

THE New Deal

Winnipeggers
have been heard!



'Newer Deal' to reflect Town Halls

Winnipeg taxpayers are being heard on a New Deal.

I have received lots of suggestions for improvements from people at the Town Halls. Those will be incorporated in a Newer Deal to reflect what the people of Winnipeg are telling us.

I've already indicated the proposed tax on home energy is likely to be revised. I've also heard Winnipeggers say they believe more of their federal and provincial tax dollars should be used to help pay for the city's infrastructure. Part of our job is to negotiate that on your behalf.

While fixing roads and bridges is essential, Winnipeggers expect more.

We need a vision to ensure our cities are vibrant, dynamic, engaging places to live and prosper. We will compete in the global economy by unleashing the creativity of our citizens.

With changes to our landscape brought about by the creativity revolution, the role of the city within the Canadian federation has changed. Responsibilities have increased, while revenue sources remain stagnant. City revenues that should be spent on quality of life initiatives are pouring into an infrastructure money pit.

These problems face city governments while the federal government and many provinces post budget surpluses.

Winnipeg has continued to re-invest in the arts and culture of our community, even in times of fiscal restraint.

Critics of these investments don't understand what drives the New Economy. Cities must be more than economic powers. They must be centres for the arts, creativity and innovation.

The first version of the New Deal was a starting point for all Winnipeggers to get involved in designing the future of our city. Your city government presented its early ideas for public response.

We heard you.

Now we have gone back to the drawing board to design a Newer Deal. We expect to share those ideas with you early in the new year.

We need to act now to make Winnipeg an even more desirable community in which to live, work and prosper.



Mayor Glen Murray

You should know where your dollars go

Of all the taxes you pay, 93 cents out of every dollar goes to school divisions, and the federal and provincial governments.

That leaves less than seven cents for the City to deliver all the services that matter to you and your neighbours:

- police, fire & paramedic
- transit

- roads & snow clearing
- water, sewer & solid waste
- parks, recreation, arts & culture
- insect control, and so much more.

A Newer Deal could get more revenue for the City by redirecting tax dollars paid by city residents and by capturing new tax dollars from non-residents.

What the City's done

The City of Winnipeg has spent the last few years tightening its belt. The results are clear:

- The City has cut its debt in half in just 5 years.
- Staff has been cut from 11,000 employees to 8,300.
- The City has shrunk from 6.1% of the gross domestic product (GDP) in 1992 to 4.7% in 2001, giving the City government one of the smallest footprints in the economy of any government in Canada.
- City property taxes have been cut 8.3%.

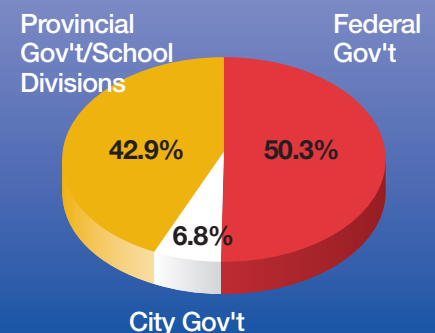
We continue to strive to find even more savings. Next year's operating budget will see continued restraint.

Only a small part of the City's budget is discretionary. For instance, 58% of our tax-supported salaries budget pays police, firefighters and paramedics.

Approximately 90% of our tax-supported capital budget goes to infrastructure maintenance and repairs.

Part of the New Deal is asking citizens: What ideas do you have to find savings?

email your ideas to: newdeal@winnipeg.ca
or mail them to: New Deal, 510 Main Street
Winnipeg, MB, R3B 1B9



City gets seven cents of every tax dollar

New Deal Goals: Infrastructure repair, revenue growth and taxpayer choices

Will your street be fixed in your lifetime?

- Not acting now to fix our roads comes with a big price tag. City engineers estimate a street repair that would cost \$50,000 this year will become a \$400,000 replacement job only a few years from now.
- Canada's infrastructure deficit is more than \$57 billion and growing every year. It would be impossible to pay the bill out of property taxes alone.
- The New Deal could direct millions towards fixing Winnipeg's infrastructure.
- Recently, the Province's Clean Environment Commission and Conservation Manitoba required the City to speed up its replacement of old sewers and its removal of nutrients from our sewage. That will cost an additional \$738 million over the next 10 years.
- The New Deal could propose that those who use the roads pay through a gasoline tax and other revenues that, unlike property taxes, grow with the economy. Those taxes could eventually generate enough additional money to close the infrastructure gap.

