Budgeting and the Prairie City: A Commentary

Urban Resources No. 7

by Peter Diamant & Shelly Cory

1995

The Institute of Urban Studies

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URBAN RESOURCES □ 7

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FOREWORD

On behalf of the Institute of Urban Studies and The University of Winnipeg, I would like to thank Peter Diamant, Research Associate, and Shelley Cory, Research Assistant, for their efforts in preparing this report. I would also like to thank the administrative staff and officials of the five Prairie cities who provided much of the data, as well as opinions, so important to the content of this report. This publication marks the beginning of what I hope will be a longer term research agenda for the Institute in the area of municipal government. With a focus on budgeting processes and revenue sources in the five Prairie cities, the report is timely. Urban municipalities are faced with difficult funding decisions as the senior levels of government cut funding to address growing debt. As well as providing a wealth of information on an issue of great importance to urban municipalities, the report also raises a host of other questions that justify additional research. Building upon these questions, the Institute looks forward to an on-going program of research in this area.

Tom Carter
Director
Institute of Urban Studies

EXECUTIVE SUMMARY

INTRODUCTION

The urbanization of Canada, the expanded role for local governments and the demand for soft services have changed the nature of budgeting and increased the financial burden borne by municipalities. This report, in reviewing the budgets and budgeting procedures of the five Prairie cities, Winnipeg, Regina, Saskatoon, Calgary and Edmonton, examines how they are dealing with the financial problems they are encountering.

The objectives of this study are:

1. to describe the relationship between the individual province and its cities;
2. to identify the alternative approaches to budgeting, to compare the budgeting procedures and budgets of the five study cities, and to review their sources of revenues and levels of expenditure;
3. to discuss issues such as access to resources, level of taxation and the relationship between the administrative and political budgeting process; and
4. to examine and comment on the suitability for large urban centres of the budgeting procedures identified.

BACKGROUND

Senior levels of government have been forced over the past decade, in the aftermath of prolonged deficit financing, to undergo extensive examinations of their budgeting processes, expenditures and revenues. Municipalities have, until recently, been less affected by these pressures. With legislation that requires a balanced operating budget, and with fiscally conservative civic administrations cautious about incurring large capital debts, the finances of municipalities have been relatively healthy.

The development of urban centres on the Prairies has differed in some significant ways from other regions of the country. In general, they are new cities with limited growth prior to the twentieth century. Since each city has developed into a single municipal unit with one local government structure, the complex financial relationships of municipalities working together in metropolitan two-tier systems is minimized.

A review of both political structures and demographic characteristics of the five cities does identify some of the similarities and differences that exist. Winnipeg has the highest percentage of its population over 65, and Calgary has the lowest percentage of single-parent households. The figures suggest that Winnipeg, as an older city, has the oldest housing stock in the worst condition. As well Winnipeg, Regina and Saskatoon have lower income levels and an older, less well educated population which receives a higher percentage of transfers from senior levels of government than Calgary and Edmonton.

BUDGETING AND LOCAL GOVERNMENT

The development of a sophisticated system of budgeting at senior levels of government, and the apparent lack of a comparable process at the municipal level can, in part, be explained by the difference in political systems. In the parliamentary system, the relationship of the executive to the legislature and the existence of disciplined political parties result in both the development of stated policies by the governing group and the legislative authority for their implementation.

It is important to identify the relationship between municipal budgeting and local government structure. The 'fifties, 'sixties and 'seventies saw increasing urbanization and extensive expansion of urban development in and around cities. The municipalities were poorly equipped to deal with the implications of such rapid growth. During this period municipal politicians were part-time, received few financial returns as councillors and usually relied on other employment as the main source of income. As a result, with the encouragement of the provinces, municipalities developed a professional civil service to act on their behalf. There was a conscious effort to strengthen the role of the civil service in the governing of municipalities. With the weak mayor-strong council system no one person or political group has the legislative power of a premier or a governing party.

One can argue whether or not this is appropriate for local government in a time when governing a municipality is no longer a matter of the delivery of a few hard services. But the fact is that the tradition of municipal government is well established, and even with the reforms that have occurred, little has been done to change the basic structure. Budgeting at the local government level, left mainly to the administration, continued along the traditional, item-by-item, incremental process.

. . . the fact is that the tradition of municipal government is well established, and even with the reforms that have occurred, little has been done to change the basic structure.

EXPENDITURES:

Expenditure levels of municipalities are contingent upon existing revenues and access to alternative sources of funding—both under the control of senior levels of government. Although transfers have declined sharply in Alberta and Saskatchewan cities, these provinces have access to substantial resources from utilities to compensate for this decrease. Manitoba has generally maintained its transfer payments to its municipalities, but it has not provided access to utility revenues comparable to the other Prairie provinces.

When one looks at the *per capita* increases in expenditures from 1989 to 1994 the increases in Winnipeg, and to a lesser extent in Edmonton, stand out. In Winnipeg the high cost of debt financing, assessment appeals and the increase in social assistance payments help explain this. When expenditures in other areas such as protection, departmental spending and transit are reviewed, Winnipeg's expenditures, in many instances, are lower. Only Winnipeg has both substantial *per capita* and total expenditure increases from 1989 to 1994. The increase in expenditures in Edmonton is less significant because of a corresponding increase in revenues. Although the *per capita* increase in Calgary is modest, the expenditure increase from 1989 to 1994 is relatively high at 15%—a reflection of Calgary's large population growth.

Although aggregate comparisons and generalizations about expenditures can be made, the task of comparing specific expenditures between jurisdictions is complicated. Each jurisdiction has its own accounting and reporting system. How expenses are classified and within which part of the budget they are placed make specific comparisons almost impossible. While most programme expenses will be found within the budget, some costs may be subsumed in the capital budget and administrative budgets. Activities such as transit and solid waste are housed within departments in one city and identified as an utility in another. Dissecting the various lines of each budget then becomes an arduous task rife with potential for error. Thus the data in this report must be interpreted with caution and exact comparisons avoided.

Even so, the analysis of expenditures does identify some general trends and differences that have implications for how a city is dealing with its financial situation.

CAPITAL FUNDING AND DEBT CHARGES:

Winnipeg and Calgary have high debt charges, 18.6% and 17.8% of current expenditures, and relatively low levels of transfer, 0.6% and 2.6%, from the current budget to the capital budget. In contrast Regina, Saskatoon and Edmonton spend comparatively less on debt charges, 3.5%, 4.3% and 6.4% while transferring 8.1%, 6.8% and 6.6% respectively, from current to capital. When these two figures, debt charges and capital project funding, are taken together for the individual city, one consequence becomes apparent—high levels of debt, with correspondingly high interest charges restrict the dollars available for a municipality to transfer funding from current to capital.

PROTECTION AND HARD SERVICES:

per capita expenditures for Fire, Police, Ambulance and Animal Control, when compared to percentage of expenditure, suggest that cities in Alberta, with their access to revenues, can provide increased dollars for protection services.

Expenditures on the hard services, public works , water, waste and sewage and transportation are, as might be expected, related to the size of the city. But while Regina and Saskatoon have lower *per capita* expenditures on these services, $363.66 and $394. 95, and Winnipeg and Calgary, $494.07 and 484.52, Edmonton spends $606.02 *per capita*. This is only partly a result of the high cost of the light rapid transit (LRT) system. Edmonton is also concerned about the condition of its infrastructure and is increasing its level of maintenance and renewal. It appears that Edmonton's low level of capital debt has allowed the city to direct increased dollars towards the hard services. In Regina, Saskatoon, Calgary and Edmonton, the infrastructure is considered to be in satisfactory to good condition. Winnipeg's infrastructure is in more urgent need of remedial action. Calgary, with its relatively low expenditures, even with the cost of its LRT system, reflects the high quality of the existing hard services and the correspondingly lower costs of maintenance.

CAPITAL BUDGETS

Capital expenditures differ from general operating expenditures in that they are intended to fund assets that will be used over a number of years. There is usually a minimum cost before a project can be included in the capital budget. Although debt financing of operating budgets is not permitted at the municipal level, capital budgets may include debt financing as a source of revenue. Provincial approval for borrowing authority may be required, and in Alberta municipal borrowing is done by the province on behalf of the municipality.

The levels of funding, and the particular sources of revenues used for capital projects, vary from one city to another. There are three basic approaches to funding capital projects. The first, Buy Now, Pay Later, uses debt financing with repayments in future years from the operating budget. Only Winnipeg and Calgary borrowed substantially in 1994, but Calgary also transferred $21.5 million from its current budget to tax-supported capital projects. The second, Pay-As-You-Go financing, uses operating funds to finance capital projects. Winnipeg is the only one of the five cities that has been slow to move toward pay-as-you-go financing. Finally, Pay Now, Buy Later requires funds to be put in reserve to be used to finance capital projects in the future. The use of reserves is most prevalent in Saskatoon, with

78.8% of its capital revenue coming from reserves. Winnipeg and Regina have relatively high levels of transfers from reserves at 32.7% and 29.9%, respectively.

COMMENTS ON THE CAPITAL BUDGETS AND DEBT FINANCING

While the capital and current budgets are developed separately there is a strong relationship between the two. The high levels of *per capita* debt, in Winnipeg, $1,220.83, and in Calgary, $1,064.75, have different implications for each city. Calgary, with its access to revenues including a substantial provincial contribution in the late 'seventies, is able to move toward pay-as-you-go financing. Winnipeg was not able to maintain even a modest transfer of $1.0 million from current revenues to the capital budget in its 1994 budget. The other cities, with modest *per capita* debts and aggressive pay-as-you-go policies, have been able to bring their debt levels under control.

REVENUES

Municipal budgeting has traditionally focused on expenditures, but in recent years, cuts in grants, downloading of responsibilities, and concern over the maintenance of service levels have highlighted the issue of revenues.

Municipal budgeting has traditionally focused on expenditures, but in recent years, cuts in grants, downloading of responsibilities, and concern over the maintenance of service levels have highlighted the issue of revenues. Yet, local governments have limited control over their sources of revenue. Cities in Canada are reliant mostly on provincial governments for their authority to raise money, and each province can provide access to revenues in different ways.

Provincial grants have been an important component of revenues in the past, but they are increasingly under attack. Both Alberta and Saskatchewan have substantially decreased their grants to municipalities. Manitoba has kept grant levels relatively constant, but increases in the cost of social assistance have limited municipal flexibility, and decreased revenues available for general expenditures.

PROPERTY TAX

Of the five Prairie cities, Winnipeg relies most heavily on the property tax to fund the services the City provides. Fifty-six percent of all revenues collected by the city are from property taxes and grants-in-lieu of taxes. In comparison, Regina receives 52.1%, Saskatoon 45.4%, Calgary 41.8% and Edmonton 43% of their revenues from property taxes and grants-in-lieu of taxes. But in all cases the degree of reliance on the property tax has increased in the past few years.

Only Calgary and Edmonton were able to hold their property tax increase to 0%. Edmonton has committed to a 0% increase from 1994 through to 1996. In order to hold the line on property tax increases, Calgary used $10.668 million from its Mill Rate Stabilization Reserves. An examination of the three year aggregate increase of property taxes for the five Prairie cities shows Winnipeg with the greatest increase at 7.3%, followed by Regina at 5.3%, Calgary at 4.9%, Edmonton at 4.5% and Saskatoon at 4.0%.

BUSINESS TAX

The extent to which the five cities rely upon businesses to finance local government activities diverges widely. Calgary realizes 13.8% of its total revenues from area businesses, while Saskatoon collects only 2.6%. The remaining cities fall between these two extremes, with Winnipeg at 7.6%, Regina at 6.6% and Edmonton at 8.7% of total revenues. Calgary's high level of revenues is the result of the extensive commercial and office development in its downtown. It is unlikely that the other cities will be able to match Calgary's business tax revenues.

FEES AND CHARGES

The revenues the five cities raise from the sale of their goods and services, and from the fines and penalties they collect, vary substantially from city to city. Winnipeg raises 5.2%, Regina 10.8%, Saskatoon 13.5%, Calgary 10.4% and Edmonton 12.5% of revenues that way. While Winnipeg has relatively low income levels, an aging population and higher unemployment rates than the other cities, this does not completely explain the low level of revenues collected through the sale of goods and services and through the collection of fines and penalties. The socio-economic conditions are not substantially different in Regina and Saskatoon, yet revenues are much higher—$88.46 *per capita* in Regina and $96.49 in Saskatoon as compared to $56.69 *per capita* in Winnipeg. The figures in Calgary and Edmonton are $115.87 and $140.10 *per capita* respectively, and reflect the higher cost of, and an increased ability to pay for, many of the services that are in part, or in whole, dependent on user fees.

COMMENTS ON REVENUES

Revenues are changing as municipalities adjust to the fiscal and political realities of local government in the 'nineties. As cities search for ways to control their expenditures they are also affected by changes in their sources of revenues. And to a great extent, access to revenues is controlled by the provinces.

While Winnipeg has relatively low income levels, an aging population and higher unemployment rates than the other cities, this does not completely explain the low level of revenues collected through the sale of goods and services and through the collection of fines and penalties.

The reliance on the property tax as a source of revenue is increasing. Since this is the most visible local tax paid by homeowners, it has been subject to the most criticism. It is not surprising that property tax levels are dependent on other revenues. The five cities in this study have, in general, kept increases in expenditures on service delivery and programmes under control. It is in other areas, such as debt charges and utility revenues that the differences between the cities are most apparent.

The largest source of revenue after the property tax in all of the cities except Winnipeg is revenues from utilities. These revenues are controlled by provincial legislation and/or regulation, and even when the city owns the utility, rates are controlled by provincial agencies such as a Public Utility Board. In general, the utilities included here are gas, electricity and telephone, but where applicable other municipal utilities such as waste disposal, sewer and water are also included. The municipalities receive revenues from the utilities through franchise fees, profits and other charges. In Winnipeg this amounts to 4.2% of revenues, while in the other cities this varies from 16.4% in Regina to 21.6% in Edmonton. As a result Winnipeg takes a much higher portion of its revenues, 4%, from transfers. Since these transfers come from reserves that could be used elsewhere, the lack of revenues from utilities may adversely affect the maintenance and renewal of a city's infrastructure.

The revenue from utilities stands out as a major difference among the five cities. And in most cases this is beyond the control of the individual municipality. Other revenues, such as sales of goods and services, fees, penalties, *etc.* and provincial grants do vary from city to city. But the utilities are such a potential source of funding that lack of revenues from this area seems to have distorted Winnipeg's revenues, and in consequence its expenditures, when compared to the other Prairie cities.

CONCLUDING COMMENTS

The five Prairie cities under review, Winnipeg, Regina, Saskatoon, Calgary and Edmonton, have each evolved their own budgeting procedures. Each relies to a different degree on the various sources of revenue available to it. To some extent, this is the result not only of differences in budgeting, but also of differences in provincial legislation and direction.

THE FIGURES

As pointed out earlier, comparisons are difficult if not impossible. One should therefore be cautious about making comparisons from the tables and appendices in this report. As well, there is no consistency among the cities on how, and which, services are provided. Some services are provided by a separate board or utility in one city and not included in the current budget, while in another city the same service is identified in the current budget. And differences in expenditures do not take into account the state of the infrastructure, the level of service and the types of cultural and recreational activities provided.

Even so the aggregate figures do tell a story. It is clear that Edmonton, Saskatoon and Regina have limited tax-supported debt and Calgary, while its debt level is relatively high, has developed an approach to reducing the debt. Pay-as-you-go policies in those cities have dealt effectively with the capital debt problems. Winnipeg has not been so fortunate. Its debt level remains high and its policy of converting to pay-as-you-go was stalled in 1994. Yet when one reviews the financial documents of the five cities, it is apparent that the financial situation in the cities, with the possible exception of Winnipeg, is generally excellent. Debt levels are low in Regina, Saskatoon and Edmonton, and with interest charges that account for only 3.5%, 4.3% and 6.4% of their current budgets, respectively, each has freed up substantial resources for other purposes.

With a solid base of revenues, infrastructure and services the four cities in Alberta and Saskatchewan appear healthy and ready to meet the financial challenges they face. While Winnipeg does not have the same advantages as the other cities and is under more pressure to control expenditures, it too has the potential to manage the financial situation if it can get its debt under control and find additional sources of revenue.

BUDGET DOCUMENTS AND PROCESS

The many budgeting systems developed at the provincial and federal governments have not been utilized to the same extent by local governments. Partly this is related to the political structure at the municipal level. Programme performance measurements, zero based budgeting and expenditure management systems do not lend themselves easily to municipal councils made up of independent councillors. Partly it is a reflection of the relative financial stability of municipal governments. Until recently, cities have not been under the same financial restraint pressures as the senior levels of government. Partly it is the nature of the budget preparation process itself which, in the absence of strong political direction, will tend to be administratively driven.

Thus the documents have remained basically the same over the years, with a heavy emphasis on incremental changes rather than programme evaluation. The changes to the budget documents that have occurred have focused on the economic and financial situation, the reasons for changes in expenditure, and the relationship between the new budget and those of previous years. They have seldom dealt with the policy issues implied within the budget.

The councils of each of the cities are constrained by the nature of the documents they review. While line items such as staff complements, equipment maintenance and travel allowances can be identified and debated, the policies behind the figures are less apparent. Seldom do council budget debates focus on the effectiveness, efficiency and need for a particular programme.

Nor do councillors frequently take an active role in the budget preparation. While councils will often establish at the beginning of the process general guidelines, they are less sure about which of the programmes should be changed to meet the guidelines. For that to happen, there needs to be a majority group on council prepared to take on a policy leadership role. As discussed in the report this is difficult given the present structure of local governments. Without the parliamentary system, there is neither strong party discipline nor clearly identified leadership within the various groups on council. Nor is there necessarily a political articulation of complex policy issues, supported by a majority group on council, that can give direction to the administration. In the absence of such political direction, it is not surprising that the administration takes on a policy role in the preparation of the budget.

While Winnipeg does not have the same advantages as the other cities and is under more pressure to control expenditures, it too has the potential to manage the financial situation if it can get its debt under control and find additional sources of revenue.

In conclusion, the analysis suggests that the finances of the five Prairie cities are, if not completely under control in all cases, generally healthy and able to deal with the financial issues each faces. The more serious questions still remain. Can local government structures adapt to the changing fiscal environment and develop procedures that can more readily involve the political level in the process of budgeting? Can municipalities find the resources necessary to deliver the services demanded of them? Regina and Saskatoon have shown they can maintain financial stability under difficult economic conditions. Calgary and Edmonton reflect the strength of the Alberta economy. In the final analysis, Winnipeg may have the most difficult task in meeting the financial challenges of the next decade.

BUDGETING AND THE PRAIRIE CITY: A COMMENTARY

Political scientists stress political ideologies of city administrators, municipal employees and residents. Economists view economic conditions as particularly important, with fiscal stress and socio-economic conditions as dominant factors determining city fiscal policies. Sociologists study the effects of policies on population groups .. . . An examination of fiscal austerity responses should combine socio-economic factors with political attitudes and other city characteristics that determine the setting within which city decisions are made.[1]

INTRODUCTION

The urbanization of Canada has resulted in areas of dense population and centres of strong economic activity. Accompanying this has been an expanded role for local governments. The delivery of traditional property-based services has been complicated by the increased demand for soft services such as social assistance, housing and recreation. As a result, the financial burden borne by municipalities has increased. This report, in reviewing the budgets and budgeting procedures of the five Prairie cities, will examine how certain cities are dealing with the financial problems they are encountering.

