



Fast

# FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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## You Get What You Pay For

**W**innipeg's mayoral race is now officially underway. Any serious contenders are going to have to convince a very skeptical public that they can turn around what really has been a winter of discontent with City services. Unfortunately, problems that have taken years to accumulate are unlikely to be addressed overnight.

A quick look at the City's budget priorities over the last several years shows how we got into this mess. Between 2001 and 2013 total City of Winnipeg revenue increased by 42 percent. This number provides the ammunition for those claiming that the City's spending is "out of control." Yet this number is entirely misleading for two reasons.

First, it neglects the impact of inflation. Once the City budget is adjusted for the rise in prices over this period - into what economists call "real dollars" - the increase

in the budget between 2001 and 2013 shrinks to 12 percent.

Second, it fails to account for Winnipeg's growing population, which increased from 637,000 to 714,000 over these years. A growing population means that there are more people to pay into the City coffers but also more people using all of the services. When the budget is calculated on a real, per person basis it is unchanged since 2001. It was \$1,044.8 in 2001 and \$1,045.4 in 2013, an increase of 60 cents.

This marks a stark contrast to what other cities in Western Canada have been doing. In order to pay for growing urban amenities, between 1999 and 2013 property taxes in Edmonton, Calgary, Saskatoon, Vancouver and Regina have increased by between

City of Winnipeg Revenue 2001-2013			
	2001	2013	% change
	Actual	Adopted	01-13
Nominal (millions)	651	922.7	41.7%
Real (millions)	665.6	746.5	12.2%
Real per capita	1044.8	1045.4	0.1%

there is an alternative.

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continued..

City	Percent Increase
Edmonton	68%
Calgary	64%
Saskatoon	55%
Vancouver	53%
Regina	40%
Winnipeg	1%

Cumulative Property Tax Increases 1999-2013 Western Canadian Cities

40 and 68 percent while Winnipeg has constrained its budget with a 1 percent increase. Despite raising property taxes by 2.95 percent in 2014 (and proposing further increases of at least two percent every year until 2020) the city was still able to boast in its 2014 budget it had the lowest municipal property taxes of any major Canadian city (as opposed to combined municipal and school taxes which make up the total property tax people pay). This says a lot about what the City priorities have been over the last decade or so. When asked “what should the City do for its citizens?” City Hall’s answer has been “less.” Given the City’s unwillingness to tax Winnipeggers, it is hardly surprising that they have little money to spend. After all, the services that the City can provide are inseparable from the taxes that fund them.

Out of this stagnant budget, the City has also made its spending priorities clear over the past decade. Between 2002 and 2012 two departments: police and fire & paramedics have grown by 73 percent, far above the 29 percent growth in inflation and population over this period. By contrast, all other public services, which includes infrastructure like roads and streets, have grown by only 26 percent. The administration budget has actually decreased by 15 percent during this period. So, limited funds have gone to “protection,” rather than spending on an accommodating environment that encourages confidence on our city: roads, snow clearing, parks and bike lanes.

A cynic might point out that the citizens of Winnipeg have exactly the crumbling infrastructure they have asked for. The priorities of the current mayor have hardly been hidden. His successful campaigns have been run largely on the lacklustre “vision” of low property taxes and fighting crime. Winnipeggers can hardly be surprised that limited City revenue has been spent on a costly police helicopter rather than amenities for the city.

Whoever finally decides to throw their hat in the mayoral ring this summer is going to be faced with a city budget suffering from years of deliberate neglect. While all the candidates are likely to make some grand promises about fixing the streets, without a comprehensive plan to increase city revenue the crumbling will continue. Winnipeg needs a municipal government that grasps the concept of the public good. Pooling our resources as citizens is how we can generate the money needed to finance city services. Rather than a City Hall that deliberately starves itself of resources, the mayoral candidates should put forward a positive public vision that features paying taxes in exchange for rational development and city amenities. Sometimes you get what you pay for.

*Ian Hudson, Associate Professor, Department of Economics, University of Manitoba and CCPA Manitoba Research Associate. More analysis of City revenue is available at [policyalternatives.ca/publications/reports/taking-back-city](http://policyalternatives.ca/publications/reports/taking-back-city)*

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