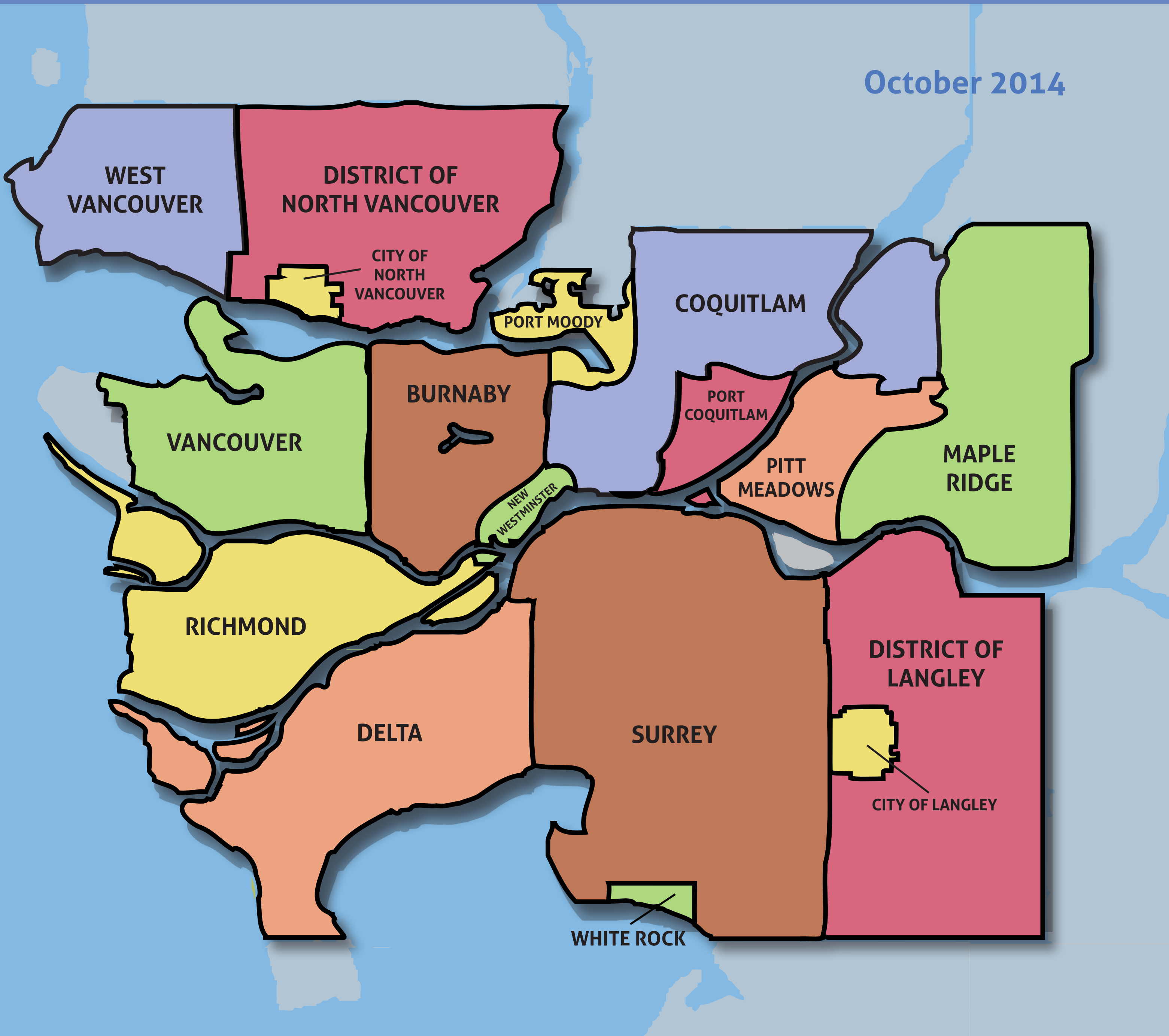
Comparing Municipal Government Finances in Metro Vancouver



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Summary

Municipal governments play an important role in the lives of British Columbians by providing important services and collecting taxes. But municipal finances do not receive the same degree of public scrutiny as more senior governments. This can pose a problem for taxpayers and voters who want to understand how their municipal government performs, especially compared to other municipalities.

To help create awareness and encourage debate, this report provides a summary analysis of important financial information for 17 of the 21 municipalities in Metro Vancouver, spanning a 10-year period (2002–2012). The intention is not to make an assessment of any municipality's finances—for instance, whether taxes or spending are too high or whether municipal governments produce good value for taxpayers. That is beyond the scope of this preliminary analysis.

Government spending

There is considerable variation in per-person spending among the 17 Metro Vancouver municipalities. West Vancouver, the highest spender in 2012 (at $2,118 per person), spends more than twice the amount of Surrey, the lowest spender (at $951 per person), and more than one-and-a-half times the regional average ($1,384 per person). But the large differences in per-person spending do not seem to be driven by population. For instance, the City of Vancouver has the largest population and is the third highest spender ($1,689 per person), while Surrey has the second largest population and is the lowest spender (17th). Meanwhile, West Vancouver is the highest spender and has a relatively small population (6.6% of Vancouver's). From 2002 to 2012, all 17 municipalities increased spending beyond the rate needed to accommodate inflation and population growth; no municipality contained spending increases relative to this key benchmark. But the growth in inflation-adjusted spending per person was faster in some municipalities than others. Pitt Meadows had the fastest growth (81.9%) and New Westminster had the slowest (13.1%). The regional average was 27.1%.

Government revenue

As with spending, there is great variation in per-person revenue among the 17 Metro Vancouver municipalities. In 2012, West Vancouver collected the most revenue per person ($2,548)—nearly $1,100 more per person than Surrey

($1,451), which collected the least, and one-third above the regional average ($1,916). After accounting for population growth and inflation, Port Moody is the only municipality that experienced a reduction (1.9%) in revenue per person. All other municipalities saw substantial revenue growth over the decade. Pitt Meadows had the highest growth at 80.6%, with Coquitlam following closely behind at 74.4%. New Westminster recorded the slowest positive revenue growth (24.3%). For the region as a whole, inflation-adjusted revenue per person (35.9%) grew faster than spending (27.1%).

Surrey, Maple Ridge, Port Coquitlam, and the District of Langley all relied more heavily on developer fees—essentially taxes levied on developers—than other municipalities over the decade analyzed. However, a high reliance on developer fees can have adverse effects because, in some markets (with high demand and low supply), such taxes can be passed on to homebuyers, leading to higher home prices. This is a critical issue for Metro Vancouver, which already has high home prices relative to other Canadian regions.

For property taxes, another key revenue source, some municipalities rely more heavily on businesses, as opposed to residents. Burnaby has the largest property tax share coming from businesses at 52.0% and West Vancouver has the lowest at 7.9% (the range for most municipalities is between 38.9% and 47.0%). Burnaby also relies more heavily on business property taxes as measured by its ratio of property tax rates on business relative to residential classes.

However, imposing too heavy a property tax burden on businesses can have negative economic consequences since property tax rates can influence business decisions about whether or not to maintain operations, expand, or relocate. This is particularly important for Vancouver, which in many ways is the economic hub of the region. Yet the share of Vancouver's property tax revenue coming from businesses (45.1%) is above the regional average (40.7%) and Surrey (31.3%); the city also has among the highest ratios of business to residential property tax rates. For instance, Vancouver's heavy industry tax ratio is more than three times that of Surrey, the next largest municipality by population.

Government debt and interest spending

Virtually all Metro Vancouver municipalities examined in this report have net financial assets. Vancouver and West Vancouver are the only two that have net liabilities (gross liabilities greater than financial assets). Vancouver, the more notable exception, has net liabilities of $402 per person compared to Burnaby's net assets of $2,914 per person. Vancouver, unique in its ability to issue government debt on its own authority, also has the highest interest expenditure relative to its operating spending (3.6%). Provincial regulations that require balanced operating budgets and that limit provincial debt accumulation play an important role in keeping municipal debt low.

Introduction

Municipal governments provide many important services that directly affect the daily lives of city residents, including police and fire protection, water utilities, garbage collection, and parks and recreation. They also extract revenue through various methods such as taxation (including property taxes), user fees, and fees paid by land developers. Despite the fact that municipalities play an important role in the lives of British Columbians, the finances of municipal governments tend not to receive the same level of scrutiny as those of the federal and provincial government.[1] As a result, it can be difficult for taxpayers and voters to understand the state of their municipal government's finances and even more difficult to understand how their government performs relative to others.[2]

While provincial regulations help to limit financial mismanagement—for instance, municipal governments are generally required to balance their operating budgets every year—a balanced operating budget is only one indicator of healthy government finances.[3] Taxpayers need further information and analysis if they are to make a more complete judgement about the financial state of affairs of municipal governments.

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1. Some organizations have tried to shed light on local government finances in British Columbia. Most notably, the Canadian Federation of Independent Business has published numerous studies looking at municipal finances. For the most recent publication, see Wong, 2014. For the latest in the CFIB series, *BC Municipal Spending Watch*, see Klassen and Fong, 2013. The Business Council of British Columbia has also examined Metro Vancouver spending (see Finlayson et al., 2012).

2. The BC government recently created the Auditor General for Local Government to improve the performance evaluation of local governments in the province. The first report of the Auditor General for Local Government was published April 30, 2014. However, this is merely one step in the right direction and not a panacea for poor local government performance (Veldhuis and Lammam, 2012). Experience with a similar office at the federal level has shown that an Auditor General does not prevent problems from reoccurring, even if the audit reports generate short-term media and public attention (Lammam et al., 2013). Like the federal Auditor General, the Auditor General for Local Governments lacks the authority to compel municipalities to improve their financial reporting and take corrective action when problems are identified.

3. See MacIntyre and Lammam, 2014 for a discussion of provincial regulations on debt accumulation.

This report provides a summary analysis of important financial information for 17 of the 21 municipalities in Metro Vancouver,[4] by far the largest regional district in the province, spanning a 10-year period (2002 to 2012).[5] It is the third in a series of Fraser Institute reports released this year on the state of municipal finances in Metro Vancouver (see Lammam and MacIntyre, 2014; MacIntyre and Lammam, 2014). Together, the aim of the series is to foster greater public attention and encourage debate about municipal finances in the region.

The intention of this report is not to make an assessment about any particular municipality's finances—for instance, whether taxes or spending is too high or whether municipal governments produce good value for taxpayers. That is beyond the scope of the report, which is a preliminary analysis of key financial data. The intention is, however, to inform the public about the state of municipal finances and provide some basic comparative information that is otherwise not readily available. The next step for research is to dig deeper into the reasons behind the differences in the financial statistics we observe.

This report is organized as follows. The first section explains the data source used for the analysis and describes key data adjustments that were made. The second section provides an overview of government spending for the 17 Metro Vancouver municipalities in 2002 and 2012, while the third section provides a similar overview of revenue. The fourth section examines interest expenditures on outstanding municipal debt. The final section summarizes the report's findings. In addition, there are three appendices providing: a detailed description of the database; additional spending and revenue tables; and summary profiles for each of the 17 municipalities.

4. "Metro Vancouver" is formally the Greater Vancouver Regional District (GVRD). The regional government spends on major local services such as water, sewers, drainage, solid waste disposal, regional services, and the Housing Corporation. However, the purpose of the paper is to examine the finances of "lower tier" local governments and not the regional government.

5. The period of 2002 to 2012 was selected because it represents the longest period of available and comparable data. For more details see Appendix 1 (p. 41). In addition, 10 years is a reasonable time span for analyzing trends over the longer term.

1 Background

This section has three purposes. First, it explains the rationale for the exclusive focus on municipalities in Metro Vancouver. Second, it introduces the data source used for analyzing municipal government finances including spending and revenue. Third, it notes key adjustments made to the data in the report.

Why focus on Metro Vancouver?

Differing relationships between regional districts and municipalities in British Columbia make province-wide municipal comparisons difficult. Besides a few activities mandated by the provincial government, the services provided by regional districts are diverse and largely depend on what the municipal governments want them to do (Bish and Clemens, 2008). We focus solely on Metro Vancouver to avoid the problem of comparing spending in areas where municipal responsibilities differ from one regional district to another[6] and because the Metro Vancouver region contains the lion's share of the provincial population living in municipalities. Specifically, the region's combined population is 2.4 million or 59.3% of the 4.1 million living in municipalities in British Columbia (Lammam and MacIntyre, 2014).[7]

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6. A regional district government can also provide services within one of its constituent municipalities that are not offered in other municipalities. Two examples of regional district services in Metro Vancouver that are not provided to all 21 municipalities are support for municipal labour relations (available to 18 municipalities) and the Mosquito Control Program (available to five municipalities). Metro Vancouver's 2014 regional district budget allocated $2.1 million for labour relations and $130,000 to the Mosquito Control Program (Metro Vancouver, 2013).

7. The database used in this report does not include population figures for areas outside municipalities. There were 489,815 people (10.8% of BC's population) living in unincorporated areas in 2012. For more information on the Local Government Statistics database, see Appendix 1 (p. 41) and <http://www.cscd.gov.bc.ca/lgd/infra/statistics_index.htm>.

Data source—local government statistics

Municipal finances can be difficult to comprehend owing in part to differences in accounting practices and an inability to draw reliable conclusions (Dachis and Robson, 2014). In British Columbia, reporting on municipal finances is greatly aided by the Local Government Statistics database, which is published by the provincial government's Ministry of Community, Sport, and Cultural Development (2013b). The provincial government requires municipalities to produce annual financial information on a consistent accounting basis in calendar year format (January to December).[8] Importantly, the data in the Local Government Statistics database are for municipalities only; other local government units such as school boards are not included.[9] A more complete description of the Local Government Statistics can be found in Appendix 1 (p. 41).

A key term to define is "spending", which throughout the report refers to a municipal government's operating spending—that is, spending on public services such as policing, utilities, garbage, and parks. Such spending includes debt servicing payments (by design of the database) but excludes capital spending, which is spending on acquiring or improving capital assets such as a sewage system. Capital spending is excluded because its treatment switched in 2009 to an accrual basis that spreads the cost of capital spending over several years (British Columbia, Ministry of Community, Sport, and Cultural Development, 2013a). As a result, capital spending before and after 2009 is not strictly comparable.

Data adjustments

The report examines the government finances of 17 of 21 municipalities in Metro Vancouver. The four municipalities not covered are Belcarra, Lions Bay, Bowen Island, and Anmore, which together account for approximately 0.3% of the total municipal population in Metro Vancouver. They were excluded because they individually have populations below 5,000 and thus different financial arrangements than the other municipalities. Specifically, a municipality with a population less than 5,000 is not required by the provincial government to offer police services. Local police services in these municipalities are provided by the provincial government, typically contracted out to the RCMP.[10]

8. At the time of writing, the Local Government Statistics database was available online from 2005 to 2012 at <http://www.cscd.gov.bc.ca/lgd/infra/statistics_index.htm>. Earlier years are available upon request.

9. The Local Government Statistics database, however, also provides financial information on regional districts.

10. Municipalities with a population of 5,000 to 15,000 pay 70% of the cost while municipalities with over 15,000 pay 90%.

A data adjustment was made for the unique case of West Vancouver. Unlike other Metro Vancouver municipalities, West Vancouver operates its transit services through the Blue Bus system. The municipality spends on such services and is then reimbursed by Translink, the regional transit authority.[11] As a result, unadjusted spending and revenue figures for West Vancouver include items not included in other municipalities. The amount of the Translink reimbursement was removed from West Vancouver's spending and revenue figures and from the aggregate Metro Vancouver figures to make West Vancouver's data comparable with the other municipalities.