The five cities under review, Winnipeg, Regina, Saskatoon, Calgary and Edmonton, contain more than fifty percent of the population of the Prairies. The consolidation of these cities into single urban municipalities is, if not unique, unusual in other provinces, where two-tier systems and separate neighbouring urban municipalities are more the norm. The economic and political importance of these cities within their provinces is obvious. The potential for these cities to attract economic, cultural and recreational activities is already apparent. Increasingly, these municipalities, with limited assistance from the provinces, will be required to control expenditures and rethink sources of revenues if they are to remain competitive within the Prairie environment.

Cities and provinces are now struggling with the realities of scarce resources. Provincial deficits have forced provinces to reconsider both conditional and unconditional grants to municipalities. At the same time, traditional municipal revenue sources, expenditure patterns and budgeting procedures are being questioned. The objectives of this study are:

1. to describe the relationship between the individual province and its cities;
2. to identify the alternative approaches to budgeting, to compare the budgeting procedures and budgets of the five study cities, and to review their sources of revenues and levels of expenditure;
3. to discuss issues such as access to resources, level of taxation and the relationship between the administrative and political budgeting process; and
4. to examine and comment on the suitability for large urban centres of the budgeting procedures identified.

The study looks specifically at the approved budget estimates and budgeting procedures for 1994 for Winnipeg, Regina, Saskatoon, Calgary and Edmonton. It describes a point in time and does not reflect, except in specified instances, the long-term trends of the individual cities. Nevertheless there are signs that each of the cities is reconsidering the way it budgets. Budget reform is on the minds of municipal politicians and administrators alike.

BACKGROUND

Urban centres are faced with growing demands for services at the same time as their access to financial resources is constrained. Taxpayer revolts, high debt levels for provincial and federal governments, and a prolonged economic recession have placed new pressures on municipalities to control expenditures. Senior levels of government have been forced over the past decade, in the aftermath of prolonged deficit financing, to undergo extensive examinations of their budgeting processes, expenditures and revenues. Municipalities have, until recently, been less affected by these pressures. With legislation that requires a balanced operating budget and with support in most, if not all cases, from fiscally conservative civic administrations cautious about incurring large capital debts, the finances of municipalities have been, in comparison, relatively healthy.

Even so, municipalities have not escaped the effects of the present economic conditions and the public's general concern over high levels of taxation. While municipalities receive revenues from a variety of sources, the property tax makes up the largest component of their revenues and is highly visible. The property tax bill is sent out at a specified time each year in the midst of intense media coverage. It is therefore often the focus of the public's discontent over high levels of taxation. As well, most provinces provide for the collection of a portion of the cost of education through the property tax bill. Although the education component is clearly defined in the tax bill, and municipalities distance themselves as much as possible from any responsibility for the costs of education, it is still the municipality that administers the collection of both the municipal and the education components. Thus the municipality may have no control over a large proportion of the total property tax bill.

It is not the intention here to deal with the costs and financing of education and how they might relate to municipal budgeting. Rather, this is mentioned to emphasize the difficulty that is present in any attempt to comment on the public's perception of the costs of municipal government. This is only one aspect of the confusion. Various budgeting procedures, different sources of revenue, alternative methods of accounting, unclear political accountability, and municipal legislation unique to each province, all make comparisons difficult, and add to the uncertainty in people's minds as to whether municipal services are delivered efficiently and effectively.

Until recently, local government budgeting has developed with few major changes to its procedures and few apparent signs of public interest. Many of the issues of budgeting are entwined with other questions of political and administrative organization, provincial support, the property tax base and the levels of services delivered. If public acceptance of expenditures and tax levels is dependent on the ability of citizens to understand and monitor how a municipal budget has been arrived at, then municipal governments have been, at best, lax in developing a budgeting system that is easily explained.

Even with their balanced operating budgets municipalities have still been affected by the present economic conditions and difficult financial times encountered by all governments. In these uncertain times revenues and expenditures are less easily controlled. Problems that occur unexpectedly, whether they be cuts in provincial grants, surprise expenditures such as assessment appeals and snow storms, or sluggish revenue growth, can have serious consequences for the financial stability of a municipality.

The economic importance of cities to their regions and provinces is well established. "Nations depend heavily on cities to yield up more in taxes than the cities get back in governmental goods and services."[2] While there are preliminary indications that municipalities and provinces are taking the economic development of cities more seriously, there is some question about whether or not the budgeting systems that have evolved in our cities can adequately and quickly respond to the present economic times. "The most important factor that will single out the localities that will successfully weather the next several years (of economic recession) is the capacity to adopt and adhere to a program of actively anticipating budget problems and responding to the early stages."[3] As municipalities in Canada enter the mid-'nineties there are signs that both administrators and politicians are searching for new ways to meet the fiscal realities of governing large urban centres.

LOCAL GOVERNMENT AND THE NATIONAL ECONOMY

Canada's economy has been stagnant for the past several years. Sluggish economic growth, high unemployment rates and large and increasing debt at both the national and provincial levels have created financial problems for all governments. Although local governments in Canada are in a relatively stable financial position as a result of legislation which requires municipalities to balance their operating budgets, the national and provincial economies do affect municipalities. "In periods of slow or no economic growth, the policies of the central governments generally tend to reinforce rather than alleviate the effects that changes in the private sector economy have on the overall financial situation of localities."[4] In fact, cross-national analysis has demonstrated "a relatively strong relationship between the general economic climate in a country and the fiscal well-being of local governments."[5]

The national economy affects local governments in a number of ways. Senior government policies to address fiscal problems may change the local tax base. Access to revenues through business taxes, fees and charges is limited, and any significant growth in the property tax base unlikely. Poor economic conditions also increase the need for additional social services. Although Manitoba is the only Prairie province—and one of the few provinces[6]—that requires municipalities to contribute to the cost of social assistance, related social service costs in areas such as housing, health programs and social agency funding have resulted in increased costs for all jurisdictions. In addition, fiscal stress at senior levels often means reductions in grants to local governments. "Changes in grants are highly correlated with changes in the national economy as measured by changes in the gross domestic product. . . This is probably a reflection of the fact that grants are more 'controllable' than many other items in the national budget, and therefore are an easy target of national government retrenchment efforts."[7]

In their study of local governments in ten countries, Mouritzen and Ylonen found that larger urban centres are more severely affected by a fiscal crisis due to the combination of grant reductions and changes in the local tax base. The result is that "[l]arge cities in a country experiencing prolonged periods of slow or no growth in the national economy in combination with large national budget deficits are most likely to be brought into a situation where current services cannot be maintained without increasing local taxes."[8]

THE PRAIRIE CONTEXT

Large urban centres in Canada outside the Prairies have most often developed as two-tier[9] metropolitan or regional municipal governments. Victoria and Vancouver in British Columbia, Toronto, Ottawa, Hamilton, Kitchener, St. Catherines and Sudbury in Ontario, and Hull, Montreal and Quebec City in Quebec are examples of two-tier municipal systems. In the Maritime provinces, while two-tier systems are the exception, the urban centres are fragmented by multiple neighbouring municipalities in the metropolitan areas and single-purpose boards and agencies established to deal with the delivery of regional services. For example, in New Brunswick, Moncton and its surrounding suburbs and adjacent communities are involved in a number of single-purpose agencies. "These agencies deal with planning, economic development, sewage, transit, hospitals, ambulance service, emergency planning, pest control, libraries and solid waste management."[10] Similar fragmentation exists in other urban centres in the Maritimes.

The development of urban centres on the Prairies has differed in some significant ways from other regions of the country. In general they are new cities with limited growth prior to the twentieth century. With the exception of Winnipeg, which evolved as a series of small communities which eventually came together to form one metropolitan area, the other Prairie cities have tended to develop as single municipal units. In both Saskatchewan and Alberta, urban growth and areas under pressure for urban development at the edge of the cities have most often been administratively accommodated by annexation.

The five cities chosen for this study, Winnipeg, Regina, Saskatoon, Calgary and Edmonton, although characterized as Prairie cities, have all grown into unique entities, independent of each other. While three are provincial capitals, they all share common characteristics as regional centres with related economic activities and extensive dependent hinterlands. They also share, although to a lesser extent in Calgary, the effects of the long Prairie winter. Expenditures on snow removal, salt and sanding, street maintenance caused by soil and climatic conditions, and extensive winter recreation facilities all have budget implications.

Since each city has developed into a single municipal unit with one local government structure the complex financial relationships of municipalities working together in metropolitan two-tier systems is minimized. Thus, each city provides a wide range of municipal services without being involved in questions of jurisdiction and responsibility which colour fiscal and political relationships between the upper and lower tiers of two-tier urban governments. Even so, the cities are distinctive and do not always follow the same procedures. Their approaches to budgeting differ, the administrative and the political decision-making processes vary and the inter-relationships of budget bureaus, finance departments, mayors and councils are not the same from one to the other.

As single municipalities, these five cities provide an opportunity to focus on the budgets and budgeting procedures without the distortions of a two-tier system. Even so, the similarities do not resolve the problems inherent in comparing the financial details of different municipalities. As Kitchen and Slack pointed out in a recent study, "it is difficult to make comparisons across cities with respect to expenditure and revenue trends. While the provincial data and national data permit some comparisons because the data series are consistent over time and across municipalities, the comparisons of cities based on different data sources is much less reliable."[11]

A PROFILE: THE CITIES AND BUDGETING PROCEDURES

A review of both political structures and demographic characteristics of the five cities does identify some of the similarities and differences that exist. The extent of unemployment, the age of the population and the gender composition all can have an effect on the budgetary policies and challenges that face each city. A number of these socio-economic factors have implications for local government. Over the last 25 years in Canada two significant demographic patterns have emerged that affect local

TABLE 1: SOCIAL-ECONOMIC AND DEMOGRAPHIC STATISTICS

ITEM	WINNIPEG	REGINA	SASKATOON	CALGARY	EDMONTON
Population[13]-Total Population - Growth 1986 to 1991	630,400 4.3%	179,520 2.8%	192,147 4.7%	738,200 12.3%	627,000 8.5%
Gender - Male Female	48.6% 51.4%	48.8% 51.2%	48.5% 51.5%	49.9% 50.1%	49.8% 50.2%
Age - 65+	11.9%	9.9%	9.4%	7.1%	7.7%
Unemployment Rate ■ 15 to 24 ■ 25+	9.2% 14.0% 7.4%	7.2% 12.2% 6.1%	8.5% 13.4% 7.5%	7.6% 12.2% 7.0%	8.3% 12.1% 7.4%
Educ. levels: age 15+ ■ % < grade 9 ■ Univ. Degree	 10.7% 13.0%	 9.5% 13.0%	 9.4% 14.2%	 6.0 16.3%	 8.0% 13.2%
Single parent Households	14.8%	14.4%	14.5%	12.9%	14.2%
Hsld. Income-median Male-median Female-median	$36,602 24,515 13,732	$39,710 26,766 15,027	$35,991 24,983 13,014	44,417 27,927 15,476	$41,246 26,822 14,432
% of households = or below poverty line	20.3%	15.8%	18.9%	17.2%	18.8%
Owner occ. houses Houses built <1946 Houses needing major repairs	62.0% 20.3% 8.4%	66.2% 13.0% 6.4%	61.0% 12.3% 6.1%	60.6% 6.5% 5.7%	59.2% 6.0% 7.2%
% total income from gov't transfers[14]	11.5%	9.8%	10.8%	7.1%	7.4%

governments across this county: the aging of the Canadian population and the increasing incidence of single-parent households.[12] The cost of additional support services and social assistance, while difficult to quantify, do place an additional financial burden on cities with unusually high numbers of unemployed, elderly and single parents.

A review of Table 1 points out a number of social, economic and demographic differences between the cities. Winnipeg has the highest percentage of its population, 11.9%, over 65, while Regina has 9.9%, Saskatoon, 9.4%, Calgary, 7.7% and Edmonton, 7.1%. Single-parent households make up from 14.8% to 14.2% of the households in all of the cities except Calgary, where the rate is 12.9%. Unemployment rates[13] for the five cities varied in 1991 from 7.2% in Regina to 9.2% in Winnipeg with Winnipeg also having the highest youth unemployment. Other figures suggest that Winnipeg, as an older city, has the oldest housing stock in the worst condition. As well, Winnipeg, Regina and Saskatoon have lower income levels, older, less well educated populations and receive a higher percentage of transfers for senior levels of government than Calgary and Edmonton.

Winnipeg:

Winnipeg, with nearly 60% of the province's population, is the major urban centre in Manitoba. With its concentration of manufacturing and service industries and position as capital and media centre it plays a dominant role in the political and economic activities of the province. The area of the city is 3,294.8 km^2 and almost one third of the province's First Nations peoples live in the city. Winnipeg has the highest percentage of population over 65, and the second lowest rate of population growth since 1986 at 4.3%. For Manitoba the Conference Board of Canada predicted an increase of 8.9% in agricultural production for 1994, and sluggish employment gains, with an unemployment rate predicted to reach 9.8% in 1994.

Winnipeg operates under the City of Winnipeg Act which is legislation unique to the City. The Council is made up of the mayor (elected at large as in all five cities) and 15 councillors elected by wards. Recent legislative changes have given the mayor power of appointment of a deputy mayor and four chairs of the standing committees. The appointments are made annually in early November, and the mayor has the authority to remove and replace an appointee during the year. There is no restriction on the length of time a councillor may remain as chair of a standing committee. The mayor is chair of the executive policy committee (EPC), which is composed of the mayor and her/his five appointees. The committee formulates and presents recommendations to Council on overall policy. The responsibility for the preparation of the budget rests with the mayor and the executive committee. A speaker is elected by Council as presiding officer of the Council chambers.

Winnipeg's budget procedures are evolving as the city develops new administrative and budget review structures. During the period from 1990 to 1992, a budget committee, chaired by the chair of the finance committee and composed of the mayor, deputy mayor and chairs of the four standing committees, reviewed departmental budgets and made recommendations to the executive policy committee. With the legislative changes in 1992, which provided the mayor with the additional powers of appointment, the separate budget committee was discontinued and the executive policy committee now functions as the budget committee. Under the legislation, the fiscal year ends on December 31 of each year but the budget and mill rate are not required to be finalized until March 31 of the next year.

In late spring or early summer, the Budget Bureau prepares a forecast of the costs of maintaining service levels and the current cost trends. Using this information the Council, in informal, *in camera* meetings, reviews the financial situation, and EPC prepares a budget strategy for the upcoming year. The preparation of the current budget is then initiated by a call letter from the Budget Bureau to the departments, using guidelines developed by EPC. The draft budget is then reviewed by EPC, amended as needed, formalized and presented by EPC as the preliminary estimates. It is at this point that the budget becomes public information and EPC refers it to Community[14] and Standing Committees for review and recommendations. Public presentations may be received by the community, standing and executive policy committees. EPC then considers the other committee proposals, makes its final recommendations and forwards the budget to Council for approval. Council then adopts the estimates together with any amendments to the budget it has made at the Council meeting.

Winnipeg's administrative system is the commissioner system, with a chief commissioner and four (three in 1995) commissioners. The commissioners have dual reporting responsibilities, one to the standing committees and the other to the board of commissioners. The mayor and deputy mayor sit as *ex officio* members of the board of commissioners. Budget preparation is done by the Budget Bureau which in 1994 was housed in the finance department and reported to the chief commissioner through the finance commissioner. With organizational changes now under way, which dissolve the finance department as a separate entity with its own commissioner, the Budget Bureau will report through a director of corporate finance to the chief commissioner.

Regina:

Regina is the capital of Saskatchewan and is situated in the heart of the province's agricultural region. Of the five cities in the study it has the smallest population, the slowest growth rate and the second largest percentage over the age of 65. With a area of 3,421.5 km^2 it has large tracts of undeveloped land. Unemployment is a full 2% lower than Winnipeg's, and the Regina Budget states that "[t]he most serious factors which will impact the City will continue to be the generally poor economic performance of the provincial economy and the province's financial position."[15]

Both Regina and Saskatoon operate under The Urban Municipality Act, 1984, of the Province of Saskatchewan. Council consists of the mayor, who is the presiding officer of Council, and ten councillors. As in all three provinces, the term of office for members of Council is three years. Although councillors in Regina and Saskatoon have, in recent years, been elected at large, the municipal elections in 1994 elected councillors in both cities by wards. The Act specifies the powers and responsibilities of Council and the administration, and gives Council the authority to appoint standing or special committees as necessary. A number of other committees, authorities and boards are also established under various legislation. The members of the standing committees are elected by Council in the fall of each year, and the chairs are elected by the committee. There is no restriction on the number of years that a councillor may sit as chair of a particular standing committee. The administration operates under a city manager system.

The budget procedures are initiated early in the preceding fiscal year when the administration evaluates existing programmes and services and produces preliminary recommendations for the next budget year. In May 1993, Council and the administration met in an informal, *in camera* meeting to discuss budget issues. The meeting, called a workshop, dealt more with broad issues such as potential mill rate increases than with specific programmes. This was followed by a formal Executive Committee meeting in June, (all councillors are members and the committee is chaired by the deputy mayor[16]), and a report to Council in July. In the fall the administration produced preliminary budgets, at which time Council and the administration held formal meetings to discuss budget issues. Preliminary budgets were then tabled with the respective committees for review in late December. Public presentations are invited during the committee review stage. Council reviewed the 1994 operating budget in March/April of 1994 and the budget was adopted and the mill rate set in April 1994. The exact timing of the budget process may vary from year to year. The fiscal year ends December 31 but the budget is not finalized until April of the next year. Budget preparation is done by the budget group in the Corporate Finance and Administration Directorate. The directorate reports to the City Manager.

Saskatoon:

Saskatoon is the largest city in Saskatchewan, with a population that has grown by 5% since 1986, compared with Regina's 2.8% growth during the same period. Senior citizens make up 9%, and First Nations peoples 3.3% of the population. The 11.7% growth in the agriculture sector in 1993 has buoyed the economy, with moderate increases expected for 1994. The University of Saskatchewan is located in Saskatoon, and the city has a mixed economy that includes "business, education, health, finance, food processing, mining microelectronics, metal fabricating, textiles, research and development."[17]

Council consists of the mayor, who is presiding officer of Council, and 10 councillors. In the 1994 municipal election, councillors were elected by ward. The chairs of the standing committees revolve every three months. The budget process is initiated by the administration, and guidelines are issued to departments in late summer or early fall. The departmental estimates are reviewed and approved by the senior administration (Board of Administration) for submission to Council. Assumptions and guidelines developed for the budget are checked informally with Council. There is no formal committee process during budget preparation, and the budget is tabled with Council as an administrative budget. The executive committee (all councillors) reviews the budget, and other standing committees are not involved in the review. There is no public review of the budget outside of the Council meeting held to approve the budget. The fiscal year ends on December 31 and the budget must be approved and the mill rate set by mid-April of the current year. The administration operates under a city manager system, with administrative powers and duties delegated to a Council-appointed city commissioner. Budget preparation is done by the comptroller's department, which reports to the city commissioner.