Have a say in what you pay

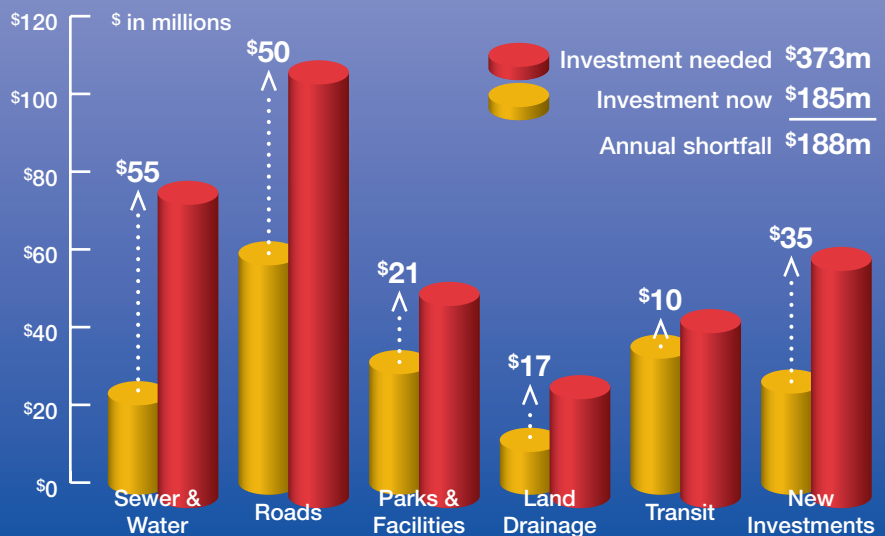
How could taxpayers then have some choice in how much they pay?

Imagine now that when you fill up at the gas pump, the gas tax you pay will go to fix the potholes you drive over or improve public transit. If you begin to use that improved public transit you win again because you pay less and you pollute less. That gas tax would be funnelled to roads and transit under a transparent new budget that would allow citizens to see how their money is spent.

With a user pay garbage system it is also a tax on pollution and a lever to encourage people to recycle and reduce the strain on our landfills.

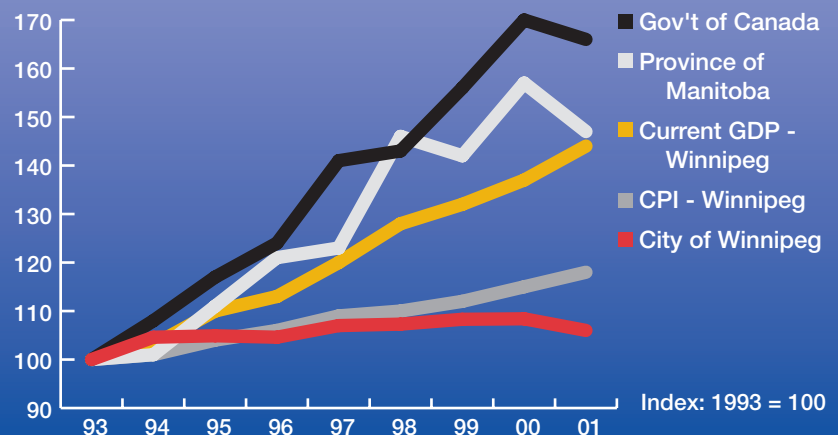
A tax on liquor makes sense because the majority of our police response calls are linked to liquor-related incidents.

Therefore we're taxing the source that leads to the city needing to provide the response.



The City needs to spend an additional \$188 million a year to close the gap in infrastructure spending.

City needs growth revenues



The City's tax revenues do not grow with the economy. That's because the City relies so heavily on property taxes. Their value remains stagnant.

Statistics Canada's analysis shows that property taxes are a very regressive form of taxation. They bear no relation to income. Senior citizens living on fixed incomes must pay the same amount as young professionals in a similar house next door.

Sales and income taxes collected by the provincial and federal governments, on the other hand, increase with growth in the economy. Income taxes are the most progressive form of taxation. Sales taxes are more progressive than property taxes, because they recognize that people with higher incomes are likely to spend more.

Income taxes relate directly to the taxpayers' ability to pay. Winnipeg already receives a share of provincial income tax. Under the early New Deal proposals, that share would have increased.

The New Deal proposed the City would receive more money from more progressive taxes that are directly connected to the economy.

Federal and provincial revenues grow faster than the economy. City of Winnipeg revenues do not keep pace with inflation.