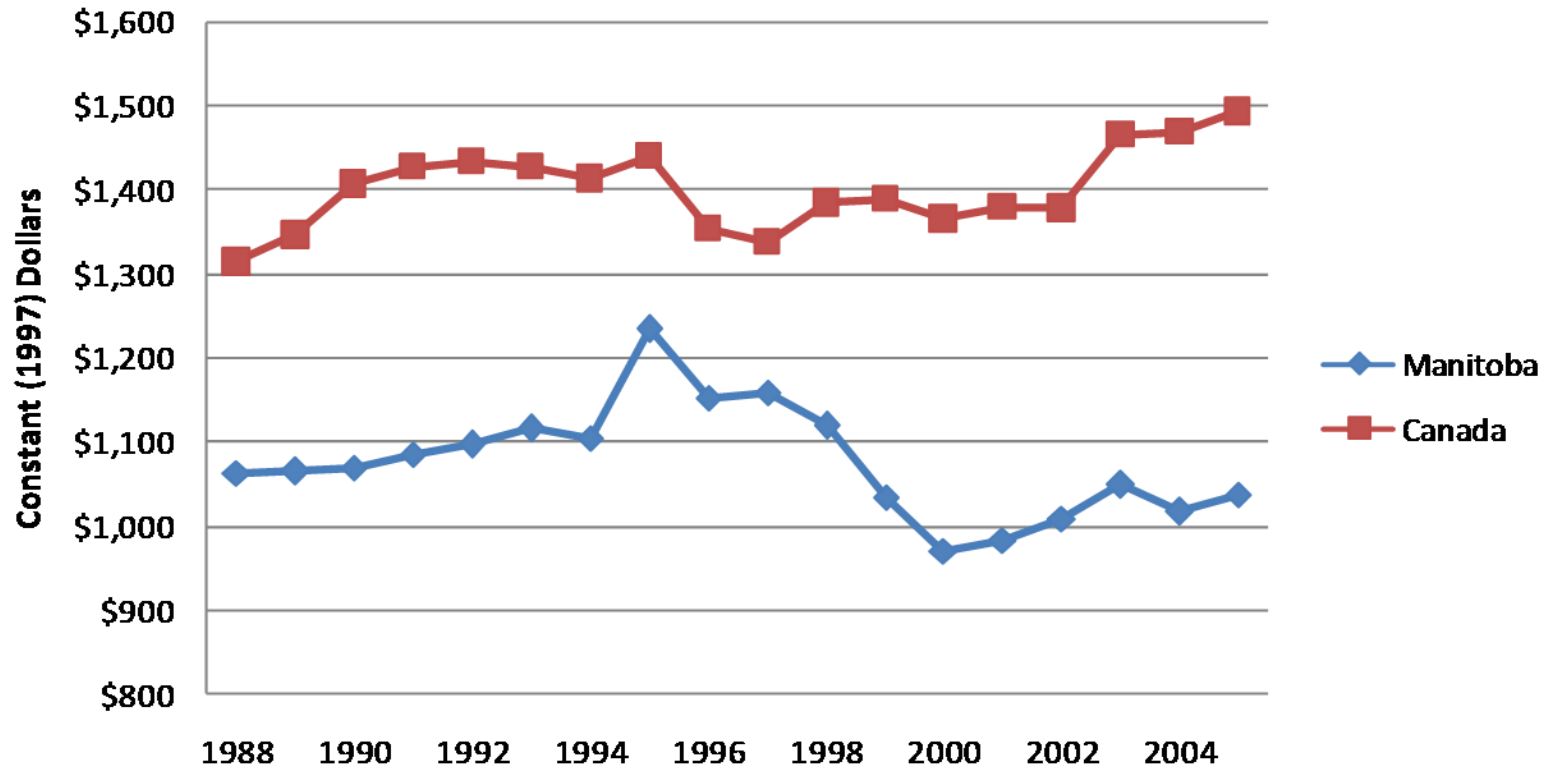
## Composition of Total Expenditure by Local General Government, Canada (2005)



# Distribution of Municipal Expenditures, Manitoba and Canada, 2005

	<b>MANITOBA</b>	<b>CANADA INCL. ONTARIO</b>	<b>CANADA EXCL. ONTARIO</b>
Transportation	25%	20%	22%
Fire and police	19%	17%	17%
Water, sewers, garbage	18%	17%	18%
Health, social services, housing	3%	15%	3%
Parks, recreation, culture	10%	12%	15%
General government	16%	10%	12%
Debt charges	5%	4%	5%
Planning and development	1%	2%	3%
Other	3%	3%	5%

## Total Municipal Expenditures per Capita, Manitoba and Canada in Constant Dollars



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# Trends in Municipal Expenditures: Canada