In response to the financial issues facing the city, and in anticipation of the 1994 budget, the Board of Administration prepared a multi-year strategy paper for consideration of Council. This included a problem identification section and a four year implementation strategy with general recommendations on levels of programme adjustments/cuts and property tax increases. It was approved by Council in August 1993 and set targets for the 1994 budget and beyond.

Calgary:

As one of the fastest growing urban centres in Canada, Calgary's population increased by 17% from 1982 to 1993. Calgary, of the five cities, has the smallest proportion of elderly, single-parent families and First Nations peoples, and it enjoys the lowest unemployment rate. The concentration of office towers and head offices for the oil industry in the downtown provides a commercial base that is reflected in the access to revenues from business taxes that far exceeds those of the other cities. Its more affluent revenue base and potential for decreased spending on social services is countered by the need for increased expenditures on new infrastructure to accommodate both the growth in population and area. The economy in Alberta strengthened in 1993, and oil revenues are expected to increase in 1994.

The enactment of the new Alberta Municipal Government Act is intended to provide municipalities with greater autonomy and flexibility. The government, in its report, *A Better Way: A Plan for Securing Alberta's Future,*[18] outlines the proposed changes to municipal grants. The Municipal Assistance Grant to municipalities will decrease from $169 million in 1994/5 to $88 million in 1996/7 with other grants being reduced substantially or terminated. The budgets of both Calgary and Edmonton in 1994 were affected at a late stage in their budget process by decreases in provincial government grants.

City Council is composed of the Mayor, who is presiding officer of Council, and 14 councillors. The chairs of the standing committees are elected annually and a chair can not be appointed two years in a row as chair of the same committee. Calgary's budget is initiated by the administration which recommends preliminary guidelines to Council. These guidelines do not establish programme priorities, but do deal with such issues as potential mill rate increases and general levels of revenues and expenditures. Calgary is attempting to initiate a three-year budget planning process for the departments, with budget targets. The budget books are released in late December and distributed to committees for review and recommendations. Although not all budgets go to their respective committees, all components of the budget are reviewed by the committee of the whole. Council held a one-day public hearing, with Council inviting presentations from the public on the budget. This was a new process for 1994. The interim budget is usually in place by early January, with final approval and the setting of the mill rate completed by the end of April. The administration operates under the commissioner system, with a chief commissioner and three commissioners. The budget branch is housed in the finance department, and reports through the commissioner of finance.

Edmonton:

Edmonton is the capital of Alberta, and while its growth rate and levels of income may be less than in Calgary, they are higher than in the other cities. The relatively strong Alberta economy and lower unemployment rates have positive spin-offs for Edmonton, and have helped to cushion the effect of the provincial government's expenditure reduction program which will have implications for health, education and municipal government. Both Edmonton and Calgary are in the first year of a three-year reduction in the province's transfer payments to municipal governments.

Council is composed of the mayor, who is presiding officer of Council, and twelve councillors. The chairs of the standing committees are recommended by the mayor and approved by Council annually and a standing committee chair can not be the same two years in a row. The administration operates

TABLE 2: COUNCIL AND ADMINISTRATION

	WINNIPEG	REGINA	SASKATOON	CALGARY	EDMONTON
Population	630,400	179,520	192,147	738,200	627,000
Size of Council	Mayor & 15 Councillors	Mayor & 10 Councillors	Mayor & 10 Councillors	Mayor & 14 Councillors	Mayor & 12 Councillors
Residents per Councillor	42,027	17,950	19,215	52,729	52,250
Committee structure	Executive policy committee and 4 standing committees.	5 standing committees including executive committee (all councillors)	5 standing committees including executive committee (all councillors)	4 standing committees	4 standing committees including budget committee (all councillors)
Selection of chairs of committees	Appointed by Mayor yearly. Chair may remain the same from year to year.	Council elects the committee yearly. Committee elects the chair. Chair may remain the same from year to year.	Elected by council and chairs of committees change every three months.	Elected by council yearly. Chair of a committee may not be the same two years in a row.	Recommended by Mayor and approved by Council. Chair of a committee may not be the same two years in a row.
Focus of budget process	Executive policy committee (Mayor and mayor's appointees)	Executive committee (all councillors)	Executive committee (all councillors)	Parts are reviewed by standing committees and parts by committee of the whole.	Budget committee (all councillors)
Administrative system	Chief Commissioner and 3 commissioners	City Manager	City Manager	Chief Commissioner and 3 commissioners	City Manager
Location of budget group	Corporate Finance	City Manager's office	Comptroller's office	Department of Finance	City Manager's office
Reporting relationship of budget group	(see note) reports through Director of Corporate Finance to Chief Commissioner	reports through senior director of finance to city manager	reports through Comptroller to City Manager	reports through Director of Finance to Commissioner of Finance	reports to City Manager

Notes: Winnipeg: Recent proposals for reorganization of the administrative structure reduces the size of the Board of Commissioners from five to four Commissioners. As a result the Budget Bureau is being moved to a Department of Corporate Finance under the responsibility of the Chief Commissioner.

Regina: Senior Director of Environment and Infrastructure also has budget staff support.

under a city manager system. The budget group reports directly to the city manager and is separate from the finance department.

Early in February 1993, City Council provided direction to the administration on the preparation of the 1994 budget. These included the proposed mill rate increase, the nature of the review by standing committees and proposals for utility rates. The direction included general priorities, but did not make recommendations for programme service levels. The management team established the departmental targets and administrative guidelines, and the departments prepared preliminary budget strategies for discussion with the city manager in early summer. Early in the budget process, the administration, using a focus group approach, held meetings with selected groups for public input. The city manager and management team prepared a draft budget for discussion with City Council at a retreat in September. The recommended budget was released in October with the presentation made by administration. In late October City Council held a public forum on the budget. The budget committee (all councillors are members) met in November to give direction to the sub-committees. Following the various reviews the budget committee made its recommendations to Council for approval before the end of December. The fiscal year ends on December 31, and the mill rate must be set and the budget approved by the end of April.

Winnipeg, Regina, Saskatoon, Calgary and Edmonton have similar but still distinctive geographic and socio-economic factors. But each has developed its own political culture. "Differences in experiences and values—the sum of history—are also likely to produce differences in the way in which local government is organized. For example, the strong non-partisan local tradition in Canada is very much a reaction to what Canadians saw as the worst excesses of partisanship in some U.S. cities at the turn of the this century."[19]

While the five cities have developed independently, the political culture of the Prairies and the common bonds of geography, climate and economic activities do mean that the cities have embraced similar processes and structures. The local government systems were part of this evolutionary process influenced by a regional political culture which "affects political system performance by shaping political and governmental institutions and constraining the range of permissible system activities, including policy outputs."[20] The extent to which the five cities have similar characteristics suggests that the differences in approaches, while at times subtle, do provide an opportunity to consider variables that affect how municipalities budget. Table 2 summarizes some of the organizational structures of the Councils and their budgeting procedures.

BUDGETING AND LOCAL GOVERNMENT

The evolution of budgeting at the federal and provincial levels of government has been well documented. As Adie and Thomas point out, while the initial emphasis on budgeting was financial control and a concern to ensure the legality and honesty of public spending, "the concept of budgetary control has acquired multiple meanings."[21] Included in this are such budget-related concepts as financial management, performance measurements, long-range financial planning and programme evaluation. This has resulted in budgeting processes that are more complex, that question the responsibility and accountability of politicians and that raise public expectations for a well-managed government. But it is not always easy to determine how the responsibility for, and control over, budgeting is distributed between the budget managers and politicians. To some extent, this is caused by a difference in priorities and emphasis. "Budgeting is partly a management activity, but it is also more fundamentally political in nature."[22] Budget managers may attempt to emphasis the process during the budget preparation, only to find that in the end the process is less significant than the manager might like. Politicians may want an efficient and well managed budget process, but political rewards often come from other places.

Even so, there have been a number of budgeting systems developed that have promised, but seldom been perceived to have delivered, more efficient and effective government. It is not the intent here to discuss the merits of such budget decision-making systems as Management by Objectives (MBO), Operational Performance Measurement Systems (OPMS), Planning Programming Budgeting System (PPBS), Zero Based Budgeting and Policy and Expenditure Management Systems (PEMS). They evolved at senior levels of government as the limitations of the line budget technique with its incremental approach became apparent, and a more rational approach to decision-making was desired. This desire was nowhere more evident than in budgeting. Government expenditures and revenues were increasing, the bureaucracy was expanding, and the public's demand for additional services placed pressure on governments to respond.

The traditional approach to budgeting focused on how a department would spend its resources on a item-by-item basis. Everything from salaries to supplies were divided into individual items, and operating departments prepared their budget with emphasis on what was needed to continue their programmes for the next year. In was based on the assumption, supported by past experiences, that changes to programmes being delivered were rare and incremental in nature. And since budgets were considered in relation to the previous years' expenditures, generally the senior managers and politicians concentrated their energies on those incremental changes that might be appropriate. Thus in departmental terms, there were seldom big winners or losers in the budget process; it was business as usual.

The introduction of new budgeting systems held out the promise of increased control over budgeting and more analysis of the success and failure of government programmes. But as these different systems evolved, the processes became more complex, dependent on the advice of experts in the administration, and far removed from the politicians whose needs it was intended to meet. The rational approach to decision-making in the budget process, rather than improving the relationship between politicians and their administrators, appears to have made budgeting so complex, fragmented, difficult to understand and time consuming that politicians often had neither the time to spend on it nor the inclination to do so. Thus the budgeting process became increasingly driven by the administration. While it may be unfair to characterize the administration as dictating the policies of government through the control of the budget process, it can be argued that some politicians became increasingly concerned about the influence of the administration on government policy.

Certainly the Auditor General in Ottawa in the 'seventies complained that government spending was out of control. The development in 1979 of the Policy and Expenditure Management System (PEMS) was seen as a way "to restore the role of the minister and Department of Finance as the lead economic agency in government"[23] and to improve control of spending. There was a determination to increase ministerial direction, to force analysis of old programmes, to integrate policy with expenditures and to restructure cabinet. A new hierarchy of decision-making allowed the Prime Minister and the inner circle to make the major decisions, while less important ones were left to sub-committees and individual ministers.[24] Of particular interest here is the awareness of the need for both political direction on priorities and integration of policy and expenditure decision-making.

The development of a sophisticated system of budgeting at senior levels of government and the apparent lack of a comparable process at the municipal level can, in part, be explained by the difference in political systems. In the parliamentary system, the relationship of the executive to the legislature and the existence of disciplined political parties result in the development of stated policies by the governing group, and the political organization and legislative authority for their implementation. In addition, the budgeting process is not concerned with a balanced operating budget. The senior levels of government separate the revenue and expenditure budgets into two documents and each is dealt with by parliament on its own. The budget placed before the legislature for approval outlines both revenues and expenditures and the projected deficit or surplus for the year. It does not identify detailed estimates of expenditures. Rather it concentrates on the revenue side and only seeks approval for overall levels of expenditure. Detailed estimates of expenditures are dealt with at a different time.

In contrast, municipalities combine revenue and expenditure budgets. Spending is closely tied to the projected revenues. Local governments are forced to adjust either, or both, their revenues and expenditures to meet the requirement for a balance operating budget.

Budgets are financial documents that reflect, intentionally or by happenstance, the plans and priorities of the government. For it to accomplish this "[t]he budget . . . requires a clear articulation by the chief executive and legislative body of the goals, objectives and strategies that underline the budget."[26] Just as the federal and provincial levels are searching for ways to ensure more political input into the budget process, so municipalities need to develop more integrated budget procedures. Administrators require adequate political direction as the budget is prepared, if they are to rationalize the allocation of scarce resources consistent with a Council's desires. Yet the political system at the municipal level does not provide the same political organization or legislative structure available to the provinces and the federal government.

While we will return to this later it is important to identify the relationship between municipal budgeting and local government structure. The 'fifties, 'sixties and 'seventies saw increasing urbanization and extensive expansion of urban development in and around cities. Even with the assistance of federal housing and municipal services programmes, the introduction by the provinces of metropolitan governments and the annexation of urban areas surrounding major cities, municipalities were poorly equipped to deal with the implications of such rapid growth.

During this period municipal politicians were part-time, received few financial returns as councillors and usually relied on other employment as the main source of income. As a result, with the encouragement of the provinces, municipalities developed a professional civil service to act on their behalf. There was a conscious effort to strengthen the role of the civil service in the governing of municipalities. With the weak mayor/strong Council system, no one person or political group has the legislative power of a premier or a governing party. One can argue whether or not this is appropriate for local government in a time when governing a municipality is no longer a matter of the delivery of a few hard services. But the fact is that the tradition of municipal government is well established and even with the reforms that have occurred, little has been done to change the basic structure. More frequently the reforms have been intended to deal with the problems of co-ordination and delivery of services in an expanding urban area rather than with changes to the process of decision-making.

The urban expansion resulted in increased revenues through the property tax base. The federal sewer and water programmes of the post war period helped to keep down infrastructure costs to the municipalities as their developed areas extended outwards. The operating budget was developed and used by programme managers to manage the delivery of services and to co-ordinate their departments' activities. The politicians showed limited interest in the details of the operating budget as long as levels of service delivery remained constant or improved. Capital budgets, with their emphasis on major new roads, bridges and the extensions of sewer and water trunk-lines, tended to be of more interest to the municipal politician, particularly when it affected his or her ward. But even here, the long-term implications of such projects on the operating budgets were seldom scrutinized in any detail. Budgeting at the local government level, left mainly to the administration, continued along the traditional, item-by-item, incremental process.

EXPENDITURES

> *Everyone will be better satisfied when no one is fully satisfied—when the final judgment is a general judgment that defers to all judgments, yields to none.*[26]

Local governments were originally established to provide services directly related to the owning of property such as road construction and maintenance. However, as the twentieth century has progressed, demands for new services, urbanization and provincial off-loading of responsibilities have increased the role and financial burden borne by local governments. Whereas municipal government was created to provide services to property, now local governments also provide services to people, such as social assistance and parks and recreation. There is a finite number of dollars available to pay for these services. "There is a growing consensus that there simply are not enough resources in the world economy that are available to governments to allow them to solve the problems and provide the services at the same levels that have been previously demanded by individuals."[27] The more services that local governments provide, the more expenditure decisions have to be made. The more expenditure decisions have to be made, the more trade-offs will occur between programmes and service areas.

Changes to the level of expenditures overall and/or to specific programmes may originate from a number of sources. Since local governments are legally required to balance their budgets and are limited to the amount of accumulated debt they can carry, expenditures are constrained by the amount of revenue that can be raised. The availability of local money depends on the prosperity of the country and the province, and how well the local economy is integrated. The five Prairie cities are large educational, transportation and economic hubs, and therefore enjoy a high degree of integration of their internal economic activities.

Expenditure levels of municipalities are contingent upon existing revenues and access to alternative sources of funding—both under the control of senior levels of government. Although transfers have declined sharply in Alberta and Saskatchewan cities, these provinces have access to substantial

TABLE 3: GROWTH IN EXPENDITURES

CITY	1989 $ PER CAPITA	1990 $ PER CAPITA	1994[1] $ PER CAPITA	% INCREASE 1989 - 94 PER CAPITA	% INCREASE IN TOTAL EXPENDITURES
Winnipeg	897	942	1,087	21.2%	21.9%
Regina	747	786	818	9.5%	10.2%
Saskatoon[2]	707	740	745	5.4%	10.0%
Calgary	1,068	1,117	1,116	4.5%	15.0%
Edmonton	988	1,026	1,124	13.8%	22.2%

1 These figures were arrived at using the total expenditures of the approved budgets of the five cities and population figures used by the cities in the 1994 budget. The figures have been rounded. The figures for 1989 and 1990 were arrived at in a similar manner.

2 Saskatoon moved its infrastructure levy ($5.6 million) from general operations to the water and sewer utility. This distorts the figures and underestimates the percentage increase. The 1994 figures are adjusted to take into account this change. *Per capita* figures for 1994 are adjusted from $716 to $744 and 1994 total expenditures from $137.5 to $143.1 million.

resources from utilities to compensate for this decrease. Manitoba has generally maintained its transfer payments to its municipalities but it has not provided access to utility revenues comparable to the other Prairie provinces.

Expenditures are also driven by the perceptions of civic officials about their fiscal situation and about citizens' preferences. Growing public discontent with the increasing financial burden cities are forced to bear has caused civic officials to rethink expenditure increases. Civic governments are required by legislation to provide certain services and to pay external costs such as unemployment insurance premiums and payroll taxes—costs over which they have no influence. As well, inflation, as with all governments, pushes up the cost of purchasing goods and services. But it does not necessarily push up the revenues from the property tax base, which does not share the same growth potential as income and corporate taxes.

As can be seen in Table 3, total *per capita* expenditures vary widely among the five cities. This divergence is attributable to a number of factors. Usually, the larger the city the more services it provides and therefore, the larger the *per capita* spending. Although this generalization tends to reflect the expenditures of the five cities, the similarities of the two cities in Alberta and the two in Saskatchewan also suggest that there may be provincial influences as well. Winnipeg, with a population similar to Edmonton and slightly smaller than Calgary, is in the middle of the five cities. One must be clear that these figures do not represent an identical comparison among the five cities. Each city develops its operating budget in its own unique fashion, and the expenditures do not reflect equivalent levels or types of service. Even so, the table does show the increases since 1989, and is a rough comparison of how expenditures have evolved for each city.

When one looks at the *per capita* increases in expenditures from 1989 to 1994, the increases in Winnipeg, and to a lesser extent in Edmonton, stand out. In Winnipeg three areas are used to explain these figures: the increase in social assistance payments that have occurred during the recession of the early 'nineties, the high cost of debt financing,[28] and the high costs of assessment appeals which have followed the recent change to full market assessments. It is the case that when expenditures in other areas such as protection, departmental spending and transit are reviewed, Winnipeg's expenditures, in many instances, are lower. Only Winnipeg has both substantial *per capita* and total expenditure increases from 1989 to 1994. The increase in expenditures in Edmonton is less significant because of a corresponding increase in revenues. Although the *per capita* increase in Calgary is modest, the expenditure increase from 1989 to 1994 is 15%—a reflection of Calgary's large population growth.

A comparison of property tax increases (Table 5 in the section on Capital Budgeting) between 1991 and 1994 shows Winnipeg's property tax increased by 7.3%; the increases in Calgary, Edmonton, Regina and Saskatoon were only 4.9%, 4.5%, 5.3% and 4.0% respectively. The relatively low increases in Alberta and Saskatchewan can partly be explained in Calgary and Edmonton by revenue increases, and in Regina and Saskatoon by control of expenditures. The lack of revenues, debt charges and unexpected expenditures have given Winnipeg few alternatives but to have modest property tax increases.

An important factor in determining the expenditures of a local government is the degree of responsibility it assumes for service provision. The responsibility for service provision by cities has grown significantly. In part, this has been due to civic governments naturally increasing their responsibilities for services that are most appropriately delivered at the local level, such as recreational programming. As well there has been a trend by provincial governments to mandate increasing levels of responsibility to civic governments. Initially, provinces encouraged municipalities to take on more responsibility through financial incentives, but more recently provincial off loading has been undertaken without a corresponding transfer of revenue raising abilities. As provincial budgets tighten and grants to local government are reduced, civic officials find themselves with increasing financial responsibilities and rapidly diminishing revenues with which to fund these services and programs.

