

The Conference Board of Canada  
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# A New Deal for the City of Winnipeg

ECONOMIC PERFORMANCE AND TRENDS



A New Deal for the City of Winnipeg  
by *The Conference Board of Canada*

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## Preface

This study examines the economic impact that the New Deal would have on the City of Winnipeg. It also assesses the financial situation of the City of Winnipeg under the current fiscal arrangement compared to the changes suggested by the New Deal. The New Deal's impact on the revenues of the federal government and those of the Government of Manitoba is also addressed.



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## **Executive Summary**

A growing consensus is emerging that communities in Canada need a new approach in order to be fiscally sustainable. In fact, The Conference Board of Canada has completed research that indicates the long-term fiscal sustainability of municipal governments is in jeopardy, threatening our quality of life and competitiveness.

Among the important fiscal challenges facing municipalities is the deteriorating state of municipal infrastructure. Indeed, the 2003 study conducted by the Conference Board in Quebec was the first to examine the fiscal capacity of municipal governments and the municipal infrastructure deficit.<sup>1</sup>

Political leaders have proposed different approaches to increased funding for municipal infrastructure renewal. In this regard, the City of Winnipeg is at the vanguard in proposing a new fiscal deal that would allow it to increase its revenues and therefore tackle the issue of infrastructure renewal.

One of the objectives of the proposed New Deal is to link a larger portion of revenues to economic activity, allowing them to grow over time in line with operational and investment expenditures. To do so, the New Deal suggests that all existing provincial grants (\$139 million in 2004) be replaced with a share of income tax. The New Deal also incorporates a measure in which the federal government would transfer the equivalent in revenues of two-thirds of a percentage point of GST collected in Winnipeg. These are interesting features of the New Deal, since Winnipeg's population is aging, implying that property tax revenue growth is likely to be limited in the long run.

According to the City of Winnipeg's calculation, the New Deal is expected to lift the city's total revenue by roughly \$123 million in the first year. Results from the Conference Board's simulation are very much in line with that of the city. These additional revenues will allow the city to address its infrastructure gap.

All in all, the New Deal would have a significant impact on the economy of Winnipeg. It boosts economic activity by 0.9 per cent and creates nearly 2,300 additional jobs by 2020. Under the New Deal, therefore, real gross domestic product (GDP) growth averages 2.3 per cent, compounded annually, over the entire forecast period. This compares to 2.1 per cent under the current fiscal arrangement. The construction industry enjoys the largest gains, thanks to the infrastructure program, with output \$88 million higher per year on average.

The New Deal will also have a significant impact on the City of Winnipeg's finances. First, this report clearly shows that the city would be unable to finance its infrastructure requirements under the current fiscal arrangement. The city's debt would rise dramatically in this scenario. New sources of revenue, such as those proposed under the New Deal, are therefore needed.

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<sup>1</sup> *La situation fiscale des municipalités québécoises* (The Conference Board of Canada and L'Union des municipalités du Québec, May 2003).

True, starting in 2004 the city plans to spend about \$169 million per year on infrastructure upgrades, which is more than the amount of extra revenue generated by the New Deal. However, the City of Winnipeg's debt fell significantly between 1995 and 2002, meaning interest payments declined significantly over that same period. As a result, operating expenditures, which account for over 80 per cent of total expenditures, increased by only 0.4 per cent per year between 1996 and 2002. Consequently, even though the rise in revenues does not match the amount needed for infrastructure spending, the debt does not rise in 2004. In fact, it keeps falling. This is a key result, because it is for this reason alone that the city is able to keep a grip on its interest payments throughout the simulation horizon.

Granted, the 4 per cent reduction in property taxes in 2005 will reverse the trend toward lower debt for 2005 and 2006 — two years in which debt will rise. However, the smaller reliance on property taxes and the collection of faster-growing types of revenue (two-thirds of a GST point and larger provincial income tax sharing) starting in 2004 will provide a significant lift to growth in the city's revenues. In fact, the share of total revenues collected from property taxes, which stood at 37.9 per cent in 2002, falls to 31.9 per cent in 2005 and to 27.5 per cent by 2020. All in all, following a leap of 13.6 per cent in 2004 with the introduction of the New Deal, total revenues expand at an annual average rate of 2.2 per cent from 2005 to 2020 inclusively. This is stronger than the 1.8 per cent rate found over the 1995–2002 period and enough to quickly bring the debt back on its downward trend starting in 2007. The debt continues to decline in the medium term until it is completely eliminated by 2016, assuming that the city can accelerate the repayment of its current debt.

The overall impact on the city's finances due to the proposed new fiscal arrangement results in the city being able to meet its infrastructure needs and also be in a financially sustainable position over the long run. It could, however, be argued that this plan is a little too aggressive, since the debt will be completely eliminated by 2016. But the complete elimination of the debt in 2016 would not lead The Conference Board of Canada to reject the New Deal. It is easy to lose control of the debt and, in turn, interest payments. The Conference Board would, however, recommend tightly monitoring the fiscal situation in the next decade and adjusting the New Deal accordingly. Once the downward trend on the debt resumes from 2007 onwards, the city could, for example, consider lowering taxes.

Finally, while the New Deal brings in additional revenues to the City of Winnipeg, lower revenues are in store for the federal and provincial governments. Overall, the Government of Manitoba takes a marginal hit that grows gradually throughout the forecast period, reaching \$24.1 million by 2020. The federal government's loss amounts to \$100.3 million in 2020.

## **1. Project Background**

Canadian municipalities will face extreme fiscal pressures over the next 20 years, as their financial requirements for services and much-needed infrastructure investment outstrip their ability to collect revenues.

For example, according to a recent Conference Board of Canada study for L'Union des municipalités du Québec (UMQ), net long-term debt of Quebec municipalities, which stood at \$10.4 billion in 2000, will climb to \$18.7 billion by 2020. This excludes a major investment in the municipalities' aging infrastructure. If a renewal program were introduced to replace infrastructure on a 40-year replacement cycle and to account for population growth, the net debt would climb to \$27.8 billion by 2020.

The rise in the long-term debt is attributable to much slower growth in total revenues than in total spending. More specifically, operating expenditures are forecast to grow by 2.6 per cent per year from 2001 to 2020, which is in line with the expected increase in inflation and population. Investment spending is forecast to grow by 2.9 per cent per year, which is sufficient to keep infrastructure from deteriorating further. Notice that this excludes any catching up in infrastructure. However, total revenues will rise by only 1.7 per cent per year over the same time period, as residential property tax revenues will be limited by plummeting housing starts in the province of Quebec over the next 20 years. This is attributable to both a slowdown in population growth and the aging of the population. Those factors will drastically reduce housing requirements and, in turn, the residential housing stock. Given that the study maintains the residential property tax rate constant at its latest historical value, the slower growth in the housing stock leads to an equivalent result in residential property tax revenues.

As the major urban centre in Quebec, Montreal will face the largest debt increase (in absolute terms), with net long-term debt rising from \$5.9 billion in 2000 to \$11.7 billion in 2020. If Montreal implements an infrastructure renewal program, it will carry a debt of \$17.8 billion by 2020. The study found that all Quebec municipalities will face chronic debt problems over the next 20 years.

The analysis takes the position that the infrastructure catch-up is now much needed. Public infrastructure in the municipalities has been aging and deteriorating over the past three decades. Municipal investment growth in Quebec averaged 6.6 per cent per year from 1955 to 1977, but it averaged a meagre 0.1 per cent per year from 1978 to 2002. Given population growth alone, the Conference Board estimates that investment spending on new infrastructure should have grown by an average of 2.6 per cent per year from 1978 to 2002. According to this analysis, the resulting cumulative shortfall in investment for Quebec municipalities amounts to \$17.9 billion. It is interesting to note that an independent study based on engineering data and conducted by *La Coalition pour le Renouvellement des Infrastructures* (CRI) estimated an infrastructure investment shortfall of similar magnitude.

To ensure that Quebec municipalities do not accumulate a debt of \$27.8 billion by 2020, they will require new sources of revenues. The Conference Board identified several potential solutions in the study, but it did not judge which solutions would work best. For

example, the report estimates that allocating 1.7 percentage points of the provincial sales tax to the municipalities would cover the gap. Other options include providing municipalities with a portion of Quebec's gasoline tax, a share of Quebec's income tax revenues, or increased provincial transfers to municipalities, such as a commitment to funding part of any infrastructure renewal programs.

The New Deal for Winnipeg falls precisely along these same lines. In this new fiscal arrangement, the city is proposing to alter its revenue structure, moving it partly away from property taxes and towards faster-growing types of revenues. This might be a sound alternative, at least according to the work done for Quebec municipalities. The main purpose of this study is to answer the following question: Will the New Deal provide enough revenues for Winnipeg's municipal government to meet its spending requirements, including its infrastructure needs?

