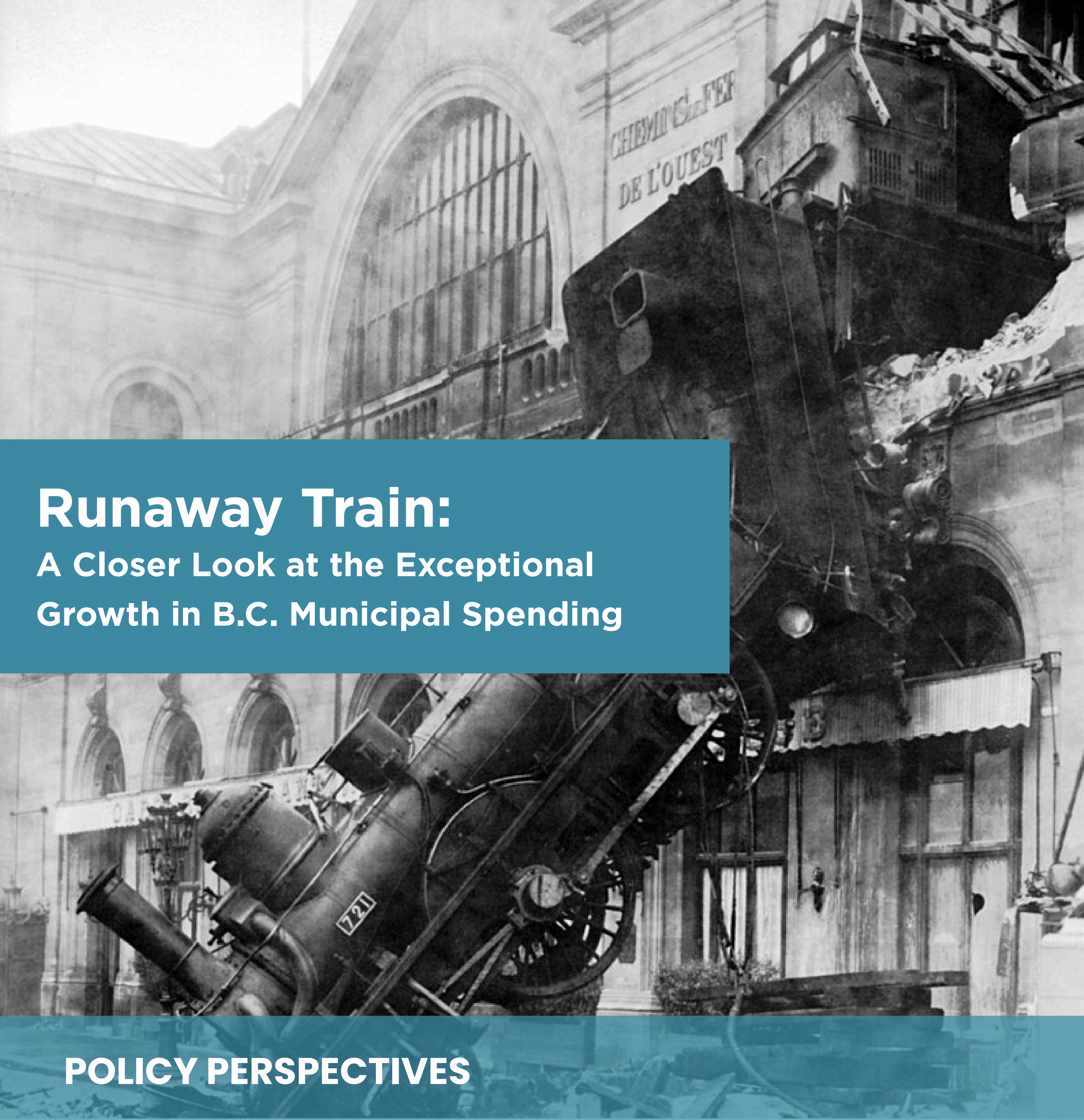

Runaway Train:

A Closer Look at the Exceptional Growth in B.C. Municipal Spending

POLICY PERSPECTIVES

September 2025

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Shaping B.C.'s Future Together

Exceptionally high property tax inflation in B.C. has been a prominent contributor to declining affordability over the past decade or more. This is a direct consequence of runaway growth in municipal operating expenses, which are principally funded by property taxes.

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Highlights

- British Columbians face serious affordability challenges. A prominent contributor to declining affordability in B.C. over the past decade or more has been exceptionally high property tax inflation. This is a direct consequence of runaway growth in municipal operating expenses, which are principally funded by property taxes.
- Property taxes on owner-occupied housing in the B.C. consumer price index (CPI) increased by a staggering 94% from January 2010 to July 2025. This was more than double the rate of overall CPI inflation (42%), and nearly double the rate of property tax inflation nationally (54%). These figures would be even higher if they included the indirect impact on consumer prices from property tax hikes on businesses and landlords.
- Our analysis of the latest available decade of municipal *operating* spending data for 2013-23 shows that nearly four out of five B.C. municipalities grew real (i.e., inflation-adjusted) spending faster than population growth, often significantly so. This is true across every region.
- Over 2013–23, "excess spending" (i.e., the additional amount municipalities spent beyond what would normally be expected if spending had kept pace with population growth and inflation) totalled nearly $3.8 billion (in real 2023 dollars), or $831 per capita. In other words, municipalities spent significantly more than what rising costs and a larger population alone can explain.
- Municipalities are still spending most of their operating budgets on "core" responsibilities like policing, sanitation, parks, staffing, and transit. Yet spending has risen much faster than demographics or inflation can explain. Unless there has been a commensurate improvement in core service quality, the data may indicate they are being delivered less efficiently.
- Spending on "non-core" responsibilities including health, housing and social services has skyrocketed – despite these being areas of provincial responsibility. This raises questions about whether there has been an implicit downloading of responsibilities by the province, a decision by municipal leaders to broaden their mandate, or an inefficient duplication of activities between provincial and local governments. Perhaps municipalities have become less efficient at delivering core services *because* they are distracted by scope creep.
- In B.C.'s largest regional district, Metro Vancouver, nominal operating spending soared by 71% over 2013-23, far outpacing population growth and inflation. Total "excess spending" in Metro Vancouver over 2013-23 – above what population growth and inflation would justify – was about $275 million, or $100 per capita (note, this is in addition to the "excess spending" by municipalities). The increase was concentrated in core service areas, which may indicate dwindling efficiency. There was also a significant increase in spending on "other services and adjustments", a vaguely defined category that doubled its budget share and grew by over 200% in real terms. For a regional government lacking transparency and democratic accountability, these patterns are concerning.
- To prevent further deterioration in affordability, we recommend tying municipal spending growth to population and inflation, restoring independent provincial oversight, linking spending to service outcomes, and reviewing both municipal mandates and Metro Vancouver's governance to improve accountability and efficiency.

1. Introduction: The affordability squeeze

This report focuses on municipal operating spending growth in B.C., which has contributed to declining affordability as evidenced by exceptionally high property tax inflation. As discussed below, property taxes and special charges are levied by municipalities and the province as a share of assessed property values. Property tax revenues fund the lion's share of municipal operating expenses.[1]

British Columbians face serious affordability challenges. Between January 2010 and July 2025, consumer prices as measured by Statistics Canada's consumer price index (CPI, see **Box 1**) increased by 42%. Had the CPI matched the Bank of Canada's 2% per annum target for national inflation over the period, B.C. consumer prices would have risen by only 36%. In other words, British Columbians suffered "excess inflation" of 6% over the period. As the Bank's mandate focuses on keeping *future* inflation at 2% per annum, the loss of consumer purchasing power incurred over 2010-25 is likely permanent.[2]

Property taxes on owner-occupied housing in the B.C. CPI have increased by a staggering 94% since 2010, the 6th highest increase among the roughly 300 goods and services in the CPI basket (**Table 1**). The increase was on par with price increases for water utilities, internet services, fresh vegetables, and fresh or frozen pork, which tend to attract more attention. However, among the top ten goods and services price increases in the B.C. CPI over 2010-2025, property taxes had the largest weight in the CPI basket at a little over 2%.[3]

Figure 1 compares changes in property taxes with overall consumer prices in B.C. and Canada from 2010 to 2025. **The 94% increase in property taxes in the B.C. CPI was more than double the pace of overall CPI inflation (42%). It was also *nearly double* the rise in property taxes across Canada (54%).**[4] Thus, by several metrics, property tax inflation in B.C. has been exceptionally high over a long period.