Political agendas, financial considerations and a host of other factors have dictated the additional public goods and services local governments have been mandated to provide. A review of these

TABLE 4: EXPENDITURE COMPARISON

Item	WINNIPEG Pop. 630,400 Expenditure ($ 000's)	%	REGINA Pop. 179,520 Expenditure ($ 000's)	%	SASKATOON Pop. 192,147 Expenditure ($ 000's)	%	CALGARY Pop. 738,200 Expenditure ($ 000's)	%	EDMONTON Pop. 627,000 Expenditure ($ 000's)	%
General Gov't	46,469.1	6.9	9,684.1	6.6	12,883.0	9.3	37,772.0	4.6	44,881.0	6.4
Protection	147,762.5	21.4	48,123.1	32.8	42,460.0	30.9	214,629.0	26.0	186,838.0	26.5
Finance	69,557.3		11,682.6		7,396.0		24,950.0		25,619.0	
Social Service	78,767.0		3,020.9		4,073.0		42,281.0		21,935.0	
Planning & Development	13,167.8		3,999.0		2,292.0		27,318.0		32,250.0	
Parks Recreation	61,038.2		22,505.4		18,678.0		77,280.0		78,071.0	
Libraries	12,469.9	1.8	(10,324.9)		(7,233.1)		18,343.0	2.2	19,597.0	2.8
Economic Development	11,241.0		707.7		497.0		6,795.0		16,656.0	
Public Works	17,368.5		3,744.2		7,938.0		23,367.0		30,711.0	
Water, Waste, Sewage, etc.	142,972.4		33,835.5		37,847.6		183,518.0		185,258.0	
Transport	151,122.0		27,698.0		30,083.5		150,789.0		176,545.0	
Cap. Project funding	4,128.4	0.6	11,896.5	8.1	9,414.0	6.8	21,500.0	2.6	46,642.0	6.6
Debt Charges	127,280.2	18.6	5,079.0	3.5	5,917.0	4.3	146,833.0	17.8	45,665.0	6.4
Reconciliation	-198,393.2		-35,080.7		-41,971.1		-151,177.0		-205,816.0	
Total	684,951.1		146,895.3		137,508.0		824,198.0		704,852.0	

Notes:

Reconciliation: There is no consistency among the cities with regard to which services are delivered by a utility and which are included in the tax supported budget. The expenditures for solid waste, water and sewage disposal are included in the water, waste, sewer item, and transit expenditures are included in the transportation item. The reconciliation line adjusts for differences in designation.

Finance: Winnipeg Finance category includes $42,326.7 allocation for employee benefits. This item is not isolated as a separate item for other cities.

Libraries: In Saskatoon and Regina, library costs are separate and not included in the operating budget.

requirements among the provinces demonstrates that the division of responsibilities between local and provincial governments is not consistent.[29] Table 4 shows a comparison of categories of expenditures of the Prairie cities. A significant difference among Manitoba, Alberta and Saskatchewan is in the area of social services.

Social Services

Responsibility for the provision of social services varies widely among provinces. In Alberta, the province assumes almost total responsibility for social services. Municipal liability for social welfare programmes is dependent upon the types of services provided. Programmes that do fall outside provincial guidelines may be developed and funded by a municipality. Those that fall within the family and support services programme are eligible for 80% provincial funding. Alberta, under its new restraint initiatives, is developing an unconditional grant to replace programme grants. It will be up to the municipality to determine which programmes are to be funded. In Winnipeg, the City is responsible for providing social assistance to those not covered under provincial assistance. The Province covers: sole support parents, people who are unemployable for at least 90 days due to physical or mental infirmities, people taking academic or vocational training and children whose parents cannot contribute financially. The Province of Manitoba reimburses municipalities for 80% of gross assistance payments that fall within provincial guideline. Manitoba is now the only Prairie province that still requires a municipality to absorb a large portion of social assistance costs. In Saskatchewan, the province is responsible for social assistance payments but municipalities contribute 1% of total costs based on a *per capita* formula. The Social Aid Levy in Saskatoon for 1994 was $0.656 million or $3.41 *per capita*.

Health

In Alberta the provincial government is responsible for health costs, although the cities may be required to undertake certain capital hospital expenditures. In Manitoba and Saskatchewan, municipalities do have financial and service provision responsibility for some health services. The area within the former City of Winnipeg boundary is served by the city health department which works closely with the province. These services are financed primarily, but not completely, by the province through grants. The city is also responsible for covering over-expenditures by the hospitals within its jurisdiction. In Saskatchewan, community-based health programmes are delivered by the Department of Health. Municipalities are assessed a hospital revenue tax of 2 mills and both Regina and Saskatoon contributed approximately $1.1 million to health programmes. In 1991, 97.3% of the costs of health programmes were funded by the province. The Department of Health is financially responsible for ambulance services.

Transportation

The Saskatchewan government does not provide any funding for road construction or maintenance or for public transit, although some funding is available for special needs transit programmes. In Alberta, cities are eligible for provincial grants for up to 75% of the approved costs for planning and constructing their major arterial roadway networks, and a highway maintenance grant is provided to each city to assist in the maintenance of an agreed-to highway system. Over the past five years, the total capital grants available in Alberta have decreased from $70 to $25 *per capita*. The City of Winnipeg has full responsibility for all roads in its arterial street system, while the province looks after all primary provincial trunk highways and secondary provincial roads outside Winnipeg. The City in the past received an unconditional current grant for maintenance of streets, but this programme was rolled into the block grant. The province, through the Department of Urban Affairs, provides a grant equal to 50% of the City's audited contribution toward the transit system operating deficit. The Province also, through an urban capital agreement, provides unconditional and conditional grants for the purchase and refurbishing of transit buses and for major capital expenditures.

SOME COMMENTS ON EXPENDITURES

Although aggregate comparisons and generalizations about expenditures can be made, the task of comparing specific expenditures between jurisdictions is complicated.[30] Each jurisdiction has its own accounting and reporting system. How expenses are classified and within which part of the budget they are placed make specific comparisons almost impossible. While most programme expenses will be found within the budget, some costs may be subsumed in the capital budget and administrative budgets. Activities such as transit and solid waste are housed within departments in one city and identified as a utility in another. Central agencies such as computer resources are accounted for as an individual department with its own budget allocation in one city while in another costs are identified within the user department. Dissecting the various lines of each budget then becomes an arduous task rife with potential for error. Thus the data in Table 4 must be interpreted with caution, and exact comparisons avoided.

Even so, the analysis of expenditures does identify some general trends and differences that have implications for how a city is dealing with its financial situation.

Capital Funding and Debt Charges

Winnipeg and Calgary have high debt charges, 18.6% and 17.8% of current expenditures, and relatively low levels of transfer, 0.6% and 2.6%, from the current budget to the capital budget. In contrast, Regina, Saskatoon and Edmonton spend comparatively less on debt charges, 3.5%, 4.3% and 6.4%, while transferring 8.1%, 6.8% and 6.6%, respectively, from current to capital. When these two figures, debt charges and capital project funding, are taken together for the individual city, one consequence becomes apparent—high levels of debt with correspondingly high interest charges restrict the dollars available for a municipality to transfer funding from current to capital.

Protection

The expenditures for Fire, Police, Ambulance and Animal Control are listed under Protection in Table 4 Expenditure Comparison. *Per capita* expenditures on protection services, Winnipeg $234, Regina $268, Saskatoon, $221, Calgary $290 and Edmonton $298, when compared to percentage of expenditure, suggest that cities in Alberta, with their access to revenues, can provide increased dollars for protection services.

Hard Services

Expenditures on the hard services, public works, water, waste and sewage and transportation, are, as might be expected, related to the size of the city. But while Regina and Saskatoon have lower *per capita* expenditures on these services, $363.66 and $394. 95, and Winnipeg and Calgary, $494.07 and 484.52, Edmonton spends $606.02 *per capita*. This is only partly a result of the high cost of the light rapid transit (LRT) system. Edmonton is also concerned about the condition of its infrastructure and is increasing its level of maintenance and renewal. It appears that Edmonton's low level of capital debt has allowed the city to direct increased dollars towards the hard services. In Regina, Saskatoon Calgary and Edmonton, the infrastructure is considered to be in satisfactory to good condition. Winnipeg's infrastructure is in more urgent need of remedial action. Calgary, with its relatively low expenditures, even with the cost of its LRT system, reflects the high quality of the existing hard services and the correspondingly lower costs of maintenance, and lower winter costs of such items as snow removal.

OTHER JURISDICTIONS

Canada

Municipalities are creatures of provincial governments. Provinces have evolved methods of financing and delegation of responsibilities to municipalities that are unique to each province. For example, Newfoundland, Prince Edward Island and Quebec have a significant provincial presence in health and social assistance. New Brunswick has full responsibility for financing education, and it provides few conditional grants. Quebec took over responsibility for financing education, decreased other grants to local governments and increased grants to school boards. (Quebec has taken steps again to include education taxing at the municipal level). Thus comparisons are difficult and may be misleading.

These differences do have an effect on municipal budgets. Hobson suggests "the variation in local revenues and expenditures can largely be accounted for by differences in the assignment of responsibility in areas of education, health and social welfare."[31] And Kitchen and Slack argue that "in those cities with a major responsibility for social services, it appears that expenditures on soft services may have crowded out expenditures on hard services. In those cities with limited responsibility for social services, the growth in hard services has almost always exceeded the growth for all municipal services combined."[32] When one looks at the Prairies, one finds this to be the case. Winnipeg tends to have lower expenditures, given the condition of its infrastructure, in such areas as public works, water, waste and sewage, and transportation, and transfers less from current expenditures to support capital project funding.

International

An international comparison[33] for the period from 1978 to 1985 shows the difference in the growth of expenditures among European and North American cities. North American cites show an increase of 10.9%, northern European cities 21.5% and southern European cities 19.9%. As well there are wide variations in the rate of growth of the expenditures of cities among countries. Britain's cities have shown a decline of 2.3% while the cities in France and Finland have increases in expenditures of over 30%. The countries experiencing the greatest decline, or smallest increases, in growth of expenditures in their cities were Britain, Italy and the United States. It is argued that "[t]he distress in the UK and the USA is attributable to declines in real central government grants."[34]

One interesting example of a central government's response to a city's growing fiscal crisis is Oslo. Concerned about the state of the city's finances, Norway introduced a cabinet-style system of city government in 1986, to replace the city manager system. The traditional system amounted to the chief administrator proposing cutbacks and the elected officials restoring funding levels through the political process. "With the new cabinet government there was no chief administrator to hide behind: the cabinet of political leaders had to take full responsibility for balancing the budget."[39] The cabinet-type government did not help alleviate the financial problems until the election, in 1988, of a coalition of councillors determined to control expenditures. Oslo's ability to address its financial crisis was the result of the new structure of decision-making. It demonstrated that political parties and election outcomes matter. "The new structure allowed more clear-cut coalitions to emerge and made a clearer distinction between 'ins' and 'outs.'"[35]

CAPITAL BUDGETS

INTRODUCTION

The ongoing process of developing and maintaining infrastructure is outlined in the capital budget. Capital budgets include expenditures for maintaining, upgrading, constructing and acquiring public facilities and infrastructure. They also include an accounting of financial sources. While capital expenditures are often thought of as roads, water mains, buildings and sewers, it also includes other items such as transit buses, fire trucks and computer hardware and software. Capital expenditures differ from general operating expenditures in that they are intended to fund assets that will be used over a number of years. There is usually a minimum cost before a project can be included in the capital budget.

Although debt financing of operating budgets is not permitted at the municipal level, capital budgets may include debt financing as a source of revenue. Provincial approval for borrowing authority may be required and in Alberta municipal borrowing is done by the province on behalf of the municipality.

Capital requirements depend on a city's rate of growth and the status of existing infrastructure. If growth is minimal, fewer expenditures are required for providing services to new developments. Calgary's high growth rate means that considerable infrastructure development is required in new growth areas in addition to maintaining the existing services. The other four cities have experienced more modest growth rates and have identified their capital priorities as maintaining and upgrading existing services. The City of Edmonton has decided that the only construction that will be undertaken will occur in areas where lack of service is limiting development.[36] Similarly in Regina, "the last decade has been a period of intensive investment in the physical, recreational and social infrastructure of the City. The result is an infrastructure that addresses most of the identified needs of the community with limited requirements for major facilities in the next decade."[37]

Current infrastructure expenditures are also affected by the age of existing infrastructure and the city's historical level of commitment to ensuring that infrastructure is well-maintained and upgraded. Not all cities have maintained their infrastructure to the same level. "While most municipal officials suggested that the local infrastructure would benefit from increased provincial and municipal funding, the views are mixed on the extent to which their respective local infrastructure has deteriorated and is in need of significant expansion and/or rehabilitation."[38] Calgary has an envied reputation among its counterparts as having one of the best, and most well-maintained infrastructure systems in Canada. One official suggested, "there is not a city in North America that would not trade Calgary's debt for its infrastructure." Infrastructure projects are costly, and are often a target of fiscal restraint policies. Nevertheless, roads, sewers, waterlines and computers all have a life expectancy and eventually require replacement. Inflation can make delaying maintenance and/or redevelopment more costly later. In Edmonton and Winnipeg, parts of the infrastructure have deteriorated to the point where major maintenance expenditures are now required.

There is an increasing awareness on the part of all governments of the importance of protecting and enhancing the environment. Tougher environmental standards and regulations coupled with growing public concern have prompted local governments to upgrade sewer operations to reduce the effluent entering Canada's waterways. Not only has this focus had financial implications, but for many cities it has dictated priorities for capital projects. "Trade-offs in capital expenditures appear to exist with water and sewer projects having precedence over road projects. This ranking has arisen, apparently, as a result of increased concern with environmental standards and a relatively easier time of funding water and sewer projects because both are operated as a separate utility and funded from user fees as opposed to property taxes."[39]

THE CAPITAL BUDGETS

Costs of, and funding for, capital projects are outlined in a separate capital program budget. This budget outlines the revenues and expenditures for capital projects slated for the budget year. All five cities also formulate a five year capital plan. The five year plans include all capital projects, while the annual capital budget includes only those projects for which expenditure authority is being sought. The long range plans are important for financial and project management purposes. Since many infrastructure projects are carried out over several years, a multi-year plan is essential in determining and allocating project costs over time so that taxpayers are not burdened by the full costs of developments or maintenance projects in one year. Expenditures can be phased in and financing anticipated and arranged in advance, thereby limiting extreme fluctuations in expenditures. "The objective of the five-year planning process is to direct capital development within the City in a manner which: is defensible with respect to the service delivery priorities established by City Council; and stays within the overall fiscal capacity of the corporation."[40]

An example in the area of long range planning is Shoreview, Minnesota, which has established a comprehensive 40-year capital replacement programme that includes funding mechanisms.[41] The program was undertaken to prevent sharp increases in taxes and user fees, to manage debt levels and to ensure that quality service is maintained. A series of dedicated replacement funds have been established which are funded by the annual property tax revenues and interest. Funds can be diverted

TABLE 5: CAPITAL BUDGET REVENUE BREAKDOWN

	WINNIPEG		REGINA		SASKATOON		CALGARY		EDMONTON	
	Revenue ($000s)	%	Revenues ($000s)	%	Revenues ($000s)	%	Revenues ($000s)	%	Revenues ($000s)	%
Grants	16,859.0	17.7	240.0	1.4			51,489.0	29.2	26,716.0	12.9
Contribution from Current	1,000[1]	1.0	11,567.5	67.4	3,240.0	8.6	25,466.0	14.5	59,073.0	28.6
Reserves	31,176.0	32.7	5,132.5	29.9	29,540.0	78.8	12,682.0	7.2	31,174.0	17.8
Debentures	42,028.0	44.1			1,244.0	3.3	40,867.0	23.2		
Surcharge-Storm Drain.									2,508.0	
Utilities	3,839.0	4.0								
External	488.0	0.5	170.0	1.0	3,440.0	9.2	27,956.0	15.9	7,160.0	6.1
Other			51.2	0.3			17,732.0	10.1	8,591.0	4.5
Total-Tax-supported Capital Budget	95,390.0		17,161.2		37,464.0		176,192.0		135,222.0	
Tax-supported Capital debt (from 1994 budget)	769,613.0		26,465.0		19,401.0		786,000.0		190,608.0	
Tax-supported Per capita debt	1,220.83		147.42		100.97		1,064.75		304.00	

Note: [1] This figure differs from the $4.1 million identified in Table 4 under Capital Project Funding. The $4.1 million is a transfer to the sewer utility to support the replacement of combined sewers. Between the approval of the Capital Budget and the Operating Budget the $1.0 million contribution from current was removed.

for other uses only in emergency as determined by a 80% vote of Council or if public hearings are held. Even if debt financing is utilized, the replacement funds are designed to support debt payments without additional financing. The plan is reviewed every five years.

Annual and five year plans are submitted to Council for approval every year. Each jurisdiction has adopted a slightly different process for the consideration of capital project financing. Since 1985, Calgary has utilized the envelope system to constrain capital expenditures and to determine the amounts that can be financed through pay-as-you-go and debenture borrowing. "The main function of this envelope has been to limit the amount of new debt issues in order to reduce the amount of outstanding mill rate supported debt."[42] Calgary has adopted a two-dimensional classification structure that first identifies projects as maintenance or new development, and then rates projects based on whether or not they have been approved by Council. The projects for each responsibility centre are prioritized.

As a part of Edmonton's Capital Priorities Plan (CPP) all tax-supported capital projects are submitted by the departments. Utilities submit their capital plans separately. City Council ranks capital projects using established criteria and the Administration provides funding recommendations. This process, with minor variations, is typical for the five cities. The breakdown of their capital budgets appears in Table 5.

The primary sources of revenue for funding capital projects are: senior government grants, contributions from the general operating budget, withdrawals from internal reserves or trust funds and contributions from other outside sources. The levels of funding and the particular sources of revenues used for capital projects vary from one city to another. There are three basic approaches to funding capital projects. The first, Buy Now, Pay Later, uses debt financing with repayments in future years from the operating budget. The second, Pay-As-You-Go financing uses operating funds to finance capital projects. Finally, a Pay Now, Buy Later requires funds to be put in reserve to be used to finance capital projects in the future.[43] Each of these approaches is, or has been, utilized by the cities in this study.

Debt Financing: Buy Now, Pay Later

Local governments are legally required to balance their operating budgets, but the provinces do allow long-term borrowing to finance the costs of infrastructure development and maintenance. Traditionally, local governments have relied on debt financing to finance their development and maintenance projects. Continued reliance on this method of financing, coupled with years of high interest rates, has resulted in rising debt loads in many cities. "Use of debt for general capital projects only exacerbates the pressure on the tax rates."[44]

Only Winnipeg and Calgary borrowed substantially in 1994, but Calgary also transferred $21.5 million from its current budget to tax-supported capital projects. Winnipeg is the only one of the five cities that has been slow to move toward pay-as-you-go financing.