## **2. The Economic Impact of the Infrastructure Renewal Program**

This section discusses the impact of an infrastructure renewal program on Winnipeg's economy. It is assumed that the upgrades will begin in 2004. Table 2.1, located at the end of this section, provides a brief summary of the results. More detailed results can be found in Appendix A.

### **2.1 ASSUMPTIONS**

Under the New Deal scenario, an extra \$2.04 billion will be spent on first-order infrastructure upgrades over the next 15 years, with \$1.44 billion to be spent in the first 10 years (2004–2013) and an additional \$600 million to be spent in the last five years (2014–2018).<sup>2</sup> Over the first 10 years of this 15-year program, \$100 million will be used to purchase new city buses. Given the presence of an important bus assembly plant in the city, we have assumed that these new buses will be built in Winnipeg. We have boosted manufacturing output accordingly. The rest of the money, \$1.94 billion, will be used to upgrade sewers, roads, bridges, parks and other public infrastructure.

The infrastructure renewal program will end in 2018. However, the program will result in a much higher level of the capital stock by 2018 compared with the base case scenario. It can then be argued that the level of investment flows required from 2019 onwards will be much higher than in the base case, as this additional capital stock will require maintenance. Therefore, we increased construction output in both 2019 and 2020 to account for the extra investment spending.

### **2.2 RESULTS**

The first-order infrastructure renewal program will lead to a significant gain in economic activity. According to our simulation, Winnipeg's real GDP will be \$83.6 million or 0.4 per cent above the base case in 2004, before climbing to \$200.9 million or 0.8 per cent above the base case by 2013. Given that first-order infrastructure spending slows down from 2014 onwards, the impact on total real GDP declines somewhat, although it will still be \$188.5 million, or 0.6 per cent, above the base case by 2020. The cumulative effect on GDP between 2004 and 2020 is then estimated to be a positive \$2.9 billion. Under the New Deal with the first-order infrastructure renewal program, therefore, real GDP growth will average 2.24 per cent, compounded annually, over the entire forecast period. This compares to 2.1 per cent under the current fiscal arrangement.

The construction sector will enjoy the largest gains. Compared with the base case, construction output will be lifted by an average of \$61 million per year. The cumulative effect of increased construction output is expected to be roughly \$1.1 billion.

The first-order infrastructure program will be a boon to Winnipeg's job market, with the economy generating 293 additional jobs in 2004. This will rise to 1,648 by 2013, before slowing down to an additional 1,595 jobs by 2020. Again the construction industry is

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<sup>2</sup> The Conference Board of Canada was not tasked with evaluating the infrastructure requirements of the City of Winnipeg and therefore took the amounts provided by City officials at face value.

expected to enjoy the largest gains in percentage terms, with the sector creating 350 additional jobs by 2020. In absolute terms, the relatively large commercial services sector will benefit from 903 additional jobs by 2020.

The stronger economy will attract more people to Winnipeg. By 2020, the city's population will be 2,635 higher than in the base case. The larger population will lead to a larger labour force, which will offset most of the job gains. As a result, the unemployment rate will only be marginally lower under the New Deal (5.0 per cent) than in the base case (5.1 per cent).

It is important to note that the employment gain does not match the output gain in percentage terms. This is because the first-order infrastructure renewal program will lift the productivity of Winnipeg's economy. While output is boosted by 0.62 per cent in 2020 relative to the base case, employment increases by 0.38 per cent. In other words, labour productivity will improve by 0.24 percentage points.

<b>Table 2.1</b>				
<b>Economic Impact of the New Deal (with first-order infrastructure spending)</b>				
<b>(per cent increase relative to the base case)</b>				
	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
Gross Domestic Product (1997 \$)	0.4	0.8	0.7	0.6
Construction Output (1997 \$)	8.0	6.8	5.0	4.3
Employment	0.1	0.4	0.4	0.4
Population	0	0.1	0.2	0.4
Source: The Conference Board of Canada.				

### **3. Adding Second-order Infrastructure Spending to the Economic Impact Analysis**

This section discusses the impact of both the infrastructure renewal program (first-order infrastructure spending) and second-order infrastructure spending on Winnipeg's economy. Second-order infrastructure spending projects will include: zoo re-development, the Winnie the Pooh Museum, and the Convention Centre, among others. It is assumed that these investments will begin in 2004 and cost \$60 million per year through 2020. Table 3.1, located at the end of this section, provides a brief summary of the economic impact from both first- and second-order infrastructure spending. More detailed results can be found in Appendix A.

#### **3.1 RESULTS**

Implementing both the first- and second-order infrastructure spending programs will lead to a significant gain in economic activity. Winnipeg's real GDP will be \$117.1 million or 0.5 per cent above the base case in 2004, before climbing to \$277.8 million, or 1.1 per cent, above the base case by 2013. Given the slowdown in first-order infrastructure spending from 2014 onwards, the impact on total real GDP declines somewhat in the outer years, although it still comes in at \$270.1 million, or 0.9 per cent, by 2020. The cumulative effect on GDP between 2004 and 2020 is estimated to be a little above \$4.1 billion. Under the New Deal, therefore, real GDP growth will average 2.32 per cent, compounded annually, over the entire forecast period. This compares to 2.1 per cent under the current fiscal arrangement.

The construction sector will enjoy the largest gains. Compared with the base case, construction output will be lifted by an average of \$88 million per year. The cumulative effect of increased construction output is expected to be about \$1.5 billion.

Together, first- and second-order infrastructure spending will be very beneficial to Winnipeg's job market, with the economy generating 407 additional jobs in 2004. This will rise to 2,289 by 2020. Again the construction industry is expected to enjoy the largest gains in percentage terms, with the sector creating 517 additional jobs by 2020. In absolute terms, the relatively large commercial services sector will benefit from 1,294 additional jobs by 2020.

The stronger economy will attract more people to Winnipeg. By 2020, the city's population will be 3,699 higher than in the base case. The larger population will lead to a larger labour force, which will offset most of the job gains. As a result, the unemployment rate will only be marginally lower under the New Deal (5.0 per cent) than in the base case (5.1 per cent).

Adding second-order infrastructure spending to the first-order infrastructure renewal program provides a further boost to labour productivity. Specifically, output in 2020 is boosted by 0.89 per cent relative to the base case, while employment increases by 0.54 per cent. Productivity is then lifted by 0.35 percentage points.

**Table 3.1**

**Economic Impact of the New Deal (with first- and second-order infrastructure spending)  
(per cent increase relative to the base case)**

	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
Gross Domestic Product (1997 \$)	0.5	1.1	0.9	0.9
Construction Output (1997 \$)	11.4	9.6	7.4	6.4
Employment	0.1	0.5	0.5	0.5
Population	0	0.1	0.3	0.5

Source: The Conference Board of Canada.

## **4. The Financial Impact of the New Deal**

In this section, the financial situation of the City of Winnipeg is examined under two scenarios: 1) the current fiscal arrangement and 2) the New Deal. In both scenarios, the first- and second-order infrastructure spending is incorporated.

Table 4.1, located at the end of this section, provides a brief summary of the results. More detailed results can be found in Appendix B.

### ***4.1 Scenario One: Current Fiscal Arrangement***

It is clear from this scenario that the current fiscal arrangement will not allow the city to meet its spending requirements. In fact, the city's debt, which stood at \$496 million in 2002, will rise to \$1.7 billion in 2020 under this scenario. The city will also run an operating deficit starting in 2006, which will rise to \$264 million by 2020.<sup>3</sup>

How does that result come about? Under the current fiscal arrangement, revenues from property taxes account for nearly 40 per cent of total revenues. In a world where the population is aging, the housing market's long-run prospects are rather gloomy. In fact, from a recent peak in 2002 of 1,800 units, housing starts are expected to stand at a little more than 1,600 units in 2020. This will have a significant impact on the residential tax base, limiting its growth to an annual average rate of 0.9 per cent between 2003 and 2020 inclusively. Fortunately, the non-residential tax base, which will grow in line with overall economic activity in the city, will provide somewhat of an offset. Its growth is expected to average 2.8 per cent over the same time period. Still, slow growth in the residential tax base will limit overall revenue growth to an average rate of 2.1 per cent per year between 2003 and 2020.

Average growth in operating expenditures, on the other hand, will exceed 2.1 per cent under this scenario. Operating expenditures have been growing modestly over the past few years, thanks to a shrinking debt and an accompanying decrease in interest payments. They will rise dramatically, however, with the introduction of the infrastructure renewal program in 2004. In fact, total expenditures will increase by a whopping 21.1 per cent in 2004, before posting average annual growth of 2.7 per cent between 2005 and 2020. The result is a fast-increasing debt beginning in 2004 and higher interest payments from 2005 onwards.