Adjustments were made throughout the report to account for inflation and differences in population. As **table 1** shows, population varies greatly among the 17 municipalities examined. The City of Vancouver has the largest population with 666,517 or 27.7% of the total. Surrey has the second largest with a population of 482,725 (20.0%), followed by Burnaby at 231,811 (9.6%) and Richmond at 199,949 (8.3%). Coquitlam, the District of Langley,

Table 1: Metro Vancouver Municipal Population, 2012

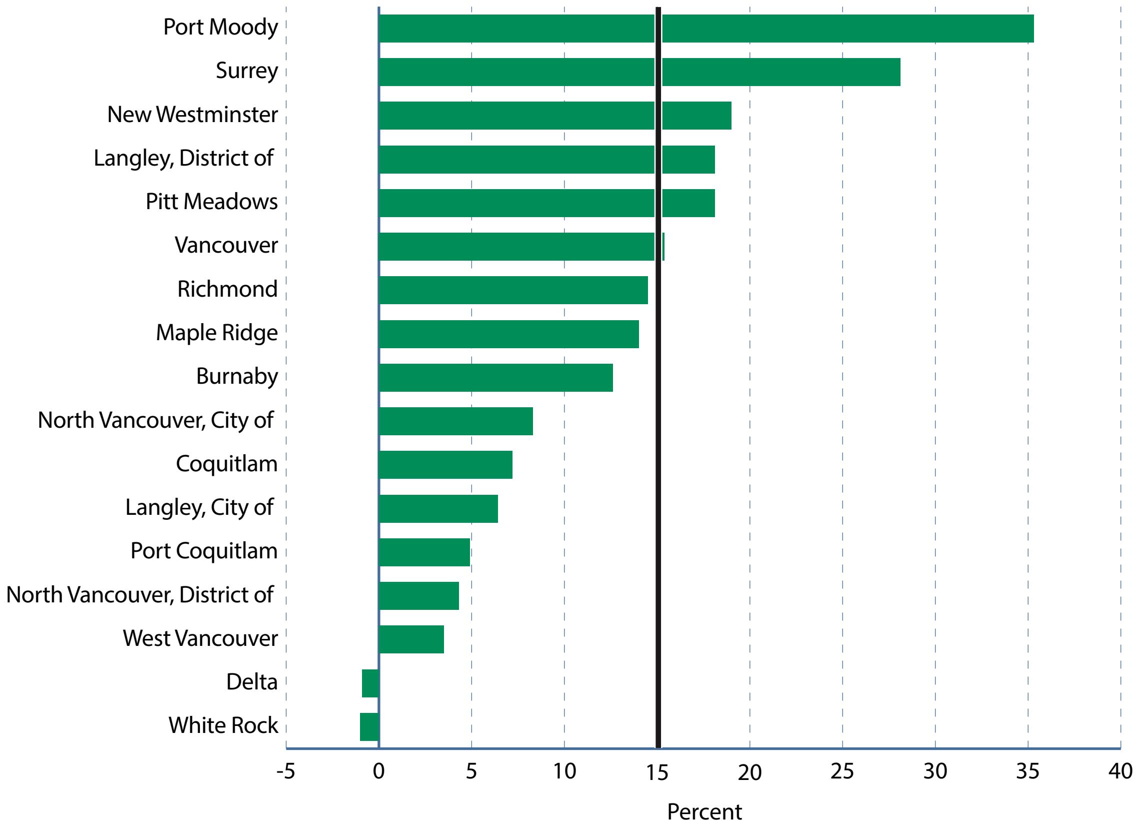
	Population	Percent of Total	Rank
Vancouver	666,517	27.7%	1
Surrey	482,725	20.0%	2
Burnaby	231,811	9.6%	3
Richmond	199,949	8.3%	4
Coquitlam	129,716	5.4%	5
Langley, District of	107,505	4.5%	6
Delta	100,337	4.2%	7
North Vancouver, District of	89,437	3.7%	8
Maple Ridge	78,124	3.2%	9
New Westminster	68,534	2.8%	10
Port Coquitlam	58,517	2.4%	11
North Vancouver, City of	51,870	2.2%	12
West Vancouver	44,284	1.8%	13
Port Moody	34,567	1.4%	14
Langley, City of	26,261	1.1%	15
White Rock	19,211	0.8%	16
Pitt Meadows	18,604	0.8%	17
Metro Vancouver total	2,407,969		

Note: The total population excludes four municipalities in Metro Vancouver. The four not displayed are: Bowen Island (pop. 3,777), Anmore (pop. 2,337), Lions Bay (pop. 1,406), and Belcarra (pop. 689).

Sources: British Columbia, Ministry of Sport, Community, and Cultural Development, 2013a; calculations by authors.

11. Gerald Yip, Accounting Supervisor, District of West Vancouver, personal communication, April 28, 2014.

Figure 1: Population growth (%) in Metro Vancouver municipalities, 2002–2012



Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

and Delta are the other municipalities with a population over 100,000. At the other extreme is Pitt Meadows with the smallest population of 18,604 or 0.8% of the total. White Rock, the City of Langley, Port Moody, and West Vancouver all have a population less than 50,000. Because of the variation in population, the financial data are presented on a per-person basis unless otherwise noted. In addition, the 2002 values are adjusted to 2012 dollars to make 2002 and 2012 spending and revenue figures directly comparable.[12]

There has also been also great variation in population growth among Metro Vancouver municipalities over the last decade. The region as a whole grew 15.1% (317,458 new residents) between 2002 and 2012, led by Port Moody with 35.3% growth (9,022 new residents) and Surrey with 28.1% growth (105,968 new residents). Delta and White Rock are at the other end of the scale with population declines of roughly 1% (figure 1). The City of Vancouver, which in many ways is the core of the region, experienced growth (15.4%) in line with the total for the region.

12. The Consumer Price Index (CPI) for the Census Metropolitan Area (CMA) of Vancouver (Statistics Canada, 2013) is used to calculate inflation adjustments.

2 Municipal Spending

This section analyzes spending in 17 of the 21 Metro Vancouver municipalities. Table 2 presents per-person spending levels and rankings in 2002 and 2012 from high to low—that is, from the highest spending municipalities to the lowest spending municipalities—and the change in ranking over the period.[13] All figures are presented in 2012 dollars. Table 2 also displays the growth in (inflation-adjusted) per person spending from 2002 to 2012.

Spending

As depicted in figure 2 (and summarized in table 2), West Vancouver was the highest spending municipality in 2012 (spending $2,118 per person) while Surrey was the lowest spender (spending $951 per person). Put differently, West Vancouver spent more than double the amount per person than Surrey.[14] The average for the region is $1,384 per person, as illustrated by the vertical line in figure 2.

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13. Appendix 1 (p. 41) gives a definition of the various categories of spending while Appendix 2 (p. 45) provides a breakdown of spending by major category in each municipality. Specific categories of spending that are discussed include debt servicing payments for debt related to that category's activity. For example, payments on debt acquired to construct a new water-purifying facility are included in the solid waste and utilities category.

14. Given that municipalities in the region provide a similar basket of services (such as police and fire, solid waste and utility services, and parks and recreation), such large differences in per-person spending are no doubt surprising. However, explaining these differences in spending is beyond the scope of this report and an important area for future research. That said, there may be host of things that drive per-person spending and the differences across individual municipalities within the same region. Potential factors might include: the terms of collective agreements and/or the size of municipal payrolls per resident; differing preferences among residents as to the quantity and quality of locally provided services, as originally hypothesized by Professor Charles Tiebout (1956); geography (dispersed populations may be most costly to serve, although New Westminster runs counter to this logic); cost factors related to scale (perhaps it is more costly on a per-resident basis to provide services in smaller population centres); and whether municipalities outsource services or provide them in house.

Table 2: Municipal spending ($ 2012) per person in Metro Vancouver municipalities, 2002, 2012

	2002		2012			Growth in spending per person	
	Spending per person	Rank	Spending per person	Rank	Change in rank	Percent	Rank
Burnaby	1,000	9	1,249	13	−4	24.8	12
Coquitlam	933	12	1,393	7	5	49.2	3
Delta	1,215	4	1,596	4	0	31.4	8
Langley, City of	946	11	1,192	14	−3	26.0	11
Langley, District of	765	15	1,269	11	4	65.9	2
Maple Ridge	765	14	1,139	16	−2	48.8	4
New Westminster	1,624	1	1,837	2	−1	13.1	17
North Vancouver, City of	1,070	8	1,541	5	3	44.1	5
North Vancouver, District of	1,168	6	1,454	6	0	24.5	13
Pitt Meadows	691	16	1,257	12	4	81.9	1
Port Coquitlam	892	13	1,163	15	−2	30.4	10
Port Moody	1,145	7	1,345	9	−2	17.5	15
Richmond	1,177	5	1,340	10	−5	13.8	16
Surrey	676	17	951	17	0	40.8	6
Vancouver	1,397	3	1,689	3	0	20.9	14
West Vancouver	1,615	2	2,118	1	1	31.1	9
White Rock	983	10	1,351	8	2	37.5	7
Metro Vancouver average	1,088		1,384			27.1	

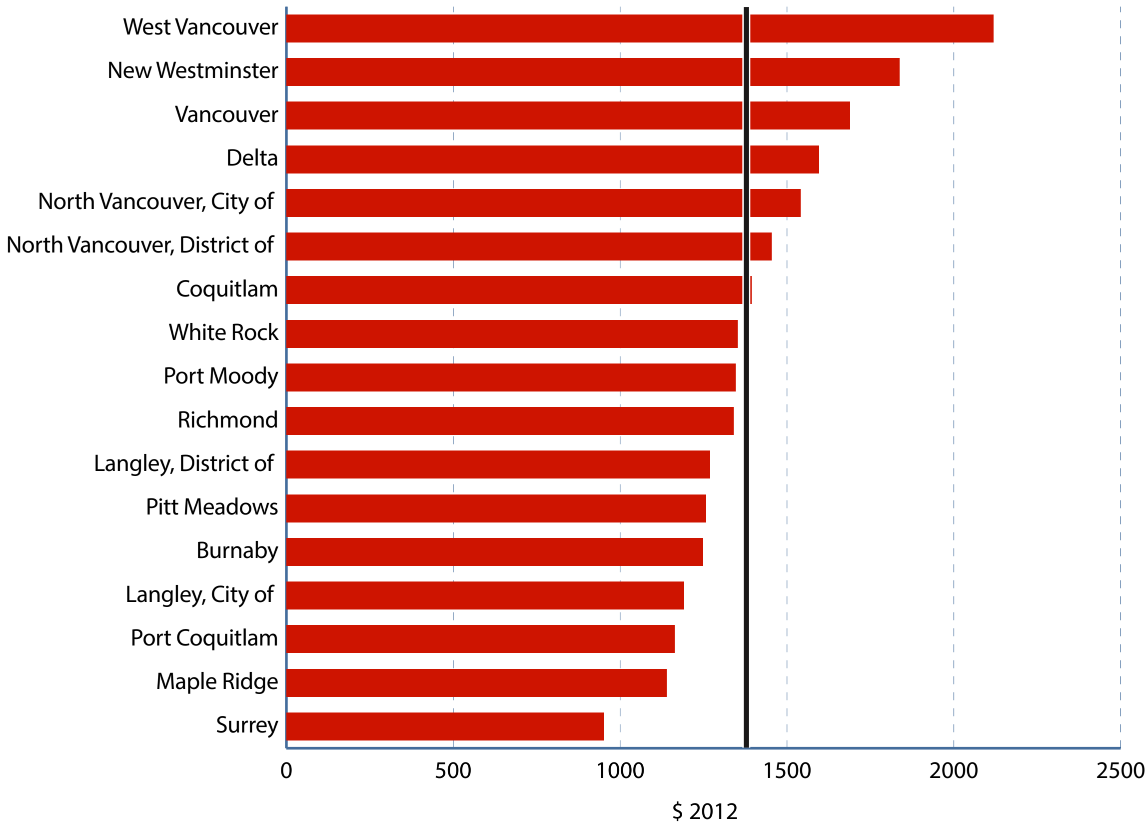
Note: The Metro Vancouver average is the combined spending of the 21 Metro Vancouver municipalities divided by total municipal population.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; Statistics Canada, 2013; calculations by authors.

At $1,837 per person, New Westminster is the second highest spender, spending approximately $300 less than West Vancouver. Notably, both West Vancouver (ranked 1st) and New Westminster (2nd) have relatively smaller populations (44,284 and 68,534, respectively) but consistently spend more per person, to varying degrees, than much larger municipalities such as Vancouver (3rd), Surrey (17th), Burnaby (13th), Richmond (10th), Coquitlam (7th), the District of Langley (11th), and Delta (4th)—all of which have populations over 100,000.

Also notable is the very large difference in spending between neighbouring municipalities (see map, p. 10). For instance, West Vancouver (1st) spends approximately $600 more per person than both the City and District of North Vancouver (5th and 6th). New Westminster (2nd) has per-person outlays nearly $600 higher than next door Burnaby (13th) and approximately $450 higher than Coquitlam (7th). Vancouver (3rd) spends $350 more per person than Richmond (10th). Spending per person by Delta (4th) is over $600 greater than adjacent Surrey (17th). Among the Tri-Cities, Port Coquitlam (15th) stands out for relatively lower spending—approximately $200 less per person—than both Coquitlam (7th) and Port Moody (9th).

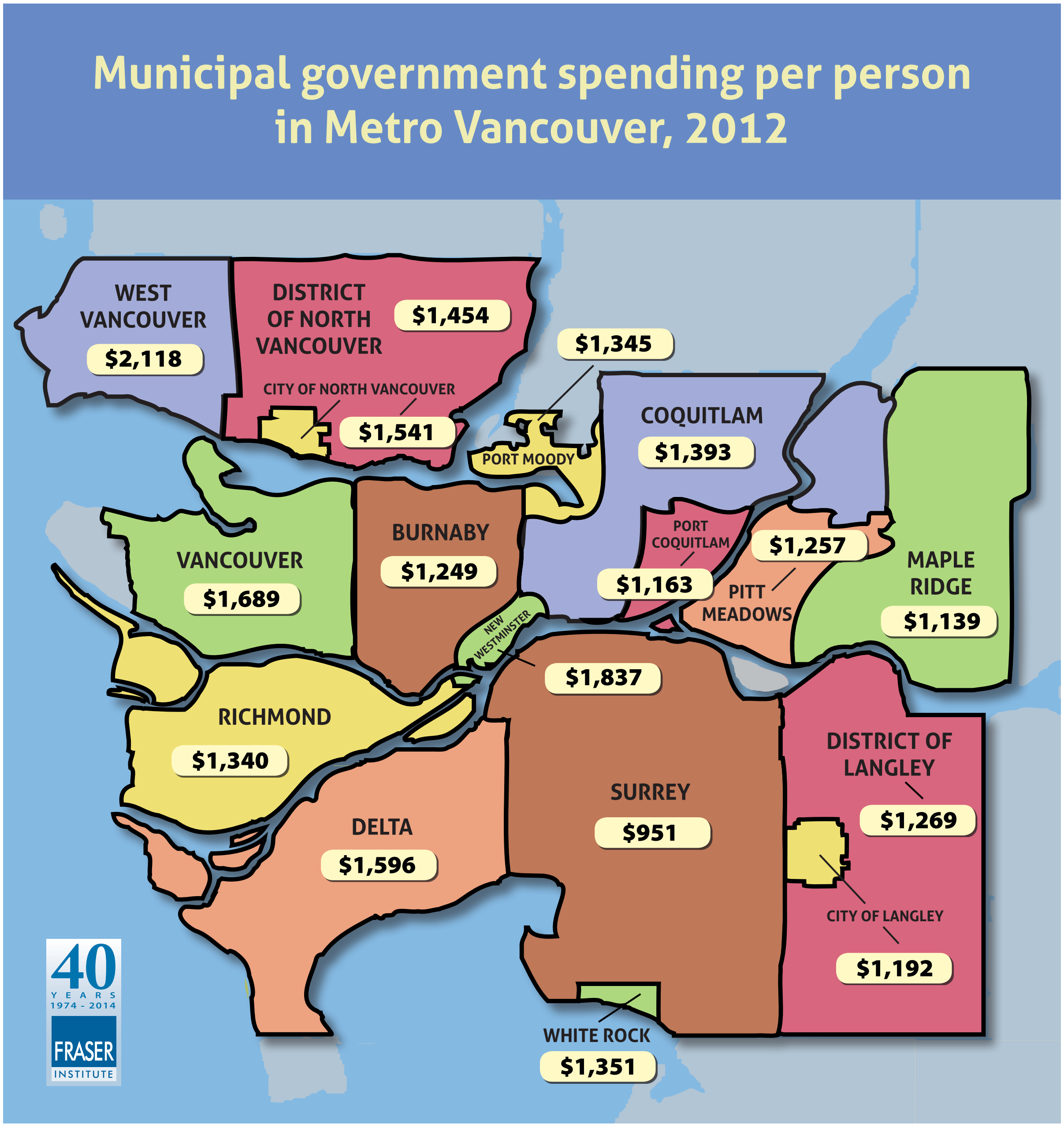
Figure 2: Municipal spending per person ($ 2012) in Metro Vancouver municipalities, 2012



Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Vancouver, the region's commercial hub and most populated municipality (666,517 people), is the third highest spender in 2012 ($1,689 per person). Population, however, does not seem to explain the differences in per-person spending.[15] As noted, West Vancouver and New Westminster both spend more per person than Vancouver while having a fraction of Vancouver's population (6.6% and 10.3%, respectively). On the other hand, Surrey, with the second largest population (over 482,725), is the region's lowest spender, spending nearly half per person the amount of Vancouver. And Maple Ridge (16^{th}), Port Coquitlam (15^{th}), and the City of Langley (14^{th}) are among the lowest spenders despite having relatively small populations (between 3.9% and 11.7% the size of Vancouver).