Current Financing: **Pay-as-you-go**

As a result of the debt loads created by long-term borrowing, Regina, Saskatoon, Edmonton and to a lesser extent Calgary, have turned to the pay-as-you-go method of finance. Pay-as-you-go is usually adopted when an existing fiscal situation and debt levels limit a city's expenditures for current programs or limit its ability to borrow. The financing of capital projects through current budgets can put pressure on the property tax base in the short term, but it can also open up additional revenues through a corresponding decrease in interest payments. Usually a window of five to seven years is required to establish an adequate program of capital works within the operating budget. "The negative of pay-as-you-go financing plans is that it is extremely difficult to achieve a discipline whereby an elected body will annually tax for and set aside for capital purposes millions of dollars in cash at a time when politically it may have trouble justifying the tax levels required."[45] In addition there are, on occasion, extraordinary capital projects, such as a new aqueduct system for Winnipeg, which will require debt financing.

Calgary has a reputation for its high-quality, well maintained infrastructure. This reputation did not come without a price: by 1985, the City's reliance on debt financing for capital projects coupled with high interest rates had resulted in an accumulated debt in excess of $1 billion. To address their high debt, the city instituted a pay-as-you-go levy in 1986 to be funded by a contribution from the Debt Reserve. The reserve contribution is declining by $2 million annually, until the Reserve is absorbed into the operating budget. Calgary's pay-as-you-go contribution was fixed at $19 million in 1988, and increases by $500,000 annually until 1994; it will increases by $2.5 million annually thereafter. Calgary attributes the reduction of its debt from $1.039 billion in 1985 to $803 million in 1994 to its new capital financing policies. Capital financing in Calgary has remained constant since 1987, which has decreased the ratio of debt supported by the tax base. Even so, shortfalls are projected as development continues and infrastructure services are required in new growth areas.

As a result of Regina's burgeoning debt, the City abandoned the use of debt financing to fund infrastructure seven years ago. Regina now relies upon "a combination of loans from reserves and contributions from the general operating budget as the primary sources for unconditional capital funding."[46] Debt financing is used to finance "large, infrequent projects that exceed the City of Regina's ability to fund them as a current expenditure."[47] While City borrowing can be undertaken prior to, during, or after the construction of a capital asset, initially reserve financing is utilized. This allows Regina the flexibility to delay borrowing and to utilize more favourable interest rates when they are available. Between 1978 and 1983, the city borrowed $46.6 million, but between 1984 and 1988 that figure dropped to $8.2 million through pay-as-you-go financing. "Regina's fiscal situation has improved in recent years through a policy of limited new debt financing."[48] It is anticipated that Regina's entire debt will be retired by 2004.

Edmonton is also moving toward pay-as-you-go financing for its tax-supported capital projects. It has developed a Pavement Investment Strategy and it is "now projected that the City's tax-supported operations (non-utilities) will be debt free by 2005."[49]

Debt financing has not been totally abandoned as a funding alternative for capital projects. Debt financing "works well in the utilities where the user fees pay for all operating and capital costs,"[50] and all five cities utilize debt financing for the capital costs of their utilities.

Reserves: Pay Now, Buy Later

All of the cities have established a number of reserve funds which are earmarked for specific purposes. Money in the funds may originate from property taxes, user fees, government grants, infrastructure levies and interest accruing from such reserves. Some examples include the Parks Reserve in Edmonton, Equipment Maintenance Reserve in Regina, the Infrastructure Reserve in Saskatoon, and the Future Tax Levies Reserve in Winnipeg. Dependence on reserve funds has increased dramatically as a result of pay-as-you-go financing. The extent to which these reserves are being drawn down too quickly may be of concern if adequate funding is not available to undertake the specific tasks for which they were established.

The use of reserves is most prevalent in Saskatoon, with 78.8% of its capital revenue coming from reserves. Winnipeg and Regina have relatively high levels of transfers from reserves at 32.7% and 29.9%, respectively (Table 5).

Government Grants

The contribution of the federal government to local government infrastructure programs in recent years has been minimal and what did exist has declined. This trend is being somewhat reversed by the federal government's National Infrastructure Programme. The costs of the programme are intended to be cost-shared by the three levels of government on a one-third, one-third, one-third basis, but not all provinces have followed this formula. For example, in Saskatchewan the province only contributes 18% while the municipality contributes 49%. For the City of Calgary, $145.5 million is expected to be made available over the two-year course of the programme. Edmonton anticipates $125.4 million in infrastructure projects and Regina $12.9 million

Grants from provincial governments for the funding of capital projects have been a fundamental component of capital budget financing. Government grants made up 44% of Calgary's tax-supported capital budget in 1992, but the 1994 preliminary budget projected that provincial grants will only cover 29.2% of capital expenditures while only 12.9% of Edmonton's 1994 tax-supported capital budget revenue is from provincial grants. In Saskatchewan, the Community Builds Program, initiated in 1991-92, amalgamated capital grants into an unconditional capital assistance fund which included the urban assistance program, the municipal capital program, the cultural-recreational facilities grant program and the municipal water assistance program. In 1993 the province suspended the Community Builds Capital Grants Program which constituted a loss of $2,036,100 to Regina, and severely limited the province's financial involvement in capital projects.

Other Capital Revenues

User fees are important in the maintenance and replacement of the infrastructure of municipal utilities. A portion of the money collected from utility bills is kept in reserve for debt financing and replacement costs. "The quality of the infrastructure appears to be less in need of rehabilitation for those services, such as water and in some cities, sewers, that are funded from user fees. Roads are funded by property taxes and as such, have suffered greater quality deterioration over the past decade. It appears to be politically easier to raise funds for capital projects financed from user fees than from property taxes."[51], [52]

Another revenue raising mechanism related to property used by local governments is the infrastructure levy. These taxes are levied against property directly. The revenue accruing from these levies is generally small and usually only covers capital, and not operating, costs. In Edmonton, Local Improvement Levies comprise 3.6% of total capital financing. The City of Saskatoon discontinued its infrastructure levy in 1994. As a result, the percentage of the budget financed by taxes (excluding property taxes) and levies will be reduced from 7.8% in 1993 to 3.9% in 1994. Regina has a pavement and gravel alley levy which funds the maintenance of city alleys. Winnipeg collected almost $5 million from its Local Improvement Levy. Calgary also runs a local improvement levy through its operating budget with the dollars used for capital expenditures. (See Appendix II, page 5, Other Taxes.)

Cities have been able to transfer some of the costs of infrastructure development to the private sector through development charges. Developers are charged on a per lot or per square foot basis for the capital costs of the infrastructure required to support new developments or redevelopments. For example 6.1% of Edmonton's capital funding is obtained through developer financing. Generally, these fees are for hard services such as water, sewer and roads, but some cities such as Vancouver are including part of the costs of soft services such as recreational facilities and day care centres in development charges.

OTHER JURISDICTIONS

Comparing capital expenditures internationally is limited by differences in reporting among countries. Some countries consider maintenance expenditures current expenditures while others consider them capital expenditures. An examination of aggregate capital expenditures by Walzer *et al.* indicates that expenditures increased in the period from 1978 to 1985 by over 28% in southern European countries, including an increase of over 43% in Italy. In North America, they rose by only 7%, and in northern Europe, capital spending was reduced by 25%.[53] In this comparative analysis of capital expenditures in ten countries, it was found that in countries where capital expenditures declined, "capital projects were reduced to preserve current operations."[54] U.S. cities traded employment (an 11.7% decline) for capital expenditure (a 7.4% increase);[55] Britain traded capital expenditure (a 28.9% decline) for employment (a 0.9% decline).[56]

SOME COMMENTS ON THE CAPITAL BUDGETS AND DEBT FINANCING

While the capital and current budgets are developed separately there is a strong relationship between the two. Table 5 shows the high levels of *per capita* debt, in Winnipeg, $1,220.83, and Calgary, $1,064.75, which have different implications for each city. Calgary, with its access to revenues including a substantial provincial contribution in the late 'seventies, is able to move toward pay-as-you-go financing. Winnipeg was not able to maintain even a modest transfer of $1.0 million from current revenues to the capital budget in its 1994 budget. The other cities, with modest *per capita* debts and aggressive pay-as-you-go policies, have been able to bring their debt levels under control.

Winnipeg's debt level may have been influenced by a provincial government policy in the mid-'eighties which restricted Winnipeg's ability to transfer money from the current to the capital budget. At that time, Winnipeg was transferring over $10 million from current to capital. The province tied the amount of its capital grants to the transfer and indicated that it would decrease its grant by the amount

TABLE 6: REVENUE COMPARISON

	WINNIPEG Pop. 630,400		REGINA Pop. 179,520		SASKATOON Pop. 192,147		CALGARY Pop. 738,200		EDMONTON Pop. 627,000	
Item	Revenues ($ 000's)	%	Revenues ($ 000's)	%	Revenues ($ 000's)	%	Revenues ($ 000's)	%	Revenues ($ 000's)	%
Property Tax	344,138.7	50.2	71,905.5	49.0	59,567.0	43.3	334,666.0	40.6	282,428.0	40.1
Grants-in-lieu of taxes	39,626.8	5.8	4,594.1	3.1	2,882.0	2.1	9,800.0	1.2	20,543.0	2.9
Business Tax	52,300.0	7.6	9,720.0	6.6	3,651.0	2.6	113,754.0	13.8	61,355.0	8.7
Other taxes	22,703.3	3.3	2,355.3	1.6	1,428.0	1.0	7,474.0	0.9		
Stabilization Fund							10,668.0	1.3		
Prov. Grants	119,948.4	17.5	10,950.0	7.5	11,839.0	8.6	49,447.0	6.0	45,920.0	6.5
Sale of goods and services	21,489.6	3.1	7,023.9	4.8	12,361.0	9.0	47,483.0	5.8	37,819.0	5.4
Fees, etc.	14,245.2	2.1	8,856.5	6.0	6,180.0	4.5	38,054.0	4.6	50,019.0	7.1
Transit Fees							43,300.0	5.2	48,088.0	6.8
Utilities	28,686.0	4.2	24,037.8	16.4	30,496.0	22.2	130,181.0	15.8	152,042.0	21.6
Transfers	27,485.1	4.0	589.5	0.4			7,868.0	1.0	1,212.0	0.2
Interest, charges, etc.	11,811.0	1.7	5,909.0	4.0	8,730.0	6.3	27,839.0	3.4	3,000.0	0.4
Miscellaneous	2,516.9	0.4	953.7	0.6	374.0	0.3	3,664.0	0.4	2,426.0	0.3
Total	684,951.1		146,895.3		137,508.0		824,198.0		704,852.0	

Notes: *Numbers are rounded.* of the transfer. This effectively stopped the transfers from current to capital. At about that time Winnipeg removed its self-imposed borrowing cap of $50 million, and borrowing exceeded $100 million in some years.

REVENUES

Municipal budgeting has traditionally focused on expenditures, but in recent years cuts in grants, downloading of responsibilities and concern over the maintenance of service levels have highlighted the issue of revenues. Yet local governments have limited control over their sources of revenue. Cities in Canada are reliant mostly on provincial governments for their authority to raise money, and each province can provide access to revenues in different ways.

PROPERTY TAX

Property tax is the mainstay of local government finance in Canada. It was initially established as the dominant form of revenues for local governments at a time when property was equated with wealth, and most services provided by local government were related to property. Since that time, urbanization, government incentives, provincial legislation, and the rise of the welfare state have expanded the spectrum of services local governments provide. As a result, the property tax is funding soft services such as social assistance, recreational and cultural facilities and other programmes that are not directly related to property.

Each province designates properties that, for a variety of reasons, are exempt from property tax or pay grants-in-lieu of taxes. Exempt properties may include hospitals, religious institutions, and recreational and cultural facilities. Collectively, these exemptions can have a significant effect on revenues for large cities that often have a higher proportion of such facilities. The federal government pays grants-in-lieu of taxes for federally-owned lands and buildings, but for the past two years, the government has not increased its grants-in-lieu of taxes. As a result, it no longer provides financial support consistent with the values of its properties in the provinces. In Manitoba, the province pays grants-in-lieu of taxes on most land and buildings owned by the province. In Alberta, municipal and business taxes are paid on all provincial property including the legislative buildings. Saskatchewan does not provide municipalities with grants-in-lieu of taxes. It does pay local improvement taxes on government-owned property, and crown corporations pay either full or partial grants-in-lieu of taxes. The report of the Local Government Finance Commission in Saskatchewan recommended that the province pay full grants-in-lieu of taxes in amounts equal to what would be received if the property were privately owned.

Of the five Prairie cities, Winnipeg relies most heavily on the property tax to fund the services the City provides. As indicated in Table 6, 56% of all revenues collected by the city are from property taxes and grants-in-lieu of taxes. Winnipeg's 1994 Current Estimates Short Form states that "[p]er capita expenditures in Winnipeg are relatively low and yet property taxes are relatively high"[57] and

TABLE 7: PERCENTAGE INCREASE IN PROPERTY TAX—THREE YEAR COMPARISON[58]

CITY	1994	1993	1992	AGGREGATE
Winnipeg	3.3	2.8	1.1	7.3
Regina	1.45	1.9	1.9	5.3
Saskatoon	1.12	1.6	1.4	4.0
Calgary	0.0	2.0	2.9	4.9
Edmonton	0.0	0.0	4.5	4.5
Vancouver	3.0	3.7	4.5	11.2
Toronto	0.0	0.0	2.5	2.5
Hamilton	0.0	1.6	3.9	5.5
Montreal	1.6	3.5	8.0	13.1
Halifax	0.0	3.0	3.9	6.5

that "our City over-relies on property tax."[59] The reason given for the imbalance is the nature and mix of the City's housing stock. With an older housing stock with a high proportion of smaller units, the median value of houses in Winnipeg is relatively low. Winnipeg argues, as a result, that more revenues are required from the more expensive homes and "property taxes on less expensive residential properties are higher than those of other seemingly comparable cities."[60] In comparison, Regina receives 52.1%, Saskatoon 45.4%, Calgary 41.8% and Edmonton 43% of their revenues from property taxes and grants-in-lieu of taxes. But in all cases the degree of reliance on the property tax has increased in the past few years.

Property tax is based on the assessed value of property and buildings. A city-determined mill rate is applied to the assessed value to determine the property taxes to be paid. "There are no guidelines to assist in determining the 'optimum' mill rate for a municipality. . . . The dilemma is to find an acceptable balance between the level of services provided (expenditures), and the ability of the community to pay for those services through taxes."[61]

Table 7 identifies the tax increases for the five Prairie cities for the years 1992, 1993 and 1994, and compares them with other cities in Canada. Three of the five Prairie cities increased their property taxes for 1994. In Regina and Saskatoon property taxes increased by 1.45% and 1.12% respectively.

A stated goal of Regina is to keep increases in the property tax below the rate of inflation—the assumption being that the level of inflation is an approximate measure of the taxpayers' ability to pay. Over the past decade, Regina's property tax has increased 21.6% with an average annual increase of 2.3%. Inflation during the same period has risen at a rate of 40.5%. In Winnipeg in 1994, property taxes were raised by 3.3%, which is the highest of the five Prairie cities. This was attributable, at least in part, to a reduction of $12.8 million in revenues due to a reduction in assessment, including monies paid through grants-in-lieu of taxes. Of the five Prairie cities, only Calgary and Edmonton were able to hold their increase to 0%. Edmonton has committed to a 0% increase from 1994 through to 1996. Calgary's impetus was to stay in line with increases throughout Alberta. In order to hold the line on property tax increases, Calgary used $10.668 million from its Mill Rate Stabilization Reserves. An examination of the three-year aggregate increase of property taxes for the five Prairie cities shows Winnipeg with the greatest increase at 7.3%, followed by Regina at 5.3%, Calgary at 4.9%, Edmonton at 4.5% and Saskatoon at 4.0% (Table 7).[62]

In Canada the portion of property tax-funded revenues has declined significantly since the 1930s when the property tax accounted for 80%[63] of total local government revenues. By 1982, this figure had been reduced to 31%.[64] This trend has now been reversed, and over the last decade the portion of total revenues financed by property tax has been rising. Saskatoon's reliance on the property tax has increased by 5% in just five years. In Calgary in 1984 the property tax accounted for 35% of total revenues; a decade later the figure has climbed to 41%. Only in Edmonton did the property tax decline in importance between 1980-90.[65]

A similar trend has occurred in the United States. Between 1978 and 1989 the property tax levy for the country as a whole increased by 114%.[66] The greatest increases in the use of the property tax as a source of revenue were in those cities experiencing the greatest loss of federal funding.[67]

Of concern to some municipal finance officers is the potential effect that declining property values, coupled with the inability of taxpayers to bear the burden of tax increases, could have on property tax revenues. The potential effect of declining property values, as a result, would be greater on cities that rely heavily on the property tax for revenues. But although reassessments take place on a regular basis, the changes are revenue neutral: the same revenue is collected, but it is distributed differently to reflect changes in market values. This policy limits the potential effects of declining property values. Reschovsky asserts that "although a shrinking tax base will complicate the fiscal problems faced by city governments, its impact on the structural fiscal problems of cities will be relatively minor."[68]

The property tax has been the subject of widespread criticism. It is not directly related to ability to pay, to benefits received or to services provided, nor is it a growth tax that follows changes in the level of economic activity. It is a highly visible tax and, as witnessed with Proposition 13 in California, highly political. The accessibility of local government encourages protests and tax revolts. In order to address the regressiveness of the tax some jurisdictions, including Manitoba, have implemented property tax credits.

Despite its flaws, the property tax will continue to be a major source of revenue for local governments in the foreseeable future. It is predictable, it generates a considerable amount of revenue, it is simple and inexpensive to administer, and difficult to evade. "The property tax can and should continue to play its role as the mainstay of municipal finance."[69]

BUSINESS TAX

Manitoba, Saskatchewan and Alberta have all granted their local governments the right to levy business taxes. The revenues accruing are placed in general revenues and are used to pursue broad civic fiscal programmes. The extent to which the five cities rely upon businesses to finance local government activities diverge widely. Calgary realizes 13.8% of its total revenues from area businesses while Saskatoon collects only 2.6%. The remaining cities fall in between these two extremes, with Winnipeg at 7.6%, Regina at 6.6% and Edmonton at 8.7% of total revenues. Calgary's high level of revenues is the result of the extensive commercial and office development in its downtown. It is unlikely that the other cities will be able to match Calgary's business tax revenues.

Business taxes are deductible, and as a result they can be passed forward to tenants and customers and backwards to governments. But business taxes are slow-growth taxes, they are inflexible, and they do not automatically change to match a downturn in the economy. Many businesses have faced shrinking revenues while their business tax has remain the same or, in some cases, increased. All of the five cities in this study left their business tax at 1993 levels.

FEES AND CHARGES

Cities receive revenues from fees and charges and the sale of goods and services, and are required to pay for them when supplied by other levels of government. The federal government increased premiums for Unemployment Insurance and the Canada Pension Plan while the provincial governments have increased the Workers' Compensation Board charges. For example in Regina, the federal premium increases cost the City $149,000, and the provincial increases for Workers' Compensation Board premiums mean an additional $40,900. Similarly in Edmonton, gross personnel costs decreased by 0.8% while benefit costs increased 3.9%.