### ***4.2 Scenario Two: The New Deal***

In this sub-section, the financial situation of the City of Winnipeg is examined under the New Deal, using the economic scenario that contains both first- and second-order infrastructure spending.

Table 4.1, located at the end of this section, provides a brief summary of the results. More detailed results can be found in Appendix B.

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<sup>3</sup> This deficit is not incorporated in the calculation of the debt since the city cannot, by law, finance an operating deficit. It is reported here for illustration purposes.

Under the New Deal scenario, the City of Winnipeg would:

- Receive 3 cents from the proceeds of the existing provincial fuel tax collected in the City of Winnipeg. This is forecast to equal \$33 million in 2004.
- Receive all the proceeds of an additional 3 cents/litre tax on gasoline collected in the City of Winnipeg. This would generate another \$33 million in 2004.
- Have all of its existing provincial grants (\$139 million in 2004) converted to income tax sharing.
- Be given two-thirds of a percentage point of GST collected in Winnipeg. This measure would lift city revenues by an expected \$62 million in 2004.
- Cease to pay the GST, which would lead to a savings of roughly \$7 million in 2004.
- No longer benefit from the existing federal government's infrastructure program. This would lower revenues by \$3 million.
- Increase water and sewer fees by a total of \$10 million.
- Reduce property taxes by 4 per cent in 2005, followed by five additional years of property tax freezes (from 2006 to 2010 inclusively).
- Reduce base operating expenditures by \$10 million.
- Abolish all provincial and federal transfers and grants other than those mentioned above.

The New Deal will increase revenues by \$141 million in the first year (2004). This is not sufficient to cover the amount needed for both the first- and second-order infrastructure spending, which amounts to about \$169 million. (Although overall spending on these two types of investments will total \$204 million in 2004, it is assumed that the City of Winnipeg will only fund 40 per cent of the second-order infrastructure spending program. The rest will be covered by the provincial and federal governments.

Given that the city's debt has been falling, from \$867 million in 1995 to \$496 million in 2002, interest payments have been on a downward trend over the same time period. After reaching a recent high of \$95 million in 1996, interest payments fell to \$74 million in 2002 and were expected to fall to \$59 million in 2003. This is a decline of nearly 40 per cent over the last seven years. As a result, even though the rise in revenues does not match the amount needed for first- and second-order infrastructure spending, the debt does not rise in 2004. In fact, it keeps falling. This is a key result, because it is for this reason alone that the City is able to keep a grip on its interest payments throughout the simulation horizon.

Granted, the 4 per cent reduction in property taxes in 2005 will increase the debt in 2005 and 2006. However, the smaller reliance on property taxes and the collection of faster-

growing types of revenue (two-thirds of a GST point and larger provincial income tax sharing) starting in 2004 will provide a significant lift to growth in the City's revenues. In fact, the share of total revenues collected from property taxes, which stood at 37.9 per cent in 2002, falls to 31.9 per cent in 2005 and to 27.5 per cent by 2020. All in all, following a leap of 13.6 per cent in 2004 with the introduction of the New Deal, total revenues expand at an annual average rate of 2.2 per cent from 2005 to 2020 inclusively. This is stronger than the 1.8 per cent rate found over the 1995–2002 period and enough to quickly bring the debt back on its downward trend starting in 2007. The debt will continue to decline in the medium term until it is completely eliminated by 2016, assuming that the city can accelerate the repayment of its current debt.

The overall impact on the city's finances due to the proposed new fiscal arrangement results in the city being able to meet its infrastructure needs and also be in a financially sustainable position over the long run. It could, however, be argued that this plan is a little too aggressive, since the debt will be completely eliminated by 2016.

**Table 4.1**

**Key Financial Indicators**  
(\$ millions)

	<i>Current Fiscal Arrangement</i>				<i>New Deal</i>			
	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
Debt	526	1,189	1,470	1,726	398	360	82	-415
Operating Surplus <sup>1</sup>	51	-126	-204	-264	200	236	315	400
Residential Tax Base	17,966	18,749	19,628	20,731	17,966	18,749	19,628	20,731
Non-residential Tax Base	7,702	9,102	10,341	11,761	7,702	9,102	10,341	11,761
Property Tax Revenues	398	432	465	504	391	392	421	457
Consumption-based Tax Revenues	0	0	0	0	128	151	175	206
Total Revenues	1,061	1,193	1,322	1,476	1,176	1,311	1,470	1,663
Total Expenditures	1,166	1,389	1,567	1,798	1,150	1,278	1,385	1,565
Operating Expenditures	801	998	1,144	1,303	784	886	963	1,069
Interest Payments on the Debt	55	145	186	217	55	51	22	0
1 <sup>st</sup> order Infrastructure Spending	144	161	147	163	144	161	147	163
2 <sup>nd</sup> order Infrastructure Spending	25	28	31	34	25	28	31	34

Source: The Conference Board of Canada.

1. The operating surplus is in fact funds available for debt repayment and capital spending. It should not be considered as an overall surplus.

## **5. The Financial Impact on the Federal and Provincial Governments**

The New Deal will have a negative impact on the finances of both the federal government of Canada and the provincial government of Manitoba, although the negative impact on the latter's finances will be mainly felt in the longer run.

Table 5.1 includes all the gains and losses in revenues and expenditures for the federal and provincial governments resulting from the New Deal.

The federal and provincial governments will see higher income tax revenues under the New Deal, thanks to stronger economic activity, which will lead to higher employment and income levels. As well, the stronger overall economic activity will lift business tax revenues for both levels of governments.

Another gain for the federal government will come from the abolition of federal grants. This will allow the federal government to save \$6 million by 2020.

The New Deal also incorporates a complete conversion of all provincial grants to income tax sharing. This has no immediate impact on the provincial government's coffers, but since income tax grows more rapidly than the traditional grants, it eventually leads to a loss for the provincial government of as much as \$38.1 million by 2020.

The federal government will face lower revenues from consumption-based taxes, since it is giving away two-thirds of a GST point to the City of Winnipeg under the New Deal. This loss, which amounts to \$62 million in 2004, climbs to \$123.1 million by 2020. In contrast, the provincial government will increase its consumption-based tax revenues, thanks to stronger economic activity in the city. The gain for the provincial government reaches \$7.9 million by 2020.

The provincial government takes another hit in the New Deal, although a marginal one, on gasoline tax revenues. True, it will reap the benefits of a new 3 cents/litre gasoline tax. However, the New Deal assumes that the provincial government will pocket only the portion of that new tax collected outside Winnipeg. This will lead to a \$27-million increase in revenues for the provincial government in 2004. The net \$6-million loss in 2004 that appears in Table 5.1 is attributable to another assumption of the New Deal: the provincial government will transfer a portion of its existing gasoline tax collected in Winnipeg to the city (equal to \$33 million in 2004).

Finally, the federal government will also face lower GST revenues since, under the New Deal, the city would not pay GST on its current purchases of goods and services. The loss in revenue for the federal government would reach \$11.1 million by 2020. This element of the New Deal was cemented in the 2004 federal budget, when the federal government announced it will eliminate GST payments from all municipalities.

All in all, while the New Deal will bring a fair share of additional revenues to the City of Winnipeg, the provincial government of Manitoba and the federal government will both be dealing with lower revenues. For the federal government, the loss will amount to \$100.3 million by 2020. In the case of the provincial government, the New Deal will result in just a \$2.5 million loss in 2004. But this loss will rise over time, reaching \$24.1

million by 2020.

<b>Table 5.1</b>								
<b><i>Financial Impact of the New Deal on the Provincial and Federal Governments</i></b>								
<b>(Scenario Two, \$ millions)</b>								
	<i>Federal</i>				<i>Provincial</i>			
	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2004</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
Consumption-based Tax Revenues	-62.0	-76.8	-96.6	-123.1	1.2	5.7	7.0	7.9
Income Tax Revenues	2.8	13.6	17.0	19.9	1.7	8.0	10.0	11.7
Grants	3.0	3.3	4.6	6.0	0	-14.3	-24.3	-38.1
Business Tax Revenues	3.5	7.8	7.7	8.1	0.6	1.3	1.3	1.4
Gasoline Tax Revenues <sup>1</sup>					-6.0	-6.4	-6.7	-7.0
GST Revenues	-7.5	-8.7	-9.8	-11.1				
<b>Total Impact</b>	<b>-60.1</b>	<b>-60.7</b>	<b>-77.1</b>	<b>-100.3</b>	<b>-2.5</b>	<b>-5.7</b>	<b>-12.8</b>	<b>-24.1</b>
<b>Total Impact (in real 2003 dollars)</b>	<b>-59.0</b>	<b>-52.9</b>	<b>-60.8</b>	<b>-71.6</b>	<b>-2.5</b>	<b>-5.0</b>	<b>-10.1</b>	<b>-17.2</b>
Source: The Conference Board of Canada.								