15. One theory posits that there are "economies of scale" in the provision of local government goods and services whereby the cost of producing one unit of a good or service decreases as the volume of production increases. The idea is that larger municipalities can benefit from scale since they can spread their fixed costs across more units, resulting in lower average costs compared to smaller municipalities. If this were consistently true, we would expect Vancouver, by far the largest municipality in the region, to be among the lowest spenders per person.



Vancouver and Surrey are two of only four municipalities to retain their spending rank in 2002 and 2012 (the other two are Delta and the District of North Vancouver). In both years, Vancouver was the third highest spending municipality and Surrey was the lowest spender (Delta and the District of North Vancouver were 4th and 6th, respectively). Critically, Surrey was able to maintain its relatively low spending level (less than half the amount of highest ranked West Vancouver in 2012) during a period in which it recorded the second highest rate of population growth in Metro Vancouver (Port Moody had the highest rate). It is telling to compare Surrey's remarkable control over spending relative to neighbouring Delta, which shrank in population over

the period. Surrey's population grew at nearly double the rate (28.1%) of the regional average (15.1%) over the decade but the city still managed to spend dramatically less per person than Delta.

Interestingly, the group of the highest four spenders is made up of the same municipalities in 2002 and 2012 (West Vancouver, New Westminster, Vancouver, and Delta), although New Westminster falls one spot to second highest in 2012 from highest in 2002. New Westminster decreased its relative ranking by increasing inflation-adjusted spending per person at a rate less than half (13.1%) the regional average (27.1%).

Seven municipalities (including New Westminster) moved down in the spending rankings between 2002 and 2012. Richmond fell five spots to 10th highest while Burnaby fell four spots to 13th and the City of Langley fell three spots to 14th. Port Moody, Port Coquitlam, and Maple Ridge all fell two positions. Every municipality that dropped in the rankings kept the growth of inflation-adjusted spending per person below Metro Vancouver's average (27.1%), with the exception of Maple Ridge (48.8%) and Port Coquitlam (30.4%).

By contrast, six municipalities went up the spending rankings over the decade, becoming relatively higher spenders in 2012. Coquitlam's inflation-adjusted spending per person jumped 49.2% resulting in a five-step climb in ranking from 12th to 7th highest. The District of Langley's spending increased at an even faster rate (65.9%), leading to a ranking increase of four positions to 11th highest. Pitt Meadows had the fastest growth in per-person spending among all municipalities over the period with its ranking also increasing four spots to 12th highest.

While Pitt Meadows clearly stands out among the other municipalities for its very high growth in spending between 2002 and 2012, it is important to highlight its initial position in 2002. Spending in Pitt Meadows started from a relatively low value ($691 per person) so its $566 per person increase produced a large percentage growth. Despite recording the largest spending growth, Pitt Meadows only moved up four positions from the second-lowest position (16th) in 2002 to 12th in 2012.

A similar result—in terms of relatively low spending per person in 2002 and relatively large spending growth over the decade—occurred in the District of Langley and Coquitlam, which had the second and third largest spending increases after Pitt Meadows (65.9% and 49.2%, respectively). In terms of rankings, the District of Langley goes from 15th to 11th highest spender and Coquitlam jumps from 12th to 7th. The City of Vancouver is an interesting contrast. It is a relatively high spender in both 2002 and 2012 (ranked 3rd both years) but recorded below-average spending growth at 20.9% (the regional average is 27.1%).

There is clearly a wide range between the highest and lowest municipal spenders in both 2002 and 2012. However, this range narrowed slightly in 2012. Specifically, in 2012 the highest spending municipality (West Vancouver)

Municipal spending growth compared to inflation and population growth

With a growing population and increasing overall prices (inflation), municipal spending would have to grow simply to maintain the same level of inflation-adjusted spending per person. If a city's population is increasing rapidly, it would be reasonable for municipalities to increase spending to provide services to a larger pool of residents.

The combined change in the overall price level and population is therefore an important benchmark to assess the extent to which municipal spending has grown. Table 3 presents an estimate of what per-person spending would have been in 2012 for each municipality if 2002's level of spending had grown only at the rate of inflation and population growth. The difference between this estimate and the actual 2012 per-person spending is the amount of spending growth since 2002 in excess of inflation and population growth. Indeed, this difference exactly equals the growth in inflation-adjusted spending per person discussed in table 2.

The clear and important takeaway from table 3 is that all 17 municipalities increased spending from 2002 to 2012 beyond the combined rate of inflation and population growth. Put differently, no municipality contained spending increases to the benchmark of inflation and population growth. As already discussed, however, there is wide variation in the magnitude of spending growth: after accounting for inflation and population growth, growth in spending ranges from a low of 13.1% in New Westminster to a high of 81.9% in Pitt Meadows. The regional average is 27.1%.

Table 3: Actual spending per person in 2012 and estimated spending per person in 2012 had spending in 2002 increased at the rate of inflation and population growth

	Estimated spending per person in 2012	Actual spending per person in 2012	Percent difference	Rank
Burnaby	1,000	1,249	24.8	12
Coquitlam	933	1,393	49.2	3
Delta	1,215	1,596	31.4	8
Langley, City of	946	1,192	26.0	11
Langley, District of	765	1,269	65.9	2
Maple Ridge	765	1,139	48.8	4
New Westminster	1,624	1,837	13.1	17
North Vancouver, City of	1,070	1,541	44.1	5
North Vancouver, District of	1,168	1,454	24.5	13
Pitt Meadows	691	1,257	81.9	1
Port Coquitlam	892	1,163	30.4	10
Port Moody	1,145	1,345	17.5	15
Richmond	1,177	1,340	13.8	16
Surrey	676	951	40.8	6
Vancouver	1,397	1,689	20.9	14
West Vancouver	1,615	2,118	31.1	9
White Rock	983	1,351	37.5	7
Metro Vancouver average	1,088	1,384	27.1	

Note: The Metro Vancouver average is the combined spending of the 21 Metro Vancouver municipalities divided by total municipal population.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; Statistics Canada, 2013; calculations by authors.

spent 123% more than the lowest spender (Surrey), which is a slightly smaller disparity than the 140% difference between the highest (New Westminster) and lowest spender (Surrey) in 2002. In other words, although very large differences in spending persist among the municipalities, per-person spending has converged somewhat over the last decade.

Table 4 displays the difference in per-person spending relative to the regional average for each municipality in 2002 and 2012. Unsurprisingly, West Vancouver, the highest spending municipality, has the greatest gap, spending $735 (or 53.1%) more per person in 2012 than the average. Surrey, at the other extreme, spends $432 less per person than the average (or −31.2%). Put differently, Surrey's per-person spending is approximately two thirds of the average.

Two municipalities (Coquitlam and the City of North Vancouver) go from being below average spenders in 2002 to above average spenders in 2012. By contrast, Port Moody and Richmond are the only municipalities where per-person spending follows the opposite path: above the average in 2002 and below the average in 2012. All other municipalities maintain their standing (above or below) the average in both years.

Table 4: Difference in municipal spending ($ 2012) per person compared to the Metro Vancouver average, 2002 and 2012

	2002			2012		
	$ 2012	Percent	Rank	$ 2012	Percent	Rank
Burnaby	−88	−8.1	9	−135	−9.7	13
Coquitlam	−155	−14.3	12	9	0.6	7
Delta	127	11.6	4	212	15.3	4
Langley, City of	−143	−13.1	11	−192	−13.9	14
Langley, District of	−323	−29.7	15	−115	-8.3	11
Maple Ridge	−323	−29.7	14	−245	−17.7	16
New Westminster	535	49.2	1	453	32.8	2
North Vancouver, City of	−19	−1.7	8	157	11.4	5
North Vancouver, District of	79	7.3	6	70	5.1	6
Pitt Meadows	−397	−36.5	16	−126	−9.1	12
Port Coquitlam	−197	−18.1	13	−221	−16.0	15
Port Moody	56	5.2	7	−38	−2.8	9
Richmond	89	8.1	5	−44	−3.2	10
Surrey	−413	−37.9	17	−432	−31.2	17
Vancouver	309	28.4	3	306	22.1	3
West Vancouver	527	48.4	2	735	53.1	1
White Rock	−105	−9.7	10	−32	−2.3	8

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; Statistics Canada, 2013; calculations by authors.

Summary

There is considerable variation in per-person spending levels among the 17 Metro Vancouver municipalities. West Vancouver, the highest spender in 2012 (at $2,118 per person), spends more than twice the amount of Surrey, the lowest spender (at $951 per person), and more than one-and-a-half times the regional average ($1,384 per person). But the large differences in per-person spending do not seem to be driven by population. For instance, the City of Vancouver has the largest population and is the third highest spender ($1,689 per person), while Surrey has the second largest population and is the lowest spender. Meanwhile, West Vancouver is the highest spender and has a relatively small population (6.6% the size of Vancouver's). The large differences in spending between neighbouring municipalities are especially noteworthy (for instance, New Westminster's per-person spending is nearly $600 higher than adjacent Burnaby). These differences raise important questions for future research. From 2002 to 2012, all 17 municipalities increased spending beyond the rate needed to accommodate for inflation and population growth. Put differently, no municipality contained spending increases relative to this key benchmark. But the growth in inflation-adjusted spending per person was faster in some municipalities than others. A general pattern is for municipalities that begin with relatively low spending per person to record faster growth in the subsequent decade. The opposite also tends to hold whereby initially high spenders record relatively slower spending growth.

3 Municipal Revenue

This section analyzes municipal revenue from several different angles. First, total revenue is presented in a similar format as spending. Total revenue includes transfers from other levels of government, which are outside a municipality's direct control. For this reason, data on own-source revenue levels and growth are also provided. Two key revenue sources, developer fees and property taxes, are singled out and discussed in detail.[16] All revenue data are in 2012 dollars and per person unless otherwise noted.[17]

Total revenue

Total revenue represents all revenue collected by a municipal government. It includes general taxation (mostly property taxes), the sale of services and user fees (such as for garbage collection), developer fees, and other revenue, including the gains from selling a financial or capital asset. It also includes transfers from other levels of government, which are not directly controlled by the municipal government. Figure 3 presents each source's share of total revenue for all Metro Vancouver municipalities in 2012.[18] At 47.0%, general taxation has the highest share, followed by the sale of services and user fees (33.2%), developer fees (9.2%), other revenue (5.5%), and government transfers (5.0%).

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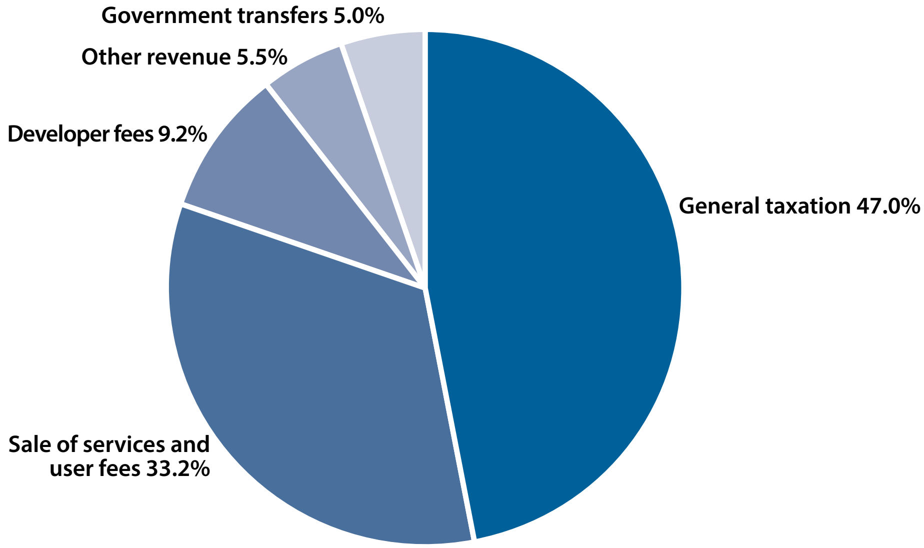
16. Developer fees are largely dedicated to growth-related capital costs such as expanding the sewage system into a new subdivision. Capital costs, however, are not included in the measure of spending used by this report.

17. Importantly, adjustments have been made to the revenue data where there have been unusual fluctuations in 2002 or 2012. Specifically, adjustments were made for Pitt Meadows and Port Moody. In both cases, adjustments were made because of unusually high levels of revenue found in the "other revenue" category of revenue sources, largely driven by the sale or revaluation of municipal financial and/or capital assets. For details on "other revenue," see Appendix 1 (p. 41). Details of the adjustments can be found in the notes to the respective tables and figures.

18. Appendix 1 (p. 41) gives a definition of the various sources of revenue while Appendix 2 (p. 42) provides a breakdown of revenue by major source in each municipality.

Figure 3: Share (%) by source of total municipal revenue in Metro Vancouver, 2012



Note: The Metro Vancouver regional district government is not included in the totals.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Table 5 presents total revenue per person in 2002 and 2012 with rankings from high to low and percentage changes over the period while **figure 4** illustrates total revenue per person for 2012 only. In 2012, West Vancouver collects the highest total revenue per person at $2,548 and Surrey collects the lowest amount at $1,451 per person. Put differently, West Vancouver collects nearly $1,100 (or 75.6%) more revenue per resident than Surrey. The average for the region is $1,916 as shown by the vertical line in figure 4.

As with spending, there are notable differences between neighbouring municipalities. For instance, in 2012 West Vancouver (ranked 1st) collects $747 more revenue per person than the adjacent District of North Vancouver (10th). Revenue per person in New Westminster (2nd) is approximately $500 higher than Burnaby (8th) next door. Delta (5th) collects about $600 more than neighbouring Surrey (17th). Among the tri-cities, Coquitlam (4th) collects much more revenue compared to Port Coquitlam (12th) and Port Moody (16th)—roughly $450 and $550 more per person, respectively.

Two municipalities (Vancouver and Delta) have the same ranking on total revenue per person in both 2002 and 2012. Specifically, Vancouver is consistently the third highest revenue collector while Delta is consistently the fifth highest.

