Municipal Financing Opportunities in Canada: How Do Cities Use Their Fiscal Space?

By: François Vaillancourt and Jean-Philippe Meloche

Over the past decade, most major cities have received some new revenue sources. Yet, little is known about how cities actually use them or how they have benefitted. This paper reviews data from the municipal financial statements of the largest city in each province to investigate how Canadian cities are employing their revenue sources and whether more sources lead to more revenues and better services in cities.

Read the full report: http://bit.ly/Fiscal-Space

Conclusions:

Most of the new financing tools available to Canadian cities yield very low levels of revenue.

Increasing the number of financing tools does not lead to diversification of revenues, as measured by the share of revenue sources in total revenues.

Local revenue diversification generally results from differences in the reliance on property taxes and user fees.

Providing municipalities with more sources of revenue does not systematically result in more services or an increased ability to raise revenues.

Finding and using comparable data on municipal finances remains an ongoing challenge for drawing comparisons among Canadian cities.