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FAST FACTS

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Two Visions - Two Cities: A Citizen's Guide to Understanding Winnipeg's City Budgets

Two Visions – Two Cities is a four-part CCPA Mb. project to engage Winnipeggers in municipal decision making. The first step is our Citizen's Guide to Understanding Winnipeg's City Budgets. Highlights of the Guide are presented in this Fast Facts.

Winnipeg City Council spends more than one billion dollars a year running our city. Services such as water and sewage, public transportation, recreation services and garbage collection affect all of us every day, and decisions about how to provide these services can continue to affect us for years to come. For example, we are still benefiting from city councilors' far-sighted decision of more than a century ago to invest in an aqueduct to bring water to Winnipeg from Shoal Lake.

Spending decisions are contained in the City's Capital and Operating Budgets which must be passed by City Council. These budgets outline how the City is going to raise and spend money. The decision about what and whom to tax reflects how a community apportions the costs of society. Spending decisions reflect our values about how society's benefits are to be distributed.

Some of this council's recent decisions - such as the cancellation of rapid transit and the proposed elimination of the business tax - cast those values into question and give us insight

into their vision for our city. Council believes that Winnipeg is not populated by citizens, but by consumers and entrepreneurs. They believe that the City should not only be run like a business, business should be running most of the City's services. They also believe that that if a taxpayer does not receive a direct benefit from a tax, then the tax is not justified. They believe that taxes kill jobs.

The CCPA Mb. has a different vision: we believe that Winnipeg is a community and that the people who live here are citizens, not just taxpayers. We want all citizens, including businesses and non-profit organizations, to have access to libraries and recreation and the health and opportunity that come from quality public services like energy-efficient public transportation, clean water and environmentally responsible waste-collection. Taxes do not kill jobs, but an inability to understand and manage the complexities of modern cities does.

Why a guide for City Budgets?

Budgets are important because they contain a strong message about the kind of city our mayor and councillors envision. If we read them carefully, we can also discover how power in our city is distributed and used, even abused at times. The problem with municipal budgets is that they are complex technical documents, making it hard to



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connect the dots. Another reason they are hard to understand is that the process of writing budgets is often secretive and information about them can be presented in misleading ways. Our Guide explains some of the technical aspects of budgets, and challenges our mayor and his supporters' favourite recommendations like public-private partnerships, contracting out and elimination of the business tax. It is broken into four sections: Key Concepts, the Capital Budget, the Operating Budget and the Economic Opportunity Commission Report.

The Key Concepts section explains what the Operating and Capital Budgets are and how they are related. It explains how money is raised for the Capital Budget and who prepares the budgets.

The Capital Budget section provides more specific details about financing and spending categories. More importantly, it also explains the difference between traditional debt financing and public-private partnerships, or P3s. P3s are one example of how council is transferring public wealth into private hands. We challenge the mayor's contention that P3s allow the City to control "spiralling" construction costs.

The Guide concludes that P3s defer major development costs to future generations while greatly benefiting private developers. P3s are a business-friendly approach that, ironically, lack any sort of business sense. A return to conventional ways of financing infrastructure development and sound urban-planning principles would be much more in keeping with a community vision.

The Operating Budget part of the Guide deals only with the revenue side. Property taxes are levied on residential and non-residential properties and make up 56.5% of total revenue. Winnipeg also levies a business tax based on the annual rental value of business premises. Currently this tax contributes 8% to total revenues, but this administration has plans to phase it out completely

over six years. Both property taxes and business taxes have decreased, in real terms, since 2001.

The final section on the Economic Opportunity Commission Report examines the Commission's argument for eliminating the business tax. The Guide explains that taxes do not kill jobs, and why the City of Winnipeg is just as competitive as other Western Canadian cities. The Guide also examines the Commission's recommendations for replacing the revenue lost through elimination of the business tax, and asks whether or not these recommendations are likely to work.

Overall, our analysis of the City Budgets and the EOC Report finds that our Mayor, along with his supporters on City Council, are in the process of imposing a narrow, individualistic vision on the City. Under the guise of keeping the city competitive (which it already is), the Mayor wants to give the business community a windfall tax-saving. Under the guise of reducing debt (which is not out of hand), the Mayor wants to use P3s to increase the cost of public works and enrich a small group of private contractors. In such a city there is no "we", there is only "you" and "I".

The CCPA Mb. is committed to helping Winnipeggers develop an alternative community vision for their city. The Guide is the first step in that vision. The second step will be an analysis of the expenditure side of the Operating Budget, where we will explain how the Mayor's vision will impact key Winnipeg services. This spring we will respond to the 2008 Adopted Operating Budget and this fall we will release our Alternative Municipal Budget.

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