1. Under the New Deal, although the provincial government will transfer 3 cents of its existing gasoline tax revenues to the City of Winnipeg, it will pocket the revenues generated by the additional 3 cents/litre tax on gasoline collected outside Winnipeg. The net loss for the provincial government then becomes \$6 million in 2004.

## **6. Conclusion**

A growing consensus is emerging that communities in Canada need a new approach in order to be fiscally sustainable. Among the important fiscal challenges facing municipalities is the deteriorating state of municipal infrastructure. Political leaders have proposed different approaches to increased funding for municipal infrastructure renewal. In this regard, the City of Winnipeg is at the vanguard in proposing a new fiscal deal that would allow it to increase its revenues and therefore tackle the issue of infrastructure renewal.

One of the objectives of the proposed New Deal is to link a larger portion of revenues to economic activity, allowing them to grow over time in line with operational and investment expenditures. According to the City of Winnipeg's estimates, the New Deal is expected to lift the city's total revenue by roughly \$123 million in the first year. These additional revenues would allow the city to address its infrastructure gap.

On the whole, the New Deal proposed by the City of Winnipeg includes many positive characteristics. First, it reduces the share of property taxes in total revenues from 37.9 per cent in 2002 to 27.5 per cent in 2020. Given that the city's population is aging, property tax revenue growth is likely to be limited in the long run. Second, the New Deal proposes a revenue transfer from the federal government equivalent to two-thirds of a percentage point of GST collected in Winnipeg. Third, the New Deal replaces provincial grants by a larger share of provincial income tax collection. These two features will allow revenue growth to be more in line with that of economic activity.

The New Deal will have a significant impact on Winnipeg's economy. Spending on both first- and second-order infrastructure will boost economic activity by 0.9 per cent and create nearly 2,300 additional jobs by 2020. Real GDP growth will average 2.3 per cent, compounded annually, over the entire forecast period. This compares to 2.1 per cent per year under the scenario that excludes any infrastructure catch-up. The construction industry will enjoy the largest gains, with output \$83 million higher by the end of the forecast period.

On the financial front, two key results are established. First, the New Deal will allow the City of Winnipeg to meet its future spending requirements, including the first- and second-order infrastructure renewal program — something it cannot do under the current fiscal arrangement. In fact, the City's debt, which stood at \$496 million in 2002, would rise to \$1.7 billion by 2020 under the current arrangement. At the same time, the city would run an operating deficit starting in 2006, which would rise to \$264 million by 2020.

Second, the New Deal will allow the city to meet its infrastructure needs and also be in a financially sustainable position over the long run. True, the rise in revenues does not match the amount needed for first- and second-order infrastructure spending. However, given that the city's debt has been falling, from \$867 million in 1995 to \$496 million in 2002, interest payments have been on a downward trend over the same time period. After reaching a recent high of \$95 million in 1996, interest payments fell to \$74 million in 2002 and were expected to fall to \$59 million in 2003. This is a decline of nearly 40 per

cent over the last seven years. As a result, the debt does not rise in 2004 following the start of the infrastructure renewal program. In fact, it keeps falling. This is a key result, because it is for this reason alone that the city is able to keep a grip on its interest payments throughout the simulation horizon.

The 4 per cent reduction in property taxes in 2005 will temporarily reverse the trend toward lower debt. In 2005 and 2006, debt rises. However, the smaller reliance on property taxes and the collection of faster-growing types of revenue (two-thirds of a GST point and larger provincial income tax sharing) starting in 2004 will provide a significant lift to growth in the city's revenues. All in all, following a leap of 13.6 per cent in 2004 with the introduction of the New Deal, total revenues expand at an annual average rate of 2.2 per cent from 2005 to 2020 inclusively. This is stronger than the 1.8 per cent rate found over the 1995–2002 period and enough to quickly bring the debt back on its downward trend starting in 2007. The debt continues to decline in the medium term until it is completely eliminated by 2016, assuming that the city can accelerate the repayment of its current debt.

It could be argued that this plan is a little too aggressive, since the debt will be completely eliminated by 2016. But the complete elimination of the debt in 2016 would not lead The Conference Board of Canada to reject the New Deal. It is easy to lose control of the debt and, in turn, interest payments. The Conference Board would, however, recommend tightly monitoring the fiscal situation in the next decade and adjusting the New Deal accordingly. Once the downward trend on the debt resumes from 2007 onwards, the city could, for example, consider lowering taxes.

Finally, while the New Deal will bring in additional revenue to the City of Winnipeg, it is also clear that the provincial and federal governments will both face a situation in which revenues are lower. For the federal government, the loss will amount to \$60.1 million in the first year of the New Deal and to \$100.3 million by 2020. For the provincial government, the impact of the New Deal is fairly negligible in the early years. However, the loss in revenues grows over time, reaching \$24.1 million by 2020.

## **7. Appendix A**

Tables: Economic Impact

- Control Case
- Shock 1: The first-order infrastructure renewal program
- Shock 2: The first-order infrastructure renewal program and second-order infrastructure spending

CONTROL CASE

**KEY ECONOMIC INDICATORS, WINNIPEG**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Real GDP (1997 \$ Millions)	17273.9 3.4	17388.8 0.7	18178.8 4.5	19029.8 4.7	19291.8 1.4	19551.4 1.3	19994.5 2.3	20432.9 2.2	20978.9 2.7	21647.6 3.2	22140.4 2.3	22625.4 2.2	23103.1 2.1
Retail Sales (\$ Millions)	4588.4 6.3	4891.0 6.6	5095.1 4.2	5232.5 2.7	5531.6 5.7	5758.1 4.1	6143.2 6.7	6598.2 7.4	6814.9 3.3	7157.1 5.0	7471.4 4.4	7806.7 4.5	8150.4 4.4
Employment ('000)	333.7 4.3	330.5 -1.0	332.8 0.7	343.6 3.2	345.6 0.6	351.8 1.8	358.2 1.8	362.8 1.3	370.0 2.0	378.6 2.3	384.4 1.5	389.5 1.3	394.4 1.3
Unemployment Rate (%)	7.8 -24.4	8.1 4.2	7.3 -10.2	5.6 -22.8	5.7 2.2	5.3 -7.4	5.2 -2.8	5.3 3.4	5.0 -5.8	4.7 -5.7	4.8 1.7	4.6 -4.1	4.4 -3.8
Population ('000)	680.3 0.4	679.2 -0.2	677.8 -0.2	677.8 0.0	679.9 0.3	682.4 0.4	684.3 0.3	685.5 0.2	687.8 0.3	690.3 0.4	692.3 0.3	694.5 0.3	696.9 0.3
Housing Starts ('000)	1.08 -29.8	1.14 5.6	1.56 37.0	1.52 -2.8	1.82 19.7	1.31 -28.0	1.47 12.5	1.80 22.0	1.71 -4.9	1.42 -16.9	1.40 -1.6	1.40 0.1	1.41 0.6
Personal Income (\$ Millions)	15639.9 3.4	16002.9 2.3	16646.7 4.0	17505.3 5.2	17999.0 2.8	18936.6 5.2	19550.5 3.2	19736.5 1.0	20419.2 3.5	21476.9 5.2	22515.3 4.8	23493.5 4.3	24527.7 4.4
Personal Income per Capita (\$)	22990.6 3.0	23562.3 2.5	24561.5 4.2	25826.7 5.2	26473.8 2.5	27749.4 4.8	28570.7 3.0	28791.2 0.8	29687.4 3.1	31113.0 4.8	32521.6 4.5	33826.2 4.0	35194.3 4.0
Disposable Income (\$ Millions)	12469.2 2.9	12716.5 2.0	12951.2 1.8	13682.0 5.6	14124.2 3.2	14793.7 4.7	15242.2 3.0	15526.5 1.9	16041.8 3.3	16925.9 5.5	17760.1 4.9	18525.1 4.3	19326.7 4.3
Disposable Income per Capita (\$)	18329.8 2.5	18723.6 2.1	19109.0 2.1	20185.9 5.6	20774.6 2.9	21678.6 4.4	22274.6 2.7	22649.7 1.7	23323.1 3.0	24520.1 5.1	25653.0 4.6	26672.8 4.0	27731.5 4.0
Consumer Price Index (1992 = 100.00)	1.070 2.7	1.092 2.1	1.115 2.1	1.130 1.4	1.153 2.0	1.181 2.5	1.215 2.9	1.233 1.5	1.258 2.0	1.279 1.7	1.302 1.8	1.328 2.0	1.355 2.0