New Westminster is initially the highest revenue collector in 2002 but falls one position to second highest in 2012. West Vancouver moves in the opposite direction. It starts in 2002 as the second highest revenue collector

Table 5: Municipal revenue per person ($ 2012) in Metro Vancouver municipalities, 2002, 2012

	2002		2012			Growth in revenue per person	
	Total revenue per person	Rank	Total revenue per person	Rank	Change in Rank	Percent	Rank
Burnaby	1,440	7	1,910	8	–1	32.6	10
Coquitlam	1,229	12	2,144	4	8	74.4	2
Delta	1,558	5	2,051	5	0	31.7	12
Langley, City of	1,243	11	1,637	14	–3	31.7	11
Langley, District of	1,085	14	1,810	9	5	66.8	3
Maple Ridge	1,060	15	1,653	13	2	56.0	4
New Westminster	1,950	1	2,424	2	–1	24.3	16
North Vancouver, City of	1,537	6	1,952	7	–1	27.0	14
North Vancouver, District of	1,418	8	1,801	10	–2	27.0	13
Pitt Meadows	888	17	1,603	15	2	80.6	1
Port Coquitlam	1,158	13	1,687	12	1	45.7	6
Port Moody	1,622	4	1,591	16	–12	-1.9	17
Richmond	1,299	9	2,002	6	3	54.1	5
Surrey	1,020	16	1,451	17	–1	42.2	7
Vancouver	1,724	3	2,167	3	0	25.7	15
West Vancouver	1,814	2	2,548	1	1	40.4	8
White Rock	1,286	10	1,709	11	–1	32.9	9
Metro Vancouver average	1,410		1,916			35.9	

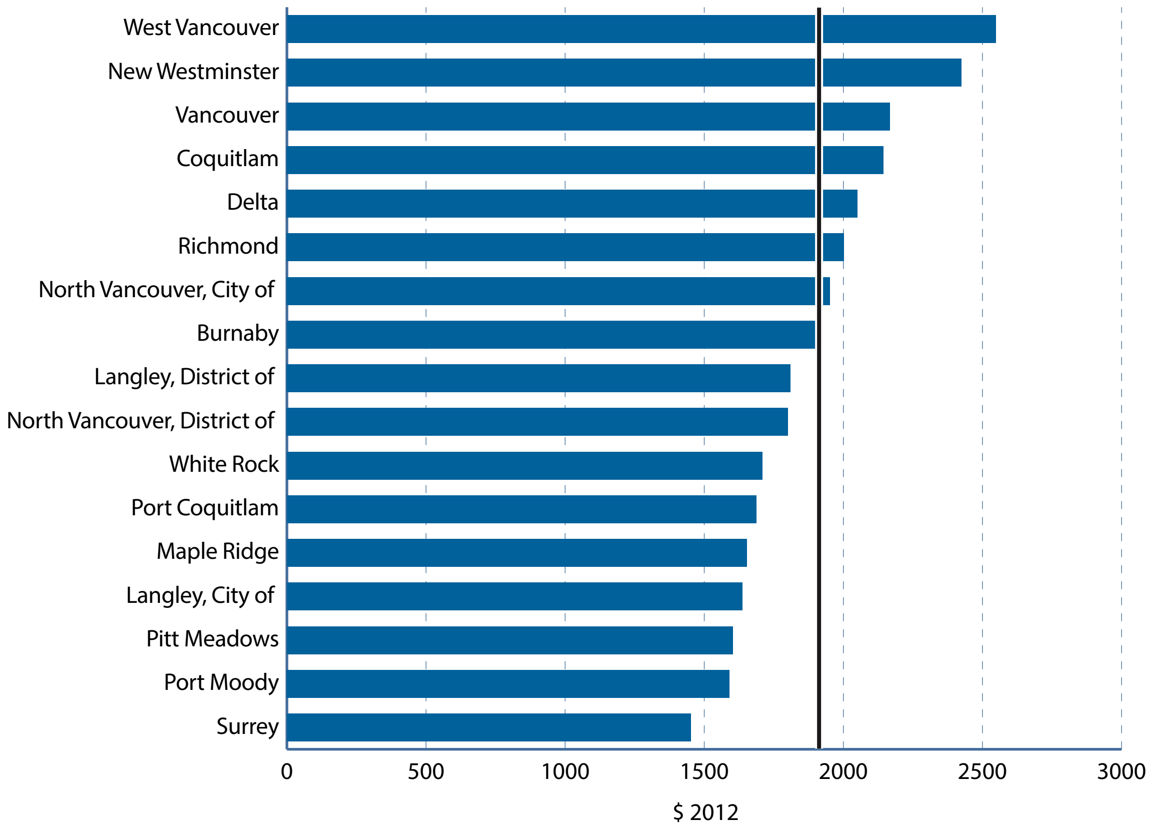
Notes: Adjustments were made to revenue figures for Pitt Meadows and Port Moody in 2012 and 2002, respectively. In both cases, adjustments were made because of unusually high levels of revenue in the "other revenue" category of revenue sources (see Appendix 1 for the definition of "other revenue"). The adjustment was made by taking the ten-year average of "other revenue" (2002–2011 for Pitt Meadows; 2003–2012 for Port Moody) and substituting that number for the actual figure when calculating total revenue per person. • Port Moody's unadjusted level of total revenue per person in 2002 is $1,955. Using this figure results in total revenue per person falling by 18.6% from 2002 to 2012 instead of 1.9%. In addition, Port Moody's unadjusted total revenue per person in 2002 is the highest among the 17 municipalities. • Pitt Meadows' unadjusted level of total revenue per person in 2012 is $2,237. Using this figure results in total revenue per person growing by 151.9% from 2002 to 2012 instead of 80.6%. In addition, Pitt Meadows' unadjusted total revenue per person in 2012 is the third highest among the 17 municipalities. • The Metro Vancouver average is the combined revenue of the 21 Metro Vancouver municipalities divided by total municipal population.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; Statistics Canada, 2013; calculations by authors.

and ends in 2012 as the highest (with $124 more revenue per person than New Westminster). At the other end of the spectrum, Surrey has the second lowest total revenue per person in 2002 and falls to lowest by 2012.

Altogether, eight municipalities (including Surrey and New Westminster) moved down the rankings on total revenue per person from 2002 to 2012. Port Moody's change is the largest, decreasing 12 spots (from

Figure 4: Municipal revenue per person ($ 2012) in Metro Vancouver municipalities, 2012



Note: Revenue in Pitt Meadows was adjusted because of unusually high levels of revenue found in the "other revenue" category of revenue sources (see Appendix 1 for the definition of "other revenue"). The adjustment was made by taking the average of "other revenue" from 2002 to 2011 and substituting that number for the actual figure when calculating total revenue per person.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

4th to 16th).[19] This 1.9% decline in total revenue over the period (from $1,622 to $1,591) and the resulting drop in ranking are largely driven by decreasing revenue from developer fees.[20] Among the other municipalities that moved

19. Port Moody's 2002 revenue is adjusted downwards due to an unusually high level of revenue from the "other revenue" category of revenue sources. The adjustment is made by replacing the 2002 figure for "other revenue" with an estimated value based on the 2003–2012 average. Port Moody's unadjusted level of total revenue per person in 2002 is $1,955. Using this figure results in total revenue per person falling by 18.6% from 2002 to 2012 instead of 1.9%. Port Moody's unadjusted total revenue per person in 2002 is also the highest among the 17 municipalities.

20. If developer fees are excluded for all municipalities, then Port Moody's total revenue per person would have grown by 30.0% from 2002 to 2012 (instead of decreasing 1.9%). Port Moody would have ranked 11th in both 2002 and 2012 (instead of 4th and 16th, respectively) with developer fees excluded.

down the revenue rankings (Burnaby, New Westminster, the City of North Vancouver, the District of North Vancouver, Surrey, and White Rock), the decline was generally between one or two positions with the exception of the City of Langley, which fell three positions (from 11th to 14th).

Seven municipalities moved up the rankings on total revenue per person. Coquitlam is an outlier shooting up eight spots from 12th ($1,229 per person) to 4th ($2,144 per person). Like Port Moody, developer fees are partly responsible for this major swing in ranking but, in the case of Coquitlam, developer fees increased, becoming a larger, not smaller, revenue source.[21] The next largest rank change is that of the District of Langley, which moved up five positions from 14th place to 9th. The rankings of the other five municipalities (Maple Ridge, Pitt Meadows, Port Coquitlam, Richmond, and West Vancouver) increased by between one and three positions.

Similar to spending, the range between the highest and lowest narrowed on total revenue per person over the decade. In 2012, West Vancouver (the highest revenue collector) collected 76% more revenue per person than Surrey (the lowest revenue collector). This is considerably smaller than the 120% range between the highest (New Westminster) and lowest revenue collector (Pitt Meadows) in 2002. The narrowing range on revenue is further evidence of municipalities converging in their financial data.

Most municipalities saw marked revenue growth, even after accounting for inflation and population growth. In fact, as a recent report found, municipal revenue in Metro Vancouver has, on average, grown faster than spending and revenue at the provincial and federal government levels (Lammam and MacIntyre, 2014).

Port Moody is the only municipality with lower total revenue per person in 2012 than in 2002, falling by 1.9%. Again, the reason for the decline is decreasing revenue per person from developer fees and the “other revenue” category. In all other municipalities, however, total revenue per person increased, from a relatively low growth rate of 24.3% in New Westminster to a high of 80.6% in Pitt Meadows. The average growth in total revenue per person for the region is 35.9%. The two largest municipalities, Vancouver and Surrey, saw total revenue grow 25.7% and 42.2%, respectively. That is, Vancouver’s revenue growth was below the average while Surrey’s was above.

Despite the very high revenue growth in Pitt Meadows (80.6%), the municipality moved up only two rankings, from the lowest total revenue

21. If developer fees are excluded for all municipalities, then Coquitlam’s total revenue per person would have grown 55.1% from 2002 to 2012 (instead of 74.4%). Coquitlam would have ranked 12th in 2002 and 8th in 2012 (instead of 12th and 4th, respectively) with developer fees excluded.

per person in 2002 (17th) to third lowest in 2012 (15th).[22] In contrast, New Westminster and Vancouver, both initially high revenue municipalities (1st and 3rd highest in 2002, respectively), have the two lowest rates of revenue growth between 2002 and 2012 (24.3% and 25.7%, respectively).

Table 6 displays the difference in total revenue per person relative to the regional average for each municipality in 2002 and 2012. In 2012, West Vancouver's total revenue per person exceeds the regional average the most, by $632 per person (or 33.0%). Surrey is under the average by the greatest amount at –$466 (or –24.3%).

Two municipalities (Coquitlam and Richmond) go from below average total revenue per person in 2002 to above average total revenue per person in 2012. On the other hand, Burnaby, the District of North Vancouver, and Port Moody go from above average total revenue per person in 2002 to below average in 2012. The other 13 municipalities maintain their standing (above or below) the average in both years.

Own-source revenue

Own-source revenue is total revenue minus transfers received from other levels of government. In other words, own-source revenue is the revenue collected directly by the municipality through municipal taxes, fees, and other levies. Own-source revenue is worth examining separately because it is revenue of which municipalities have full control and do not directly depend on another level of government for funding.[23] In other words, own-source revenue more closely reflects the fiscal policies of municipal governments, as opposed to what other levels of governments decide to provide. **Table 7** and **figure 5** provide the same breakdown as total revenue in table 5 and figure 4 but for own-source revenue.

For the most part, there is little impact on the 2012 and 2002 rankings when government transfers are excluded from total revenue. In 2012, West Vancouver continues to be the highest revenue collector on own-source revenue (at $2,517 per person) and Surrey continues to be the lowest (at $1,336

22. Total revenue for Pitt Meadows was adjusted downwards because 2012 was a year of unusually high revenue. The adjustment is made by replacing the 2012 figure for "other revenue" with an estimated value based on the average from 2002 to 2011. Pitt Meadows's unadjusted level of total revenue per person in 2012 is $2,237. Using this figure results in total revenue per person growing by 151.9% from 2002 to 2012 instead of 80.6%. In addition, Pitt Meadows's unadjusted total revenue per person in 2012 is the third highest among the 17 municipalities.

23. The Metro Vancouver regional government and Translink also receive transfers from other levels of government that benefit municipalities. Transfers from other levels of government equaled 1.1% of the regional government's total revenue in 2012.

Table 6: Difference in municipal total revenue ($ 2012) per person compared to the Metro Vancouver Average, 2002, 2012

	2002			2012		
	$ 2012	Percent	Rank	$ 2012	Percent	Rank
Burnaby	31	2.2	7	−6	−0.3	8
Coquitlam	−180	−12.8	12	228	11.9	4
Delta	148	10.5	5	135	7.1	5
Langley, City of	−167	−11.8	11	−279	−14.6	14
Langley, District of	−325	−23.0	14	−106	−5.5	9
Maple Ridge	−350	−24.8	15	−263	−13.7	13
New Westminster	540	38.3	1	508	26.5	2
North Vancouver, City of	127	9.0	6	36	1.9	7
North Vancouver, District of	8	0.6	8	−115	−6.0	10
Pitt Meadows	−522	−37.0	17	−313	−16.3	15
Port Coquitlam	−252	−17.9	13	−230	−12.0	12
Port Moody	213	15.1	4	−325	−17.0	16
Richmond	−111	−7.9	9	86	4.5	6
Surrey	−390	−27.6	16	−466	−24.3	17
Vancouver	314	22.3	3	251	13.1	3
West Vancouver	405	28.7	2	632	33.0	1
White Rock	−123	−8.7	10	−207	−10.8	11

Note: Adjustments were made to revenue figures for Pitt Meadows and Port Moody in 2012 and 2002, respectively. In both cases, adjustments were made because of unusually high levels of revenue in the "other revenue" category of revenue sources (see Appendix I for the definition of "other revenue"). The adjustment was made by taking the ten year average of "other revenue"—2002–2011 for Pitt Meadows and 2003-2012 for Port Moody—and substituting that number for the actual figure when calculating total revenue per person.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; Statistics Canada, 2013; calculations by authors.

per person). The ranking of eight municipalities in 2012 is unchanged relative to total revenue per person (Burnaby, Maple Ridge, the City of North Vancouver, Port Coquitlam, Richmond, Surrey, West Vancouver, and White Rock). Five municipalities move up one position (Delta, the District of North Vancouver, Pitt Meadows, Port Moody, and Vancouver) while three municipalities move down one position, generally reflecting relatively greater reliance on government transfer revenue (Coquitlam, the District of Langley, and New Westminster). Only one municipality moves down more than one position: the City of Langley drops two spots on own-source revenue per person.

The reason for the minimal change in rankings is that most municipalities receive relatively little of their revenue as transfers from other governments. In 2012, just 5.0% of total municipal revenues in Metro Vancouver

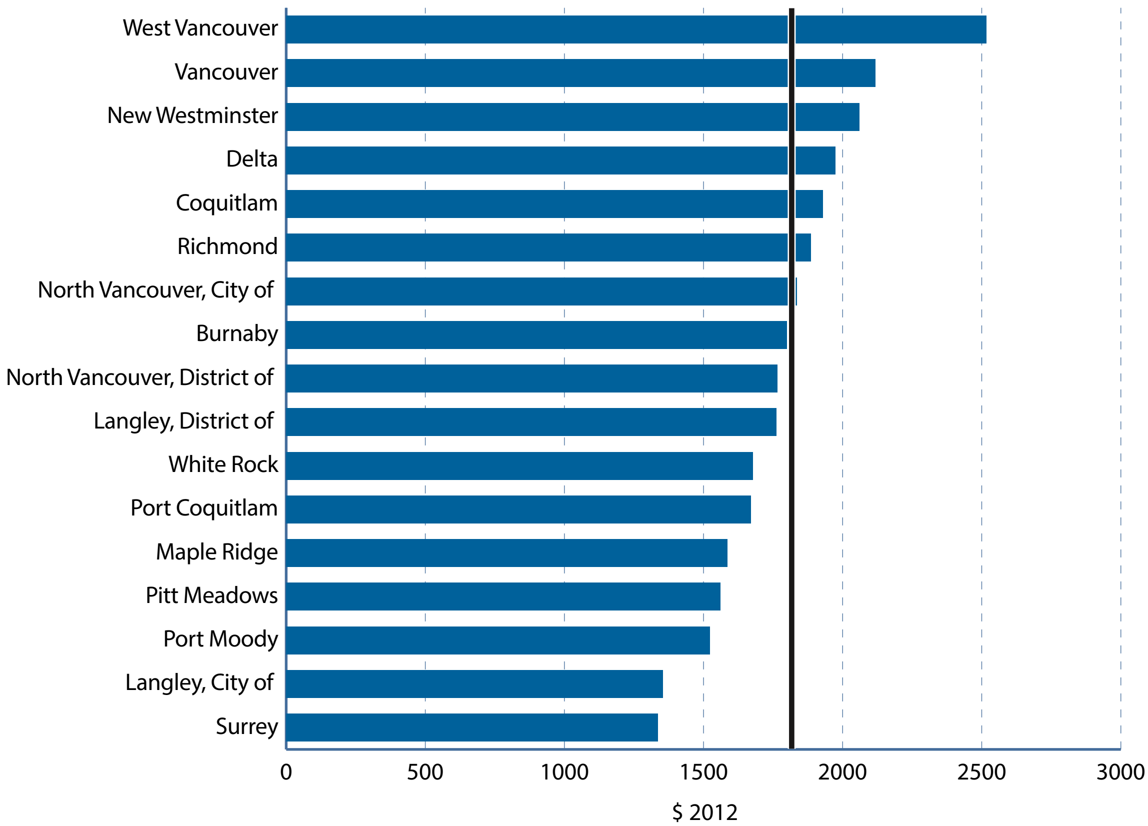
Table 7: Own-source revenue ($ 2012) per person in Metro Vancouver municipalities, 2002, 2012

	2002		2012			Growth in own-source revenue per person	
	Own-source revenue per person	Rank	Own-source revenue per person	Rank	Change in rank	Percent	Rank
Burnaby	1,359	8	1,799	8	0	32.4	9
Coquitlam	1,152	13	1,929	5	8	67.5	2
Delta	1,510	6	1,974	4	2	30.7	11
Langley, City of	1,211	11	1,354	16	−5	11.8	15
Langley, District of	1,052	14	1,762	10	4	67.5	3
Maple Ridge	996	16	1,586	13	3	59.3	4
New Westminster	1,932	1	2,061	3	−2	6.7	16
North Vancouver, City of	1,513	5	1,836	7	−2	21.3	14
North Vancouver, District of	1,401	7	1,766	9	−2	26.1	12
Pitt Meadows	862	17	1,560	14	3	81.0	1
Port Coquitlam	1,156	12	1,670	12	0	44.5	6
Port Moody	1,568	4	1,523	15	−11	−2.9	17
Richmond	1,272	9	1,886	6	3	48.3	5
Surrey	1,013	15	1,336	17	−2	31.9	10
Vancouver	1,680	3	2,118	2	1	26.1	13
West Vancouver	1,803	2	2,517	1	1	39.6	7
White Rock	1,252	10	1,677	11	−1	34.0	8
Metro Vancouver average	1,372		1,820			32.6	

Notes: Adjustments were made to revenue figures for Pitt Meadows and Port Moody in 2012 and 2002, respectively. In both cases, adjustments were made because of unusually high levels of revenue found in the "other revenue" category of revenue sources (see Appendix 1 for the definition of "other revenue"). The adjustment was made by taking the ten-year average of "other revenue" (2002–2011 for Pitt Meadows; 2003–2012 for Port Moody) and substituting that number for the actual figure when calculating own-source revenue per person. • Port Moody's unadjusted level of own-source revenue per person in 2002 is $1,901. Using this figure results in own-source revenue per person falling by 19.9% from 2002 to 2012 instead of 2.9%. In addition, Port Moody's unadjusted own-source revenue per person in 2002 is the second highest among the 17 municipalities. • Pitt Meadows' unadjusted level of own-source revenue per person in 2012 is $2,194. Using this figure results in own-source revenue per person growing by 154.4% from 2002 to 2012 instead of 81.0%. In addition, Pitt Meadows' unadjusted own-source revenue per person in 2012 is the second highest among the 17 municipalities. • The Metro Vancouver average is the combined own-source revenue of the 21 Metro Vancouver municipalities divided by total municipal population.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; Statistics Canada, 2013; calculations by authors.