As jaw-dropping as the above figures may be, they are *only a lower estimate* of the effect of property tax inflation on consumer prices. This is because they only consider the CPI impact of property taxes *directly* paid by owner-occupied homeowners. They do not include the *indirect* effect of property tax inflation on: *businesses*, who over time pass costs on to consumers as higher prices for goods and services; or *landlords*, who over time pass costs on to tenants (especially new tenants) through higher rents. If the indirect impacts were considered, the total impact of property tax inflation on consumer prices and affordability would likely be even higher.

Box 1

What are property taxes and special charges in the CPI?

"The property tax index measures changes through time in the amount of taxes levied on a constant sample of owner-occupied dwellings in selected municipalities. This sample of property taxes paid, obtained from municipal offices, is used to obtain an estimate of the average property taxes by city. These average values, which are a function of municipal and provincial tax rates and residential property values, are entered as prices in the current and previous periods' unit value index calculation. Changes in property taxes and related special charges are reflected once a year, in the October reference month of the CPI."

Source: Statistics Canada (2023).

[1] Statistics Canada's Property Tax Index captures both municipal and provincial levies. In B.C., this includes the provincial School Tax, a levy collected by municipalities on behalf of the province and used to fund the K-12 public education system through the provincial general revenue fund. Each year, the province resets school tax rates by school district. Note that for residential properties, the rates are set so that average provincial revenue per home increases in line with overall B.C. CPI inflation.

[2] See BCBC's *Sticker Shock* series for further reading: Williams 2024a, Williams 2024b, Williams 2024c.

[3] This is important because the weight reflects how much an item contributes to overall inflation: the higher the weight, the greater its impact.

[4] Note that the data is not seasonally adjusted. The "sawtooth" pattern reflects that annual property tax increases are included in the series by Statistics Canada each October.

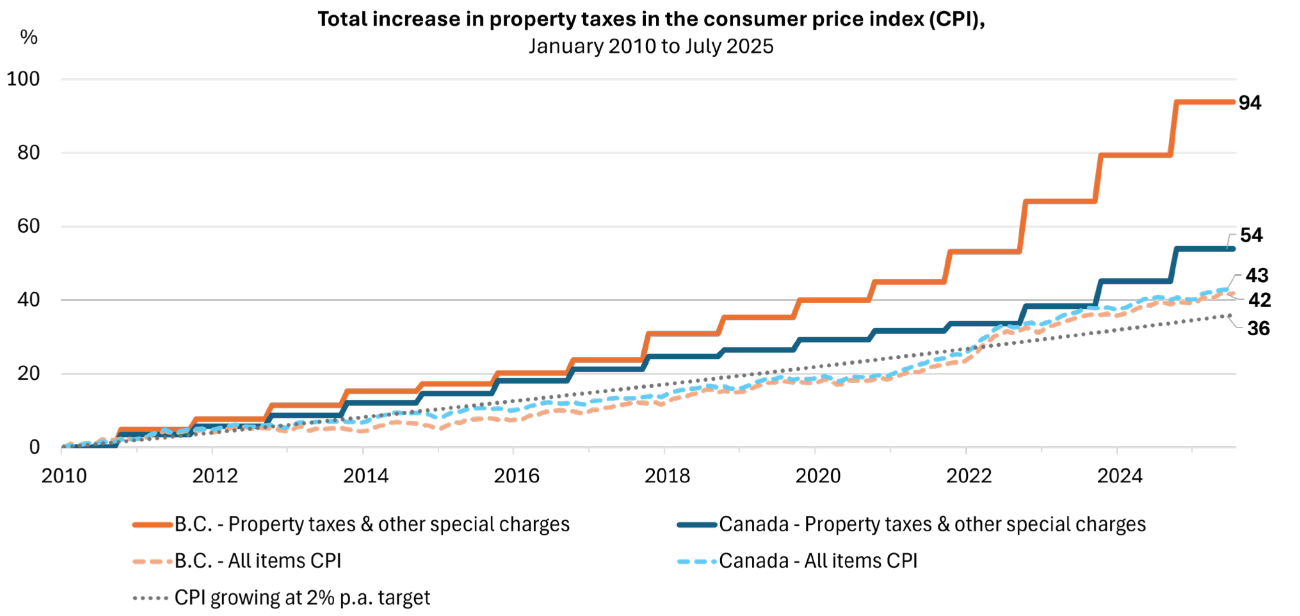
Table 1

Top ten price increases among B.C. CPI components, January 2010 to July 2025

Rank	CPI component	Total price increase (%)	CPI basket weight 2024 (%)
1	Fresh or frozen beef	192	0.3
2	Homeowners' home and mortgage insurance	146	1.7
3	Cigarettes	133	0.7
4	Traveller accommodation	113	1.1
5	Water utilities	95	0.6
6	**Property taxes and other special charges**	**94**	**2.2**
7	Internet access services	93	1.3
8	Fresh vegetables	93	0.9
9	Fresh or frozen pork	92	0.3
10	Video and audio subscription services	87	0.7
	TOTAL CPI - actual	**42**	**100**

Figure 1

B.C. property taxes have roughly doubled since 2010



Source: Statistics Canada; BCBC

2. What drives property tax increases? Municipal spending growth

A common misconception is that higher property taxes are triggered by rising property prices and property value assessments. This might lead one to assume that B.C.'s exceptional property *tax* inflation is a consequence of increases in property *values*. However, this is not how municipal finances work.

Provincial legislation prohibits municipalities from planning to run an operating deficit (see here).[5] Planned expenditures cannot exceed planned revenues. That said, an unplanned deficit from the previous year can be carried forward as an expenditure in the current year. Councils determine their annual operating expenditures. They must then raise revenues through property taxes, user fees, permit and licensing fees, transfers from reserves, transfers from federal and provincial governments, and other sources to *match* those expenditures.[6]

Councils can decide how much revenue to raise from each source. Although it varies across municipalities, property taxes are typically the main revenue source (generally around 50-60% of revenues). BC Assessment values guide councils as to how to divide the property tax burden among property owners to generate the required revenue. Councils allocate the tax burden among residential, commercial, industrial, and other property classes. They then set mill rates (dollars of property tax per $1,000 of assessed value) for each class to raise the required revenue. Note that if planned spending is held constant, and property prices have risen (fallen) compared to the previous year, mill rates would decrease (increase). Alternatively, if planned spending increases (decreases), but property values were unchanged from the previous year, mill rates would rise (fall).

In short, municipal spending growth drives property tax inflation. It also drives increases in user fees, permit and licensing fees, and demands for transfers from federal and provincial tax revenues – all of which decrease affordability.[7]

In short, municipal spending growth drives property tax inflation. It also drives increases in user fees, permit and licensing fees, and demands for transfers from federal and provincial tax revenues - all of which decrease affordability.

[5] Municipal capital projects in B.C. can be financed through current revenues, reserve funds (including development cost charge reserves), leases or partnering agreements, and borrowing. Long-term borrowing requires adoption of a loan authorisation bylaw and approval by the Inspector of Municipalities, with debt servicing costs capped at 25% of municipal revenues under the Community Charter.

[6] Lammam et. al (2014), and more recently Bloor et al. (2022), compare municipal finances in Metro Vancouver.

[7] Note, developer cost charges cannot be used to fund municipal operating spending, only capital spending associated with new infrastructure and amenities. However, they do contribute to new home price inflation. For example, the Urban Development Institute (2023) estimates that the value of the taxes and fees paid by the builder as part of the development process in the City of Vancouver, including charges from Metro Vancouver, makes up around 30% of the potential price of a new condo, and around 34% of the potential rent in a new purpose-built rental building.

3. The municipal spending surge driving B.C.'s exceptional property tax Inflation

Using data from the B.C. Ministry of Housing and Municipal Affairs' *Local Government Statistics* (Schedule 402: Expenses), we examined operating expenditures for 154 municipalities over the most recent available ten-year period from 2013 to 2023.[8] This dataset is based on the audited financial statements that municipalities are legally required to submit to the province each year under section 167 of the *Community Charter*. Note our analysis covers only *operating* spending, not *capital* spending.