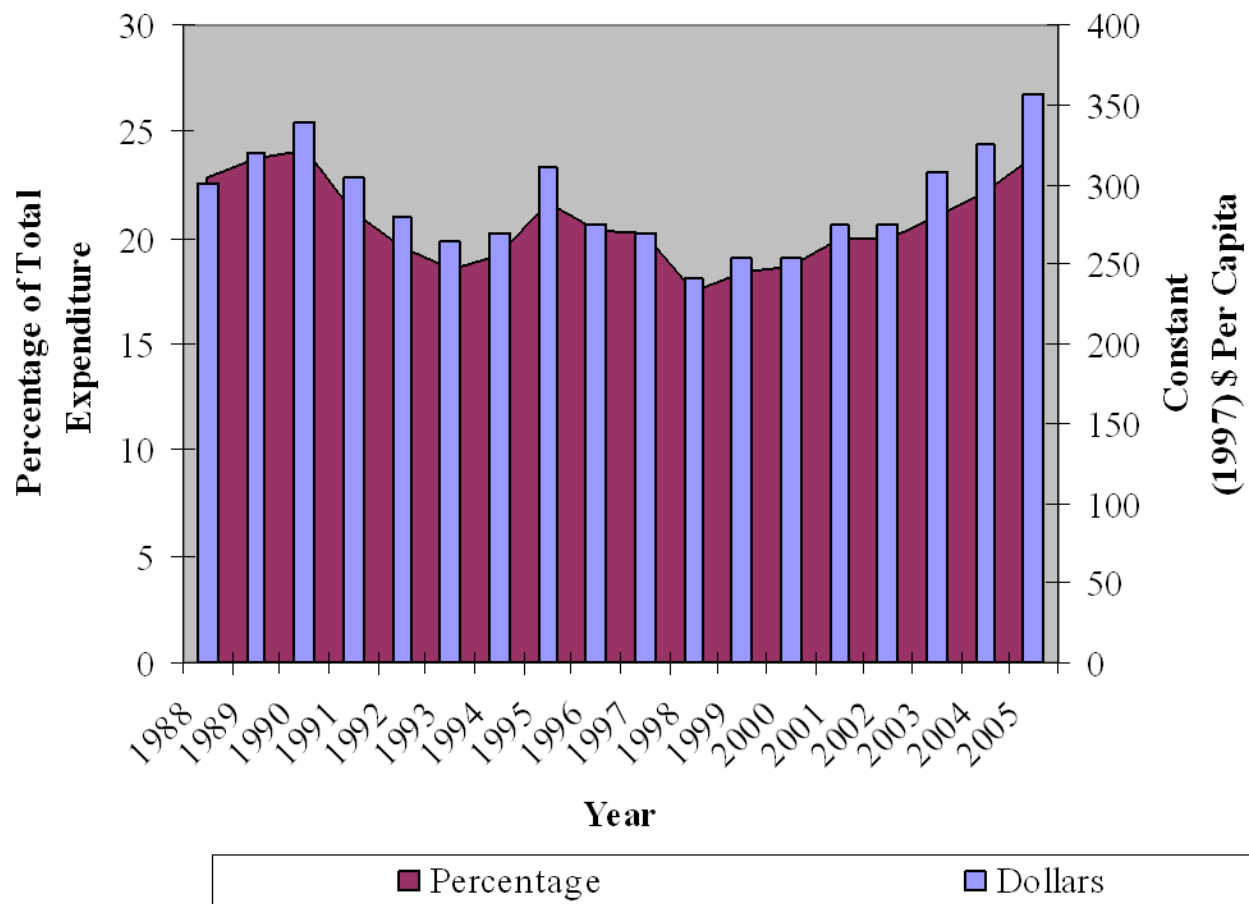
- Which expenditures have increased as % of total expenditures from 1990 to 2005?
  - Protection (fire and police), housing (mainly in Ontario), environmental (water, sewers, garbage), social services
- Which expenditures have decreased as % of total expenditures from 1990 to 2005?
  - Transportation (not in Québec), debt charges

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# Trends in Municipal Expenditures: Manitoba

- Which expenditures have increased as % of total expenditures from 1990 to 2005?
    - Protection (fire and police), environmental (water, sewers, garbage)
  - Which expenditures have decreased as % of total expenditures from 1990 to 2005?
    - Transportation (almost the same), recreation and culture, debt charges, social services (changed to flat fee to province in mid-1990s)
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**Figure 4.1: Capital Expenditure of Canadian Municipalities, 1988-2005**



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# Municipal Functions

- Municipalities in all provinces provide:
  - Water and sewers
  - Roads and streets
  - Solid waste collection/disposal
  - Parks and recreation
  - Planning
  - Policing (except territories and not all municipalities in every province)
  - Fire protection (not all municipalities)

