



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

March 17, 2015

Alternative ideas to address Winnipeg's woes

The *Alternative Municipal Budget* (AMB) is the tool we use to engage citizen groups on the Winnipeg budget. Part of our message is that the City budget is not just an assortment of seemingly meaningless numbers. It is a means for implementing a plan, which is hopefully working for a broader vision that our elected representatives have been selected to steer Winnipeg toward. The themes we suggested in our 2014 AMB, titled *Taking Back the City*, bear repeating in the context of the 2015 City Budget. They are reflective of existing City plans and policies, primarily OurWinnipeg, and therefore have the weight of citizens' voices expressed through public consultation.

Most critically, the AMB positions the City as a leader in reducing poverty, focused on making Winnipeg a city that considers equity in all that it does. Winnipeg's 2015 budget will allocate \$150,000 toward the United Way's Plan to End Homelessness in Winnipeg. But this cannot be its only approach to addressing the complex issue of poverty. The United Way's Plan acknowledges that issues like poverty, and therefore upstream prevention of homelessness, are beyond its scope.

The Mayor has said he is in favour of a comprehensive poverty reduction strategy. Such a strategy requires support for more affordable housing. It requires improving initiatives such as the Aboriginal Youth Strategy which funds community-based organizations to deliver youth programming and works to give youth access to good City jobs. If increased, a portion of funding for the Aboriginal Youth Strategy could

be allocated to culturally-relevant community-based early childhood education and care programming so Aboriginal children can get the best possible start in life.

The City's poverty reduction strategy should ensure City employees and those of contracted services are paid a living wage – a wage that reflects what earners in a family really need in order to afford the actual costs of living in Winnipeg. A comprehensive poverty reduction strategy would also include support for a municipal food policy council to improve access to affordable and nutritious food, support for local social enterprises and improved access to recreation programming. All these initiatives are explained and costed out in our AMB.

Poverty reduction also requires consideration of the capacity of the City to provide important services, and the AMB recommends building in-house capacity by maintaining control of public services. The ongoing use of 'vacancy management' to balance the budget is undermining the public sector's ability to provide quality services to everyone who needs them. When there's a great reliance on user fees low-income Winnipeggers are effectively carved out of the community. They cannot afford recreation, public transit or even potential life-saving measures such as calling an ambulance. For these reasons we are disappointed ambulance fees did not come down and that there is a plan to increase transit fees to help pay

there is an alternative.

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for Rapid Transit.

Winnipeg Transit has been commended for having one of the highest revenue to cost ratios, but what this means is we are investing fewer tax dollars in transit services compared to many other Canadian cities. Winnipeg's area has expanded 80 percent and population has grown 33 percent over the past 25 years. But our bus fleet has only grown by 10 vehicles. Because of the change to low floor buses, the number of bus seats we have has actually decreased. In order to increase the number of buses available in off-peak hours so those who rely on transit can participate in a full range of activities, we need to increase the bus fleet by 200. As recommended in our AMB, we also need to improve security for passengers and operators, and provide a low-income bus pass such as the one available in Calgary.

Inclusion also relates to the way we grow as a city. The City Planning budget was one of the hardest hit by cuts over the past ten years. In 2007, the tax-funded amount for City Planning was \$4.2M with 29 Full Time Equivalent positions. In the 2015 budget the tax support is just under \$2M, with only 16 positions. The AMB suggested our city would develop in a more sustainable way if \$1M were added to the budget for Secondary Plans and \$1M for a Planning and Infrastructure Economic Analysis Unit. Secondary plans help to manage neighbourhood change/development based on the needs and wishes of residents. At the same time, the analysis unit would be tasked with long-term cost/benefit analysis of new developments to assure they are economically viable.

Urban sprawl and car-oriented development contribute to our \$7B infrastructure deficit. Our 2014 AMB also recommended levying a \$15,000/lot Growth Development Charge on new suburban residential development so we are raising revenues and discouraging urban sprawl at the same time. Even

low density cities like Calgary are implementing policy to promote denser development: it has adopted a model that reduces new land use by 25 percent and saves the city \$11 billion in capital costs alone.

The AMB recognizes there is a need to fix what already exists. The 2014 AMB found that Winnipeg's per capita level of capital spending was much less than the average spending of seven other major Canadian cities. This year the City is increasing its debt limits; we would urge it to consider taking on even more to deal with the infrastructure deficit more quickly. Taking on more debt would require a tax increase (6 per cent in our 2014 analysis) but there are a number of compelling reasons to deal with our infrastructure deficit now:

- Interest rates are at historic lows
- The net cost of borrowing is the total borrowing cost less the sum of future deterioration costs and the going rate of inflation in the construction sector (between 4 and 5 percent last year). The net cost is therefore around 1 percent
- Winnipeg's property taxes are the lowest amongst Canada's major cities and have grown only by 4.4 percent since 1999, compared to between 72.6 percent and 46 percent in other cities.

Borrowing more will require more than an inflationary increase in property taxes, especially if Winnipeg is to deal with other pressing problems, like building an inclusive, poverty-free city.

The new mayor and council will have a full year to prepare for the 2016 budget. We hope that as everyone settles into their positions, there will be more time to discuss the ideas presented in the AMB.

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