3.1 Overall spending

The aggregate results reveal a clear and widespread pattern: local governments have steadily increased operating spending over the past decade, often far faster than population growth or CPI inflation. **Of the 154 B.C. municipalities, 120 (78%) saw real spending increase faster than municipal population growth.[9] Moreover, 69 municipalities (45%) recorded a real spending growth to population growth rate gap equal to or greater than 1 percentage point (pp) annually.** A gap of 1pp each year may not sound like much, but over a decade it compounds into real spending that is more than 10% higher per capita than population growth would justify. Our findings align with a previous BCBC study by Peacock and Williams (2022) that found operating spending outpacing both inflation and population growth across B.C.'s 60 largest municipalities, especially in Metro Vancouver.

Figure 2 shows nominal operating spending growth compared to CPI inflation and population growth over 2013-23. The 154 B.C. municipalities spent, in nominal terms, nearly $7 billion in 2013 whereas they spent $11.3 billion in 2023 – a 63% increase. Now, one might say that because population expanded spending should increase as there is more demand for municipal services. However, the population in these 154 municipalities increased by 20% - from 4.1 million people in 2013 to nearly 5 million in 2023. Municipalities also need to adjust spending with inflation as the cost of providing the same goods and services increases over time. However, B.C. CPI inflation during this period increased by 28%. **Therefore, had nominal municipal operating spending grown in line with population growth and overall CPI inflation over 2013-23, it would have increased by about 54% relative to 2013 levels, not 63%.**

3.2 Regional Spending Patterns

To understand how municipal spending patterns differ across the province, we analysed the data by region and plotted each municipality's 10-year compound annual growth rates (CAGRs) for both real operating spending and municipal population over 2013-23.[10,11]

Each graph compares two metrics:

- The horizontal axis shows population growth.
- The vertical axis shows inflation-adjusted municipal spending growth.

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[8] Barriere, Greenwood, Kitimat, Lions Bay, and Wells excluded from the analysis due to missing data. Lytton also excluded due to anomalous spending increases related to wildfire response and recovery efforts.

[9] For aggregate comparisons, we sum the populations of the 154 municipalities to create a province-wide growth measure.

[10] A compound annual growth rate (CAGR) calculates the constant yearly growth rate that would take a variable (e.g., the level of spending or population) from its starting value to its ending value over a given period. Put simply, CAGRs calculates the "steady pace" of annual growth between two periods.

[11] For regional charts, population growth is measured separately for each municipality and plotted against its own spending growth.

The diagonal 45-degree orange line represents parity or where spending and population grow at the same pace. A municipality above the line has had real spending growth outpacing population growth over the decade. For example, the City of Vancouver's population grew at an average rate of 1.3% per year between 2013 and 2023, but real spending grew by 2.2% per year. This gap explains its position above the diagonal. The farther above the line a municipality sits, the greater the gap between real spending growth and population growth.

3.2.1 Mainland-Southwest

This region includes the province's largest and fastest-growing municipalities (**Figure 3**). Cities like Vancouver, Surrey, and Richmond all saw real spending grow 0.8pp faster than population while Burnaby and the District of North Vancouver experienced a spending-population gap of 1.1pp and 1.2pp, respectively. While these annual gaps may sound small, over a decade they compound into real spending that is 8–12% higher than population growth would suggest. In contrast, Anmore (+0.2pp), New Westminster (+0.1pp), and the City of North Vancouver (-0.1pp) kept real spending broadly in line with population.

Smaller communities like Belcarra and Port Moody recorded some of the widest gaps, with real spending growth outpacing population by 2.4pp and 1.8pp annually, respectively. In high population growth areas like Harrison Hot Springs and Whistler, real spending increases have lagged *behind* surging populations.

Note that Pemberton is not shown on the chart as it is an outlier that distorts the scale and makes the other municipalities hard to read. However, Pemberton recorded the second fastest growth in population (3.8% per year) and the fastest spending (7.2%) in this region.

3.2.2 Vancouver Island-Coast

Large island centres show mixed results (**Figure 4**). Saanich and Comox saw real spending grow well above of population growth – about 2.1pp and 1.1pp per year, respectively. Victoria was only slightly above population at 0.4pp, while Nanaimo lagged by 0.5pp. Tofino experienced the third highest real spending growth of the province (about 7.1% a year), more than doubling its rate of population growth (3.2% per year).

Smaller municipalities such as Ladysmith, Parksville, Cumberland, and Duncan also recorded significant spending–population gaps despite modest population increases. Langford is notable as real spending growth was modest compared to strong population growth.

Overall, 78% of municipalities in the region grew real spending faster than population (compared to 75% in the Mainland Southwest) and nearly half (46%) saw growth gaps of 1pp or more, with a little over one-quarter exceeding 2pp. The Island–Coast region shows far greater variation in fiscal discipline than the Mainland Southwest, with many municipalities expanding nominal operating budgets well beyond what population and inflation would suggest.

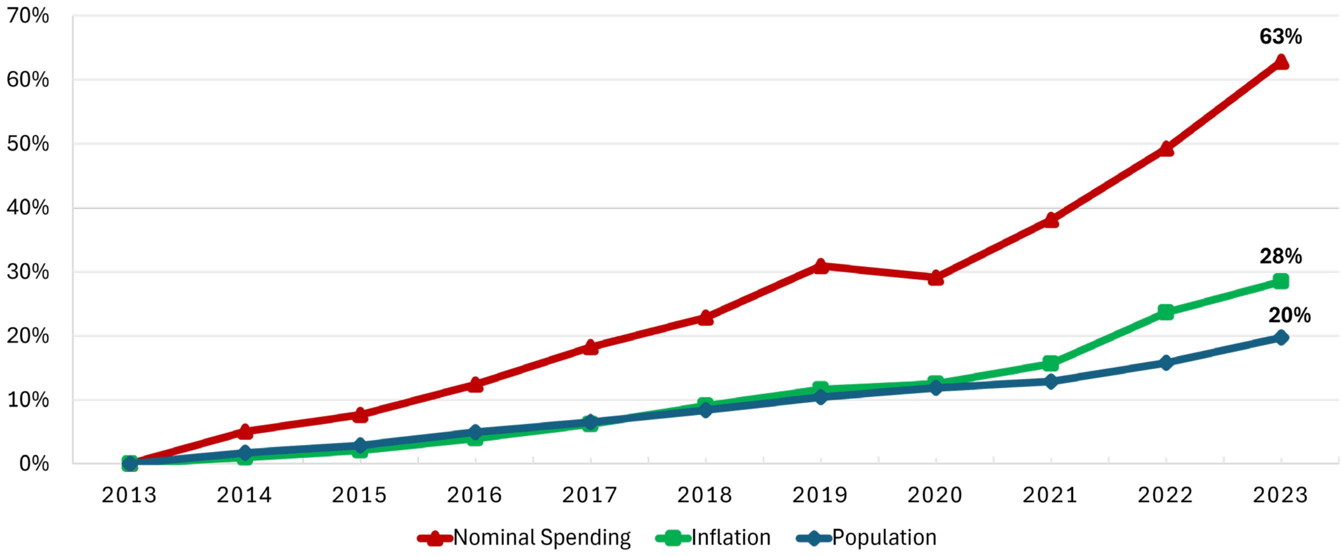
3.2.3 Thompson-Okanagan-Kootenay

This region featured some of the largest annual spending–population gaps in the province (**Figure 5**). Princeton recorded the largest gap in B.C. (5.9pp per year) while Merritt and Sicamous were also standouts at roughly 4.0pp per year, tied for fourth highest province wide. Radium Hot Springs moved in the opposite direction: population grew about 6.2% a year while real spending rose only 2.0%, a gap of –4.2 points, which was the lowest in the province.