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# Municipal Functions

- Municipalities in some provinces are also responsible for:
  - Courts of law
  - Public transit
  - Health services (small expenditures)
  - Social expenditures (but not generally social assistance)
  - Housing
  - Tourism and promotion

# Municipal Functions

	# services where exp. per capita > \$10		# services where exp. per capita > \$10
Newfoundland	8	Saskatchewan	11
PEI	9	Alberta	16
Nova Scotia	11	BC	12
New Brunswick	10	Yukon	12
Québec	14	NWT	14
Ontario	17	Nunavut	15
Manitoba	11		

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# Services Funded Locally in Manitoba

- General government
- Policing (including bylaw enforcement)
- Fire protection
- Roads and streets
- Public transit
- Other health services
- Water
- Sewage treatment
- Garbage collection and disposal
- Recreation and culture
- Planning and development

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# Services not Funded Locally in Manitoba or Limited Funding

## Not funded locally:

- Courts of law
- Hospital care
- Other social services

## Limited local funding:

- Regulatory measures
- Parking
- Preventive care
- Social assistance (flat fee to the province)
- Agriculture
- Tourism
- Housing

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# Mandatory versus Discretionary Services

- Some ambiguity (lack of distinction ) over what is mandatory versus discretionary
- All municipalities provide services regardless of whether they are mandatory
- What is mandatory varies by size of municipality within provinces (e.g. policing)
- More permissive legislation
- Standards of service are the issue (e.g. water, sewers, fire, waste disposal, building inspection, day care, housing for the elderly)
- Standards have increased over the last 10 years; provincial funding has not

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# Recent Changes in Responsibilities

- Significant service realignments in the 1990s
- Reduced federal and provincial transfers in the 1990s
- Downsizing of federal and provincial responsibilities
- Federal and provincial mandates (e.g. water quality)

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# Recent Changes in Responsibilities: Alberta in the 1990s

- Province ended provision or support for: airports, provincial campgrounds, assessment services, seniors' housing (to regional authority), enforcement of safety codes, regional planning boards, agriculture service boards, and temporarily for provincial secondary highways .
- Servicing of new school sites became a municipal responsibility
- Municipalities were not required to take over most of those services but many did assume extra responsibilities to offset (at least in part) the reduction

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# Recent Changes in Responsibilities: Ontario in 1998

- Downloaded: social services (family benefits, social housing), public health services, ambulance, transportation (municipal and GO transit, ferries, airports, roads and highways), water and sewerage, policing (and provincial offences), property assessment, managed forest and conservation land tax incentive, and the farm tax rebate
- Uploaded: women's shelters and child welfare, funding for elementary and secondary education

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# Recent Changes in Responsibilities: Nova Scotia in the mid-1990s

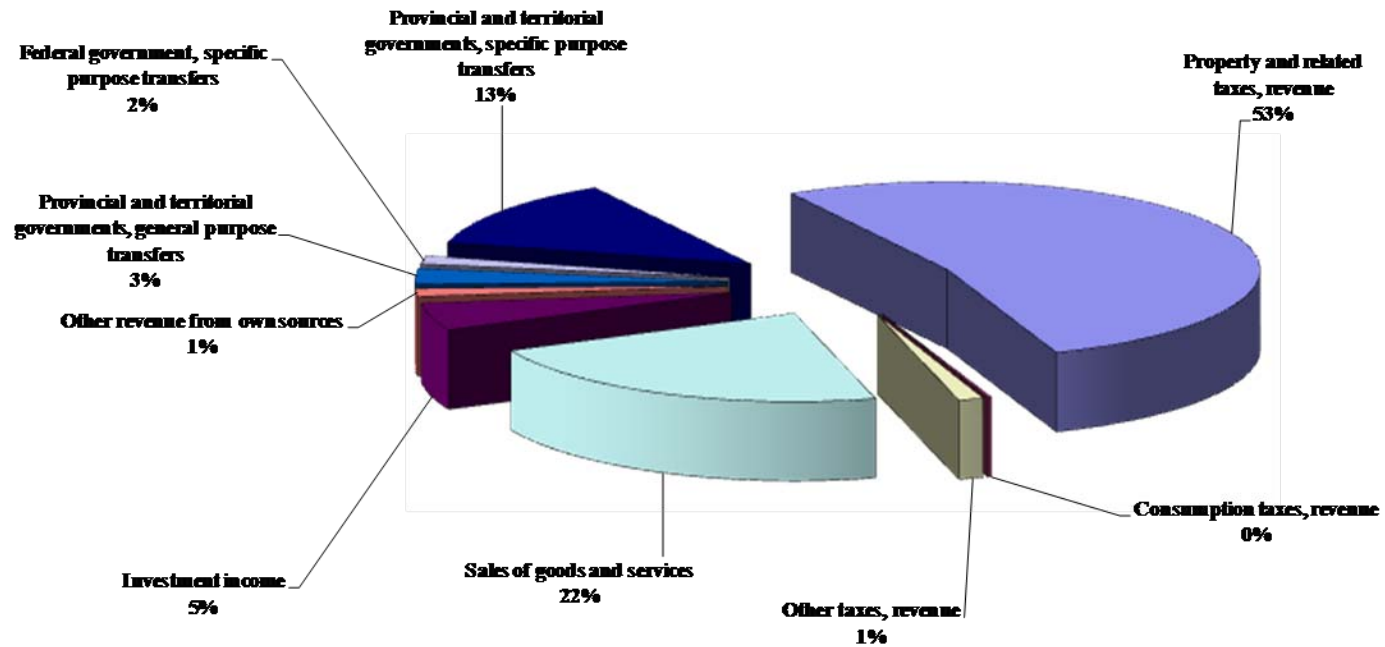
- More of an exchange than an offload
- Province uploaded responsibility for social/community services after 1995
- As a share of municipal expenditures, social services declined from 25-30% to 2-3%

