

8 Local Government Revenues & Expenses

Revenue Sources

Local governments obtain their revenues from these principal sources:

- Taxes on real property (land and improvements), including property value taxes and parcel taxes, as well as grants in lieu of taxes (neither the federal or provincial governments pay property taxes directly, but each pays grants in lieu of taxes on some of their properties) [see Fact Sheets #10 and #11 for further information on property assessment and taxation];
- Fees and charges for services, including such things as fees for use of local government facilities, fees for services such as water or sewer, and fees in relation to various regulatory activities, such as inspection and permitting;
- Developer contributions that help towards the cost of infrastructure needed to service future development, and may include development cost charges, latecomer agreements, development works agreements, and parkland acquisition charges; and
- Transfers or grants from other governments, which include both conditional and unconditional grants. Conditional transfers are payments to local governments that are restricted in some way, generally with respect to the use of the funding (e.g., funding must be used towards a specific project or program). Unconditional transfers do not have such restrictions, and local governments may choose where the funding will be used. The largest unconditional grant programs are the Small Community Grants and Traffic Fine Revenue Sharing.

Expenses

Local governments may provide a range of services (e.g., policing, fire protection, parks, recreation, garbage collection, water supply, water treatment and distribution, sewage collection and treatment, and local roads) and are permitted to regulate in a number of areas (e.g., buildings, land use, business). Undertaking most of these services and regulatory activities is at the discretion of individual local governments, but if a local government chooses to provide the service or regulation, it will incur expenses in relation to the activity.

In general, the authority to incur an expense is derived from an approved financial plan [see Fact Sheet #7], however, there are also a number of legislative restrictions on certain types of expenses.

Revenue & Expenses by Type

The following tables show the aggregated total revenues and expenses for all municipalities and regional districts for 2020. While these provide an overall breakdown of revenue and expenses for that year for all local governments, readers should note that the proportions of revenues and expenses in each of these categories may vary considerably between individual local governments.

Each local government will have a different mix of services that it chooses to offer and will make different policy choices about how to recover the costs of those services, which will result in considerable variation between local governments.

Revenue (2020)	Municipal	Percent	Regional Districts	Percent
Property Taxation & GIL	5,403,118,838	47%	673,467,130	27%
Sale of Services	3,234,225,021	28%	1,043,169,693	42%
Developer Contributions	1,100,934,056	10%	108,662,278	4%
Transfers	1,155,276,970	10%	536,290,188	22%
Other Revenue	613,345,006	5%	130,942,694	5%
Total Revenue	11,506,899,891	100%	2,492,531,983	100%

Expenses (2020)	Municipal	Percent	Regional Districts	Percent
General Government	992,341,859	11%	159,851,450	11%
Protective Services	2,340,413,912	26%	108,833,642	7%
Solid Waste Management & Recycling	356,482,933	4%	257,872,926	18%
Health, Social Services & Housing	87,198,852	1%	43,401,993	3%
Development Services	348,929,829	4%	48,609,682	3%
Transportation & Transit	865,273,131	10%	43,132,329	3%
Parks, Recreation & Culture	1,247,355,619	14%	190,855,072	13%
Water Services	617,592,302	7%	175,467,664	12%
Sewer Services	583,770,560	6%	217,030,006	15%
Other Services	249,450,309	3%	34,672,969	2%
Amortization	1,334,499,694	15%	193,247,846	13%
Total Expenses	9,023,309,000	100%	1,472,975,579	100%

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