Figure 2

Municipal spending has grown well beyond inflation and population growth

Total growth in aggregate municipal nominal operating spending, municipal population, and CPI
across 154 B.C. municipalities, 2013-2023, annual data

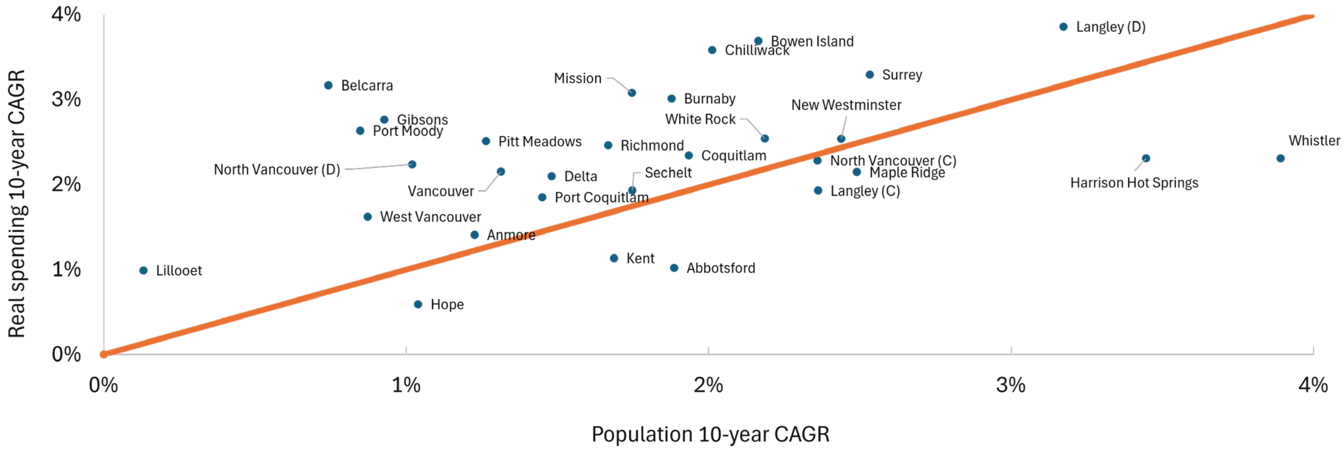


Source: B.C. Ministry of Municipal Affairs. Schedule 402 – Expenses, *Local Government Statistics*. Author's calculations.

Figure 3

Mainland-Southwest:
Municipal spending has grown well beyond inflation and population growth

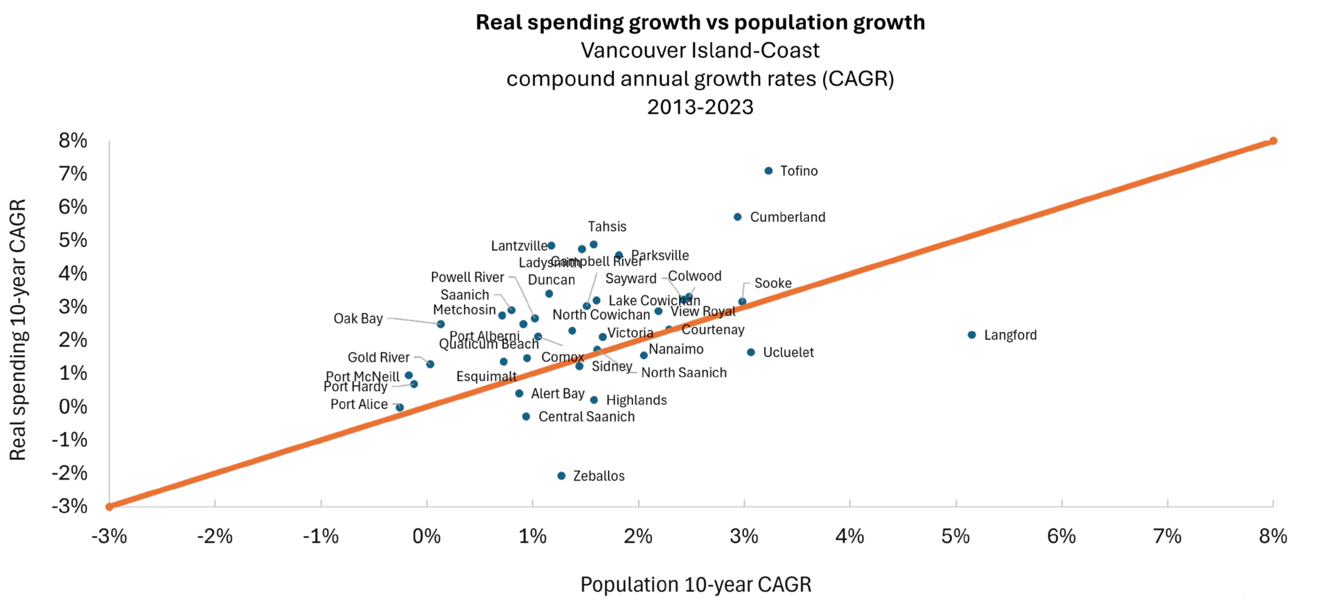
Real spending growth vs population growth
Mainland-Southwest Municipalities
compound annual growth rates (CAGR)
2013-2023



Source: Schedule 402 – Expenses, *Local Government Statistics*, B.C. Ministry of Municipal Affairs. Author's calculations.
Note:Pemberton is not shown on the chart as it is an outlier that distorts the scale and makes the other municipalities hard to read.

Figure 4

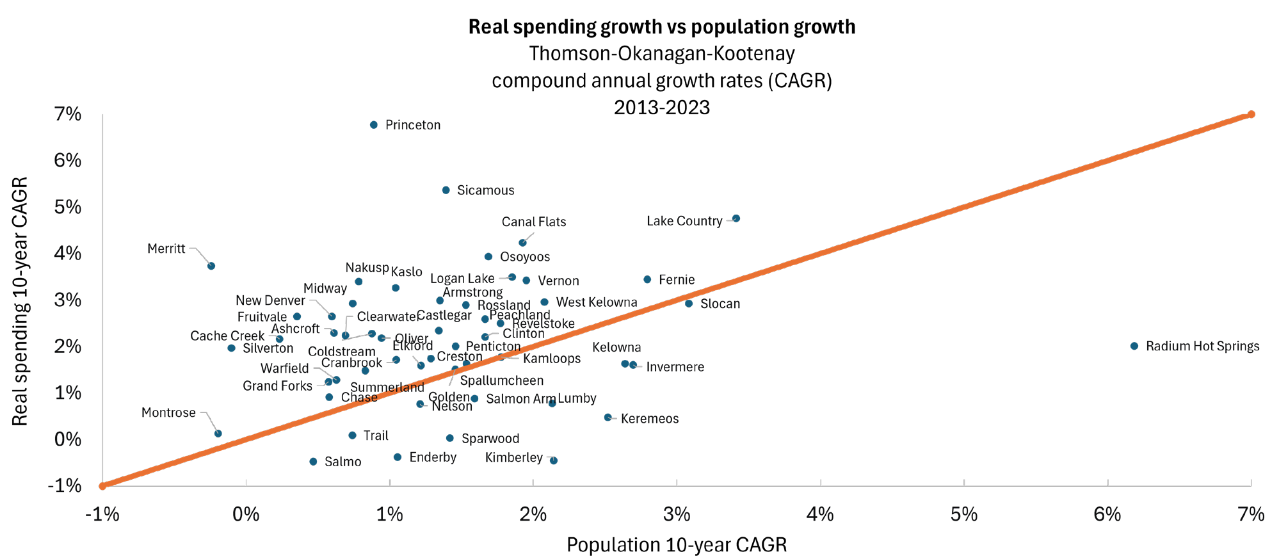
Vancouver Island-Coast: Municipal spending has grown well beyond inflation and population growth



Source: Schedule 402 – Expenses, *Local Government Statistics*, B.C. Ministry of Municipal Affairs. Author's calculations.