Regina has also suffered financially from the increased costs for courts and fine administration. Historically, Saskatchewan deducted up to $320,000 from fine revenues to pay for court security costs. In 1991, 7% was deducted for administration. In 1992, the cap of $320,000 was removed and a 25% user fee was imposed to cover all costs. This resulted in a drop in fine revenues from approximately $1.75 million to under $1 million. The province also recently required a financial contribution from the City of Regina to the Saskatchewan Assessment Management Agency of $340,000.[70]

The revenues the five cities raise from the sale of their goods and services and from the fines and penalties they collect vary substantially from city to city. Winnipeg raises 5.2%, Regina 10.8%, Saskatoon 13.5%, Calgary 10.4% and Edmonton 12.5% of revenues that way (Table 6). While Winnipeg has relatively low income levels, an aging population and higher unemployment rates than the other cities (Table 1), this does not completely explain the low level of revenues collected through the sale of goods and services and through the collection of fines and penalties. The socio-economic conditions are not substantially different in Regina and Saskatoon, yet revenues are much higher—$88.46 *per capita* in Regina and $96.49 in Saskatoon, as compared to $56.69 *per capita* in Winnipeg. This may be an area where Winnipeg can consider raising additional revenues but increasing charges for such facilities as arenas and baseball diamonds is bound to be controversial. The figures in Calgary and Edmonton are $115.87 and $140.10 *per capita* respectively, and reflect the higher cost of, and an increased ability to pay for, many of the services that are in part, or in whole, dependent on user fees.

REVENUES AND THE SENIOR GOVERNMENTS

The British North America Act, 1867, enabled provincial governments to establish municipalities and to restrict the revenue raising capacity to those mechanisms mandated by the province. Since that time, a number of financial linkages between the senior levels of government and local governments have developed. The provinces and the federal government provide financial support, have chargeable services that local governments use, regulate activities of local governments and provide a range of urban services that Canadians have come to expect. The current era of fiscal restraint is resulting in changes in these relationships. It is having an effect on the revenues and expenditures of local governments. As was stated in the Regina Budget document:

> Senior governments over the past number of years have impacted the City of Regina by a combination of expenditure increases and revenue reductions. The impacts of these individually may not be significant but when viewed collectively they have a dramatic impact on the finances of a municipality.[71]

Canada's economic slowdown, complicated by the debt load at both the provincial and federal levels, has caused all governments to rethink spending priorities. Since provinces have tended to constrain local government debt, municipalities are generally financially stable. "While municipalities have been impacted significantly by the provincial and federal governments in recent years, there must be recognition that municipalities must share in the burden being placed on all sectors. The City shall not lament the impact, but rather ensure that there is an awareness of the full impact since it involves decisions in many areas over an extended period of time."[72] When spending reductions are necessary local governments are an easy target for the downloading of responsibility. Although the unfavourable economic times have hastened offloading, it has been a reality for local governments since their inception. In cases where provincial governments encouraged or restricted local government activities, "such action was not taken because of any apparent belief in the values of local democracy—rather it was motivated by a desire on the part of provincial administrators to shift at least some of the growing financial burden to the local level."[73]

Service Delivery

Canadians have come to enjoy a wide spectrum of services provided by the three levels of government. The services provided by local governments have largely been dictated by the provincial governments, with many of the functions and responsibilities of local governments defined in statutes. As budgets at the senior levels tighten, decisions are being made to reduce or eliminate funding for certain programmes and services. Senior governments can legislate or regulate local governments to provide these new services, or they can simply leave a service gap that cities feel compelled to fill. This decentralization and/or rationalization of services may be based on the assumption that the services are more appropriately delivered by local governments, but how municipalities will raise the funds for them is often less clearly defined.

The economic rationale for decentralization of services to local governments is that "public services should be provided by that level of government that best reflects the preferences of those individuals affected."[74] Theoretically, "the extent to which powers and responsibilities are decentralized to the local government level should be based solely on promoting the efficiency with which areas of local responsibility are administered."[75] Unfortunately, the reality is that downloading "is occurring in a piecemeal and generally unilateral way without sufficient discussion of appropriate roles and responsibilities between the levels of government."[76]

Grants[77]

Senior governments have, over the past three decades, played a significant fiscal role in providing municipalities with unconditional and conditional grants. "The basic cause of fiscal stress, independent of country, is reduction in grants; it is highly unlikely that local fiscal management systems can be of much help to a municipality when it comes to influencing the flow of money coming from the central government."[78] While the role and responsibilities of local governments have grown, the revenue raising abilities of local governments have changed only marginally. In fact, a number of the tax sources originally utilized by local governments, such as local income taxes, disappeared or were reclaimed by the federal or provincial government. As a result a growing fiscal imbalance occurred between the revenues that local governments could raise and the costs of the services that they were mandated to provide. Neither senior level of government was willing to address this shortfall by expanding substantially the tax fields available to municipalities. Instead the federal and provincial governments chose to provide local governments with various types of grants.

Conditional grants, or special purpose grants, are earmarked for such purposes as infrastructure development, the funding of libraries, social assistance costs, or the transit systems. Since conditional grants limit discretionary spending, local governments tend to view them as a vehicle by which the senior levels of government can impose their political agendas on municipalities, thereby infringing on local autonomy. Senior governments see conditional grants as a means of enhancing accountability and ensuring, to a degree, that services are uniform across the province and the country. "Many traditional local government responsibilities are now recognized as having much wider than local significance and it has become necessary to find some means of ensuring that these responsibilities are exercised to at least a minimum standard across the province."[79]

The governments also provide unconditional grants in a variety of forms to local governments. Under the Municipal Grants Act the federal government provides unconditional grants-in-lieu of property taxes to all local governments for federal land and buildings. The freezing of grants-in-lieu of taxes for 1994 has meant a reduction in revenues to municipalities. Since provincial grants-in-lieu are determined by each province, as discussed above, each arrangement is unique. Although the federal government has not played a central role in the operation or funding of local government except during the depression of the thirties, its involvement, especially in the area of funding, has been declining over the years. Each of the five cities receives less than 1% of total revenue from federal sources.[80]

Provincial Grants

Provincial grants have been an important component of revenues in the past, but they are increasingly under attack. Both Alberta and Saskatchewan have substantially decreased their grants to municipalities. Manitoba has kept grant levels relatively constant, but increases in the cost of social assistance have limited municipal flexibility and decreased revenues available for general expenditures. In addition Manitoba, in decreasing the property tax credit by $75, has been able to reduce its transfer payments to households without directly affecting grant levels.

Manitoba and Saskatchewan have enacted legislation to enable provincial-municipal tax sharing. Under Manitoba's Provincial-Municipal Tax Sharing Act (1976) local governments receive 2.2 points of personal income tax and 1 point of corporate tax on a *per capita* basis. (The *per capita* amount is adjusted by an urban supplement that can vary from year to year.) Since income taxes are growth taxes, the revenue generated by tax sharing is dependent upon economic performance, although generally income taxes grow more quickly than property tax. Saskatchewan began a revenue-sharing arrangement with local governments in 1978 to transfer revenues from personal income tax, corporate income tax and provincial sales tax on a *per capita* basis. These transfers were capped and therefore no longer reflect the growth in the economy. For example monies in Regina accruing from revenue sharing declined by 4% in 1993 and a further 8% in 1994.

Winnipeg, of the five cities, receives the greatest percentage of its total revenues from provincial grants. Over 17% of revenues accrue through conditional and unconditional grants, including revenue sharing, money from video lottery terminals and social assistance payments. The revenues Winnipeg received in 1994 represented an increase of 6% over the previous year, but this figure is distorted by the social assistance grant. In Saskatchewan and Alberta the provinces cover most, if not all, of social assistance costs. When this grant is removed from the Winnipeg calculation, the support from the province is 10.6% of total revenues. The other cities received from 6.0% to 8.6% of their revenues from provincial governments (Table 6). While Winnipeg was the only city in this study to receive an increase in provincial grants "over the past decade, the Province has shifted its traditional support away from city programs and toward social services."[81]

The Case of Alberta: The Effects of Fiscal Retrenchment by the Province

The oil industry has made Alberta one of the more affluent provinces in Canada, and as a result local governments in the province have enjoyed a number of grants and special transfers from the provincial government. The Alberta Property Tax Reduction Act (1980) consolidated assistance programmes to municipalities; transfers were also made through the Alberta Partnership Transfer

Program and the Alberta Municipal Partnership in Local Employment Program. Various other grants were provided for library and heritage purposes. Following the election of 1993, Alberta prepared its fiscal restraint plan which is outlined in *A Better Way: A Plan for Securing Alberta's Future.* The provincial government decided to reduce the role of Municipal Affairs from "the direct provision of service towards a new focus on service facilitation."[82] The Municipal Assistance Grant has been consolidated with other operating grants, and it will be reduced from its 1994 level of $169 million to $88 million by 1996-97. The Municipal Debenture Interest Rate Program was cut by 40% for a savings of $23.8 million and the Alberta Planning Fund is to be phased out. Association and institutional grants, the Ethno-cultural Grant, the emergency alert programme, the seniors' housing and other housing programmes, all are to be discontinued. As a result of these changes, Calgary and Edmonton received respectively $12.3 million and $11.8 million less in provincial support in 1994.

Reduction of provincial grants is not a phenomenon unique to the Prairies. Slow economic growth and rising debt have affected all provincial governments. The reduction of provincial grants "has seriously compromised the capacity of local governments to maintain service levels and put further strains on the property tax base. It has also called into question the nature of the fundamental relationship between provincial and local governments. Should local governments be viewed as autonomous bodies, albeit creatures of the provinces? Or, should local governments be viewed as consorts to the provinces, administrative structures whose sole purpose is to facilitate efficient delivery of services that are constitutionally assigned to the provinces?"[83]

OTHER JURISDICTIONS

An examination of the fiscal position of local governments in other countries demonstrates that fiscal austerity measures are not unique to Canada. Reductions in grants to local governments appear to be a common reaction among countries experiencing fiscal stress. The situation in the United States has led one analyst to state that the American system of "fiscal federalism" has moved away from "making conscious attempts to 'level-up' those governmental units that are most lacking in fiscal crisis. We are in an era of fend-for-yourself federalism."[84]

TABLE 8: SENIOR GOVERNMENT FINANCIAL ASSISTANCE TO MUNICIPALITIES

COUNTRY	GOVERNMENT SUPPORT
Netherlands	81%
Italy	66%
Sweden, France, West Germany	<30%
Britain, Canada, Norway	40%
USA and Denmark	33%

Table 8 outlines the degree to which local governments in a variety of countries rely upon senior levels of government for financial assistance.[85]

These figures do not relate directly to the figures identified as provincial government support in this study. Since education costs and the corresponding provincial funding are not included in the figures of this study, provincial support for local purposes is underestimated. The above international figures are included to show the wide divergence in central government financial support that occurs among different countries. When senior government transfers to local governments including education are totalled in Canada, they represent over 37% of local government revenues.[86] This is the more comparable figure.

COMMENTS: REVENUES

Revenues are changing as municipalities adjust to the fiscal and political realities of local government in the 'nineties. As cities search for ways to control their expenditures, they are also affected by changes in their sources of revenues. And to a great extent, access to revenues is controlled by the provinces.

Property Taxes

The reliance on the property tax as a source of revenue is increasing. Since this is the most visible local tax paid by homeowners, it has been subject to the most criticism. It is not surprising that property tax levels are dependent on other revenues. The five cities in this study have, in general, kept increases in expenditures on service delivery and programmes under control. It is in other areas, such as debt charges and utility revenues, that the differences between the cities are most apparent. Winnipeg has argued that the high property tax is related to the large number of older, smaller houses in the city, which distorts the distribution of tax revenues when compared to other cities with a newer housing stock and bigger houses.[87] This may be part of the story, but it does not explain the low levels of revenue from other sources.

Utilities and Transfers

The largest source of revenue after the property tax in all of the cities except Winnipeg is revenues from utilities. These revenues are controlled by provincial legislation and/or regulation, and even when the city owns the utility, rates are controlled by provincial agencies such as a Public Utility Board. In general, the utilities included here are gas, electricity and telephone, but where applicable other municipal utilities such as waste disposal, sewer and water are also included. The municipalities receive revenues from the utilities through franchise fees, profits and other charges. In Winnipeg, this amounts to 4.2% of revenues, while in the other cities this varies from 16.4% in Regina to 21.6% in Edmonton (Table 6). As a result, Winnipeg takes a much higher portion of its revenues, 4%, from transfers. Since these transfers come from reserves that could be used elsewhere, the lack of revenues from utilities may adversely affect the maintenance and renewal of a city's infrastructure.

The revenue from utilities stands out as a major difference among the five cities. And in most cases this is beyond the control of the individual municipality. Other revenues, such as sales of goods and services, fees, penalties, *etc.*, and provincial grants do vary from city to city. But the utilities are such a potential source of funding that lack of revenues from this area seems to have distorted Winnipeg's revenues, and in consequence its expenditures, when compared to the other Prairie cities.

CONCLUDING COMMENTS

The five Prairie cities under review, Winnipeg, Regina, Saskatoon, Calgary and Edmonton, have each evolved their own budgeting procedures. Each relies to different degrees on the various sources of revenue available to it. To some extent this is the result, not only of differences in budgeting, but also of differences in provincial legislation and direction. It is not by coincidence that cities within each province are more similar in their expenditures and revenues than are cities from different provinces.

While there are similarities in the formation and development of the five cities and each has established itself as the major centre of economic and cultural activity for its region, Table 1 shows that the socio-economic conditions vary from city to city. It is normal to expect that expenditures will reflect those differences. Higher social costs can be anticipated in Winnipeg. Maintenance costs for hard services should be less in a newer city such as Calgary. And in nearly all of the socio-economic characteristics identified in Table 1, Winnipeg has the most difficult circumstances to deal with in its budgeting.

THE FIGURES

As pointed out earlier, comparisons are difficult if not impossible. There is every reason to assume, for example, that the category Finance, in Table 4, will be composed of different components from city to city. Early retirement pay-outs are included for Regina, while the figure for Winnipeg includes over $42 million in employment benefits. One should therefore be cautious about making comparisons from the tables and appendices in this report. As well, there is no consistency among the cities on how, and which, services are provided. Some services are provided by a separate board or utility in one city, and not included in the current budget, while in another city the same service is identified in the current budget. For example in Saskatchewan library charges are determined by the local library board, approved by Council and included on the municipal tax bill as a separate item. In the other cities, library expenditures form part of the current budget and are included in the total budget.

Even so, the aggregate figures do tell a story. It is clear that Edmonton, Saskatoon and Regina have limited tax-supported debt and Calgary, while its debt level is relatively high, has developed an approach to reducing the debt. Pay-as-you-go policies in those cities have dealt effectively with the capital debt problems. Winnipeg has not been so fortunate. Its debt level remains high and its policy of converting to pay-as-you-go was stalled in 1994. Yet, when one reviews the financial documents of the five cities it is apparent that the financial situation in the cities, with the possible exception of Winnipeg, is generally excellent. Debt levels are low in Regina, Saskatoon and Edmonton, and with interest charges that account for only 3.5%, 4.3% and 6.4% of their current budgets, respectively, each has freed up substantial resources for other purposes. For example Edmonton, with a population the same as Winnipeg's, and with a budget that is only slightly larger, has debt charges that are $81 million less. This amounts to over 11% of Edmonton or Winnipeg budgets, and demonstrates the significance of high debt charges on expenditures. While Calgary's debt charges are equivalent to Winnipeg's, Calgary's financial position suggests that it can, and is, moving more quickly to reduce its debt. With its transfer of $21.5 million from the current budget to support capital projects, its policy of reducing borrowing levels and its access to additional revenues, Calgary appears to have its debt under control.

Even Winnipeg, whose situation is the most tenuous, has some hope of recovering from its high debt levels and subsequent interest charges if it pursues its policy of pay-as-you-go and decreases its capital borrowing over the next few years. Both policies were initiated three or four years ago. Borrowing levels have decreased substantially in that time, and some modest headway has been made on developing a policy for moving funds from the current budget to support capital projects.

But the differences in the aggregate figures suggest that debt levels are not the full story. Sources of revenues have implications for the five cities. It is clear that the cities in Saskatchewan and Alberta have greater access to additional revenues from utilities, both private and public, that service their cities. In Winnipeg utility revenues provide only a quarter to a fifth of the revenues raised in the other cities. This amounts to a difference, when compared to Edmonton, of over $123 million, and is equivalent to approximately 17% of each city's revenues. When revenues from utilities and debt charges are taken into account, it is easier to understand why Winnipeg relies so heavily on property taxes for its revenue. Even with higher provincial grants, 17.5% of revenues as compared to 6% to 8.6% elsewhere, the shortfall in utility revenues is bound to distort Winnipeg's expenditures. This is particularly the case when one factors in the social assistance payments which consume nearly 44% of the provincial grant.

These differences in expenditures do not take into account the state of the infrastructure, the levels of service and the types of cultural and recreational activities provided. It has already been pointed out that revenues from fees and charges and the sale of goods and services are substantially less for Winnipeg. This may be partly because of the socio-economic conditions of the city, but it may also reflect Winnipeg's tradition of community clubs and the volunteer participation of Winnipeggers in local activities.

Discussions with the officials of the cities suggest that only in Winnipeg is there serious concern over the condition of the infrastructure. The city's age and its growth in the twenty years before the First World War have resulted in an aging infrastructure in need of major repairs and replacement. One may argue with the city's priorities in the allocation of funds for capital projects, but given the extent of the problem the high debt level should not come as a surprise. When it comes to expenditures, the hard services can eat up as many dollars as are made available. Cities with relatively new infrastructure, with access to resources and with low debt levels can more easily maintain their infrastructure in good condition.

With a solid base of revenues, infrastructure and services, the four cities in Alberta and Saskatchewan appear healthy and ready to meet the financial challenges they face. While Winnipeg does not have the same advantages as the other cities and is under more pressure to control expenditures, it too has the potential to manage the financial situation if it can get its debt under control and find additional sources of revenue.

THE DOCUMENTS

Budget documents at the municipal level have traditionally been developed as a item-by-item recording of projected departmental cost. Based on previous year expenditures, incremental changes to the budgets are incorporated by each of the operating departments. This can provide a suitable document for a programme manager to manage the expenditures of a department. It is questionable whether this is a satisfactory document for politicians faced with the task of developing budget priorities and making decisions on how resources are to be allocated. In most cases, this item-by-item accounting is still the method used to prepare municipal budgets.

The many budgeting systems developed at the provincial and federal governments have not been utilized to the same extent by local governments. Partly, this is related to the political structure at the municipal level. Programme performance measurements, zero based budgeting and expenditure management systems do not lend themselves easily to municipal Councils made up of independent councillors. Partly it is a reflection of the relative financial stability of municipal governments. Until recently, cities have not been under the same financial restraint pressures as the senior levels of government. Partly, it is the nature of the budget preparation process which, in the absence of strong political direction, will tend to be administratively driven.

