



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

March 19, 2020

Crisis not the time to cut civic services

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In response to COVID 19 school closures, Mayor and Council are rushing to vote on the City budget a week early, on March 20th. The budget is widely decried by community groups and given COVID-19 – vulnerable community members need more support - not less. The budget cuts are not necessary: Mayor Bowman and city council have a way out financially and politically.

The cuts include the elimination of the highly popular student U-Pass, cutting back 14 bus routes, reducing library hours, cutting leisure programs by 50%, a 10% cut to grants to community-based organizations, including Rossbrook House and IRCOM, a \$493,000 cut from the Winnipeg Arts Council grant, and eliminating the public art program altogether. The budget also cuts important city services and eliminates municipal jobs including: cutting staff who do emergency water repairs, staff who answer 311 calls and closing the Waverley Fleet yards where city vehicles are repaired.

There is an alternative to each of these cuts. Brian Bowman's 2018 campaign promise to cap property tax increases had a huge caveat: he would limit the increase to 2.33% as long as there were no further decreases in provincial transfers (Winnipeg Free Press, Sept. 14, 2019). The province has frozen transfers to municipalities. Transfers from the province were \$20 million less in 2018 and an estimated \$38 million less in 2019.

Although this year's provincial budget has yet to be released, we can assume that further cuts to municipalities will be included. The Mayor's caveat opens up room for the Mayor and Council to make up the difference with property and business tax increases, alongside more progressive options like suburban parking lot levies as proposed in *Imagine a Winnipeg: the 2018 Alternative Municipal Budget*.

The 2018 Alternative Municipal Budget found cuts that year would have been unnecessary if Mayor and Council had been willing to bite the bullet and increase property taxes an additional 5 percentage points to 7.33%: a very reasonable increase of \$12 per month for the average home (and modest, i.e. less than the cost of Netflix). Some sort of rebate program should be implemented to mediate the impact on low or fixed income households.

A similar move and a small increase to the business tax would cover the \$30 million dollars needed to prevent this year's cuts.

Instead, community groups, who are on the front lines of supporting vulnerable Winnipeggers dealing with COVID-19, will have City funding cut 10%, when it should be enhanced to deal with the crisis. And when COVID-19 concerns subside and City facilities open again, libraries will be closed on Sundays and

there is an alternative.

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leisure activities cut in half. How did we get to this dire situation?

Loren Remillard, Chair of the Winnipeg Chamber of Commerce interprets the cuts as “an effort to prioritize “core services” in Winnipeg” (Winnipeg Free Press March 10th, 2019). What exactly are core services?

The mission of the City of Winnipeg is to promote quality of life for all Winnipeggers and its purpose, as defined in provincial legislation is “...to develop and maintain safe, orderly, viable and sustainable communities; and to promote and maintain the health, safety, and welfare of the inhabitants”.

In contrast, Winnipeg is barely keeping up with the demands of a modern city and suffers from low transit ridership, crowded buses, persistent homelessness, reduced access to libraries and recreation, and reduced city services. COVID-19 will be incredibly challenging for the vulnerable and those of limited means. Winnipeg can and must do better.

When Brian Bowman was elected in 2013, he also campaigned on a property tax increase of 2.33%, dedicated solely to roads and rapid transit. So although the 16 year tax freeze maintained by Mayors Murray and Katz was finally thawed in 2013 (by Katz in his final year), civic departments have had to make do with below inflationary increases for over eight years. Bowman, former Chair of the Winnipeg Chamber of Commerce, ran on this 2.33% platform again in 2018, alongside further reductions in business taxes.

In 2002, the business tax in Winnipeg was 9.75% of business rental property value and has since been lowered regularly. The 2020/21 tabled budget lowers it again to 4.48%. Eighteen years of business tax cuts represent a loss of over \$17 million real dollars in revenue to the City annually today, according to University of Manitoba economist Ian Hudson. The reduction in business tax shifts the tax burden over to property taxes. And the limited 2.33% property tax increase dedicated to roads and rapid transit has

created a structural deficit of the City’s own making.

Why are we lowering the business tax when the cost of doing business in Winnipeg is already competitive? Economic Development Winnipeg touts Winnipeg’s as the “lowest-cost location for select US and Canadian businesses” due to the low cost of living and a favourable business environment.

It is time to stop listening to the business lobby and start listening to those hurt by the cuts. Winnipeggers elected one of the most progressive City Councils in recent memory. A majority of Executive Policy Committee purport to be allies of low-income and working people and to hold progressive values. We need to push these councillors so they do not succumb to the lobbying of the Chamber about “core” services while business continues to benefit from the public services paid for by Winnipeggers’ property taxes.

Let us remind the Mayor about his election promise caveat and press for more revenue from property and business tax increases to avoid the devastating service cuts at challenging time in the City’s preliminary budget. Contact the Mayor and your council representative and get involved.

The final budget will be voted upon by City Council March 20th, 2020 at 9:30 am.

Molly McCracken is the director of the Canadian Centre for Policy Alternatives – Manitoba office.