Figure 5

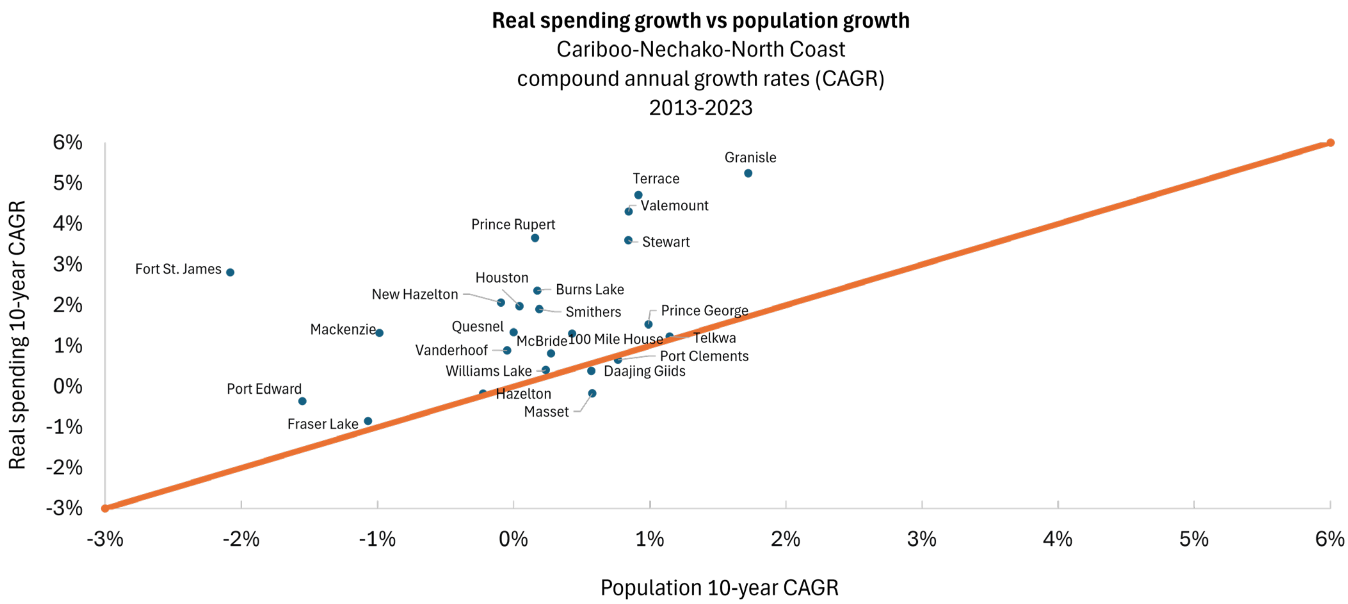
Thompson-Okanagan-Kootenay: Municipal spending has grown well beyond inflation and population growth



Source: Schedule 402 – Expenses, *Local Government Statistics*, B.C. Ministry of Municipal Affairs. Author's calculations.
Note:Sun Peaks is not shown on the chart as it is an outlier that distorts the scale and makes the other municipalities hard to read.

Figure 6

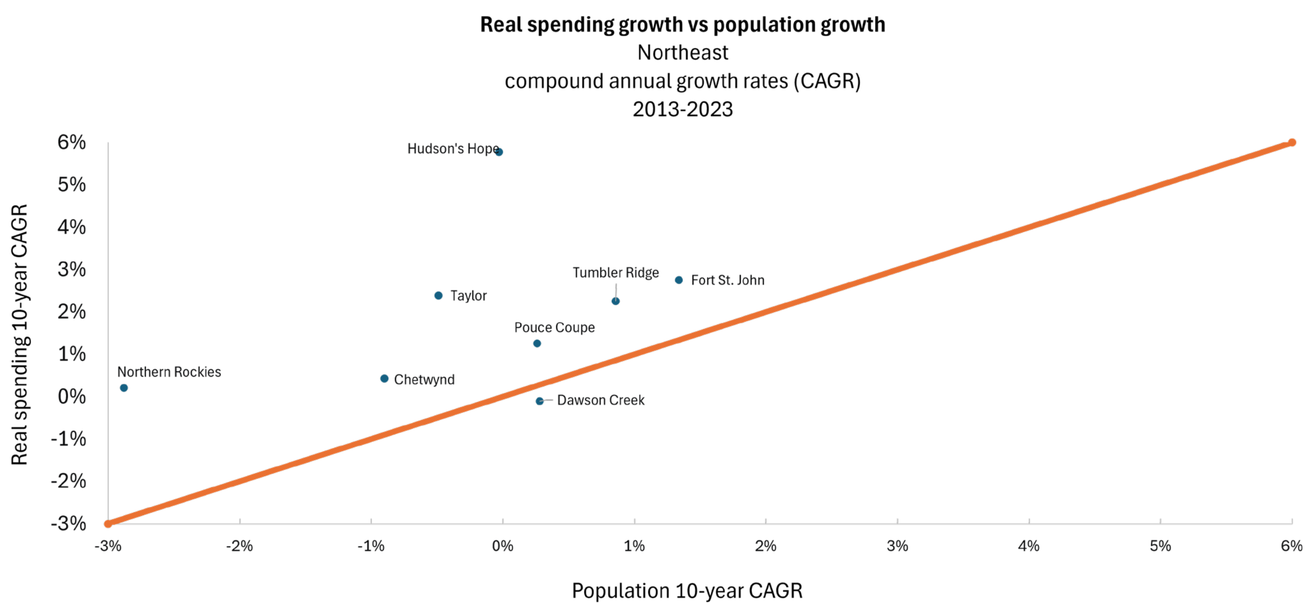
Cariboo-Nechacko-North Coast:
Municipal spending has grown well beyond inflation and population growth



Source: Schedule 402 – Expenses, *Local Government Statistics*, B.C. Ministry of Municipal Affairs. Author's calculations.

Figure 7

Northeast:
Municipal spending has grown well beyond inflation and population growth



Source: Schedule 402 – Expenses, *Local Government Statistics*, B.C. Ministry of Municipal Affairs. Author's calculations.

In total, 74% of municipalities in the region increased operating spending faster than population, 42% by 1pp or more, and 21% by 2pp or more. Again, this suggests a region-wide pattern of elevated spending growth.

Note that Sun Peaks is not shown on the chart as it is an outlier that distorts the scale and makes the other municipalities hard to read. However, Sun Peaks recorded the fastest growth in both spending (12.3% per year) and population (11.4%) in the province.

3.2.4 Cariboo–Nechako–North Coast

Despite steady or slow-growing populations in much of the region (0.2% increase per year on average), real operating spending rose in nearly every municipality (**Figure 6**). Only a handful (e.g., Daajing Giids, Masset, Port Clements, and Hazelton) held spending growth at or below population growth. Communities like Terrace, Valemount, Granisle, and Prince Rupert saw spending grow several points faster than population, while Fort St. James and Mackenzie recorded some of the widest gaps despite shrinking populations. The prevalence of elevated spending growth in communities with low or no population growth makes this region stand out from the rest of the province.

3.2.5 Northeast

Most municipalities in the Northeast increased real operating spending faster than population, despite modest or negative demographic change (**Figure 7**). Hudson's Hope posted the region's steepest average annual spending growth (5th highest in the province), nearly 6pp above population growth (second highest spending-population gap in the province). Fort St. John, Tumbler Ridge, and Taylor also recorded notable spending–population gaps, likely reflecting the cost of delivering services for resource-related industries.

4. What is driving growth in municipal spending?

4.1 Operating spending mix

Municipalities are responsible for delivering local services like road maintenance, policing, water, sanitation, and parks and recreation. In 2023, nearly $9 of every $10 of municipal operating spending was allocated in six main categories (**Figure 8**). They are (shares as of 2023):

- Protective services (26%);
- Parks, recreation, and culture (16%);
- Amortisation (13%);
- General government (12%);
- Other services (11%)[12]; and
- Transportation and transit (9%).

4.2 "Excess spending"

Table 2 compares what municipalities *actually* spent over 2013-23 with what they *would have spent* had spending grown in line with municipal population growth and inflation over that period.[13] **In total (i.e., cumulatively) over 2013-23, we find that municipalities spent nearly $3.8 billion or $831 per capita (in real 2023 dollars) more than what municipal population growth and CPI inflation would suggest.**

The single largest contributor to this "excess spending" was protective services at about $1.8 billion ($397 per capita). Development services (i.e., land use planning, zoning, business licensing, etc.) added a further $900 million ($195 per capita). Transportation and transit contributed $500 million ($115 per capita), while general government (i.e., municipal bureaucracy) accounted for nearly $450 million ($93 per capita).