CONTROL CASE

**KEY ECONOMIC INDICATORS, WINNIPEG**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Real GDP (1997 \$ Millions)	23612.5 2.2	24123.6 2.2	24626.5 2.1	25146.3 2.1	25678.9 2.1	26202.9 2.0	26748.2 2.1	27311.9 2.1	27885.1 2.1	28467.0 2.1	29069.1 2.1	29677.6 2.1	30295.5 2.1
Retail Sales (\$ Millions)	8525.3 4.6	8908.9 4.5	9318.7 4.6	9756.4 4.7	10186.4 4.4	10642.3 4.5	11154.8 4.8	11702.9 4.9	12264.2 4.8	12840.5 4.7	13482.5 5.0	14129.7 4.8	14822.1 4.9
Employment ('000)	398.3 1.0	401.3 0.8	404.1 0.7	406.7 0.7	409.2 0.6	411.3 0.5	413.2 0.5	415.1 0.5	416.9 0.4	418.7 0.4	420.6 0.5	422.4 0.4	424.1 0.4
Unemployment Rate (%)	4.4 -0.4	4.6 3.5	4.7 3.1	4.8 2.3	4.8 -0.4	4.9 2.1	5.0 1.4	5.1 2.1	5.0 -2.0	5.0 -0.0	5.1 1.8	5.1 0.3	5.1 0.9
Population ('000)	699.4 0.4	702.0 0.4	704.7 0.4	707.4 0.4	710.2 0.4	713.1 0.4	716.1 0.4	719.2 0.4	722.3 0.4	725.6 0.4	728.9 0.5	732.3 0.5	735.7 0.5
Housing Starts ('000)	1.41 0.5	1.48 4.4	1.52 3.3	1.53 0.7	1.55 0.8	1.56 1.1	1.64 5.0	1.72 4.7	1.69 -1.6	1.62 -4.2	1.57 -3.2	1.56 -0.4	1.57 0.7
Personal Income (\$ Millions)	25495.0 3.9	26409.8 3.6	27384.9 3.7	28419.2 3.8	29491.9 3.8	30598.7 3.8	31738.7 3.7	32907.3 3.7	34119.9 3.7	35386.4 3.7	36759.1 3.9	38159.6 3.8	39623.0 3.8
Personal Income per Capita (\$)	36451.1 3.6	37619.9 3.2	38861.3 3.3	40172.6 3.4	41523.2 3.4	42906.1 3.3	44319.0 3.3	45754.8 3.2	47234.0 3.2	48769.3 3.3	50431.3 3.4	52110.7 3.3	53854.2 3.3
Disposable Income (\$ Millions)	20159.0 4.3	20910.1 3.7	21688.5 3.7	22512.6 3.8	23351.1 3.7	24214.9 3.7	25109.1 3.7	26021.4 3.6	26968.9 3.6	27961.4 3.7	29040.0 3.9	30130.1 3.8	31272.0 3.8
Disposable Income per Capita (\$)	28821.9 3.9	29785.7 3.3	30777.7 3.3	31823.2 3.4	32877.3 3.3	33954.5 3.3	35061.6 3.3	36180.6 3.2	37334.6 3.2	38536.3 3.2	39841.1 3.4	41145.6 3.3	42503.9 3.3
Consumer Price Index (1992 = 100.00)	1.381 2.0	1.405 1.7	1.430 1.7	1.456 1.8	1.485 2.0	1.513 1.9	1.541 1.9	1.572 2.0	1.602 1.9	1.633 2.0	1.668 2.1	1.703 2.1	1.738 2.1

SHOCK 1 - CONTROL: The first-order infrastructure renewal program  
(increase relative to control case)

**KEY ECONOMIC INDICATORS, WINNIPEG**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Real GDP (1997 \$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	83.597 0.39	126.065 0.57	147.905 0.65	162.600 0.70
Retail Sales (\$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	3.936 0.05	9.170 0.12	11.543 0.15	13.532 0.17
Employment ('000)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.293 0.08	0.712 0.19	0.931 0.24	1.107 0.28
Unemployment Rate (%)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	-0.072 -1.51	-0.141 -2.93	-0.194 -4.20	-0.232 -5.22
Population ('000)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.003 0.00	0.028 0.00	0.084 0.01	0.161 0.02
Housing Starts ('000)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.006 0.45	0.006 0.45	0.014 0.98	0.019 1.35
Personal Income (\$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	14.958 0.07	35.030 0.16	44.665 0.19	52.850 0.22
Personal Income per Capita (\$)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	21.535 0.07	49.255 0.15	60.205 0.18	67.653 0.19
Disposable Income (\$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	11.785 0.07	27.630 0.16	35.218 0.19	41.642 0.22
Disposable Income per Capita (\$)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	16.970 0.07	38.852 0.15	47.470 0.18	53.303 0.19
Consumer Price Index (1992 = 100.00)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00

SHOCK 1 - CONTROL: The first-order infrastructure renewal program  
(increase relative to control case)

**KEY ECONOMIC INDICATORS, WINNIPEG**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Real GDP (1997 \$ Millions)	172.837 0.73	180.442 0.75	186.447 0.76	191.593 0.76	196.410 0.76	200.890 0.77	185.392 0.69	179.525 0.66	176.862 0.63	176.428 0.62	177.340 0.61	183.805 0.62	188.467 0.62
Retail Sales (\$ Millions)	15.334 0.18	16.873 0.19	18.256 0.20	19.525 0.20	20.708 0.20	21.872 0.21	22.123 0.20	22.080 0.19	22.267 0.18	22.668 0.18	23.177 0.17	23.943 0.17	24.845 0.17
Employment ('000)	1.248 0.31	1.360 0.34	1.457 0.36	1.531 0.38	1.609 0.39	1.648 0.40	1.640 0.40	1.611 0.39	1.591 0.38	1.578 0.38	1.571 0.37	1.579 0.37	1.595 0.38
Unemployment Rate (%)	-0.255 -5.77	-0.266 -5.82	-0.270 -5.72	-0.265 -5.49	-0.258 -5.38	-0.240 -4.88	-0.209 -4.21	-0.175 -3.45	-0.141 -2.82	-0.107 -2.15	-0.075 -1.49	-0.048 -0.95	-0.024 -0.48
Population ('000)	0.260 0.04	0.381 0.05	0.525 0.07	0.691 0.10	0.877 0.12	1.083 0.15	1.303 0.18	1.531 0.21	1.762 0.24	1.991 0.27	2.216 0.30	2.432 0.33	2.635 0.36
Housing Starts ('000)	0.024 1.71	0.029 1.99	0.035 2.28	0.040 2.60	0.045 2.89	0.049 3.13	0.052 3.18	0.054 3.16	0.055 3.28	0.055 3.42	0.054 3.47	0.052 3.36	0.050 3.17
Personal Income (\$ Millions)	59.912 0.23	66.080 0.25	72.057 0.26	76.420 0.27	82.237 0.28	86.898 0.28	88.237 0.28	88.412 0.27	89.512 0.26	91.445 0.26	93.880 0.26	97.375 0.26	101.450 0.26
Personal Income per Capita (\$)	72.055 0.20	73.643 0.20	73.235 0.19	68.712 0.17	64.385 0.16	56.597 0.13	42.497 0.10	25.460 0.06	8.667 0.02	-7.833 -0.02	-24.490 -0.05	-39.967 -0.08	-54.817 -0.10
Disposable Income (\$ Millions)	47.368 0.23	52.345 0.25	57.298 0.26	59.997 0.27	65.287 0.28	68.763 0.28	69.810 0.28	69.912 0.27	70.750 0.26	72.260 0.26	74.162 0.26	76.880 0.26	80.070 0.26
Disposable Income per Capita (\$)	56.968 0.20	58.345 0.20	58.325 0.19	53.667 0.17	51.223 0.16	44.785 0.13	33.618 0.10	20.132 0.06	6.853 0.02	-6.192 -0.02	-19.348 -0.05	-31.560 -0.08	-43.257 -0.10
Consumer Price Index (1992 = 100.00)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00

SHOCK 2 - CONTROL: The first-order infrastructure renewal program and second-order infrastructure spending  
(increase relative to control case)

**KEY ECONOMIC INDICATORS, WINNIPEG**

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Real GDP (1997 \$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	117.140 0.54	177.780 0.80	209.500 0.93	230.052 1.00
Retail Sales (\$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	5.479 0.08	12.802 0.17	16.172 0.21	18.976 0.23
Employment ('000)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.407 0.11	0.992 0.26	1.304 0.33	1.552 0.39
Unemployment Rate (%)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	-0.098 -2.08	-0.199 -4.13	-0.273 -5.92	-0.325 -7.32
Population ('000)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.004 0.00	0.039 0.01	0.117 0.02	0.225 0.03
Housing Starts ('000)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.021 1.48	0.021 1.50	0.028 2.01	0.033 2.37
Personal Income (\$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	20.820 0.10	48.905 0.22	62.575 0.27	74.110 0.30
Personal Income per Capita (\$)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	29.980 0.10	68.772 0.21	84.375 0.25	94.913 0.27
Disposable Income (\$ Millions)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	16.405 0.10	38.573 0.22	49.343 0.27	58.392 0.30
Disposable Income per Capita (\$)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	23.625 0.10	54.247 0.21	66.532 0.25	74.785 0.27
Consumer Price Index (1992 = 100.00)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00