Thus, the documents have remained basically the same over the years, with a heavy emphasis on incremental changes rather than programme evaluation. The 1994 budget document from Saskatoon is almost devoid of general analysis. Only the details of the specific budget items are explained. When changes have occurred recently, they have been in the presentation. In Regina, Edmonton and Winnipeg, and to a lesser extent Calgary, the documents include, particularly in their summary form, a description of the economic and financial situation, the reasons for changes in expenditures, and the relationship between the new budget and those of previous years. The document becomes both an educational tool to explain the budget to the public, and a public relations exercise in support of the decisions made. It is a first step in the development of a public awareness of a city's budget. A well written and argued budget document on its own, however, is unlikely to have a significant effect on the decisions that are taken. That depends on the processes of budgeting.

THE PROCESS

The Councils of each of the cities are constrained by the nature of the documents they review. While line items such as staff complements, equipment maintenance and travel allowances can be identified and debated, the policies behind the figures are less apparent. Seldom do Council budget debates focus on the effectiveness, efficiency and need for a particular programme.

Nor do councillors frequently take an active role in the budget preparation. While Councils will often establish general guidelines at the beginning of the process, they are less sure about which of the programmes should be changed to meet the guidelines. For that to happen, there needs to be a majority group on Council prepared to take on a policy leadership role. As discussed earlier in the report, this is difficult given the present structure of local governments. Without the parliamentary system, there is neither strong party discipline nor clearly identified leadership within the various groups on Council. Nor is there necessarily a political articulation of complex policy issues, supported by a majority group on Council, that can give direction to the administration. In the absence of such political direction, it is not surprising that the administration takes on a policy role in the preparation of the budget.

When one reviews the procedures outlined in Table 2, the similarities are evident. One area does demonstrate that the cities do approach budgeting differently. The chairs of the standing committee can play a significant role in the budget process. As the main contact between the senior managers of departments and the Council, the chair can have an influence on the budget process. Just as with a deputy and minister at senior levels of government, so the chair and commissioner or director can establish a working relationship that allows an active interchange of ideas and policies. But for that to happen, there needs to be some consistency in the appointments of chairs to committees. Calgary and Edmonton councillors can only remain as chair of the same standing committee for one year and in Saskatoon chairs revolve every three months—not a long enough period for chairs and their senior managers to develop long-term policies.

While a mayor's office can act as the central agency for policy development within a municipal structure the mayor has only one vote on Council and few tools available to undertake this task. At the senior levels, such agencies as treasury boards and planning and priority committees can take on that role and provide the prime minister or premier with advice on how departmental policies will affect general government polices. No such mechanism exists at the municipal level.

A first attempt at this has been initiated in Winnipeg with the recent legislative changes which provide for a quasi-cabinet style government. The mayor has the power to appoint the deputy mayor and chairs of the four standing committees. These six, out of a Council of 16, form the Executive Policy Committee which has responsibility for a wide variety of city functions including the preparation of the budget. They therefore have the potential to form a strong group on Council that can develop and implement policies and procedures.

In Regina, chairs may, and often do, remain as chair of the same standing committee for more than one year. This allows for longer term working relationships to develop between senior councillors and departmental managers. Thus the chairs become familiar with the departments under their responsibility and the department managers become familiar with the chairs' approaches and policies. In such an informal environment, ideas can be exchanged and policies developed. While this may not necessarily fill the policy gap, it can broaden the scope of the budget debate. In the absence of other central political co-ordination mechanisms, this can provide direction to the administration and involve Council in the broader issues of budgeting.

In conclusion, the analysis suggests that the finances of the five Prairie cities are, if not completely under control in all cases, generally healthy and able to deal with the financial issues each faces. The more serious questions still remain. Can local government structures adapt to the changing fiscal environment and develop procedures that can more readily involve the political level in the process of budgeting? Can municipalities find the resources necessary to deliver the services demanded of them? Establishing general guidelines, while important, is not enough. And municipalities cannot do it alone. The provinces have the legislative powers to make the necessary structural changes and financial adjustments.

Regina and Saskatoon have shown they can maintain financial stability under difficult economic conditions. Calgary and Edmonton reflect the strength of the Alberta economy. In the final analysis the test may be Winnipeg. The province may have provided the structure but not the resources.

NOTES

1. N. Walzer, W. Jones, C. Bokenstrand and H. Magnusson, "Choosing Fiscal Austerity Strategies," in P.E. Mouritzen, ed., *Managing Cities in Austerity: Urban Fiscal Stress in Ten Western Countries* (London: Sage, 1992), p. 139.

2. J. Jacobs, *Cities and the Wealth of Nations: Principles of Economic Life* (New York: Random House, 1984), p. 106.

3. A.J. Proctor, "Six Steps for Communities in Crisis," *GFOA Budget Bulletin* (September 1992): 3.

4. P.E. Mouritzen and A. Ylonen, "Money, Politics or Structure?", in P.E. Mouritzen, ed., *Managing Cities in Austerity: Urban Fiscal Stress in Ten Western Countries* (London: Sage, 1982), p. 216.

5. Ibid., p. 214.

6. Only Nova Scotia and Ontario, in addition to Manitoba, still require substantial cost-sharing of social assistance. Both have moved to take over social assistance costs but for financial reasons have delayed implementation.

7. Mouritzen and Ylonen, op. cit., p. 214.

8. Ibid., p. 215.

9. In some cities such as Toronto, the representatives on the upper tier are elected directly. In others such as Montreal the representatives on the upper tier are elected at the local level and are members of both the local council and the metropolitan or regional upper tier. The division of responsibilities between the local council and the upper tier is determined by the individual province.

10. A. O'Brien, *Municipal Consolidation in Canada and its Alternatives* (Toronto: ICCUR Press, 1993), p. 14.

11. H.M. Kitchen and E. Slack. *Trends in Municipal Finance: Final Report* (Ottawa: Canada Mortgage and Housing Corporation, 1993), p. 7

12. Canada Mortgage and Housing Corporation, Research Division, *Urban Impacts of Socio-Economic Change in Canada* (Ottawa: CMHC, 1989), pp. 3-6.

13. Since unemployment figures are updated monthly, the 1991 census data was used for consistency.

14. Community Committees, unique to Winnipeg, are regional committees composed of the chancelleries from the region. There are five Community Committees in Winnipeg.

15. City of Regina, *1993 Budget Summary*, pp. 1-23.

16. The deputy mayor, who is also the chair of the executive committee, revolves every three months

17. City of Saskatoon, *Financial Report*, 1993, p. 5.

18. Government of Alberta, *A Better Way: A Plan for Securing Alberta's Future* (Municipal Affairs Business Plan 1994-95 to 1996-97), pp. 3 to 14.

19. M. Goldsmith, "The Structure of Local Government," in P.E. Mouritzen, ed., *Managing Cities in Austerity: Urban Fiscal Stress in Ten Western Countries* (London: Sage, 1992), p. 17.

20. Ibid., p. 210.

21. R.F. Adie and P.G. Thomas, *Canadian Public Administration: Problematical Perspectives* (Scarborough: Prentice-Hall Canada, 1987), pp. 252-326.

22. Ibid., p. 264.

23. Ibid., p. 269.

24. Ibid., p. 273.

25. L. Sprecher, "Operating Budgets," in J.E. Peters and D.R. Strachota, eds., *Local Government Finance: Concepts and Practices* (Chicago: Government Finance Officers Association, 1991), p. 46.

26. P. Appleby, "The Role of the Budget Division," in A. Schick, ed., *Perspectives on Budgeting*. (Washington: American Society for Public Administration, 1987), p. 119.

27. I.B. Bornstein, "Multiplying the Impact of Government: Market-based Pricing and Some Examples from California," *Government Finance Review*, 10,1 (January 1994): 21.

28. Although municipalities are required by provincial legislation to have a balanced operating budget, they are permitted to debt finance capital expenditures.

29. Kitchen and Slack, op. cit., pp. iii-iv.

30. Ibid., p. 7.

31. A.R. Hobson, *Efficiency and the Local Public Sector* (Kingston: Government and Competitiveness School of Policy Studies, n.d.), 93-21, p. 9.

32. Kitchen and Slack, op. cit., p. vi.

33. N. Walzer, W. Jones, C. Bokenstrand and H. Magnusson, "Fiscal Changes and Policy Responses: A Comparison of Ten Countries," in P.E. Mourtizen, ed., *Managing Cities in Austerity: Urban Fiscal Stress in Ten Western Countries* (London: Sage Publications, 1992), p. 128.

34. Ibid., p. 135.

35. H. Baldersheim, "Fiscal Stress and Local Political Environments," in P.E. Mourtizen, ed., *Managing Cities in Austerity: Urban Fiscal Stress in Ten Western Countries* (London: Sage, 1992), p. 84.

36. City of Edmonton, *1994 Budget Highlights*, p. 21.

37. City of Regina, *1993 Budget Summary and Budget Background*, vol. 1, pp. 1-15.

38. Kitchen and Slack, op. cit., p. 63.

39. Ibid., p. 60.

40. City of Edmonton, *1994 Budget Highlights*, p. 21.

41. J. Haapala, "Shoreview: Minnesota's Comprehensive Infrastructure Replacement Program," *Government Finance Review*, 9,6 (December 1993).

42. City of Calgary, *1994 Budget Capital Budget*, vol. IV, p. 9.

43. City of Regina, *1994 Budget Summary*, vol. 1, pp. 4-9.

44. City of Regina, *1994 Budget Summary*, vol. 1, pp. 4-14.

45. B. Smith, "The Pay-As-You-Go Concept of Municipal Financing," *Government Finance Review*, 6,3 (June 1990).

46. City of Regina, *1994 Budget Summary*, vol. 1, pp. 4-18.

47. Ibid., pp. 5-22.

48. Ibid., pp. 1-15.

49. City of Edmonton, *Approved 1994 Operating and Capital Budgets*, p. 19.

50. City of Regina, op. cit., pp. 4-14.

51. Kitchen and Slack, op. cit., p. 64.

52. This ties in with the philosophy of increasing the accountability of revenue generating vehicles by dedicating the revenue to a particular source. This also supports the argument for a surcharge on driver's licenses and registrations, with the monies earmarked for road construction and repair.

53. Walzer *et al.*, op cit., p. 128.

54. Ibid., p. 129.

55. Ibid., p. 130.

56. Ibid., p. 130.

57. City of Winnipeg, *1994 Current Estimates Short Form*, February 25, 1994, p. XVII.

59. City of Calgary, *1994 Budget Operating and Capital Expenditures*, vol. V, p. 42.

58. Ibid., p. XVIII.

60. City of Winnipeg, *Residential Property Taxes: Why are Winnipeg's so High? The Arithmetic Theory* (City of Winnipeg Research Branch, 1993).

61. City of Regina, *1994 Budget Summary*, vol. 1, pp. 2-7.

62. City of Calgary, *1994 Budget: Operating and Capital Budget Finalization*, vol. 5, p. 42.

63. C.R. Tindal and S.N. Tindal, *Local Government in Canada* (Toronto: McGraw-Hill Ryerson Ltd., 1984), p. 166.

64. Ibid., p. 166.

65. Kitchen and Slack, op. cit., 1993.

66. T.R. Schwartz, "Rethinking Urban Finance in America," in T.R. Schwartz and F.J. Bonello, eds., *Urban Finance Under Siege* (Armonk, NY: M.E. Sharpe Inc., 1993), p. 15.

67. Ibid., p. 15.

68. A. Reschovsky, "Are City Fiscal Crises of the Horizon?", in Schwartz and Bonello, eds., op cit., p. 121.

69. Tindal and Tindal, op. cit., p. 167.

70. This contribution has been discontinued in 1995.

71. City of Regina, *1994 Budget Summary*, vol. 1, p. 1-19.

72. Ibid., pp. 1-21.

73. Tindal and Tindal, op. cit., p. 32.

74. Hobson, op. cit., p. 2.

75. Ibid., p. 33.

76. City of Regina, *1994 Budget Summary*, vol. 1, pp. 1-19.

77. Note: Capital grants are covered in Capital section.

78. P.E. Mouritzen and A. Ylonen, "Money, Politics or Structure?", in Mouritzen, ed., op. cit., p. 217.

79. Tindal and Tindal, op. cit., p. 59.

80. Grants-in-lieu of taxes are not included in these figures.

81. City of Winnipeg, *1994 Current Estimates: Short Form*, February 25. 1994, p. xxi.

82. Government of Alberta, *A Better Way: A Plan for Securing Alberta's Future* (Municipal Affairs, February 24, 1994), p. 3.

83. Hobson, op. cit., p. 7.

84. Schwartz, op. cit., p. 18.

85. Goldsmith, op. cit.

86. Kitchen and Slack, op. cit., p. 13.

87. City of Winnipeg, Research Branch. *Residential Property Taxes: Why are Winnipeg's so High? The Arithmetic Theory*, 1993.

APPENDIX

APPENDIX I: DETAILED EXPENDITURES: WINNIPEG

General Government	Total $	Protection	Total $	Finance	Total $	Social Services	Total $
Mayor's Office	410.4	Police	80,135.7	Finance	7,799.2	Social Services	71,707.3
Council	1,378.7	Fire	56,142.1	Assessment	7,765.8	Health	7,059.7
Board of Commissioners	1,553.3	Ambulance Service	10,339.6	Taxes	8,134.0		78,767.0
City Clerks	3,454.3	Animal Services	1,145.1	Insurance & Damage Claims	1,690.9		
Law	1,449.6		147,762.5				
Computer Services	8,625.2			Employee Benefits	42,326.7		
Audit	791.5			Grants	1,407.2		
Personnel	4,126.9			Budget Bureau	587.9		
Purchasing	1,518.7			Miscellaneous Payments to Other Authorities	1,985.6		
Corporate-Departmental	1,409.5						
Other General Expend.	21,751.0			Adjustment for Wages	-2,140.0		
	46,469.1				69,557.3		
Planning & Development	**Total $**	**Parks & Recreation**	**Total $**	**Economic Development**	**Total $**	**Libraries**	**Total $**
Planning & Development	9,681.3	Parks & Recreation	59,125.8	Convention Centre	3,800.0	Libraries	12,469.9
Land Survey & Real Estate	3,122.8	Cultural Grants	1,475.0	Tourism Winnipeg	1,141.0		12,469.9
Land Development	363.7	Museums	437.4	Winnipeg Jets	5,000.0		
	13,167.8		61,038.2	Winnipeg 2000	1,300.0		
					11,241.0		
Water, Waste Sewage	**Total $**	**Capital Project Funding**	**Total $**	**Debt Charges**	**Total $**	**Public Works**	**Total $**
Water & Waste	752.2	Contribution to Capital	4,128.4	Debt Charges	127,280.2	Civic Buildings	17,368.5
Sewage Disposal System (utility)	64,155.3		4,128.4		127,280.2		17,368.5
Solid Waste Disposal System (utility)	12,200.3						
Waterworks System (utility)	53,339.7						
Transfer to Utilities	12,524.9						
	142,972.4						
Transportation	**Total $**	**Reconciliation**	**Total $**				
Streets & Transportation	9,726.9	Solid Waste Disposal	-12,200.3	Expenditure: Winnipeg	684,951.0		
Operations	60,378.1	Sewage Disposal System	-64,155.3				
Transit (utility)	81,017.0	Waterworks System	-53,339.7				
	151,122.0	Transit	-60,529.1				
		Ambulance Service	-8,168.7				
			-198,393.1				

APPENDIX I: DETAILED EXPENDITURES: REGINA

General Government	Total $	Protection	Total $	Finance	Total $	Social Services	Total $
City Council & Communities	707.6	Police Services	29,596.0	Financial Services	3,694.2	Social Development Services	1,316.7
Legislative Support Services	640.7	Fire Prevention	17,324.6	Risk management	914.0	Provincial levy	1,704.2
Elections	456.0	Emergency Planning	128.6	Assessment/Taxation	2,426.3		3,020.9
Audit Services	480.2	Bylaw Enforcement	708.2	Other Financial Charges	4,058.6		
Community & Corporate Communications	1,041.2	Animal Care and Control	366.0	Reserve Transactions	589.5		
Senior Management Services	590.1		48,123.1		11,682.6		
Human Resources	1,577.0						
Legal & Prosecution Services	807.7						
Systems Services	3,115.7						
Administration & Support	267.9						
	9,694.1						
Planning & Development	**Total $**	**Parks & Recreation**	**Total $**	**Economic Development**	**Total $**	**Libraries**	**Total $**
Planning & Inspections	2,380.6	Leisure Activities	6,745.4	Economic Development Grant	440.7		(10,324.9)
Development & Technical Services	1,373.3	Arts & Culture	1,103.7	Tourism Grant	267.0		(10,324.9)
Market Square	245.1	Community Recreation	2,152.5		707.7		
	3,999.0	Parks and Recreation	1,162.9				
		Athletic Surfaces	982.6				
		Open Space	8,183.3				
		Cemeteries	667.8				
		Golf Courses	1,475.1				
		Grants	122.0				
			22,505.3				
Waste Sewage	**Total $**	**Capital Project Funding**	**Total $**	**Debt Charges**	**Total $**	**Public Works**	**Total $**
Energy Management	107.6	Reserve & Interfund Transfers	11,896.5	General Debt Charges	5,079.0	Facility Administration & Yard Operation	1,054.8
Waste Collection	2,175.3		11,896.5		5,079.0	City Hall Maintenance	1,395.8
Sanitary Landfill	1,538.7					Engineering Services	1,293.6
Water (utility)	18,098.3						3,744.2
Sewer (utility)	11,915.6						
	33,835.5						
Transportation	**Total $**	**Reconciliation**	**Total $**				
Transportation Services	12,974.1	Transit	-5,066.8	Expenditure: Regina	146,895.3		
Transit (utility)	14,723.9	Water	-18,098.3				
	27,698.0	Sewer	-11,915.6				
			-35,080.7				

Note: Library costs are separate and not included in the operating budget.