4.3 Percentage growth

Looking at *percentage* growth tells yet another part of the story. The highest *percentage* increase in real spending increases over 2013-23 was in the category of "health, social services and housing" (**Figure 9**). This category includes "all annual operating costs related to social services, public health and environmental health".[14] Some of the expenditures include environmental spending, alcohol and drug programs, health support for homeless, financial support for medical practitioners, drop-in centres, and public housing operations. Note that these are areas of provincial responsibility.[15]

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[12] "Other services" in **Figure 8** combines several smaller categories such as "health, social services and housing", "development services", "solid waste management and recycling", "miscellaneous services", "asset retirement obligation accretion", "loss on disposition of assets", and "other adjustments", which were grouped together to reduce visual clutter.

[13] Our excess spending metric is anchored to a 2013 baseline. We exclude the categories "loss on disposition/revaluation of financial assets" (first recorded in 2019) and "asset retirement obligation accretion" (first recorded in 2023) from this analysis because they were both zero in 2013. Including them would inflate 2019-23 spending.

[14] Ministry of Housing and Municipal Affairs. (2025). *Municipal LGDE help manual.* Local Government Infrastructure and Finance Branch.

[15] Constitution Act, 1867, 30 & 31 Vict., c. 3 (U.K.), ss. 92(7), 92(8), 92(13), 92(16); Constitution Act, 1982, being Schedule B to the Canada Act 1982, c. 11 (U.K.), s. 92A; *Schneider v. The Queen*, [1982] 2 S.C.R. 112; *Eldridge v. British Columbia (Attorney General)*, [1997] 3 S.C.R. 624; *Friends of the Oldman River Society v. Canada (Minister of Transport)*, [1992] 1 S.C.R. 3.

Despite accounting for 1% of all municipal operating spending, real spending on "health, social services and housing" increased by a whopping 132% over the decade. The second highest increase was development services (73%), followed by general government (39%), protective services (34%), and sewer services (31%).

4.4 Discussion – what are the data saying?

The picture that emerges is twofold. First, municipalities are still spending most of their budgets on core responsibilities like policing, sanitation, parks and so forth. However, spending is increasing faster than demographic or CPI inflation would justify. **The key question is: are residents and businesses enjoying an exceptional improvement in municipal service quality, or are municipalities simply becoming less efficient in delivering core services?**

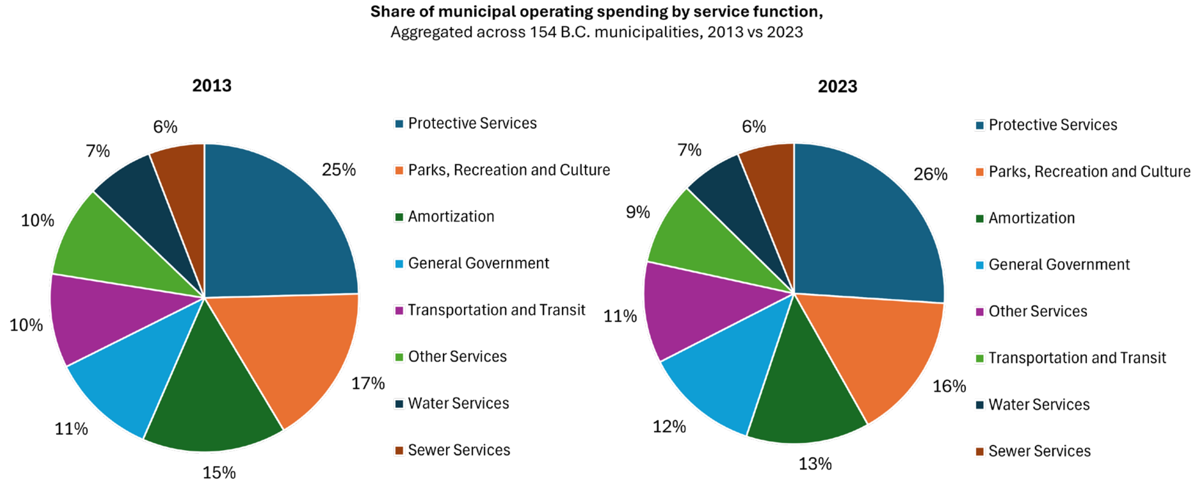
Second, municipalities are quickly expanding into non-traditional areas such as "health, social services and housing" – which are provincial responsibilities. This may reflect an implicit downloading of responsibilities by the provincial government to municipalities, a decision by municipal leaders over the past decade to broaden their activities, or an inefficient duplication of activities between provincial and local governments. **But here too the question is whether the "excess" $411 million ($91 per capita) spent on "health, social services and housing" over 2013-23 translated into exceptional improvements in service outcomes. If not, should municipalities continue to prioritise these areas?**

Taken together, these two dynamics (i.e., rising inefficiency in delivering core services, and "scope creep" into new areas) raise important questions for the public and the provincial government:

- **Are British Columbians enjoying exceptional improvements in the quality of core municipal services commensurate with the exceptional property tax increases they are bearing?**
- **Alternatively, are municipal governments becoming less efficient at delivering core services, possibly because they have become distracted as they expand into areas of provincial responsibility?**

Figure 8

Little change in municipal operating spending mix



Source: B.C. Ministry of Municipal Affairs. Schedule 402 – Expenses, *Local Government Statistics*. Author's calculations.

Table 2

Total actual vs expected municipal operating spending by function, 2013-23

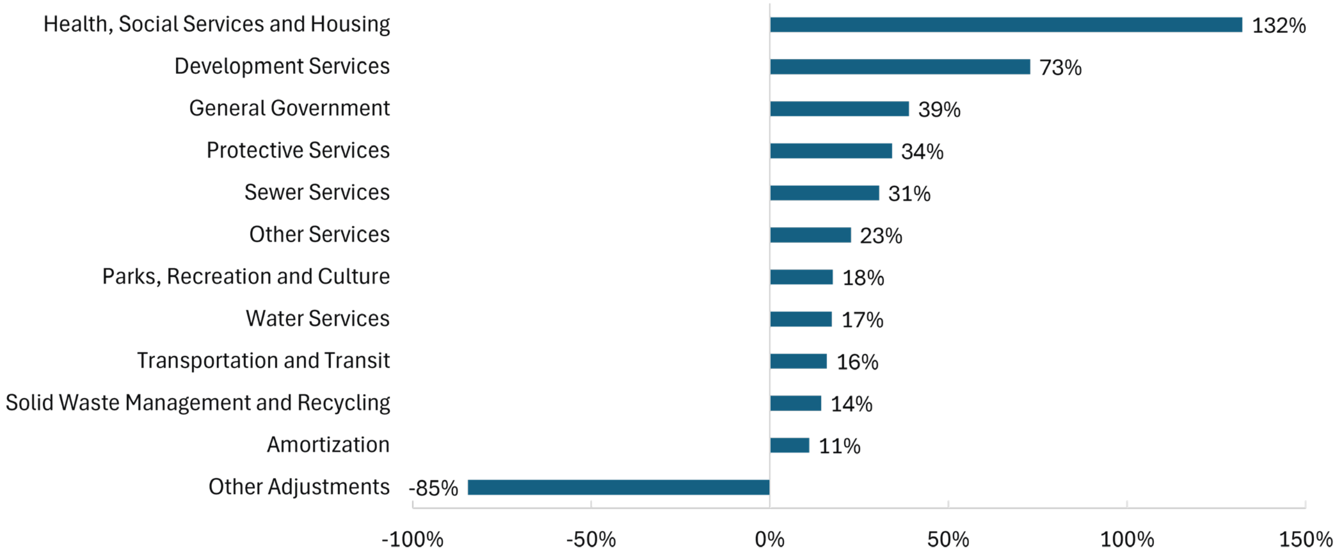
Total (i.e. cumulative) spending over 2013-2023 in real 2023 dollars, aggregated across 154 B.C. municipalities
Expected spending assumes spending grows in line with inflation and population growth.

Spending component	Actual spending ($M)	Expected Spending ($M)	"Excess spending" ($M)	"Excess spending" per capita ($)
Protective Services	28,089	26,263	1,826	397
Development Services	3,812	2,912	899	195
Transportation and Transit	11,036	10,535	500	115
General Government	12,327	11,880	447	93
Health, Social Services & Housing	1,268	857	411	91
Sewer Services	6,606	6,221	385	82
Other Services	2,461	2,364	97	22
Other Adjustments	12	-9	21	5
Water Services	7,397	7,477	-80	-18
Solid Waste Management and Recycling	4,026	4,166	-140	-32
Amortisation	15,955	16,141	-186	-37
Parks, Recreation and Culture	17,578	17,969	-391	-82
Total over 2013-23	**110,565**	**106,776**	**3,790**	**831**

Figure 9

Health, social services & housing recorded highest growth rate

Growth in aggregate **real municipal operating spending by service function,**
across 154 B.C. municipalities, 2013-23



Source: B.C. Ministry of Municipal Affairs. Schedule 402 – Expenses, *Local Government Statistics*. Author's calculations.