SHOCK 2 - CONTROL: The first-order infrastructure renewal program and second-order infrastructure spending  
(increase relative to control case)

**KEY ECONOMIC INDICATORS, WINNIPEG**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Real GDP (1997 \$ Millions)	243.782 1.03	253.570 1.05	260.950 1.06	267.048 1.06	272.660 1.06	277.820 1.06	262.923 0.98	257.550 0.94	255.397 0.92	255.605 0.90	257.298 0.89	264.615 0.89	270.115 0.89
Retail Sales (\$ Millions)	21.495 0.25	23.626 0.27	25.525 0.27	27.248 0.28	28.837 0.28	30.392 0.29	31.020 0.28	31.290 0.27	31.775 0.26	32.497 0.25	33.358 0.25	34.473 0.24	35.738 0.24
Employment ('000)	1.749 0.44	1.905 0.47	2.035 0.50	2.136 0.53	2.233 0.55	2.288 0.56	2.293 0.55	2.274 0.55	2.263 0.54	2.256 0.54	2.255 0.54	2.268 0.54	2.289 0.54
Unemployment Rate (%)	-0.357 -8.09	-0.373 -8.15	-0.377 -7.99	-0.369 -7.65	-0.358 -7.45	-0.332 -6.76	-0.293 -5.89	-0.249 -4.91	-0.204 -4.10	-0.160 -3.21	-0.117 -2.31	-0.079 -1.56	-0.046 -0.89
Population ('000)	0.364 0.05	0.533 0.08	0.734 0.10	0.966 0.14	1.226 0.17	1.512 0.21	1.819 0.25	2.138 0.30	2.462 0.34	2.785 0.38	3.103 0.43	3.409 0.47	3.699 0.50
Housing Starts ('000)	0.038 2.72	0.044 2.96	0.049 3.21	0.054 3.52	0.059 3.80	0.063 4.01	0.066 4.02	0.068 3.96	0.069 4.09	0.069 4.27	0.068 4.35	0.066 4.24	0.064 4.05
Personal Income (\$ Millions)	83.987 0.33	92.535 0.35	100.618 0.37	106.870 0.38	114.418 0.39	120.745 0.39	123.730 0.39	125.295 0.38	127.722 0.37	131.127 0.37	135.115 0.37	140.210 0.37	145.930 0.37
Personal Income per Capita (\$)	101.052 0.28	103.148 0.27	102.180 0.26	96.073 0.24	89.220 0.21	78.130 0.18	60.030 0.14	38.070 0.08	15.750 0.03	-6.515 -0.01	-29.243 -0.06	-50.925 -0.10	-72.070 -0.13
Disposable Income (\$ Millions)	66.408 0.33	73.287 0.35	79.915 0.37	84.118 0.37	90.767 0.39	95.550 0.39	97.887 0.39	99.075 0.38	100.955 0.37	103.618 0.37	106.740 0.37	110.705 0.37	115.178 0.37
Disposable Income per Capita (\$)	79.895 0.28	81.707 0.27	81.252 0.26	75.342 0.24	70.887 0.22	61.825 0.18	47.493 0.14	30.102 0.08	12.447 0.03	-5.147 -0.01	-23.103 -0.06	-40.208 -0.10	-56.875 -0.13
Consumer Price Index (1992 = 100.00)	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00	0.000 0.00

## **8. Appendix B**

Tables: Financial Impact

- Scenario 1: Current fiscal situation
- Scenario 2: Executive Policy Committee (EPC) New Deal

SCENARIO 1: Current Fiscal Arrangement

TABLE 1: REVENUES AND TAXABLE BASE, WINNIPEG (\$ MILLIONS)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
TOTAL REVENUES	895 5.6	873 -2.4	920 5.4	945 2.8	975 3.1	1,009 3.5	975 -3.3	1,017 4.3	1,039 2.2	1,061 2.1	1,082 1.9	1,104 2.0	1,126 2.0
TOTAL TAXATION	469 0.5	465 -0.8	477 2.5	480 0.5	486 1.3	488 0.5	481 -1.5	494 2.8	503 1.8	513 2.0	521 1.5	529 1.6	537 1.5
PROPERTY TAX	382 0.8	377 -1.2	386 2.4	384 -0.7	389 1.3	389 0.0	379 -2.5	385 1.7	392 1.6	398 1.7	404 1.4	410 1.4	415 1.4
BUSINESS TAX	49 -3.0	52 6.1	53 1.4	57 7.1	56 -1.5	56 0.4	56 0.2	63 11.5	64 2.7	67 3.7	68 2.5	70 2.3	71 2.2
FRONTAGE LEVY AND LOCAL IMPROVEMENTS	24 13.7	23 -2.8	24 4.8	25 3.4	26 4.7	28 5.2	28 2.2	28 -0.6	28 1.0	28 0.5	29 0.6	29 0.8	29 0.8
CONSUMPTION TAX	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA
AMUSEMENT TAX	3 -47.5	1 -55.4	1 17.1	2 17.6	2 27.9	2 7.8	3 19.6	3 15.4	3 3.3	3 5.1	3 4.5	4 4.5	4 4.4
NATURAL GAS AND ELECTRICITY TAX	12 0.8	12 -0.1	12 3.8	13 3.1	13 2.4	14 5.1	15 9.7	15 1.4	16 2.7	16 3.7	17 2.5	17 2.3	17 2.2
SALES OF SERVICES AND OTHER REGULATORY FEES	242 12.3	244 0.8	260 6.6	272 4.7	283 3.8	288 2.0	294 2.0	296 0.5	303 2.4	309 2.1	315 2.1	323 2.3	330 2.4
OTHER REVENUES	48 16.1	49 1.6	43 -12.4	49 14.2	67 36.2	96 43.3	60 -37.1	81 34.1	83 2.4	85 2.1	86 2.1	88 2.3	91 2.4
INTERGOVERNMENTAL GRANTS	135 9.5	114 -15.4	139 22.0	144 3.3	140 -3.1	136 -2.4	140 2.4	146 4.8	151 2.9	155 2.8	159 2.8	163 2.8	168 2.8
TOTAL PROVINCIAL GRANTS	124 7.1	111 -10.5	132 18.5	143 8.3	138 -3.2	136 -1.6	138 1.7	137 -0.9	141 2.9	145 2.8	149 2.8	153 2.9	157 2.9
TOTAL FEDERAL GRANTS	11 45.2	3 -69.9	8 136.5	2 -80.8	2 8.3	1 -65.8	2 185.5	10 499.7	10 1.8	10 2.0	10 1.9	10 2.0	11 2.0
TOTAL TAX BASE	22,691 -0.6	22,663 -0.1	22,765 0.4	22,644 -0.5	22,802 0.7	23,046 1.1	23,300 1.1	24,831 6.6	25,239 1.6	25,667 1.7	26,020 1.4	26,394 1.4	26,765 1.4
RESIDENTIAL TAX BASE	16,844 0.4	16,953 0.6	17,065 0.7	17,325 1.5	17,486 0.9	17,642 0.9	16,950 -3.9	17,712 4.5	17,882 1.0	17,966 0.5	18,074 0.6	18,218 0.8	18,366 0.8
NON-RESIDENTIAL TAX BASE	5,848 -3.3	5,710 -2.3	5,700 -0.2	5,318 -6.7	5,316 -0.0	5,405 1.7	6,349 17.5	7,119 12.1	7,357 3.3	7,702 4.7	7,946 3.2	8,176 2.9	8,399 2.7

