Population shifts impacting Canadian municipalities

Gord Hume…April 2012

(EDITOR'S NOTE: This is the first of what will be an exclusive regular column for Municipal Information Network written by Gord Hume, a veteran municipal council member, respected commentator on municipal affairs, author of three books on building stronger cities and communities, and a highly sought-after speaker on the challenges facing our towns and cities.)

The 2011 Canadian census information released recently shows important new trend information for Canada's towns and cities.

Canada is now divided roughly into thirds, each with about 11+ million people. Western Canada and British Columbia are the hottest markets. Ontario is very mixed—some towns in northern Ontario are booming with mining as gold and mineral prices remain high, but southwestern Ontario communities have been hammered by the sharp decline in manufacturing. Quebec and much of the Maritimes are seeing slow growth, although Newfoundland and Labrador are strong.

There is a distinct swing of people, money and jobs towards Western Canada and its booming economy. That also translates into shifting political influence as the economic power moves west.

Calgary, Edmonton, Saskatoon and Kelowna led the way according to Stats Can, with 11-13% population increases. And in one of the more dramatic changes to traditional municipalities, it is the emerging suburban communities that are particularly hot. Milton, Ontario (part of the Greater Toronto Area) had a stunning 71% increase in population over the five year census period. Okotoks, Alberta (near Calgary) powered through at 43%.

This population trend is changing traditional municipal structures and straining both old and emerging municipal infrastructure. Very rapid population growth often can't be handled by traditional municipal development planning. It takes a considerable amount of time to get the zoning, planning and development agreements in place, before servicing of the land can begin. And there is a substantial time lag before the municipality starts receiving new tax revenue from homes and businesses that are built.

It is the financing of the municipal portion of this land development that causes problems for many municipalities. Their costs are up-front, and take many years to be repaid through new taxes, development charges, etc. Increasingly many municipalities are struggling with the impact of accelerated growth and how to pay for it. Not all towns and cities have Development Charges, where the builders pay a set amount per lot or home being built to help pay for the costs of roads, sewers, new fire halls, etc. There is a considerable question in some communities if growth truly does pay for growth.

Borrowing more money simply adds to the city's debt load, and shows up on the annual operating budget as a steadily increasing cost for debt repayment. Some municipalities have even found out that their credit rating can be affected by constantly increased debt levels.

At the same time, of course, the local economy is thriving due to a rapid influx of new workers, be it at a mine, oil or gas development, or from a booming technology or creative economy sector. The result is enormous pressure on local Councils and administration to respond and work with the private sector to build housing that young families can afford, develop interesting community amenities such as libraries, parks and recreation centres, and provide the quality of life that appeals to workers and their families.

It is a challenge for municipalities to anticipate, plan, finance and develop new suburbs and subdivisions. And at the same time, older cities are often suffering through a population decline or the hollowing-out of their core that is changing their operations. That's next month's column.

Gord Hume
gord@gordhume.com