



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

September 8, 2018

Manitoba's municipalities must prepare for climate change

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In response to Jonathan Alward's piece in the *Winnipeg Sun* on municipal overspending, small business owners are not the only ones paying attention to municipal election platforms this fall. Those community members who participated in the 2018 Alternative Municipal Budget bring a very different perspective from the CFIB's.

Mr. Alward complains of unsustainable spending growth, but provides few details. He refers to a CFIB report that found the main culprit to be municipal employees. Simply stating that labour costs take up 59% of any budget doesn't really tell us anything. Workers are a crucial part of any municipality's activities, so we should expect the wage bill to be substantial.

The real crux of the matter is an antipathy towards unionized workers. That workers should have benefits and make decent wages is a constant irritant for the CFIB, despite the fact that these wages are spent in CFIB member businesses. But if we take a closer look at where Winnipeg's budget line is the highest, we'll see that it is with the one group of workers business owners are reluctant to criticize: the police.

Between 2000 and 2016, the police budget increased from \$115 million to \$280 million – a 145% increase, compared to a 40% increase for public works. As the largest and fastest growing budget line in the Winnipeg's operating budget, it may well be time for the Winnipeg to examine the cost

of policing, especially when money for para-military equipment could be spent dealing with the root causes of crime. Departments that work to decrease social marginalization saw increases of only 13% in the same time period.

In the latest round of bargaining for CUPE 500 City of Winnipeg workers, increases were 0%. So when inflation is factored in (something the CFIB agrees should be), these workers' salaries decreased 1.6%.

Wage increases in 2017 for other CUPE members working for Manitoba municipalities ranged between 1.0 and 2.5%, with the average being 1.89% – close to Manitoba's 1.6% rate of inflation for 2017.

It is true that many cities in Western Canada do not have a business tax per se, but this is compensated for with higher rates on non-residential property taxes. When the business tax as a category was eliminated in Calgary and Edmonton, the non-residential commercial property tax was increased to ensure no loss in revenue. Businesses pay a similar total amount of tax in those cities as they do in Winnipeg. Furthermore, Winnipeg's business tax has decreased every year from 9.75% in 2002 to 5.14% in 2018. A 2016 KPMG report found that Winnipeg had the lowest business costs of a sample of major North American cities.

there is an alternative.

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The Alternative Municipal Budget agrees that budgets have to be sustainable, but we are referring to the need to deal with climate change and environmental degradation. These are the most pressing problems of our day and they require a heroic response that all sectors of society, including business, must be part of.

For example, we recommend implementing Mobility Pricing which would shift the unsustainable cost of road maintenance to drivers and investing in public transportation so that commuters have a viable, affordable option to single-occupancy vehicle use. Doing so would also lower greenhouse gases.

The CFIB does not consider the \$1.4 billion that is needed to upgrade Winnipeg's North End Water Pollution Control Centre, the lack of an organic diversion program in Winnipeg, its outdated and inadequate transit system, or offer any solutions for the infrastructure deficits all municipalities face.

It is not clear how Winnipeg will deal with a \$6.9 billion infrastructure deficit when its yearly capital budget hovers around \$430 million. The sixteen-year tax freeze imposed on Winnipeg by previous administrations made it impossible to borrow the money required to keep up with repairs.

Winnipeg has the lowest property taxes of Canada's major cities. Between 1999 and 2017 property taxes increased 77% in Calgary, 84% in Edmonton, 63% in Vancouver, and 73%. In Winnipeg they increased 11%. Now compare the infrastructure in those cities with Winnipeg's.

Even if we had kept up with inflation and population growth, Winnipeg couldn't have maintained the status quo. Aging infrastructure must be kept in good repair, a monumental task given that developers, likely members of the CFIB, continually push for new infrastructure to accommodate urban sprawl.

Finally, does Mr. Alward advocate against CFIB members when they increase prices to cover their costs? The insurance sector

warned of the effects of climate change as early as 1973, and continues evolving its business model, including increasing rates, to adapt to the changes. The Fort McMurray fire cost the industry between \$5 billion and \$9 billion, a cost passed on to property owners and businesses.

If the CFIB thinks that any municipality can prepare for climate change – including the disproportionate impact it will have on the poor, and deal with ageing infrastructure - all without somehow increasing revenues, it needs to get a reality check from those CFIB members who understand the new world we find ourselves in.

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