Figure 5: Municipal own-source revenue per person ($ 2012) in Metro Vancouver municipalities, 2012



Note: An adjustment was made to revenue in Pitt Meadows because of unusually high levels of revenue found in the "other revenue" category of revenue sources (see Appendix 1 for the definition of "other revenue"). The adjustment was made by taking the average of "other revenue" from 2002 to 2011 and substituting that number for the actual figure when calculating total revenue per person.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

came from this source (see figure 3). In other words, the 17 municipalities are largely self-financed from a revenue standpoint, meaning they have direct authority over the bulk of funding for municipal services. However, in 2012 transfers account for well above the average share of total revenue in the City of Langley (17.3%), New Westminster (15.0%), Coquitlam (10.1%), and Surrey (7.9%) (see table A2.2).[24]

Because of the disproportionate reliance on government transfers for revenue in these four municipalities, the growth in own-source revenue per

24. Over the period from 2002 to 2012, government transfers are consistently well above the regional average as a share of total revenue in the City of Langley, New Westminster, and Coquitlam. The share of government transfers in Surrey is typically below the regional average over the same period, with 2012 being an exception.

person is much lower when compared to the growth of total revenue per person. From 2002 to 2012, the City of Langley's own-source revenue grows 11.8% (versus 31.7% for total revenue); New Westminster's own-source revenue grows just 6.7% (versus 24.3%); Surrey's own-source revenue grows 31.9% (versus 42.2%); and Coquitlam's own-source revenue grows 67.5% (compared to 74.4%).[25]

Own-source revenue growth ranges from a low of 6.7% in New Westminster to a high of 81.0% in Pitt Meadows. Also similar to total revenue, Port Moody is the only municipality to see a decline in own-source revenue on a per-person basis, though the decline is higher for own-source revenue (2.9%) than total revenue (1.9%).

Developer fees

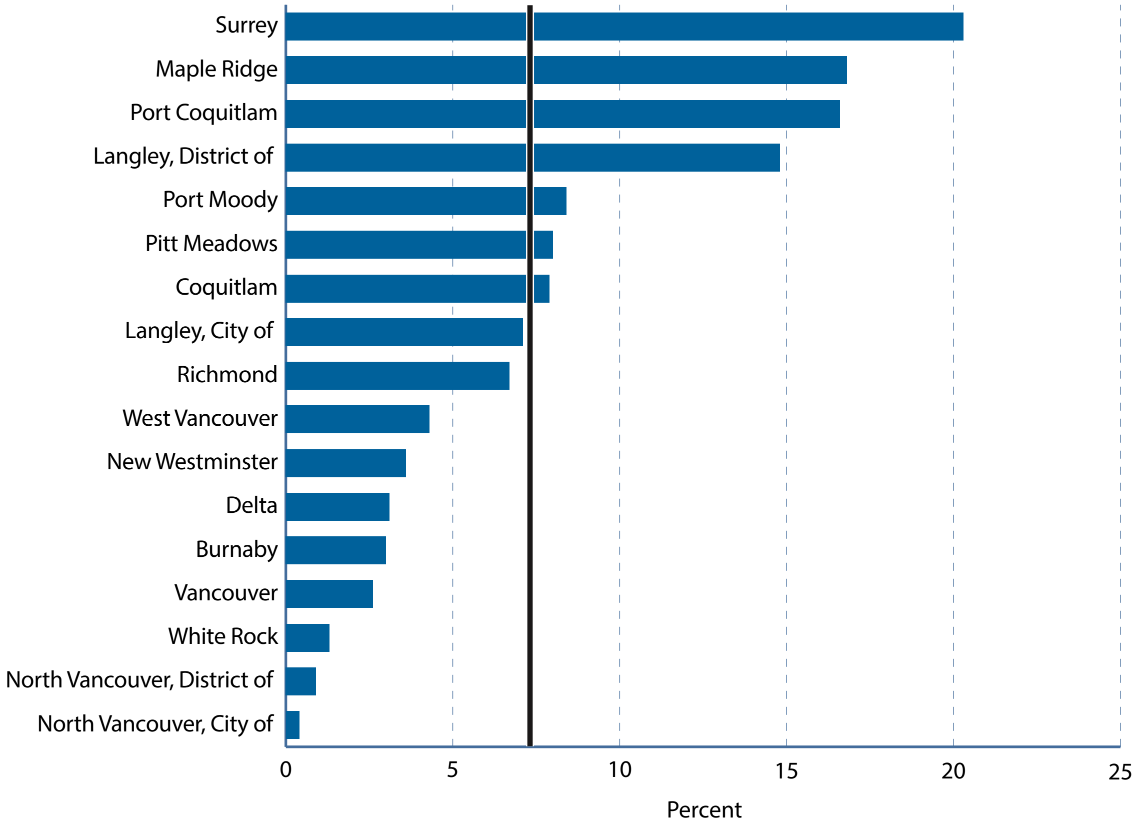
Developer fees are essentially taxes levied on developers, typically to pay for new infrastructure. In principle, they are designed so that those who enjoy the benefits of the new infrastructure pay the costs. However, in some markets (with high demand and low supply), such taxes can be passed on to homebuyers, leading to higher prices for new homes and potentially existing housing (Evens-Cowley, 2002). This is a critical issue in Metro Vancouver, which already has high home prices relative to other Canadian regions.

Developer fees can fluctuate from year to year because they are typically one-time payments from developers rather than a consistent annual source of revenue. As a result, municipal comparisons in a single year may not give an accurate measure over the longer term of the degree of reliance on this revenue source. Figure 6 presents average developer fees as a share of own-source revenue over the period from 2002 to 2012 to reduce the effect of annual fluctuations.

Between 2002 and 2012, developer fees as a share of own-source municipal revenue were, on average, 7.3% for the Metro Vancouver region. However, it is important to note that this share has grown over time (in 2012, the average share is 9.7%, up from 3.2% in 2002). And, some municipalities rely on developer fees much more than others. In seven municipalities—the City of North Vancouver, the District of North Vancouver, White Rock, Vancouver, Burnaby, Delta, and New Westminster—developer fees as a share of own-source revenue account for less than half the Metro Vancouver average. But there are four municipalities with double the average shares: Surrey, Maple Ridge, Port

25. In addition to comparing the percentage-point difference between growth in total revenue and own-source revenue, it is important to consider the percent (or proportional) difference since a relatively small percentage-point difference can result in a much a larger percent difference for municipalities with lower revenue growth than municipalities with higher revenue growth. In terms of percent difference between total revenue growth and own-source revenue growth, New Westminster has the highest percent decrease, followed by the City of Langley and Surrey. Coquitlam has the 6th highest percent change decrease, behind the City of North Vancouver (4th) and Richmond (5th).

Figure 6: Average developer fees as a percentage of own-source revenue in Metro Vancouver municipalities, 2002–2012



Note: Developer fees are mandatory fees charged to developers, typically to pay for new infrastructure.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Coquitlam, and the District of Langley. Developer fees over the decade generated, on average, one fifth (20.3%) of Surrey's own-source revenue, followed by Maple Ridge (16.8%), Port Coquitlam (16.6%), and the District of Langley (14.8%). Port Moody (8.4%), Pitt Meadows (8.0%), and Coquitlam (7.9%) also had above-average shares of own-source revenue coming from developer fees.

Given that developer fees are meant to pay for the cost of expanding infrastructure to new developments, we would expect municipalities with high developer fees as a share of own-source revenue to also have high population growth. This expectation holds true for Surrey and Port Moody, the two fastest growing municipalities between 2002 and 2012. Both have an above average share of own-source revenue coming from developer fees. However, this expectation does not hold for all fast-growing municipalities. For instance, on average 16.6% of Port Coquitlam's own-source revenue between 2002 and 2012 came from developer fees but its population grew less than one-third (4.9%) of the Metro Vancouver average (15.1%).

Table 8: Developer fees ($ 2012 millions, 2002–2012) relative to population change in Metro Vancouver municipalities, 2001-2012

	Developer fees 2002–2012 ($ 2012 millions)	Population change 2001–2012	Developer fees per new resident	
			$2012	Rank
Burnaby	126	27,753	4,524	12
Coquitlam	185	9,438	19,612	4
Delta	60	−1,235	n/a	n/a
Langley, City of	26	1,118	23,129	3
Langley, District of	252	16,388	15,388	6
Maple Ridge	199	11,609	17,100	5
New Westminster	50	11,248	4,410	14
North Vancouver, City of	4	5,285	706	16
North Vancouver, District of	15	2,714	5,566	11
Pitt Meadows	21	3,051	6,936	9
Port Coquitlam	185	4,567	40,443	1
Port Moody	41	9,255	4,452	13
Richmond	256	24,378	10,517	8
Surrey	1,217	113,539	10,721	7
Vancouver	357	95,107	3,753	15
West Vancouver	49	1,874	25,888	2
White Rock	5	749	6,294	10
Metro Vancouver average	3,074	338,272	9,087	

Notes: Developer fees are mandatory fees charged to developers, typically to pay for new infrastructure. • Delta's developer fees per new resident is "n/a" because it lost, not gained, residents over the period examined (2001–2012). White Rock is not marked "n/a" because it had positive population growth from 2001 to 2012, even though it had negative growth from 2002 to 2012.

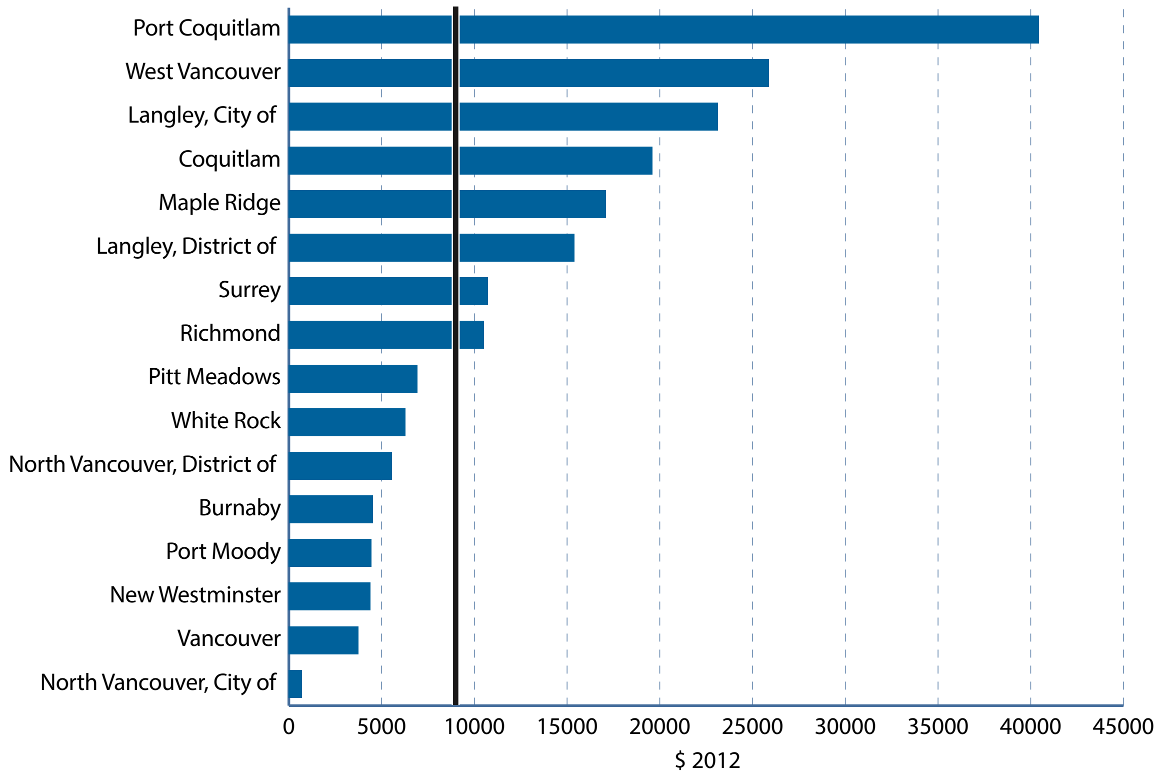
Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Another way to look at developer fees is to compare municipalities based on the sum of these fees relative to the number of new residents over a similar period (**table 8**, **figure 7**). This is an indirect way to estimate the tax on development per new resident. From 2002 to 2012, average developer fees per new resident amount to $9,087 for the region.[26] The amount among individual municipalities ranges from a low of $706 in the City of North Vancouver to a high of $40,443 in Port Coquitlam, which is a remarkably large range.[27] Port Coquitlam's developer fees per new resident are over 57 times

26. This is not an actual charge any new or existing resident has to pay. It is a hypothetical charge per new resident based on actual "developer fees" revenue and population change within a municipality.

27. Delta is excluded because it lost, not gained, residents over the period examined (2001 to 2012).

Figure 7: Total developer fees ($ 2012) per new resident in Metro Vancouver municipalities, 2002–2012



Notes: Developer fees are mandatory fees charged to developers, typically to pay for new infrastructure. • Delta is excluded from the figure because it lost, not gained, residents over the period examined (2001 to 2012).

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

higher than the amount for the City of North Vancouver.[28] Other municipalities with developer fees per new resident higher than the regional average include West Vancouver ($25,888), the City of Langley ($23,129), Coquitlam ($19,612), Maple Ridge ($17,100), the District of Langley ($15,388), Surrey ($10,721), and Richmond ($10,517). The municipalities with below average developer fees per new resident are: Pitt Meadows ($6,936), White Rock ($6,294), the District of North Vancouver ($5,566), Burnaby ($4,524), Port Moody ($4,452), New Westminster ($4,410), Vancouver ($3,753), and the City of North Vancouver ($706).

28. Port Coquitlam and District of North Vancouver are arguably outliers on the measure of developer fees per new resident. Nonetheless, the amount for the second highest municipality (West Vancouver) is still nearly seven times larger than the amount for the second lowest municipality (Vancouver).

Property tax shares

General taxation, primarily made up of property taxes but also of other taxes such as hotel taxes, accounts for roughly half of own-source municipal revenue in Metro Vancouver.[29] As a share of own-source revenue in individual municipalities in 2012, general taxation ranges from a low of 38.4% in Pitt Meadows to a high of 65.9% in Burnaby.

Table 9 displays the level of general taxation per person for each of the 17 municipalities in 2012. West Vancouver is the highest taxed municipality with revenue from general taxation amounting to $1,245 per person. Burnaby is the second-highest taxed municipality (at $1,186 per person) and Delta is the third highest ($1,149). White Rock ($1,039) and Coquitlam ($1,009) are the only other municipalities with a per-person level of general taxation over $1,000. Most of the others cluster between $800 and $900 per person, where the higher figure in this range virtually matches the regional average ($901).

