

Recent Fraser report identifies municipal spending habits

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Caledon's spending appears to be quite frugal compared to its GTA neighbours

A recent Fraser report analyzed financial information from 26 municipalities in the GTHA, spanning the period 2009 to 2016.

There is considerable variation in per-person spending among the GTHA's 26 municipalities, according to the report written by Josef Filipowicz and Joel Emes.

Toronto was the highest spender in 2016 (\$4,010 per person), while Milton spent the least (\$2,385 per person). Mississauga, Brampton and Hamilton, the region's next largest cities, spent \$2,705, \$2,804, and \$3,086, respectively.

As with spending, there is great variation in levels of per-person revenue among GTHA municipalities. In 2016, King Township collected the most revenue per person (\$5,130), while Georgina collected the least (\$2,799). Mississauga collected the second-lowest amount of revenue per person (\$3,049), while Toronto collected the fourth most (\$4,476 per person). Between 2009 and 2016, Aurora's per person revenue collection grew the most (73.2 percent).

Across the GTHA, 38.9 percent of municipal revenue came from property taxes in 2016. Reliance on this revenue source is higher in Durham Region, and lower in York Region, where user fees play a greater role.

Toronto and Hamilton, the GTHA's only two single-tier municipalities, rely more heavily on transfers from the provincial and federal governments. Development charges represent a greater share of revenue in several fast-growing municipalities, such as Milton, Markham, and Brampton, but also in several municipalities experiencing below-average population growth, such as Halton Hills and Aurora, raising important questions about these fees' purpose, and their application in practice.

Municipal governments provide important services that directly affect the daily lives of residents and businesses, including police and fire protection, water utilities, garbage collection, and parks and recreation. They also collect revenue through property taxes, user fees, transfers from other governments, and fees paid by land developers (development charges).

At \$3,872 per person, East Gwillimbury was the second-highest spender in 2016, spending approximately \$138 less than Toronto. The third highest spender is King Township (\$3,360 per person), which, like East Gwillimbury, has a relatively small population spread over a large geographical area. Interestingly, the second- and third-lowest spenders, Caledon (\$2,416 per person) and Halton Hills (\$2,497) also have relatively low populations spread over large areas, too.

This, according to the report authors, raises important questions both about the cost of service delivery in sparsely populated municipalities, as well as the role upper-tier municipalities play in determining these costs.

Also notable is the very large difference in spending between neighbouring municipalities.

For instance, East Gwillimbury (2nd) spent over \$900 more per person in 2016 than Whitchurch-Stouffville (9th), its neighbour to the south. Similarly, King Township (3rd) has per-person outlays almost \$950 higher than Caledon (25th). Part of the explanation may be that Caledon is part of Peel Region.

The municipality with the second-highest transportation spending is King Township, at \$870.

In general, municipalities within York Region spend more on transportation, which includes roads, sidewalks, parking lots, and transit. The bottom 10 spenders on this category are in Durham Region and Halton Region, plus Caledon and Hamilton.

King Township leads on planning and development (\$159), while Georgina leads in recreation and cultural services (\$415).

The range between the highest and lowest revenue collector was similar in 2016 as in 2009, at approximately \$2,300 per person.

The cities raising the most revenue changed over this period. In 2009, Toronto was the highest collector, but by 2016 it was surpassed by King Township, East Gwillimbury, and Aurora. Georgina was the lowest revenue collector in both years.

There are notable differences between neighbouring municipalities when it comes to revenue. In 2016 King Township (ranked 1st) collected approximately \$1,750 more revenue per person than neighbouring Caledon (25th). Revenue per person in Aurora (3rd) is approximately \$1,300 higher than both Richmond Hill (11th), its neighbour to the south, and Newmarket (10th), its neighbour to the north. Toronto (4th) collects more than any of its five neighbouring municipalities (Mississauga, Brampton, Vaughan, Markham, and Pickering).

Property taxation represents 38.9 percent of municipal revenues region-wide. This share has a high of 55.3 percent in Pickering and a low of 29.8 percent in East Gwillimbury. In dollars per person, King Township collects the most from property taxation (\$2,171), while Milton collects the least (\$1,057).