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# No Major Services Realignment in Manitoba

- Province uploaded cost of administering income assistance in mid-1990s with continued payment from municipalities; social services declined from 10% to 2% of municipal budgets
- Province assumed responsibility for public health services and Ombudsman cost in Winnipeg and of water bombers for forest fire fighting

## Composition of Revenue by Local General Government, Canada (2005)



# Municipal Revenues, Canada, 2005

	CANADA	MANITOBA
Property Taxes	53%	42%
User Fees	22%	24%
Provincial Grants	16%	21%
Investment Income	5%	7%
Other Revenues	4%	6%

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# Trends in Municipal Revenues: Canada

- Which revenues have increased as % of total revenues from 1990 to 2005?
  - Property taxes and user fees
- Which revenues have decreased as % of total revenues from 1990 to 2005?
  - Intergovernmental transfers fell across Canada but not in Québec (still a smaller % of total revenues)

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# Trends in Municipal Revenues: Manitoba

- Which revenues have increased as % of total revenues from 1990 to 2005?
  - Users fees (from 16% to 24%)
  
- Which revenues have decreased as % of total revenues from 1990 to 2005?
  - Property taxes (from 46% to 42%)
  - Transfers (from 26% to 24%)

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# Municipal Revenues in Selected Provinces

- Land transfer tax: Nova Scotia, Québec, permitted in Manitoba, now in Toronto
- Amusement taxes: Nova Scotia, Manitoba, Saskatchewan, BC
- Hotel taxes: Nova Scotia, Saskatchewan, Alberta, BC, Québec, permitted in Manitoba
- Poll tax: Newfoundland, parcel tax in BC
- Development charges: BC, Alberta, Saskatchewan, Ontario, Yukon, NWT

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# Municipal Revenues in Selected Provinces

- Revenue sharing (income tax, fuel tax, VLT/casino revenues, fine revenues):  
Manitoba
- Provincial fuel tax sharing: BC, Alberta, Ontario, Québec, Manitoba
- Vehicle registration tax: Toronto

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# Intergovernmental Relationships: Consultation on New Legislation

- Collaborative approach without legislation in Manitoba
- Legislated requirement to consult with local governments in BC, Nova Scotia, and Yukon
- Province and municipalities in Ontario may consult under MOU signed by the province and the Association of Municipalities of Ontario (AMO)
- No express mechanism to consult in Newfoundland and Labrador and PEI.

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# Intergovernmental Relationships: Findings from Interviews

- The state of federal-provincial relations has an impact on provincial-municipal relations.
- The financial context matters.
- The political personnel in place matters
- The senior civil service in place also matters.

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# Intergovernmental Relationships: Findings from Interviews

- Where municipal affairs are the responsibility of a department with many different responsibilities, they are seen to give less attention to concerns of municipalities.
- Provinces with numerous municipal associations find their relationship with municipal associations a bit more challenging.
- Provinces with a large city (in terms of population) and many smaller municipalities have to balance their relationship with each.

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# Concluding Comments

## ■ Roles:

- ❑ Municipalities in Manitoba provide a wide range of services similar to the rest of Canada: e.g. water, sewer, roads, police, fire, some health, solid waste, recreation and culture, planning and development

## ■ Responsibilities:

- ❑ The issue of mandatory services is less significant than increased service standards not matched by increased provincial funding

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# Concluding Comments

## ■ Resources:

- ❑ Property taxes, user fees, and provincial grants are main source of revenue
- ❑ Property taxes account for smaller percent of municipal revenues in Manitoba than the rest of Canada; user fees and transfers account for greater percent

## ■ Relationships:

- ❑ No formal legislation re: provincial-municipal consultation but collaborative approach to intergovernmental relationship