5. Metro Vancouver Regional District

Although our analysis principally focuses on municipalities, we also examine the Metro Vancouver Regional District. We do so for two reasons. First, Metro Vancouver is B.C.'s largest regional district, comprising 21 municipalities, Electoral Area A, and Tsawwassen First Nation. With nearly 3 million residents, it affects about 60% of the province's population. Second, Metro Vancouver is responsible for services like water, sewer, and solid waste management and recycling. Its spending impacts affordability for residents in the region.

Our analysis draws on Metro Vancouver's operating expenditures reported in S*chedule 902* of the *Regional District General and Financial Statistics*, published annually by the Ministry of Housing and Municipal Affairs. Regional districts are required under section 376 of the *Local Government Act* to prepare audited financial statements and submit annual financial information to the Inspector of Municipalities. Again, we focus only on *operating* spending, not *capital* spending.

5.1 General overview

Between 2013 and 2023, Metro Vancouver's nominal operating spending surged from $484 million in 2013 to nearly $827 million in 2023. This 71% increase far outpaced both CPI inflation (28%) and population growth for the region (21%) over the period (**Figure 10**).[16] **Had Metro Vancouver's nominal operating spending tracked population growth and inflation, it would have risen by only about 55%, not 71%.**

5.2 Operating spending mix

In 2023, nearly $2 of every $3 in operating spending in Metro Vancouver was allocated in four areas:

- Sewer services (28%)
- Water services (17%)
- Solid waste management and recycling (17%)
- Amortisation (13%)

There have been some shifts in Metro Vancouver's operating budget (**Figure 11**). Sewer services grew from 22% to 28% of the budget, while water services fell from 23% to 17%. Meanwhile, the vaguely-defined "other services and adjustments" category *doubled* its share from 2% to 4%.

5.3 "Excess spending"

We calculated how much of Metro Vancouver's operating spending growth exceeded *what would have been expected* if spending had tracked B.C. CPI inflation and regional population growth (**Table 3**).[17] In total (i.e., cumulatively), Metro Vancouver's "excess spending" was around $275 million ($100 per capita) over 2013-2023 (in real 2023 dollars), including around $72 million in 2023 alone. Sewer services accounted for total "excess spending" of $256 million ($92 per capita), followed by "other services and adjustments" at $145 million ($54 per capita). Amortisation added another $111 million ($41 per capita) while solid waste management and recycling contributed $53 million ($20 per capita).

[16] For Metro Vancouver, we sum the populations of all 21 municipalities to create a region-wide growth measure.

[17] "Our excess spending metric is anchored to a 2013 baseline. We exclude the categories "loss on disposition/revaluation of financial assets" (first recorded in 2021) and "asset retirement obligation accretion" (first recorded in 2023) from this analysis because they were both zero in 2013. Including them would inflate 2019-23 spending.

5.4 Percentage growth

On a percentage basis, the fastest growth in Metro Vancouver's operating spending over the past decade came from a vaguely-defined, catch-all category labelled "Other services and adjustments." In real terms, this category rose by 209% over 2013-23 (**Figure 12**) and, as noted above, doubled as a share of the budget from 2% to 4%. The category is defined as "all annual operating costs related to any municipal function not previously listed in Lines k to s (Schedule A3). Such services may include cemeteries, airports, wharves and docks, and other utilities (e.g. telephone, gas and electricity)."[18] The meaning of "other adjustments" includes "other expenditures that do not easily fit into any of the above functional categories".

5.5 Summary

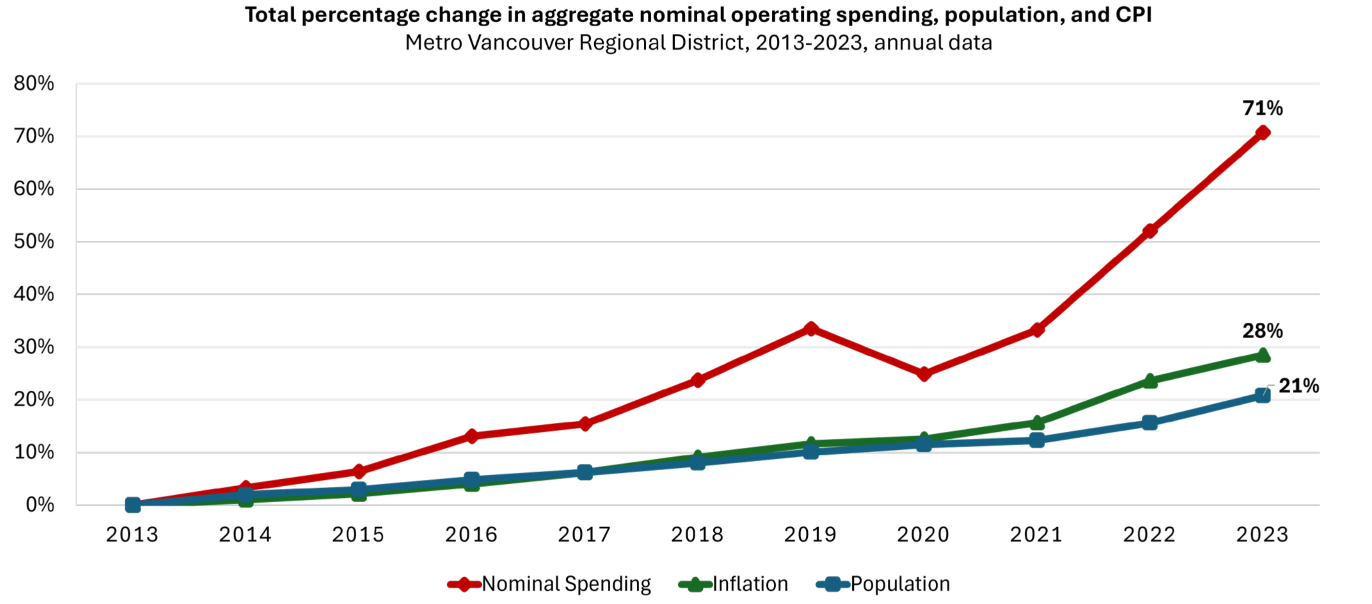
Similar to municipalities, Metro Vancouver's "excess" operating spending on core services raises questions about whether they are being delivered less efficiently (unless service quality has significantly improved). Another dimension is the spectacular growth in a vague catch-all category called "other services and adjustments" which contributed to $145 million ($54 per capita) in "excess" spending over 2013-2023 and doubled as a share of the budget. For a regional government lacking transparency and democratic accountability, these patterns are concerning.

These findings are consistent with a recent Canadian Federation of Independent Business report by MacCormack (2025). That study shows regional district spending, especially administrative costs, rising faster than population and inflation. Metro Vancouver is highlighted given ongoing governance and accountability concerns.

[18] Ministry of Housing and Municipal Affairs. (2025). Regional District LGDE help manual. Local Government Infrastructure and Finance Branch.