Table 9: General tax revenue per person in Metro Vancouver municipalities, 2012

	Tax revenue	Rank
Burnaby	1,186	2
Coquitlam	1,009	5
Delta	1,149	3
Langley, City of	828	16
Langley, District of	887	12
Maple Ridge	843	14
New Westminster	880	13
North Vancouver, City of	939	7
North Vancouver, District of	907	10
Pitt Meadows	843	15
Port Coquitlam	916	9
Port Moody	929	8
Richmond	898	11
Surrey	574	17
Vancouver	964	6
West Vancouver	1,245	1
White Rock	1,039	4
Metro Vancouver average	901	

Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

29. In 2012, property tax revenue made up 96.8% of general taxes in Metro Vancouver (British Columbia, Ministry of Community, Sport, and Cultural Development, 2013b).

Surrey is an outlier and by far the lowest taxed municipality, with general taxation of $574 per person. In fact, Surrey's per-person tax burden is less than half (46.1%) of highest ranked West Vancouver and less than two-thirds (63.7%) of the regional average.

When it comes to property taxes, which make up the lion's share of general taxation, municipalities apply different rates for residents and businesses, with business classes almost always paying the higher rates (Bish, 2004; Kastelen, 2013). This difference in tax rates is exacerbated when one considers that businesses pay higher property taxes for fewer services in return than residents (Kastelen, 2013). For instance, a study commissioned by the City of Vancouver found that Vancouver businesses in 2006 paid $2.42 for each dollar of tax-supported services received, while residents paid $0.56 (MacKay, Pammenter, and Cook, 2007).[30]

Beyond the issue of setting tax rates based on service use, property tax rates can be an important factor in business decisions about whether or not to maintain operations, expand, or relocate (Bish, 2004). A thorough analysis of property tax differentials is beyond the scope of this paper but a preliminary investigation gives us a sense of how much municipalities rely on businesses for revenue by comparing the shares raised from business and residential classes of property taxes.

The Local Government Statistics database does not report the actual breakdown of taxes paid by residential and business classes but it does include detailed property tax estimates by year and municipality (British Columbia, Ministry of Community, Sport & Cultural Development, 2012). Included in this is an estimate of the proportions of property tax coming from residential and business classes (**table 10**, **figure 8**).[31]

In 2012, more than half of the property tax revenue in Burnaby came from business classes (52.0%). The average share for the region is 40.7% (table 10, figure 8). For most municipalities, the business share of property

30. However, another government report for the Property Tax Policy Review Commission argued that the degree to which businesses are over-taxed is overstated because businesses receive indirect benefits from municipal spending on residents (City of Vancouver, 2007). For instance, businesses benefit when the city enhances the quality of life in the community since this can help attract skilled labour.

31. It should be noted that the 2012 estimates for total property tax revenue do not perfectly match the actual 2012 property tax revenue as reported by the Local Government Statistics. For 14 of the 17 municipalities, the estimated total equals 93% of the actual and for 10 of the 14, the estimated total is over 98% of the actual. In the remaining three municipalities (Burnaby, Coquitlam, and Surrey), the ratios of estimated total property tax to actual property tax are below 88%, meaning that the estimated values are well below the actual values for total revenue from property taxes. However, an estimated value that is lower than the actual total property tax does not necessarily mean that the estimated shares of residential and business property taxes are significantly different from the actual shares although they may be.

Table 10: Residential and business share (%) of total property tax in Metro Vancouver municipalities, 2012 estimates

	Residential	Business
Burnaby	48.0	52.0
Coquitlam	60.8	39.2
Delta	54.6	45.4
Langley, City of	53.0	47.0
Langley, District of	61.1	38.9
Maple Ridge	77.4	22.6
New Westminster	60.8	39.2
North Vancouver, City of	53.4	46.6
North Vancouver, District of	72.0	28.0
Pitt Meadows	60.7	39.3
Port Coquitlam	56.2	43.8
Port Moody	67.4	32.6
Richmond	53.6	46.4
Surrey	68.7	31.3
Vancouver	54.9	45.1
West Vancouver	92.1	7.9
White Rock	89.0	11.0
Metro Vancouver average	59.3	40.7

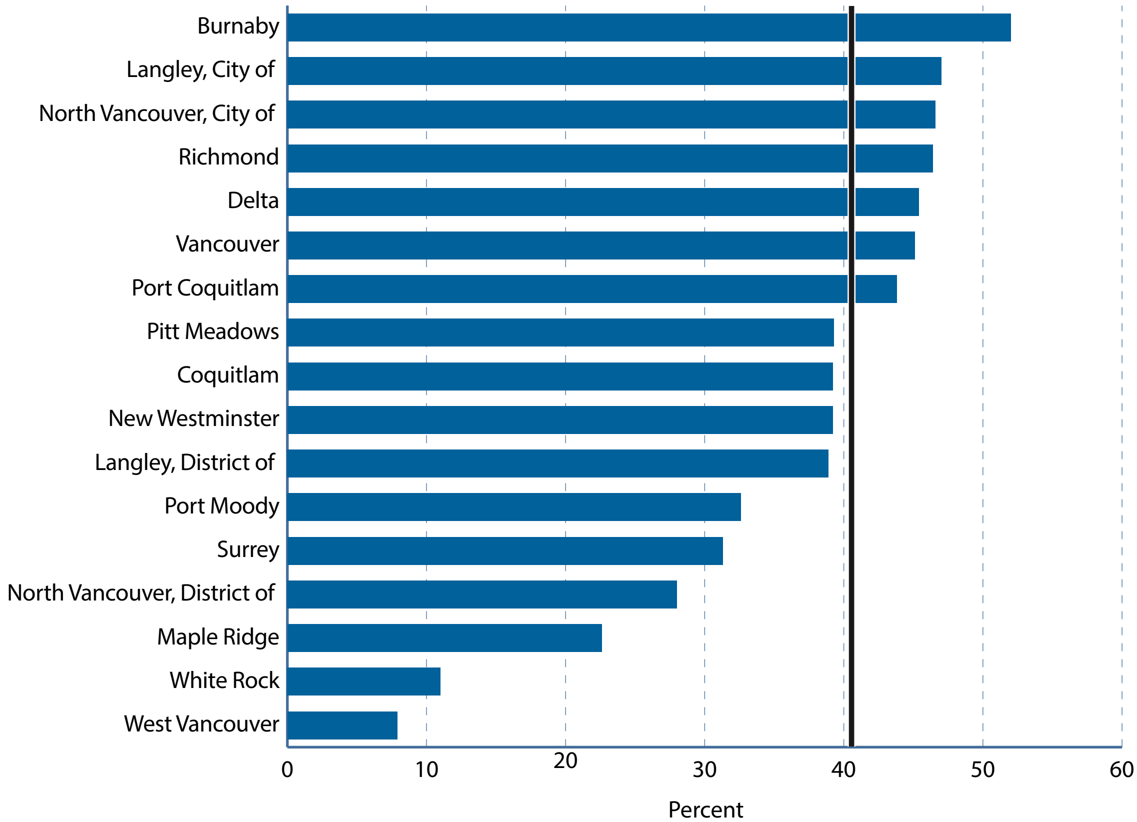
Note: The 2012 estimates for total property tax revenue do not perfectly match the actual 2012 property tax revenue as reported by the Local Government Statistics. For 14 of the 17 municipalities, the estimated total equals 93% of the actual and for 10 of the 14, the estimated total is over 98% of the actual. In the remaining three municipalities (Burnaby, Coquitlam, and Surrey), the ratios of estimated total property tax to actual property tax are below 88%, meaning that the estimated values are well below the actual values for total revenue from property taxes. However, an estimated value that is lower than the actual total property tax does not necessarily mean that the estimated shares of residential and business property taxes are significantly different from the actual shares although they may be.

Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2012.

tax revenue falls in the range of 38.9% to 47.0%; only four are below 30% (the District of North Vancouver, Maple Ridge, White Rock, and West Vancouver). The municipalities that rely more heavily on business classes for property tax revenue are: Burnaby (52.0%), the City of Langley (47.0%), the City of North Vancouver (46.6%), Richmond (46.4%), Delta (45.4%), Vancouver (45.1%), and Port Coquitlam (43.8%), as demonstrated by their above average shares in figure 8. At 7.9%, West Vancouver has the lowest share, relying much less on business classes.

The variation among municipalities in their reliance on business property taxes depends, in part, on the size of the business property tax base (the value of assessed properties) and, in part, on the tax rates. Municipalities have direct control over the latter but less so over the former, although there

Figure 8: Business property tax shares (%) in Metro Vancouver municipalities, 2012 estimates



Note: The 2012 estimates for total property tax revenue do not perfectly match the actual 2012 property tax revenue as reported by the Local Government Statistics. For 14 of the 17 municipalities, the estimated total equals 93% of the actual and for 10 of the 14, the estimated total is over 98% of the actual. In the remaining three municipalities (Burnaby, Coquitlam, and Surrey), the ratios of estimated total property tax to actual property tax are below 88%, meaning that the estimated values are well below the actual values for total property tax revenue. However, an estimated value that is lower than the actual total property tax does not necessarily mean that the estimated shares of residential and business property taxes are significantly different from the actual shares, although they may be.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2012.

is a feedback loop whereby lower rates can encourage a larger tax base.[32] The ratio of business property tax rates to residential rates is another indicator of whether, and to what extent, business property taxpayers are "over-taxed"

32. It should be noted that the shares of property taxes will vary depending on the composition of taxpaying units. Some municipalities have long had little in the way of a commercial or industrial presence because of the nature of their land base and historical settlement patterns. In these cases, one would not expect that business and industry would carry a large share of the local property tax burden. Other municipalities are naturally more commercial or industrial intensive because they host the region's central business district, lie along the Fraser River or the Burrard Inlet, are home to ports, and/or are traversed by major railways.

Table 11a: Residential and business tax rates in Metro Vancouver municipalities, 2012

	Residential		Heavy Industry		General Business	
	Rate	Rank	Rate	Rank	Rate	Rank
Burnaby	2.2	14	47.3	2	10.1	7
Coquitlam	3.0	10	29.2	10	14.1	1
Delta	3.3	7	33.7	6	10.7	6
Langley, City of	3.7	3	n/a	n/a	8.6	13
Langley, District of	3.2	9	8.9	15	9.5	9
Maple Ridge	4.1	1	36.3	4	11.8	5
New Westminster	3.5	6	30.3	9	13.6	2
North Vancouver, City of	2.4	11	33.2	7	9.1	10
North Vancouver, District of	2.4	12	41.2	3	8.5	14
Pitt Meadows	3.7	2	35.4	5	11.9	4
Port Coquitlam	3.7	4	13.7	12	13.1	3
Port Moody	3.3	8	61.9	1	9.8	8
Richmond	2.0	16	14.4	11	7.5	15
Surrey	2.4	13	11.4	14	7.1	16
Vancouver	2.0	15	32.0	8	8.8	11
West Vancouver	1.8	17	13.2	13	4.8	17
White Rock	3.6	5	n/a	n/a	8.7	12
Average of 17 municipalities	3.0		29.5		9.9	

Notes: Heavy industry covers businesses such as manufacturing and cargo loading facilities that fall into the province's property class 4. • General business covers businesses such as retail stores and hotels that fall into the province's property class 6. • The City of Langley and White Rock do not have a property tax rate for heavy industry (class 4) because there are no heavy industry properties in either municipality. • In cases where a municipality has an "n/a", the average is taken of fewer than 17 municipalities.

Source: British Columbia, Ministry of Community, Sport & Cultural Development, 2012.

and effectively subsidizing lower residential rates for households. A high ratio implies that businesses are taxed more than residents. Throughout the province, different property tax rates are applied to different types of businesses, so that there are multiple ratios between business rates and residential rates.[33] For the purposes of this preliminary investigation, **table 11a** and **table 11b** display the ratios for the heavy-industry business property tax rate and the general business property tax rate.[34]

33. In total, there are eight classes of business property tax rates: utilities, supportive housing, heavy industry, light industry, general business, managed forest, recreation, and farms.

34. Heavy industry covers businesses such as manufacturing and cargo loading facilities that fall into the province's property class 4 while general business covers businesses such as retail stores and hotels that fall into the province's property class 6.

Table 11b: Ratio of business to residential tax rates in Metro Vancouver municipalities, 2012

	Heavy Industry		General Business	
	Ratio	Rank	Ratio	Rank
Burnaby	21.2	1	4.5	2
Coquitlam	9.6	7	4.7	1
Delta	10.1	6	3.2	9
Langley, City of	n/a	n/a	2.3	17
Langley, District of	2.8	15	3.0	13
Maple Ridge	8.9	9	2.9	14
New Westminster	8.6	10	3.8	5
North Vancouver, City of	14.0	5	3.8	4
North Vancouver, District of	17.4	3	3.6	7
Pitt Meadows	9.5	8	3.2	10
Port Coquitlam	3.7	14	3.5	8
Port Moody	18.7	2	3.0	12
Richmond	7.2	12	3.8	6
Surrey	4.9	13	3.0	11
Vancouver	15.8	4	4.3	3
West Vancouver	7.3	11	2.6	15
White Rock	n/a	n/a	2.4	16
Average of 17 municipalities	10.6		3.4	

Notes: Heavy industry covers businesses such as manufacturing and cargo loading facilities that fall into the province's property class 4. • General business covers businesses such as retail stores and hotels that fall into the province's property class 6. • The City of Langley and White Rock do not have a property tax rate for heavy industry (class 4) because there are no heavy industry properties in either municipality. • In cases where a municipality has an "n/a", the average is taken of fewer than 17 municipalities.

Source: British Columbia, Ministry of Community, Sport & Cultural Development, 2012.

The City of Langley and White Rock do not have a property tax rate for heavy industry because there are no heavy industry properties in either municipality.[35] Among the remaining 15 municipalities, Burnaby has the highest property tax ratio for heavy industry (21.2), which is double the average of this group of municipalities (10.6), and Port Moody has the second highest (18.7). The municipality with the lowest heavy industry ratio is the District of Langley (2.8). Vancouver has the fourth highest ratio (15.8), while Surrey has the third lowest (4.9).

35. Shannon Johnston, Manager, Budget and Accounting, City of White Rock, personal communication, September 29, 2014; Darrin Leite, Director of Corporate Services, City of Langley, personal communication, September 29, 2014.

Interestingly, three of the municipalities with the four highest shares of developer fees relative to own-source revenue in figure 6 (the District of Langley, Port Coquitlam, and Surrey) have the lowest property tax ratios for heavy industry to residential rates. Maple Ridge is the fourth and its heavy industry to residential ratio (8.9) is below the average (10.6).

There is much less variation on the ratios of general business to residential property tax rates. Coquitlam has the highest ratio (4.7) and the City of Langley has the lowest ratio (2.3). The average ratio is 3.4. Vancouver is above the average with the third highest ratio (4.3) and Surrey is below the average with eleventh highest (3.0).

Summary

As with spending, there is great variation in per-person revenue levels among the 17 Metro Vancouver municipalities. In 2012, West Vancouver collected the most revenue per person ($2,548)—nearly $1,100 more per person than Surrey ($1,451), which collected the least, and one-third above the regional average ($1,916). Very large differences also exist between neighbouring municipalities in the amount of revenue they collect per person. After accounting for population growth and inflation, Port Moody is the only municipality that experienced a reduction in revenue per person (albeit a slight reduction of 1.9%). All other municipalities saw substantial revenue growth over the decade. Pitt Meadows experienced the fastest growth at 80.6% and New Westminster had the slowest positive revenue growth (24.3%). For the region as a whole, inflation-adjusted revenue per person grew faster than spending (35.9% compared to 27.1%). When it comes to relying on developer fees as a source of revenue, Surrey, Maple Ridge, Port Coquitlam, and the District of Langley all had a much greater average share from this revenue source over the decade than the other municipalities. On property taxes, another key revenue source, some municipalities rely more heavily on businesses, as opposed to residents. Burnaby has the largest property tax share coming from businesses at 52.0% and West Vancouver has the lowest at 7.9% (the range for most municipalities is between 38.9% and 47.0%). Burnaby also relies more heavily on business property taxes as measured by its ratio of property tax rates on business classes to the residential class.

4 Municipal Debt and Interest Expenditures

For a complete picture of the state of municipal finances, we now turn to the overall financial position—that is, the difference between a municipality's financial assets and liabilities.[36] This section provides a snapshot of the financial position of the 17 Metro Vancouver municipalities and discusses the immediate financial cost of long-term debt (debt outstanding for more than a year), namely interest expenditures.

Overall financial position

A municipality's overall financial position is the difference between the government's gross liabilities and financial assets. Gross liabilities, as defined in the Local Government Statistics database, are a combination of long-term debt and other forms of liabilities including pension obligations.[37] Financial assets include assets such as cash and other liquid investments. It is important to account for financial assets because municipalities with more financial assets can afford higher levels of gross liabilities since they can liquidate the financial assets if necessary.