SCENARIO 1: Current Fiscal Arrangement

**TABLE 1: REVENUES AND TAXABLE BASE, WINNIPEG (\$ MILLIONS)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL REVENUES	1,149 2.0	1,171 1.9	1,193 1.9	1,217 2.0	1,243 2.1	1,268 2.0	1,294 2.1	1,322 2.2	1,351 2.2	1,380 2.2	1,411 2.3	1,443 2.3	1,476 2.3
TOTAL TAXATION	545 1.5	553 1.4	561 1.4	569 1.5	579 1.6	587 1.5	597 1.6	607 1.7	617 1.7	627 1.7	638 1.8	649 1.7	660 1.8
PROPERTY TAX	421 1.4	427 1.3	432 1.3	438 1.4	445 1.5	451 1.4	458 1.5	465 1.6	472 1.6	480 1.6	488 1.7	496 1.7	504 1.7
BUSINESS TAX	73 2.2	75 2.2	76 2.1	78 2.1	79 2.1	81 2.0	83 2.0	84 2.1	86 2.1	88 2.1	90 2.1	92 2.1	94 2.1
FRONTAGE LEVY AND LOCAL IMPROVEMENTS	29 0.8	29 0.6	30 0.7	30 0.8	30 1.0	30 0.9	31 0.9	31 1.1	31 1.0	32 1.0	32 1.2	32 1.1	33 1.2
CONSUMPTION TAX	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA
AMUSEMENT TAX	4 4.6	4 4.5	4 4.6	5 4.7	5 4.4	5 4.5	5 4.8	5 4.9	6 4.8	6 4.7	6 5.0	7 4.8	7 4.9
NATURAL GAS AND ELECTRICITY TAX	18 2.2	18 2.2	19 2.1	19 2.1	19 2.1	20 2.0	20 2.0	21 2.1	21 2.1	21 2.1	22 2.1	22 2.1	23 2.1
SALES OF SERVICES AND OTHER REGULATORY FEES	338 2.3	345 2.1	353 2.2	361 2.2	370 2.5	378 2.3	387 2.3	396 2.4	406 2.4	416 2.5	427 2.6	438 2.6	450 2.6
OTHER REVENUES	93 2.3	95 2.1	97 2.2	99 2.2	101 2.5	104 2.3	106 2.3	109 2.4	111 2.4	114 2.5	117 2.6	120 2.6	123 2.6
INTERGOVERNMENTAL GRANTS	173 2.8	178 2.8	183 2.8	188 2.8	193 2.9	199 2.9	205 2.9	211 2.9	217 2.9	223 2.9	229 2.9	236 2.9	243 2.9
TOTAL PROVINCIAL GRANTS	162 2.9	167 2.9	172 2.9	176 2.9	182 2.9	187 2.9	192 2.9	198 2.9	204 2.9	210 2.9	216 2.9	222 3.0	229 3.0
TOTAL FEDERAL GRANTS	11 2.0	11 2.1	11 2.1	12 2.1	12 2.1	12 2.2	12 2.2	13 2.2	13 2.2	13 2.2	13 2.3	14 2.3	14 2.3
TOTAL TAX BASE	27,144 1.4	27,494 1.3	27,852 1.3	28,233 1.4	28,665 1.5	29,076 1.4	29,501 1.5	29,969 1.6	30,443 1.6	30,920 1.6	31,437 1.7	31,958 1.7	32,492 1.7
RESIDENTIAL TAX BASE	18,509 0.8	18,624 0.6	18,749 0.7	18,890 0.8	19,074 1.0	19,241 0.9	19,420 0.9	19,628 1.1	19,834 1.0	20,036 1.0	20,268 1.2	20,496 1.1	20,731 1.2
NON-RESIDENTIAL TAX BASE	8,635 2.8	8,870 2.7	9,102 2.6	9,343 2.6	9,590 2.6	9,835 2.5	10,081 2.5	10,341 2.6	10,609 2.6	10,883 2.6	11,169 2.6	11,463 2.6	11,761 2.6

SCENARIO 1: Current Fiscal Arrangement

**TABLE 2: EXPENDITURES, WINNIPEG (\$ MILLIONS)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
TOTAL EXPENDITURES	977 16.0	909 -7.0	880 -3.2	899 2.2	956 6.4	879 -8.0	904 2.8	946 4.6	963 1.9	1,166 21.1	1,260 8.1	1,308 3.8	1,274 -2.6
OPERATING EXPENDITURES	767 9.4	758 -1.2	749 -1.1	751 0.2	775 3.2	755 -2.5	768 1.7	788 2.6	790 0.3	801 1.3	830 3.7	871 4.9	914 4.9
OTHER EXPENDITURES	677 9.8	662 -2.2	660 -0.3	661 0.1	686 3.9	657 -4.2	690 5.0	714 3.5	731 2.4	746 2.1	762 2.1	780 2.3	798 2.4
DEBT INTEREST PAYMENTS	90 6.8	95 6.3	89 -6.7	90 1.3	88 -2.0	98 11.0	78 -20.4	74 -5.1	59 -20.1	55 -7.6	68 25.1	92 34.0	116 26.2
CAPITAL EXPENDITURES	210 48.9	151 -28.0	131 -13.7	148 13.2	181 22.6	124 -31.5	136 9.4	158 16.1	173 9.8	196 13.5	258 31.3	261 1.4	181 -30.8
CASH TO CAPITAL	29 -41.3	43 48.8	66 53.7	78 18.1	92 18.9	93 0.9	100 8.0	118 17.5	121 2.2	123 2.1	126 1.9	128 2.0	131 2.0
CAPITAL GRANTS	39 12.7	17 -56.0	36 110.4	43 19.1	29 -32.5	20 -30.0	22 10.5	29 30.0	30 2.9	31 2.8	32 2.8	33 2.8	33 2.8
FINANCED CAPITAL SPENDING	142 147.2	91 -35.9	29 -68.5	27 -5.3	60 119.8	11 -82.1	13 19.5	10 -19.7	22 117.6	42 88.9	100 137.4	101 0.1	17 -83.5
FIRST-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	144 NA	147 1.8	150 2.0	153 2.0
SECOND-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	25 NA	25 1.8	26 2.0	26 2.0

SCENARIO 1: Current Fiscal Arrangement

**TABLE 2: EXPENDITURES, WINNIPEG (\$ MILLIONS)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL EXPENDITURES	1,314 3.1	1,351 2.9	1,389 2.8	1,428 2.8	1,471 3.0	1,513 2.9	1,526 0.9	1,567 2.7	1,608 2.7	1,652 2.7	1,699 2.9	1,748 2.9	1,798 2.9
OPERATING EXPENDITURES	943 3.2	970 2.9	998 2.8	1,026 2.8	1,056 3.0	1,086 2.8	1,116 2.8	1,144 2.5	1,173 2.5	1,202 2.5	1,235 2.7	1,268 2.7	1,303 2.7
OTHER EXPENDITURES	817 2.3	834 2.1	852 2.2	871 2.2	893 2.5	914 2.3	935 2.3	958 2.4	981 2.4	1,005 2.5	1,032 2.6	1,059 2.6	1,086 2.6
DEBT INTEREST PAYMENTS	126 9.0	136 7.9	145 7.0	155 6.3	163 5.8	172 5.4	181 5.1	186 2.7	191 2.8	197 3.0	203 3.1	210 3.3	217 3.4
CAPITAL EXPENDITURES	188 3.9	195 3.7	202 3.7	210 3.8	218 4.0	227 3.9	235 3.9	245 4.0	255 4.0	265 4.0	276 4.1	287 4.1	299 4.1
CASH TO CAPITAL	133 2.0	136 1.9	139 1.9	141 2.0	144 2.1	147 2.0	150 2.1	154 2.2	157 2.2	160 2.2	164 2.3	168 2.3	171 2.3
CAPITAL GRANTS	34 2.8	35 2.8	36 2.8	37 2.8	38 2.9	40 2.9	41 2.9	42 2.9	43 2.9	44 2.9	46 2.9	47 2.9	48 2.9
FINANCED CAPITAL SPENDING	20 20.5	23 17.1	27 15.3	31 14.4	35 13.9	40 12.6	44 11.7	49 11.3	55 10.7	60 10.1	66 9.8	72 9.5	79 9.1
FIRST-ORDER INFRASTRUCTURE SPENDING	156 2.0	159 1.7	161 1.7	164 1.8	168 2.0	171 1.9	144 -15.5	147 2.0	150 1.9	153 2.0	156 2.1	159 2.1	163 2.1
SECOND-ORDER INFRASTRUCTURE SPENDING	27 2.0	27 1.7	28 1.7	28 1.8	29 2.0	30 1.9	30 1.9	31 2.0	31 1.9	32 2.0	33 2.1	33 2.1	34 2.1

SCENARIO 1: Current Fiscal Arrangement

**TABLE 3: DEBT, WINNIPEG (\$ MILLIONS)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
CAPITAL EXPENDITURES	210 48.9	151 -28.0	131 -13.7	148 13.2	181 22.6	124 -31.5	136 9.4	158 16.1	173 9.8	196 13.5	258 31.3	261 1.4	181 -30.8
CASH TO CAPITAL	29 -41.3	43 48.8	66 53.7	78 18.1	92 18.9	93 0.9	100 8.0	118 17.5	121 2.2	123 2.1	126 1.9	128 2.0	131 2.0
CAPITAL GRANTS	39 12.7	17 -56.0	36 110.4	43 19.1	29 -32.5	20 -30.0	22 10.5	29 30.0	30 2.9	31 2.8	32 2.8	33 2.8	33 2.8
FIRST-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	144 NA	147 1.8	150 2.0	153 2.0
SECOND-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	25 NA	25 1.8	26 2.0	26 2.0
OPERATIONAL SURPLUS	2 -78.8	-7 -524.8	8 219.1	9 3.3	22 157.3	68 207.1	12 -82.8	5 -58.1	33 588.8	51 53.8	25 -50.5	-20 -180.0	-68 -233.8
DEBT REPAYMENT	58 5.5	62 7.3	61 -3.0	65 7.9	57 -12.7	73 27.3	73 -0.0	77 6.0	65 -15.8	55 -15.3	69 25.1	92 34.0	116 26.2
DEBT	867 7.3	821 -5.4	829 1.0	773 -6.7	773 -0.0	640 -17.3	590 -7.8	496 -15.8	420 -15.3	526 25.1	705 34.0	889 26.2	969 9.0