APPENDIX I: DETAILED EXPENDITURES: EDMONTON

General Government	Total $	Protection	Total $	Finance	Total $	Social Services	Total $
Office of the Mayor	898.0	Police Services	105,659.0	Finance	25,619.0	Community &	21,403.0
Office of the Aldermen	1,669.0	Emergency Response	81,179.0		25,619.0	Family Services	
Auditor General	1,088.0		186,838.0			Landlord/Ten.	532.0
Personnel	4,805.0					Adv. Bv.	
City Manager	5,276.0						21,935.0
Office of the City Clerk	3,552.0						
Office of the City Solicitor	2,798.0						
Other General Expenditures	24,795.0						
	44,881.0						
Planning & Development	**Total $**	**Parks & Recreation**	**Total $**	**Economic Development**	**Total $**	**Libraries**	**Total $**
Planning & Development	25,045.0	Parks & Recreation	78,016.0	Economic Dev. Edmonton	13,181.0	Public Library	19,597.0
City Manager	6,082.0	Cultural Advisory Board	55.0	Space & Science Centre	3,475.0		19,597.0
Mill Wood Enterprises	1,123.0		78,071.0		16,656.0		
	32,250.0						
Water, Waste Sewage	**Total $**	**Capital Project Funding**	**Total $**	**Debt Charges**	**Total $**	**Public Works**	**Total $**
Storm Drainage	11,071.0	Capital Funding	46,642.0	Debt Charges	45,665.0	Operations and	30,711.0
Waste Management	23,698.0		46,642.0		45,665.0	Maintenance	30,711.0
Sanitary Sewer (utility)	56,605.0						
Water (utility)	93,884.0						
	185,258.0						
Transportation	**Total $**	**Reconciliation**	**Total $**				
Streets	72,541.0	Utility Reconciliation	-150,489.0	Expenditure: Edmonton	704,852.0		
Taxi Cabs Commission	39.0	Program & Dept. Billing	- 55,327.0				
Transit	103,965.0		-205,816.0				
	176,545.0						

APPENDIX I: DETAILED EXPENDITURES: CALGARY

General Government	Total $	Protection	Total $	Finance	Total $	Social Services	Total $
Legislative	2,748.0	Calgary Police Services	118,933.0	Finance	12,957.0	Social Services	40,913.0
Purchasing & Stores	2,217.0	Fire	80,895.0	Assessment	9,286.0	Hospital District Requisitions	1,368.0
Data Processing	19,312.0	Emergency Medical Services	14,801.0	Taxation	2,707.0		
Personnel Services	4,587.0		214,629.0		24,950.0		42,281.0
Management Audit	1,087.0						
Law	2,402.0						
Commissioners	2,471.0						
City Clerk	1,903.0						
Gas & Power Sub-comm.	428.0						
Corporate Costs & Assonances	-2,162.0						
Public Information	2,539.0						
Civic & Intergovernmental Affairs	240.0						
	37,772.0						

Planning & Development	Total $	Parks & Recreation	Total $	Economic Development	Total $	Libraries	Total $
Planning & Building	16,614.0	Parks & Recreation	74,322.0	Calgary Convention Centre	2,471.0	Calgary Public Library	18,343.0
Land & Housing	8,487.0	Calgary Regional Arts Foundation	1,802.0	Calgary Research and Development Authority	288.0		18,343.0
Metro Calgary Foundation	2,201.0	Calgary Centre for Performing Arts	1,162.0	Calgary Convention & Visitor Bureau	2,444.0		
Calgary Municipal Heritage Program Authority	16.0	Calgary Boxing & Wrestling Commission	-6.0	Economic Dev. Authority	1,592.0		
	27,318.0		77,280.0		6,795.0		

Water, Waste Sewage	Total $	Capital Project Funding	Total $	Debt Charges	Total $	Public Works	Total $
Storm Sewer	3,915.0	Capital Funding	21,500.00	Capital Financing Costs	146,833.0	Structures & Facilities	8,060.0
Solid Waste Services	28,426.0		21,500.00		146,833.0	General Engineering	7,106.0
Sanitary Sewer (utility)	65,480.0					Electrical Services	10,342.0
Waterworks (utility)	85,697.0					Fleet Operation	- 2,141.0
	183,518.0						23,367.0

Transportation	Total $	Reconciliation	Total $				
Streets	44,558.0	Waterworks	-85,697.0	Expenditure: Calgary	824,198.0		
Transportation	11,851.0	Sanitary Sewer	-65,480.0				
Cal. Transportation Authority	148.0		-151,177.0				
Transit	94,232.0						
	150,789.0						

APPENDIX I: DETAILED EXPENDITURES: SASKATOON

General Government	Total $	Protection	Total $	Finance	Total $	Social Services	Total $
Mayor's Office	147.3	Police	27,226.0	Financial	3,263.0	Social Aid levy	656.0
Councillors	243.5	Fire	14,173.0	Assessment	1,716.0	Burial of Indigents	15.0
Elections	60.1	Emergency Measures	116.0	Grants	1,020.0	Saskatoon Health Board	3,402.0
Legislative Committees and	47.8	Inspections	20.0	Interest to Utilities	944.0		4,073.0
Advisory Boards		Animal and Pest Control	262.0	Banking Services	68.0		
Administrative	3,331.0	Province - Court Costs	663.0	Tax Discounts	285.0		
Common Services	2,812.0		42,460.0	Local Improvements Taxes	100.0		
Other General Services	6,241.3			on Exempt Property			
	12,883.0				7,396.0		
Planning & Development	**Total $**	**Parks & Recreation**	**Total $**	**Economic Development**	**Total $**	**Libraries**	**Total $**
Planning	2,061.0	Recreation & Cultural	17,256.0	Economic Development	377.0		(7,233.1)
South Downtown Redevelopment	10.0	Meewasin Valley authority	557.0	Tourism Campsite	105.0		(7,233.1)
Housing authority Subsidy	149.0	Wanuskewin Heritage Park	270.0	Amusement Tax Comm.	15.0		
Business Improvement Districts	72.0	Cemetery	595.0		497.0		
	2,292.0		18,678.0				
Water, Waste Sewage	**Total $**	**Capital Project Funding**	**Total $**	**Debt Charges**	**Total $**	**Public Works**	**Total $**
Waste Collection & Disposal	3,446.0	Contribution to Capital	2,578.0	Long-Term Debt Charges	2,662.0	Building & General	7,938.0
Recycling	140.0	Provisions, Transfers,	6,836.0	Principal & Sinking Fund	3,255.0	Maintenance	
Water (utility)	18,194.3	Repayments			5,917.0		7,938.0
Sewer (utility)	16,067.3		9,414.0				
	37,847.6						
Transportation	**Total $**	**Reconciliation**	**Total $**				
Transportation Services	13,512.0	Transit	-7,709.5	Expenditure: Saskatoon	137,508.0		
Transit (utility)	14,126.5	Water	-18,194.3				
Transportation of Handicapped	1,125.0	Sewer	-16,067.3				
Pensioners & Veteran	1,320.0		-41,971.1				
Transportation							
	30,083.5						

Note: Library costs are separate and not included in the operating budget.

APPENDIX II: DETAILED REVENUES: WINNIPEG

Property Tax and Grants in Lieu of Taxes	Total $
Municipal Realty Tax	344,138.7
Grants in Lieu	39,626.8
	383,765.5

Other Taxes	Total $
Local Improvements	4,850.0
Taxes	11,492.8
Water Frontage levy	5,160.5
Sewer Frontage Levy	1,200.0
Local Improvement	22,703.3
Commuted	

Provincial Grants	Total $
Tax Sharing Payments	28,618.9
Social Assistance Payment	52,574.6
Health Service Grant	800.0
Libraries Grant	1,817.4
Support Grant	6,400.0
Dutch Elm Grant	700.0
Unconditional Grant	19,987.5
Street Links Grant	9,000.0
Video Lottery Grant	50.0
	119,948.4

Business Tax	Total $
Business Tax	50,000.0
License in Lieu of Business	2,300.0
Tax	52,300.0

Sale of Goods and Services	Total $
Sale of Goods	6,207.1
Advertising	20.5
Sale of Services	6,453.3
General Sale - Goods/Services	6,180.0
Golf Courses - Recoverables	21.1
Convention Centre-Recover	272.3
Commissions	26.1
Rentals	2,309.2
	21,489.6

Fees, Etc.	Total $
Permits and Fees	5,315.8
Licenses	2,442.4
Fines	6,454.0
Penalties	33.0
	14,245.2

Utilities	Total $
Transfer from Hydro	17,250.0
Electricity Tax	9,488.0
Gas Tax	1,988.0
	28,686.0

Transfers	Total $
from Waterworks System	4,198.1
from General Revenue	2,984.0
From Sewage Disposal System	5,603.0
from EMS Retained Earnings	1,000.0
from Solid Waste Disposal	2,500.0
from Sinking Fund	11,200.0
	27,485.1

Interest and Debt Charges	Total $
Short Term Investment Interest	2,901.4
Tax Penalties Interest	6,000.0
Capital Construction Interest	2,800.0
GST Interest	3.0
Urban Renewal Recoverable	88.6
East St. Paul Local Improvement Agreement	18.0
	11,811.0

Miscellaneous	Total $
Federal Grants	196.3
Amusement Tax	2,000.0
Other Revenues	320.6
	2,516.9

Expenditure: Winnipeg	684,951.0

APPENDIX II: DETAILED REVENUES: REGINA

Property Tax and Grants in Lieu of Taxes	Total $
Municipal Property Tax	71,905.5
Grants in Lieu - Provincial	2,180.6
Grants in Lieu - Federal	1,362.7
Housing Auth. Grant in Lieu	731.9
SHC Grant in Lieu of Tax	168.4
CPR Grant in Lieu of Tax	150.5
	76,499.6

Other Taxes	Total $
Local Improvements	1,269.8
Paved & Gravel Alley Assess.	1,085.5
	2,355.3

Provincial Grants	Total $
Revenue sharing	10,950.0
	10,950.0

Business Tax	Total $
Business Tax	9,720.0
	9,720.0

Sale of Goods and Services	Total $
Sale of Goods	212.2
Sale of Services	1,062.9
Parks, Recreation & Culture	3,670.4
Golf Courses	1,470.1
Cemeteries	608.3
	7,023.9

Fees, Etc.	Total $
Sanitary Landfill	1,820.0
Parking	1,212.3
Planning & Inspections	666.2
Penalties on Current Taxes	1,066.9
Penalties on Taxes in Arrears	1,353.5
Business tax Recovery	10.0
Fines - Parking, Court, Animal	1,904.4
and Anti-Litter Police	65.4
Licenses - Dog, Business, Bicycle and Chauffeur	749.8
Storing Seized Vehicles	8.0
	8,856.5

Utilities	Total $
Electrical Distribution System	16,425.0
Gas Distribution System	3,100.0
Utility Surplus Transfer	2,555.9
Utilities Administration Charge	1,956.9
	24,037.8

Transfers	Total $
from Financial Commitments	477.9
from Grants Reserve	111.6
	589.5

Interest and Debt Charges	Total $
Bank & Investment Interest	2,118.5
Sinking fund Excess Earnings	1,644.2
Board Finance charges	1,949.3
Pension & Benefits Administration Charges	197.0
	5,909.0

Miscellaneous	Total $
Data Processing Charges	85.2
Engineering Charges	450.0
Federal Grants	45.0
Sundry Receipts	123.5
Amusement Tax	205.0
Assessment & Taxation	45.0
	953.7

Expenditure: Regina 146,895.3

APPENDIX II: DETAILED REVENUES: SASKATOON

Property Tax and Grants in Lieu of Taxes	Total $	Other Taxes	Total $	Provincial Grants	Total $	Business Tax	Total $
Property Levy	59,567.0	Local Improvement Levy	1,361.0	Revenue Sharing	11,180.0	Business Levy	3,651.0
Grants in Lieu - Provincial	1,838.0	Trailer Occupancy	67.0	Transportation of disabled	584.0		3,651.0
Grants in Lieu - Federal	1,044.0		1,428.0	Victims Assistance	75.0		
	62,449.0				11,839.0		
Sale of Goods and Services	**Total $**	**Fees, Etc.**	**Total $**	**Utilities**	**Total $**	**Transfers**	**Total $**
Fire Protection to R.M. of Corman Park	47.0	Licences and Permits	957.0	Grants in Lieu - Water, Electrical, Transit, Sewage	12,297.0		
Sale of Services	4,059.0	Fines and Penalties	2,763.0	Franchise Fees	7,514.0		
Parks, Recreation & Culture	5,498.0	Tax Penalties	2,460.0	Electrical Utility Surplus	10,685.0		
Golf Courses	1,768.0		6,180.0		30,496.0		
Cemeteries	592.0						
Property Rentals	397.0						
	12,361.0						
Interest and Debt Charges	**Total $**	**Miscellaneous**	**Total $**				
Administration Recovery	1,401.0	Federal Employment Grant	15.0	Expenditure: Saskatoon	137,508.0		
Interest Earnings	7,329.0	Amusement tax	295.0				
	8,730.0	Other Revenues	64.0				
			374.0				

APPENDIX II: DETAILED REVENUES: CALGARY

Property Tax and Grants in Lieu of Taxes	Total $	Other Taxes	Total $	Provincial Grants	Total $	Business Tax	Total $
Property Tax Grants in Lieu	334,666.0 9,800.0 344,466.0	Local Improvement Levies Stabilization Fund	7,474.0 10,668.0 18,142.0	Government Grants	49,447.0 49,447.0	Business Tax	113,754.0 113,754.0
Sale of Goods and Services	**Total $**	**Fees, Etc.**	**Total $**	**Utilities**	**Total $**	**Transfers**	**Total $**
Parks & Recreation Emergency Medical Services Landfill & Disposal Other Goods & Services Transit Fees	17,100.0 5,700.0 8,700.0 15,983.0 47,483.0 43,300.00 43,300.00	Fines and Penalties Licences and Permits	22,907.0 15,147.0 38,054.0	Return on Equity Franchise Fees Taxation of Revenue	44,346.0 28,966.0 56,869.0 130,181.0	Contributions from Reserves	7,868.0 7,868.0
Interest and Debt Charges	**Total $**	**Miscellaneous**	**Total $**				
Investment & Income Debt Interest Subsidy	14,845.0 12,994.0 27,839.0	Miscellaneous Revenues	3,664.0 3,664.0	Expenditure: Calgary	824,198.0		

APPENDIX II: DETAILED REVENUES: EDMONTON

Property Tax and Grants in Lieu of Taxes	Total $	Other Taxes	Total $	Provincial Grants	Total $	Business Tax	Total $
Tax Levy	282,428.0			Community & Family	12,356.0	Business Tax Revenues	61,355.0
Payment in Lieu of Taxes	20,543.0			Service	87.0		61,355.0
	302,971.0			Economic Dev. Edmonton	1,947.0		
				Parks & Recreation	9,963.0		
				Edmonton Police Service	2,477.0		
				Edmonton Public Library	10.0		
				Space Science Centre	15,721.0		
				Municipal Assistance Grant	3,334.0		
				Transportation	25.0		
				Public Works	45,920.0		
Sale of Goods and Services	**Total $**	**Fees, Etc.**	**Total $**	**Utilities**	**Total $**	**Transfers**	**Total $**
Community & Family Service	90.0	Dog & business Licenses	4,500.0	Utility Contributions	133,642.0	from Parks & Rec. Reserve	1,134.0
Corporate Services	88.0	Landlord & Tenant adv. Bd.	38.0	Franchise Tax	18,400.0	from Economic Dev. Edm.	78.0
Economic Dev. Edmonton	6,523.0	Edmonton Police Services	11,426.0		152,042.0		1,212.0
Emergency Response Dept.	5,693.0	Public works	4,593.0				
Parks & Recreation	19,405.0	City Manager	5,785.0				
Mill Woods Enterprises	1,123.0	Storm Drainage	89.0				
Edmonton Public Library	2,385.0	Waste Management Branch	3,720.0				
Space Science Centre	2,512.0	Planning & Development	6,973.0				
	37,819.0	Traffic Tag Revenues	4,195.0				
		Tax Penalties	8,700.0				
Transportation	48,088.0		50,019.0				
	48,088.0						
Interest and Debt Charges	**Total $**	**Miscellaneous**	**Total $**				
Short Term Interest	3,000.0	Federal CAP Grant - Person.	36.0	Expenditure: Edmonton	704,852.0		
	3,000.0	City Manager - Grant	120.0				
		Partial Levy	1,570.0				
		Other General Revenue	700.0				
			2,426.0				

APPENDIX III: PER CAPITA EXPENDITURES AND REVENUES

1994 EXPENDITURES: PER CAPITA ($'s)
1989 and 1990 Total Per Capita Expenditures

ITEM Population	WINNIPEG 630,400	REGINA 179,520	SASKATOON 192,147	CALGARY 738,200	EDMONTON 627,000
General Government	73.71	53.94	67.05	49.28	71.58
Protection	234.39	268.07	220.98	290.75	297.99
Finance	110.39	65.08	38.49	35.69	41.21
Social Services	124.95	16.83	21.20	57.28	34.98
Planning & Dev.	20.89	22.28	11.93	37.01	51.44
Parks & Recreation	96.82	125.36	97.21	104.69	124.52
Libraries	19.78	(57.51)	(37.64)	24.85	31.26
Economic Development	17.83	3.94	2.59	9.20	26.56
Public Works	27.55	20.86	41.31	34.55	48.98
Water, Waste, etc.	226.80	188.48	196.97	248.60	295.47
Transportation	239.72	154.28	156.57	201.37	281.57
Cap. Project Funding	6.55	66.27	48.99	29.12	74.39
Debt Charges	201.90	28.29	30.79	198.91	72.83
Reconciliation	-314.71	-195.41	-218.43	-204.79	-328.26
Total: Libraries incl.[1]		875.79	753.29		
Total	1,086.57	818.28	715.65	1,116.51	1,124.52

1989 Expenditures	561,600,000	133,303,200	130,136,000	716,500,000	576,600,000
1989 Population	626,366	178,348	184,040	671,000	583,872
1989 Per Capita Expenditures	896.60	747.43	707.11	1,067.81	987.55

1990 Expenditures	591,800,000	140,840,200	135,894,000	747,400,000	621,100,000
1990 Population	628,026	179,240	183,579	693,000	605,538
1990 Per Capita Expenditures	942.32	785.76	740.25	1,078.50	1,025.70

1994 Expenditures	684,951,100	146,895,300	137,508,000	824,198,000	704,852,000
1994 Population	630,400	179,520	192,147	738,200	627,000
1994 Expenditure adjustment for infrastructure levy			143,108,000		
1994 adjusted per capita expenditure[2]			744.78		
1994 Per Capita Expenditures	1,086.53	818.27	715.64	1,116.50	1,124.17

Notes: [1] In Regina and Saskatoon, Libraries are not included in total expenditures.
[2] Re: Saskatoon 1994 expenditure and *per capita* adjustment: See Table 3.
Differences in totals are the result of rounding of numbers.

APPENDIX III: PER CAPITA EXPENDITURES AND REVENUES

1994 EXPENDITURES: PER CAPITA ($'s)
1989 and 1990 Total Per Capita Expenditures

ITEM Population	WINNIPEG 630,400		REGINA 179,520		SASKATOON 192,147		CALGARY 738,200		EDMONTON 627,000	
Property Tax	545.91		400.54		310.01		453.35		450.44	
Grants-in-lieu-of taxes	62.86		25.59		15.00		13.28		32.76	
Sub-total of property tax and grants-in-lieu		608.77		426.13		325.01		466.63		483.20
Business Tax	82.96		54.14		19.00		154.10		97.85	
Other Taxes	36.01		13.12		7.43		10.12			
Provincial Grants	190.27		61.00		61.61		66.98		73.24	
Transit Fees							58.66		76.69	
Sales of Goods & Services	34.09		39.13		64.33		64.32		60.32	
Fees, Penalties, etc.	22.60		49.33		32.16		51.55		79.78	
Sub-total of Goods and Services & Fees, etc.		56.69		88.46		96.49		115.87		140.10
Utilities	45.50		133.90		158.71		176.35		242.49	
Transfers	43.60		3.28				10.66		1.93	
Stabilization Fund							14.45			
Sub-total of Utilities and Transfers		89.10		137.18		158.71		201.46		244.42
Interest, charges, etc.	18.74		32.82		45.43		37.71		4.78	
Miscellaneous	3.99		5.31		1.95		4.96		3.87	
Total Per Capita Revenues	1,086.53		818.16		715.63		1,116.49		1,124.15	

Note: Differences in totals are the result of rounding of numbers.