All but two of the 17 Metro Vancouver municipalities have net financial assets of greater value than liabilities (**table 12**). The two exceptions are West Vancouver and the City of Vancouver, which have net liabilities exceeding their assets.[38] Vancouver, the more notable exception, has net liabilities of $402 per person compared to Burnaby's net assets of $2,914 per person.

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36. Metro Vancouver municipalities have a number of different types of financial assets as well as different types of liabilities (including long-term debt). For a complete list, see Appendix 1 (p. 41).

37. For a detailed discussion of government liabilities, see Palacios, MacIntyre, and Lammam, 2014.

38. For a detailed analysis of the City of Vancouver's liabilities, see MacIntyre and Lammam, 2014.

Table 12: Net financial assets or liabilities ($ 2012) per person in Metro Vancouver municipalities, 2012

	$ 2012	Rank
Burnaby	2,914	1
Coquitlam	1,282	6
Delta	1,075	7
Langley, City of	1,415	5
Langley, District of	264	15
Maple Ridge	418	12
New Westminster	369	13
North Vancouver, City of	2,270	3
North Vancouver, District of	802	8
Pitt Meadows	421	11
Port Coquitlam	698	10
Port Moody	703	9
Richmond	2,346	2
Surrey	318	14
Vancouver	−402	17
West Vancouver	−20	16
White Rock	1,780	4
Metro Vancouver average	715	

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Municipalities tend to have net financial assets partially because of limitations placed on the accumulation of municipal debt set out by the provincial government.[39] For example, BC municipalities can only use long-term debt to pay for capital projects such as a bridge or a building. By contrast, the federal and provincial governments often accumulate debt to pay for operating spending. Another important limitation is that, in most cases, municipal debt must be approved by the municipal council, the regional district board, the provincial government, and an organization called the Municipal Finance Authority (MacIntyre and Lammam, 2014).[40] Notably, the City of Vancouver is the only exception to this rule and can issue government debt on its own authority. It is also just one of two municipalities among the group to be in a net liabilities position.

39. For a discussion on provincial regulations limiting municipal debt, see MacIntyre and Lammam, 2014.

40. The Municipal Finance Authority (MFA) also typically issues municipal bonds.

Interest expenditure

When municipal governments incur debt, they must pay interest on that debt just like the rest of us. These annual interest expenditures consume government resources and displace other forms of operating spending. More money used to pay interest means less available for public services that Metro Vancouver residents care about. **Table 13** and **figure 9** display the resources spent on interest expenditure by measuring such spending as a percentage of total operating spending.

Vancouver, one of two municipalities with net liabilities, spends the most on interest relative to total operating spending (3.6%). In West Vancouver, the other municipality in a net liabilities position, interest expenditures consume a relatively small amount of operating spending, just 0.6% or 13th highest among the 17 municipalities. Burnaby and the City of Langley both have zero interest expenditures and the City of North Vancouver has sufficiently low interest expenditures that it consumes less than one tenth of a percent of the municipality's operating spending. Overall, 1.9% of total Metro Vancouver municipal operating spending goes towards interest expenditures.

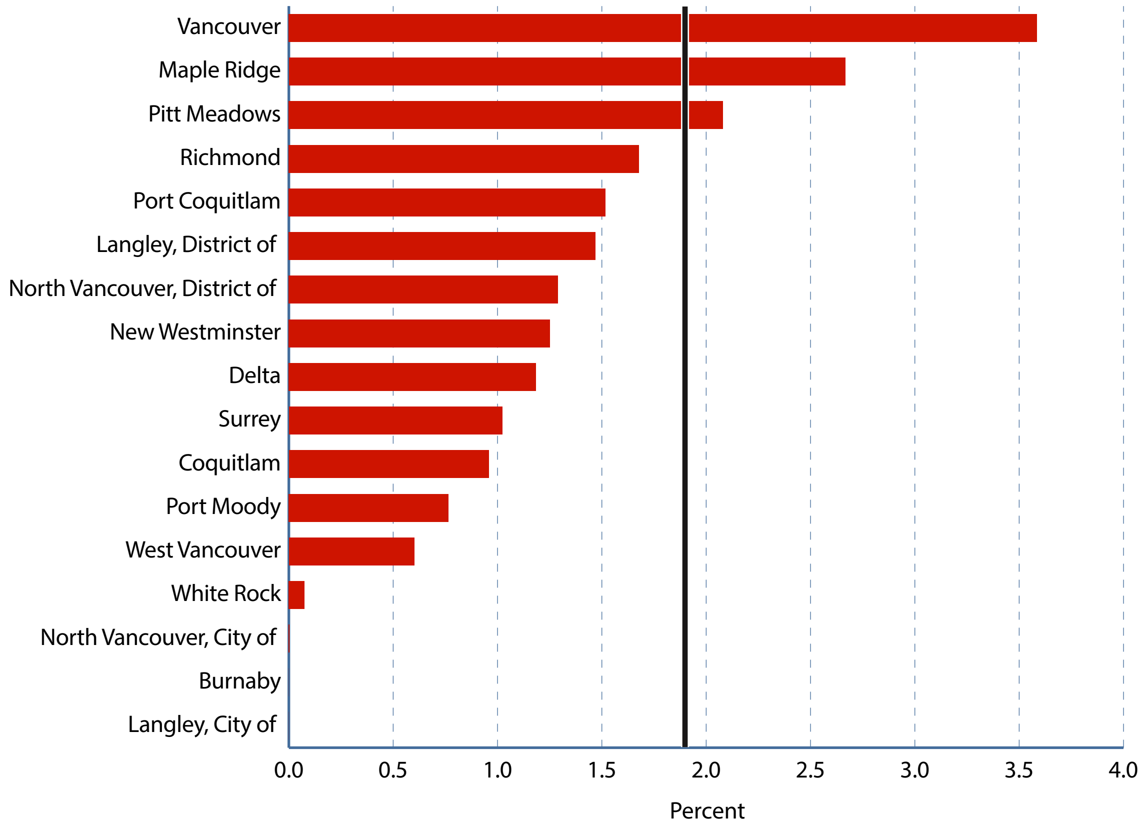
Table 13: Interest expenditure ($ 2012 thousands) by Metro Vancouver municipalities and share (%) of total operating spending, 2012

	Interest expenditure ($ 2012 thousands)	Share (%)	Rank
Burnaby	0.0	0.0	16
Coquitlam	1,731	1.0	11
Delta	1,897	1.2	9
Langley, City of	0.0	0.0	16
Langley, District of	2,005	1.5	6
Maple Ridge	2,373	2.7	2
New Westminster	1,575	1.3	8
North Vancouver, City of	3	0.0	15
North Vancouver, District of	1,678	1.3	7
Pitt Meadows	487	2.1	3
Port Coquitlam	1,033	1.5	5
Port Moody	356	0.8	12
Richmond	4,495	1.7	4
Surrey	4,696	1.0	10
Vancouver	40,376	3.6	1
West Vancouver	564	0.6	13
White Rock	19	0.1	14
Metro Vancouver total	63,478	1.9	

Note: The City of Langley and Burnaby have no interest expenditures. Interest expenditure by the City of North Vancouver is 0.00375% of operating spending. • The total includes all 21 Metro Vancouver municipalities.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Figure 9: Interest expenditure as a share (%) of operating spending in Metro Vancouver municipalities, 2012



Note: The City of Langley and Burnaby have no interest expenditures. Interest expenditure by the City of North Vancouver is 0.00375% of operating spending.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Summary

Virtually all Metro Vancouver municipalities examined in this report are in a net financial assets position. Vancouver and West Vancouver are the only two in a net liabilities position (gross liabilities greater than financial assets). Vancouver, the more notable exception, has net liabilities of $402 per person compared to Burnaby's net assets of $2,914 per person. Vancouver, unique in its ability to issue government debt on its own authority, also has the highest interest expenditure relative to its operating spending (3.6%). Provincial regulations that require balanced operating budgets and that limit provincial debt accumulation play an important role in keeping municipal debt low.

Conclusion

Municipal governments provide important public services and collect taxes from residents but municipal finances do not receive the same amount of public scrutiny as the finances of more senior governments. This can pose a problem for taxpayers and voters who want to understand how their municipal government performs, especially compared to other municipalities. To help create awareness and encourage debate, this report presents key comparative information on the state of government finances in 17 Metro Vancouver municipalities.

The report finds that municipalities differ considerably in their spending and revenue levels and the growth in these variables from 2002 to 2012. On spending, West Vancouver is the highest spender in 2012, spending more than twice per person ($2,118) than Surrey ($951), the lowest spender, and more than one-and-a-half times the regional average ($1,384). Interestingly, the large differences in per person spending do not seem to be driven by population. For instance, Vancouver has by far the largest population of the group (666,517) and is the third highest spender while Surrey has the second largest population (over 482,725) and is the lowest spender. The large differences in spending between neighbouring municipalities are especially noteworthy given that municipalities presumably provide similar baskets of services. These differences raise important questions for future research. From 2002 to 2012, all 17 municipalities increased spending beyond the rate needed to accommodate for inflation and population growth. In other words, no municipality contained spending increases relative to this key benchmark. But the growth in inflation-adjusted spending per person was faster in some municipalities than others. A general pattern is for municipalities that begin with relatively low spending per person to record faster growth in the subsequent decade. The opposite also tends to hold: municipalities that initially were high spenders record relatively slower spending growth.

As with spending, there is great variation in per-person revenue levels among the 17 Metro Vancouver municipalities. In 2012, West Vancouver collected the most revenue per person ($2,548)—nearly $1,100 more per person than Surrey ($1,451), which collected the least, and one-third above the regional average ($1,916). Notably, large differences exist between neighbouring municipalities in terms of the amount of revenue they collect per

person. After accounting for population growth and inflation, Port Moody is the only municipality that experienced a reduction in revenue per person (albeit a slight reduction). All other municipalities saw substantial growth, though there is much variation. For the region as a whole, inflation-adjusted revenue per person grew faster than spending from 2002 to 2012 (35.9% compared to 27.1%).

When it comes to developer fees, which are essentially taxes levied on developers, Surrey, Maple Ridge, Port Coquitlam, and the District of Langley all relied more heavily on this revenue source than other municipalities over the decade analyzed. However, a high reliance on developer fees can have adverse implications because research shows that, in some markets (with high demand and low supply), such taxes can be passed on to homebuyers, leading to higher prices for new homes and potentially existing housing. This is a critical issue for Metro Vancouver, which already has high home prices relative to other Canadian regions.

On property taxes, another key revenue source, some municipalities rely more heavily on businesses, as opposed to residents. Burnaby has the largest property tax share coming from businesses at 52.0% and West Vancouver has the lowest at 7.9% (the range for most municipalities is between 38.9% and 47.0%). Burnaby also relies more heavily on business property taxes as measured by its ratio of property tax rates on business classes to the residential class.

However, imposing too heavy a property tax burden on businesses can have negative economic consequences since property tax rates can influence business decisions about whether or not to maintain operations, expand, or relocate. This is particularly important for Vancouver, which in many ways is the economic hub of the region. Yet the share of Vancouver's property tax revenue coming from businesses (45.1%) is above the regional average (40.7%) and the city has one of the highest ratios of business to residential property tax rates. For instance, Vancouver's heavy industry tax ratio is more than three times that of Surrey, the next largest municipality by population.

Finally, the report finds that virtually all 17 Metro Vancouver municipalities are in a net financial assets position. Vancouver and West Vancouver are the only two in a net liabilities position (gross liabilities greater than financial assets). Vancouver, the more notable exception, has net liabilities of $402 per person compared to Burnaby's net assets of $2,914 per person. Vancouver, unique in its ability to issue government debt on its own authority, also has the highest interest expenditure relative to its operating spending (3.6%). Provincial regulations that require balanced operating budgets and that limit provincial debt accumulation play an important role in keeping municipal debt low.

Appendix 1: Description of the Local Government Statistics

Each year, municipal governments in British Columbia are required by the provincial government to submit information on municipal finances for the previous calendar year. That information is then organized into spreadsheets and posted online as the Local Government Statistics (http://www.cscd.gov.bc.ca/lgd/infra/statistics_index.htm). At the time of writing, the online information goes back to 2005; earlier data are available upon request to the Ministry. The financial information is reported in accordance to the Generally Accepted Accounting Practices established by the Public Sector Accounting Board. Details on how municipalities are expected to report their financial information can be found in the *Municipal LGDE Help Manual* (British Columbia, Ministry of Community, Sport, and Cultural Development, 2013a).

Definitions

The Local Government Statistics database presents spending and revenue by categories that are defined in the *Municipal LGDE Help Manual*. For the purposes of this report, and for ease of presentation, some of these categories have been combined. Table A1.1 provides information on what is included in each category of spending as used in this report. It also indicates which category or categories are equivalent in the Local Government Statistics database. Table A1.2 performs the same function for revenue sources. Table A1.3 provides a list of financial assets and liabilities.

Table A1.1: Definition of spending categories

Spending	Includes spending on:	Category (-ies) from the Local Government Statistics Database
General government	central administration, central finance, central human resources, and central information systems; also includes spending related to legislative activity.	General government
Parks, recreation, and culture	green space, trails, beaches, playing fields, gold courses, ski areas, public squares, swimming pools, skating rinks, curling rinks, excerise areas, libraries, galleries, museums, community halls, performing arts theatres, and heritage conservation programs.	Parks, recreation, and culture
Protective services	police operations, fire protection operations, bylaw enforcement operations, and other protective services such as emergency preparedness.	Protective services
Solid waste and utilities	the collection, storage, handling, treatment, transportation, discharge, and destruction of solid waste; providing drinkable and irrigation water; gathering, treating, transporting, storing, utilizing, or discharging sewage or reclaimed water.	Solid Waste management and recycling; water services; and sewer services
Transportation and transit	transit vehicles and other equipment, transit buildings (including offices), transportation administration, pedestrian walkways, motor vehicle inspections, snow removal, and municipal parking.	Transportation and transit
Other spending	social services, public health, and enviromental health but excluding services related to water, sewer, garbage, and drainage; land use planning, zoning, subdivision and development planning, planning research and studies, economic development projects, agricultural development, business licensing, conventions and tourism, and business improvement areas; any municipal function that does not fall under the previous categories, such as cemetaries and airports; other expenses that do not easily fit into any of the other functional categories.	Health, social services and housing; development services; other services; other adjustments

Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2013b.

Table A1.2: Definition of revenue sources

Revenue	Includes revenue from:	Category (-ies) from the Local Government Statistics Database
General taxation	property taxes of all classes, business taxes, hotel tax, and all payments in place of taxes levied against other governments and government agencies. It also includes interest and penalities on taxes paid late.	Total own purpose taxation and grants in lieu
Sale of services and user fees	user fees for water, sewer, solid waste, parks, recreation and culture centres/activities, and transportation; also includes other user fees such as licenses permits and fines unrelated to taxation; in addition to user fees this variable also includes sales to other governments (such as the sale of bulk water from one municipality to another).	Sale of services
Developer fees	charges imposed on developers to provide certain municipal infrastructure including water, sewer, drainage, parkland, and roads.	Developer contributions
Government transfers	entitlements, cost sharing agreements, and grants; it also includes the revenue from the Gas Tax Program; does not include: payment for goods or services, funds that are expected to be repaid in part or full, transfers with the expectation of financial return (interest or dividends), payments in place of taxes.	Transfers from federal government; transfers from provincial government; transfers from regional and other governments
Other revenue	financial assets; government business enterprises and government business partnerships; the gain or loss recognized from the disposal (or revaluing) of financial and capital assets; other sources that do not fit into another category.	Investment income; income from government business enterprise; disposition of assets; other revenue

Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2013b.

Table A1.3: Definition of financial assets and liabilities

	Includes:
Financial Assets	cash and investments, taxes receivable, amounts receivable, Municipal Finance Authority deposits, loans receivable, property held for resale, government business enterprise equity, and other assets and investments that do not fall into one of the other categories.
Liabilities	accounts payable, restricted revenue, deferred revenue, long-term debt (including debt guarantees), capital leases, future obligations (such as employee pensions), and other liabilties that do not fit into the other categories

Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2013b.

Accounting changes

From 2001 to 2012, there are two important accounting changes that affect the Local Government Statistics. Starting in 2002, the information contained in the Local Government Statistics is presented in a manner consistent with the Generally Accepted Accounting Practices. The second change started in 2008 when the treatment of capital spending moved from a cash basis to an accrual basis, with full implementation taking place in 2009. Rather than record the total cost of a capital project at the outset, the spending was recorded by spreading the cost over the life of the project. To ensure consistency, the spending categories “capital spending” before the change and “amortization” after the change were excluded from our analysis.