Figure 10

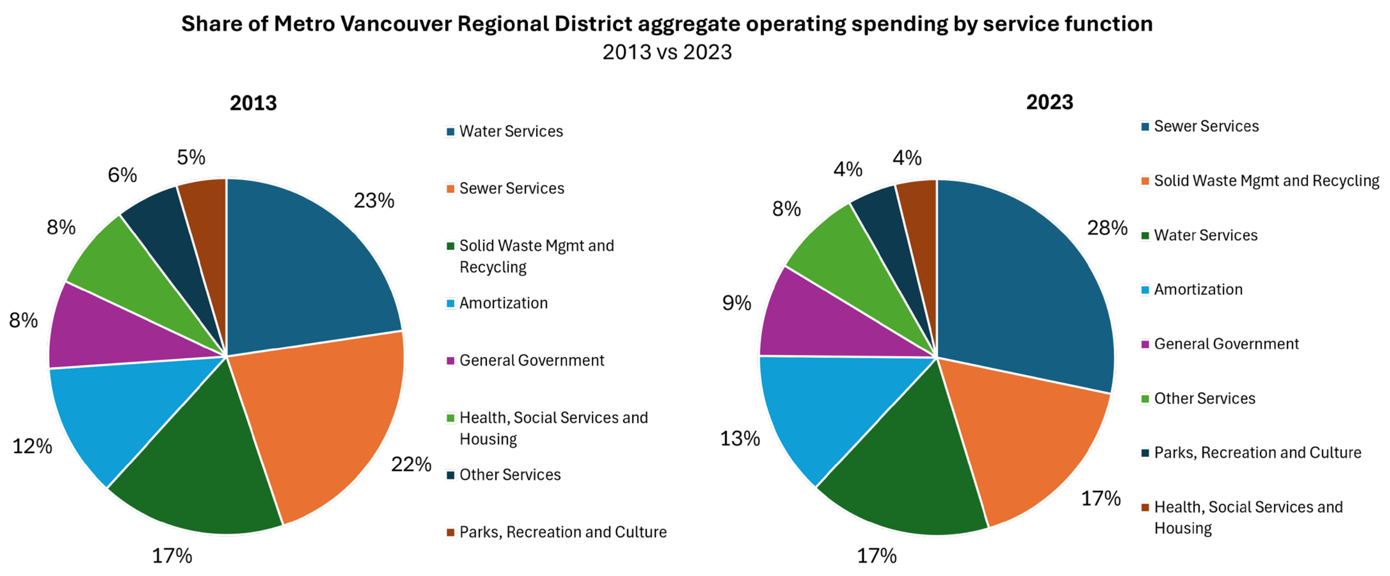
Metro Vancouver spending has grown well beyond inflation and population growth



Source: Schedule 402 – Expenses, *Local Government Statistics*, B.C. Ministry of Municipal Affairs. Author's calculations.

Figure 11

Metro Vancouver's spending mix has shifted



Source: B.C. Ministry of Municipal Affairs. Schedule 902 – Expenses, *Local Government Statistics*. Author's calculations.

Table 3

Metro Vancouver total actual vs expected operating spending by function, 2013-23

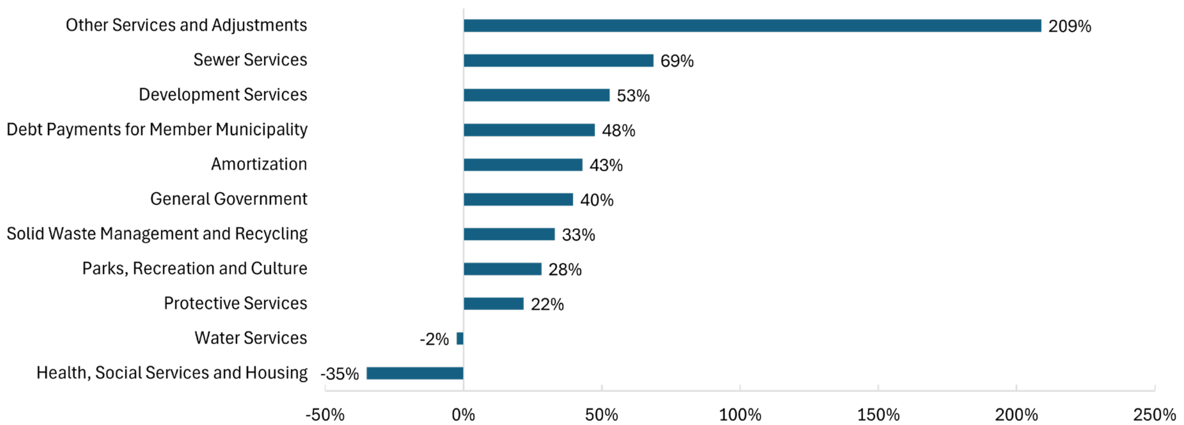
Total (i.e. cumulative) spending over 2013-2023 in real 2023 dollars.
Expected spending assumes spending grows in line with inflation and population growth.

Spending component	Actual spending ($M)	Expected Spending ($M)	"Excess spending" ($M)	"Excess spending" per capita ($)
Sewer Services	1,901	1,646	256	92
Other Services and Adjustments	259	115	145	54
Amortisation	1,015	904	111	41
Debt Payments for Member Municipality	289	221	68	25
Solid Waste Management and Recycling	1,310	1,257	53	20
General Government	634	598	35	13
Parks, Recreation and Culture	352	337	15	6
Development Services	35	31	4	2
Protective Services	60	60	-1	-
Health, Social Services and Housing	441	576	-135	0
Water Services	1,408	1,684	-276	-49
Total over 2013-23	**7,705**	**7,429**	**275**	**100**

Figure 12

Other services and adjustments recorded highest growth rate

Growth in aggregate real municipal operating spending by service function,
Metro Vancouver Regional District, 2013- 23



Source: B.C. Ministry of Municipal Affairs. Schedule 402 – Expenses, *Local Government Statistics*. Author's calculations.

6. Conclusion

Exceptionally high property tax inflation in B.C. has been a prominent contributor to declining affordability over the past decade or more. This is a direct consequence of runaway growth in municipal operating expenses, which are principally funded by property taxes.

Our analysis shows that inflation-adjusted municipal operating spending has grown much faster than the population in most B.C. municipalities, and in Metro Vancouver. Stripping those resources out of the economy through increases in property taxation, user fees, licensing & permit fees, and other means directly and indirectly raised consumer prices and reduced affordability.

Fiscal discipline matters. British Columbians should question whether large increases in operating spending, which drove exceptionally high property tax inflation, were matched by exceptional improvements in municipal services. Are residents in municipalities where operating spending has outpaced inflation and population growth enjoying *superior* services than those municipalities where more spending was more aligned with inflation and population growth? Why are some municipalities more fiscally disciplined than others?

The divergence between real spending and population growth also raises governance questions. Unless municipal service quality has materially improved, the data suggests core services are generally being delivered less efficiently over time.

Core spending areas have grown the most in dollar terms, but our analysis also highlights that spending has grown fastest in areas that overlap with provincial responsibilities. This raises the question: has the role of local government expanded beyond its traditional mandate without sufficient public debate or evaluation of outcomes? Moreover, are B.C.'s local governments becoming less efficient at delivering core services *because* they are distracted by scope creep into areas of provincial responsibility?

We hope that our report raises important questions for the public and for the provincial government, which is ultimately responsible for the governance of municipalities.

7. Recommendations

Runaway trains can lead to train wrecks, in this case, for affordability in B.C. We offer several recommendations to rein in municipal operating spending growth. Although our proposals will not make up for the deterioration in affordability over the past decade or more, which is likely permanent, they may at least prevent any further deterioration. They may also foster greater accountability and fiscal discipline in local and regional governments:

1. **Anchor operating spending growth to population and inflation**: Municipalities should follow a reasonable benchmark by keeping inflation-adjusted operating spending broadly stable over time and aligned with population growth. Where proposed increases are above that benchmark, councils should provide clear justifications tied to measurable service improvements or specific local costs.

2. **Re-establish independent provincial oversight**: The provincial government should reinstate the office of the Auditor General for Local Government or institute a new office with a provincial watchdog empowered to audit municipal budgets, assess value for money, and publicly report on fiscal discipline.

3. **Establish benchmarks that tie spending growth to service outcomes**: The provincial government should develop and publish clear, standardised indicators linking spending growth to measurable improvements in municipal services. While it may not be feasible to do this for every municipality annually, a phased approach (e.g., applying benchmarks on a sample basis or once every four years) would strengthen accountability by helping residents and businesses see whether higher budgets are delivering better service outcomes.

4. **Re-evaluate municipal mandate**: The provincial government should review the scope of municipal operations to ensure alignment with core competencies and fiscal capacity. It should find ways to limit expansion into areas better handled by provincial or federal governments to avoid mandate creep and costly duplication.

5. **Re-evaluate Metro Vancouver's governance and role**: The provincial government should review whether the Metro Vancouver Regional District's operations are transparent, democratically accountable, and delivering value for money to taxpayers.

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