A 2008 accounting change also included a change in the way revenue was presented. The categories of “investment income” and “income from government business enterprise” were added in 2008. At the same time, two categories that appeared in previous years were terminated: “actuarial adjustments” and “other investment income”. These categories are not strictly comparable but, combined appropriately with other categories, allow for a direct year-to-year comparison. To this end, the authors combined the pre-2008 categories of “other investment income”, “other revenue”, “actuarial adjustment”, and “disposition of assets” to make them equivalent to the combined post-2007 categories of “investment income”, “other revenue”, “income from government business enterprise”, and “disposition of assets”.

Appendix 2: Spending and Revenue per Person by Major Category

Table A2.1: Municipal spending per person in Metro Vancouver municipalities, 2012

	Operating spending	General Government		Protective services		Solid Waste and Utilities		Transport / Transit		Parks and Recreation		Other	
	Dollars	Dollars	Percent of total	Dollars	Percent of total	Dollars	Percent of total	Dollars	Percent of total	Dollars	Percent of total	Dollars	Percent of total
Burnaby	1,249	172	13.8	397	31.8	292	23.4	85	6.8	278	22.3	23	1.9
Coquitlam	1,393	122	8.8	386	27.7	342	24.6	229	16.4	264	19.0	49	3.5
Delta	1,596	178	11.2	567	35.5	347	21.7	190	11.9	269	16.8	45	2.8
Langley, City of	1,192	125	10.5	496	41.6	261	21.9	95	8.0	183	15.4	32	2.7
Langley, District of	1,269	156	12.3	402	31.7	221	17.4	133	10.5	238	18.7	119	9.3
Maple Ridge	1,139	151	13.3	375	33.0	256	22.5	104	9.1	222	19.5	30	2.7
New Westminster	1,837	205	11.1	508	27.6	218	11.9	146	8.0	298	16.2	463	25.2
North Vancouver, City	1,541	236	15.3	394	25.6	353	22.9	65	4.2	373	24.2	119	7.7
North Vancouver, Dist.	1,454	158	10.8	408	28.0	389	26.8	90	6.2	361	24.8	49	3.4
Pitt Meadows	1,257	213	16.9	343	27.3	292	23.2	123	9.8	238	18.9	49	3.9
Port Coquitlam	1,163	111	9.5	380	32.7	293	25.2	109	9.4	250	21.5	20	1.7
Port Moody	1,345	130	9.7	451	33.5	224	16.7	58	4.3	309	23.0	172	12.8
Richmond	1,340	139	10.3	363	27.1	329	24.6	160	11.9	294	21.9	55	4.1
Surrey	951	81	8.5	347	36.5	271	28.5	53	5.6	153	16.1	46	4.9
Vancouver	1,689	270	16.0	503	29.8	302	17.9	146	8.7	371	22.0	97	5.7
West Vancouver	2,118	239	11.3	626	29.6	444	21.0	124	5.9	570	26.9	114	5.4
White Rock	1,351	190	14.0	486	35.9	170	12.6	203	15.0	263	19.4	40	3.0
Metro Vancouver average.	1,384	176	12.7	428	30.9	298	21.5	121	8.7	284	20.5	77	5.6

Notes: In 2012, the District of Langley, New Westminster, and Port Moody have high "other spending" relative to other municipalities, but this is not unusual for these municipalities. The average "other spending" per person from 2002 to 2012 are: $86 in the District of Langley, $404 in New Westminster, and $166 in Port Moody. • Spending refers to a municipal government's operating spending—that is, spending on public services such as policing, utilities, garbage, parks, and others. It includes debt payments related to that category's activity (by design of the database) but excludes capital spending. • Spending on transportation and transit by Metro Vancouver municipalities does not include spending by TransLink or, in the case of West Vancouver, spending that is reimbursed by TansLink. Municipal services such as road maintenance and municipal parking are included in transportation and transit.

Source: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Table A2.2: Municipal revenue per person in Metro Vancouver municipalities, 2012

	Total Revenue	Taxation Revenue		Sale of Services / User Fees		Developer Fees		Gov't Transfer Revenue		Other	
	Dollars	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
Burnaby	1,910	1,186	62.1	187	9.8	56	2.9	112	5.8	370	19.4
Coquitlam	2,144	1,009	47.1	473	22.1	312	14.5	216	10.1	134	6.3
Delta	2,051	1,149	56.0	640	31.2	65	3.2	77	3.8	120	5.9
Langley, City of	1,637	828	50.6	389	23.8	155	9.5	283	17.3	-18	-1.1
Langley, District of	1,810	887	49.0	501	27.7	282	15.6	49	2.7	92	5.1
Maple Ridge	1,653	843	51.0	432	26.1	286	17.3	67	4.1	25	1.5
New Westminster	2,424	880	36.3	1,125	46.4	38	1.6	363	15.0	19	0.8
North Vancouver, City	1,952	939	48.1	626	32.1	39	2.0	116	6.0	232	11.9
North Vancouver, Dist	1,801	907	50.4	803	44.6	19	1.1	35	1.9	36	2.0
Pitt Meadows	2,237	843	37.7	551	24.7	112	5.0	43	1.9	687	30.7
Port Coquitlam	1,687	916	54.3	486	28.8	286	16.9	17	1.0	-18	-1.0
Port Moody	1,591	929	58.4	523	32.8	14	0.9	69	4.3	57	3.6
Richmond	2,002	898	44.9	714	35.7	159	8.0	116	5.8	115	5.7
Surrey	1,451	574	39.6	424	29.2	290	20.0	115	7.9	48	3.3
Vancouver	2,167	964	44.5	931	43.0	144	6.7	49	2.3	79	3.6
West Vancouver	2,548	1,245	48.9	1,127	44.2	127	5.0	31	1.2	17	0.7
White Rock	1,709	1,039	60.8	608	35.6	12	0.7	33	1.9	18	1.1
Metro Vancouver average	1,916	901	47.0	636	33.2	176	9.2	97	5.0	106	5.5

Notes: Total revenue per person in Pitt Meadows differs from the value found in table 5 because in this table total revenue has not been adjusted. • Burnaby and Pitt Meadows have unusually high values for "other revenue" in 2012, relative to their 2002 to 2012 averages and to the Metro Vancouver average. In addition, the value for City of North Vancouver is well above the Metro Vancouver average but is actually lower than its 2002 to 2012 average.
Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Appendix 3: Municipal Summary Profiles, 2012

Burnaby	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,249	13	1,384	−135	−9.7
Total Revenue	1,910	8	1,916	−6	−0.3
Own-Source Revenue	1,799	8	1,820	−21	−1.1
Developer Fees as a Share of Own-Source Revenue	3.0	13	7.3	−4.3	−59.1
Business Property Tax Share	52.0	1	40.7	11.3	27.9
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	21.2	1	10.6	10.5	99.1
Interest Expenditure as a Share of Spending	0.0	16	1.9	−1.9	n/a

Notes for Summary Profiles

The tables presented here replicate the material presented in the paper. All values are in dollars per person unless otherwise noted. • The Metro Vancouver average is the combined revenue of the 21 Metro Vancouver municipalities divided by total municipal population except for the variable measuring the ratio of heavy industry to residential property tax rates, which is an average of a smaller number of municipalities (15). • Developer fees are presented as an average share of own-source revenue over the period 2002 to 2012 to reduce the effect of annual fluctuations. • The business property tax share is based on an estimate provided by the municipality. It should be noted that the 2012 estimates for total property tax revenue do not perfectly match the actual 2012 property tax revenue as reported by the Local Government Statistics. For 14 of the 17 municipalities, the estimated total equals 93% of the actual and for 10 of the 14, the estimated total is over 98% of the actual. In the remaining three municipalities (Burnaby, Coquitlam, and Surrey) the ratios of estimated total property tax to actual property tax are below 88%, meaning that the estimated values are well below the actual values for total property tax revenue. However, an estimated value that is lower than the actual total property tax does not necessarily mean that the estimated shares of residential and business property taxes are significantly different from the actual shares although they may be. • The City of Langley and White Rock do not have a property tax rate for heavy industry (property class 4) because there are no heavy industry properties in either municipality.

Sources: British Columbia, Ministry of Community, Sport and Cultural Development, 2012; British Columbia, Ministry of Community, Sport and Cultural Development, 2013a; calculations by authors.

Coquitlam	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,393	7	1,384	9	0.6
Total Revenue	2,144	4	1,916	228	11.9
Own-Source Revenue	1,929	5	1,820	109	6.0
Developer Fees as a Share of Own-Source Revenue	7.9	7	7.3	0.6	7.7
Business Property Tax Share	39.2	10	40.7	−1.5	−3.6
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	9.6	7	10.6	−1.0	−9.4
Interest Expenditure as a Share of Spending	1.0	11	1.9	−0.9	−49.5

Delta	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,596	4	1,384	212	15.3
Total Revenue	2,051	5	1,916	135	7.1
Own-Source Revenue	1,974	4	1,820	154	8.5
Developer Fees as a Share of Own-Source Revenue	3.1	12	7.3	−4.2	−56.9
Business Property Tax Share	45.4	5	40.7	4.7	11.7
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	10.1	6	10.6	−0.5	−4.9
Interest Expenditure as a Share of Spending	1.2	9	1.9	−0.7	−37.6

Langley, City of	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,192	14	1,384	−192	−13.9
Total Revenue	1,637	14	1,916	−279	−14.6
Own-Source Revenue	1,354	16	1,820	−466	−25.6
Developer Fees as a Share of Own-Source Revenue	7.1	8	7.3	−0.2	−3.3
Business Property Tax Share	47.0	2	40.7	6.4	15.6
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	n/a	n/a	n/a	n/a	n/a
Interest Expenditure as a Share of Spending	0.0	16	1.9	−1.9	−100.0

Langley, District of	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,269	11	1,384	−115	−8.3
Total Revenue	1,810	9	1,916	−106	−5.5
Own-Source Revenue	1,762	10	1,820	−58	−3.2
Developer Fees as a Share of Own-Source Revenue	14.8	4	7.3	7.5	102.4
Business Property Tax Share	38.9	11	40.7	−1.7	−4.2
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	2.8	15	10.6	−7.9	−73.9
Interest Expenditure as a Share of Spending	1.5	6	1.9	−0.4	−22.6

Maple Ridge	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,139	16	1,384	−245	−17.7
Total Revenue	1,653	13	1,916	−263	−13.7
Own-Source Revenue	1,586	13	1,820	−233	−12.8
Developer Fees as a Share of Own-Source Revenue	16.8	2	7.3	9.5	129.6
Business Property Tax Share	22.6	15	40.7	−18.0	−44.3
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	8.9	9	10.6	−1.8	−16.5
Interest Expenditure as a Share of Spending	2.7	2	1.9	0.8	40.4

New Westminster	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,837	2	1,384	453	32.8
Total Revenue	2,424	2	1,916	508	26.5
Own-Source Revenue	2,061	3	1,820	242	13.3
Developer Fees as a Share of Own-Source Revenue	3.6	11	7.3	−3.7	−51.2
Business Property Tax Share	39.2	9	40.7	−1.5	−3.6
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	8.6	10	10.6	−2.1	−19.6
Interest Expenditure as a Share of Spending	1.3	8	1.9	−0.6	−34.1

North Vancouver, City of	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,541	5	1,384	157	11.4
Total Revenue	1,952	7	1,916	36	1.9
Own-Source Revenue	1,836	7	1,820	16	0.9
Developer Fees as a Share of Own-Source Revenue	0.4	17	7.3	−6.9	−94.7
Business Property Tax Share	46.6	3	40.7	6.0	14.6
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	14.0	5	10.6	3.3	31.2
Interest Expenditure as a Share of Spending	0.0	15	1.9	−1.9	−99.8

North Vancouver, District of	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,454	6	1,384	70	5.1
Total Revenue	1,801	10	1,916	−115	−6.0
Own-Source Revenue	1,766	9	1,820	−54	−3.0
Developer Fees as a Share of Own-Source Revenue	0.9	16	7.3	−6.4	−87.2
Business Property Tax Share	28.0	14	40.7	−12.7	−31.1
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	17.4	3	10.6	6.8	63.6
Interest Expenditure as a Share of Spending	1.3	7	1.9	−0.6	−32.1

Pitt Meadows	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,257	12	1,384	−126	−9.1
Total Revenue	1,603	15	1,916	−313	−16.3
Own-Source Revenue	1,560	14	1,820	−259	−14.3
Developer Fees as a Share of Own-Source Revenue	8.0	6	7.3	0.7	9.1
Business Property Tax Share	39.3	8	40.7	−1.3	−3.3
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	9.5	8	10.6	−1.1	−10.7
Interest Expenditure as a Share of Spending	2.1	3	1.9	0.2	9.6

Port Coquitlam	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,163	15	1,384	−221	−16.0
Total Revenue	1,687	12	1,916	−230	−12.0
Own-Source Revenue	1,670	12	1,820	−150	−8.2
Developer Fees as a Share of Own-Source Revenue	16.6	3	7.3	9.3	127.3
Business Property Tax Share	43.8	7	40.7	3.1	7.7
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	3.7	14	10.6	−6.9	−65.3
Interest Expenditure as a Share of Spending	1.5	5	1.9	−0.4	−20.1

Port Moody	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,345	9	1,384	−38	−2.8
Total Revenue	1,591	16	1,916	−325	−17.0
Own-Source Revenue	1,523	15	1,820	−297	−16.3
Developer Fees as a Share of Own-Source Revenue	8.4	5	7.3	1.1	15.7
Business Property Tax Share	32.6	12	40.7	−8.0	−19.8
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	18.7	2	10.6	8.1	75.8
Interest Expenditure as a Share of Spending	0.8	12	1.9	−1.1	−59.7

Richmond	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,340	10	1,384	−44	−3.2
Total Revenue	2,002	6	1,916	86	4.5
Own-Source Revenue	1,886	6	1,820	67	3.7
Developer Fees as a Share of Own-Source Revenue	6.7	9	7.3	−0.6	−8.8
Business Property Tax Share	46.4	4	40.7	5.8	14.2
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	7.2	12	10.6	−3.4	−32.2
Interest Expenditure as a Share of Spending	1.7	4	1.9	−0.2	−11.6

Surrey	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	951	17	1,384	−432	−31.2
Total Revenue	1,451	17	1,916	−466	−24.3
Own-Source Revenue	1,336	17	1,820	−484	−26.6
Developer Fees as a Share of Own-Source Revenue	20.3	1	7.3	13.0	177.6
Business Property Tax Share	31.3	13	40.7	−9.3	−23.0
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	4.9	13	10.6	−5.8	−54.4
Interest Expenditure as a Share of Spending	1.0	10	1.9	−0.9	−46.1

Vancouver	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,689	3	1,384	306	22.1
Total Revenue	2,167	3	1,916	251	13.1
Own-Source Revenue	2,118	2	1,820	298	16.4
Developer Fees as a Share of Own-Source Revenue	2.6	14	7.3	−4.7	−64.6
Business Property Tax Share	45.1	6	40.7	4.4	10.8
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	15.8	4	10.6	5.2	48.8
Interest Expenditure as a Share of Spending	3.6	1	1.9	1.7	88.9

West Vancouver	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	2,118	1	1,384	735	53.1
Total Revenue	2,548	1	1,916	632	33.0
Own-Source Revenue	2,517	1	1,820	698	38.4
Developer Fees as a Share of Own-Source Revenue	4.3	10	7.3	−3.0	−41.6
Business Property Tax Share	7.9	17	40.7	−32.8	−80.6
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	7.3	11	10.6	−3.4	−31.5
Interest Expenditure as a Share of Spending	0.6	13	1.9	−1.3	−68.3

White Rock	Value	Rank	Metro Vancouver average	Difference	
				Number	Percent
Operating Spending	1,351	8	1,384	−32	−2.3
Total Revenue	1,709	11	1,916	−207	−10.8
Own-Source Revenue	1,677	11	1,820	−143	−7.8
Developer Fees as a Share of Own-Source Revenue	1.3	15	7.3	−6.0	−81.6
Business Property Tax Share	11.0	16	40.7	−29.7	−73.0
Ratio of Business (Heavy Industry) to Residential Property Tax Rates	n/a	n/a	n/a	n/a	n/a
Interest Expenditure as a Share of Spending	0.1	14	1.9	−1.8	−96.1

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