SCENARIO 1: Current Fiscal Arrangement

**TABLE 3: DEBT, WINNIPEG (\$ MILLIONS)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
CAPITAL EXPENDITURES	188	195	202	210	218	227	235	245	255	265	276	287	299
	3.9	3.7	3.7	3.8	4.0	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.1
CASH TO CAPITAL	133	136	139	141	144	147	150	154	157	160	164	168	171
	2.0	1.9	1.9	2.0	2.1	2.0	2.1	2.2	2.2	2.2	2.3	2.3	2.3
CAPITAL GRANTS	34	35	36	37	38	40	41	42	43	44	46	47	48
	2.8	2.8	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
FIRST-ORDER INFRASTRUCTURE SPENDING	156	159	161	164	168	171	144	147	150	153	156	159	163
	2.0	1.7	1.7	1.8	2.0	1.9	-15.5	2.0	1.9	2.0	2.1	2.1	2.1
SECOND-ORDER INFRASTRUCTURE SPENDING	27	27	28	28	29	30	30	31	31	32	33	33	34
	2.0	1.7	1.7	1.8	2.0	1.9	1.9	2.0	1.9	2.0	2.1	2.1	2.1
OPERATIONAL SURPLUS	-88	-107	-126	-143	-161	-178	-195	-204	-214	-225	-237	-250	-264
	-29.8	-21.6	-17.0	-14.0	-12.2	-10.7	-9.5	-4.6	-4.9	-5.2	-5.5	-5.6	-5.7
DEBT REPAYMENT	127	136	146	155	164	173	182	187	192	198	204	211	218
	9.0	7.9	7.0	6.3	5.8	5.4	5.1	2.7	2.8	3.0	3.1	3.3	3.4
DEBT	1,046	1,119	1,189	1,258	1,325	1,393	1,430	1,470	1,515	1,562	1,613	1,668	1,726
	7.9	7.0	6.3	5.8	5.4	5.1	2.7	2.8	3.0	3.1	3.3	3.4	3.5

SCENARIO 2: New Deal

**TABLE 1: REVENUES AND TAXABLE BASE, WINNIPEG (\$ MILLIONS)**

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
TOTAL REVENUES	895 5.6	873 -2.4	920 5.4	945 2.8	975 3.1	1,009 3.5	975 -3.3	1,017 4.3	1,035 1.8	1,176 13.6	1,185 0.8	1,210 2.1	1,236 2.1
TOTAL TAXATION	469 0.5	465 -0.8	477 2.5	480 0.5	486 1.3	488 0.5	481 -1.5	494 2.8	499 1.0	633 26.8	626 -1.1	635 1.4	644 1.4
PROPERTY TAX	382 0.8	377 -1.2	386 2.4	384 -0.7	389 1.3	389 0.0	379 -2.5	385 1.7	388 0.7	391 0.7	378 -3.3	381 0.7	383 0.7
BUSINESS TAX	49 -3.0	52 6.1	53 1.4	57 7.1	56 -1.5	56 0.4	56 0.2	63 11.5	64 2.7	67 3.7	68 2.5	70 2.3	71 2.2
FRONTAGE LEVY AND LOCAL IMPROVEMENTS	24 13.7	23 -2.8	24 4.8	25 3.4	26 4.7	28 5.2	28 2.2	28 -0.6	28 1.0	28 0.5	29 0.6	29 0.8	29 0.8
CONSUMPTION TAX	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	128 NA	131 2.7	135 2.7	139 2.7
AMUSEMENT TAX	3 -47.5	1 -55.4	1 17.1	2 17.6	2 27.9	2 7.8	3 19.6	3 15.4	3 3.3	3 5.1	3 4.5	4 4.5	4 4.4
NATURAL GAS AND ELECTRICITY TAX	12 0.8	12 -0.1	12 3.8	13 3.1	13 2.4	14 5.1	15 9.7	15 1.4	16 2.7	16 3.7	17 2.5	17 2.3	17 2.2
SALES OF SERVICES AND OTHER REGULATORY FEES	242 12.3	244 0.8	260 6.6	272 4.7	283 3.8	288 2.0	294 2.0	296 0.5	303 2.4	309 2.1	315 2.1	323 2.3	330 2.4
OTHER REVENUES	48 16.1	49 1.6	43 -12.4	49 14.2	67 36.2	96 43.3	60 -37.1	81 34.1	83 2.4	95 14.1	96 1.9	98 2.1	101 2.1
INTERGOVERNMENTAL GRANTS	135 9.5	114	139	144	140	136	140	146	151	139	147	154	161

SCENARIO 2: New Deal

TABLE 1: REVENUES AND TAXABLE BASE, WINNIPEG (\$ MILLIONS)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL REVENUES	1,261 2.1	1,286 1.9	1,311 2.0	1,340 2.2	1,371 2.3	1,403 2.3	1,435 2.3	1,470 2.4	1,505 2.4	1,541 2.4	1,581 2.6	1,621 2.5	1,663 2.6
TOTAL TAXATION	653 1.4	662 1.4	671 1.4	684 1.8	697 1.9	710 1.9	723 1.9	738 2.0	753 2.0	768 2.0	785 2.2	802 2.1	819 2.2
PROPERTY TAX	386 0.7	389 0.7	392 0.7	397 1.4	403 1.5	409 1.4	415 1.5	421 1.6	428 1.6	435 1.6	442 1.7	449 1.7	457 1.7
BUSINESS TAX	73 2.2	75 2.2	76 2.1	78 2.1	79 2.1	81 2.0	83 2.0	84 2.1	86 2.1	88 2.1	90 2.1	92 2.1	94 2.1
FRONTAGE LEVY AND LOCAL IMPROVEMENTS	29 0.8	29 0.6	30 0.7	30 0.8	30 1.0	30 0.9	31 0.9	31 1.1	31 1.0	32 1.0	32 1.2	32 1.1	33 1.2
CONSUMPTION TAX	143 2.8	147 2.8	151 2.9	155 3.0	160 2.9	165 2.9	170 3.1	175 3.2	181 3.2	187 3.2	193 3.4	199 3.3	206 3.4
AMUSEMENT TAX	4 4.6	4 4.5	4 4.6	5 4.7	5 4.4	5 4.5	5 4.8	5 4.9	6 4.8	6 4.7	6 5.0	7 4.8	7 4.9
NATURAL GAS AND ELECTRICITY TAX	18 2.2	18 2.2	19 2.1	19 2.1	19 2.1	20 2.0	20 2.0	21 2.1	21 2.1	21 2.1	22 2.1	22 2.1	23 2.1
SALES OF SERVICES AND OTHER REGULATORY FEES	338 2.3	345 2.1	353 2.2	361 2.2	370 2.5	378 2.3	387 2.3	396 2.4	406 2.4	416 2.5	427 2.6	438 2.6	450 2.6
OTHER REVENUES	103 2.1	105 1.9	107 2.0	109 2.0	111 2.2	114 2.1	116 2.1	119 2.2	121 2.2	124 2.3	127 2.4	130 2.4	133 2.4
INTERGOVERNMENTAL GRANTS	168 4.1	174 3.7	180 3.8	187 3.8	194 3.7	201 3.8	209 3.8	217 3.7	225 3.6	233 3.8	242 3.9	251 3.9	261 3.9
TOTAL PROVINCIAL GRANTS	168 4.1	174 3.7	180 3.8	187 3.8	194 3.7	201 3.8	209 3.8	217 3.7	225 3.6	233 3.8	242 3.9	251 3.9	261 3.9
TOTAL FEDERAL GRANTS	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA
TOTAL TAX BASE	27,144 1.4	27,494 1.3	27,852 1.3	28,233 1.4	28,665 1.5	29,076 1.4	29,501 1.5	29,969 1.6	30,443 1.6	30,920 1.6	31,437 1.7	31,958 1.7	32,492 1.7
RESIDENTIAL TAX BASE	18,509 0.8	18,624 0.6	18,749 0.7	18,890 0.8	19,074 1.0	19,241 0.9	19,420 0.9	19,628 1.1	19,834 1.0	20,036 1.0	20,268 1.2	20,496 1.1	20,731 1.2
NON-RESIDENTIAL TAX BASE	8,635 2.8	8,870 2.7	9,102 2.6	9,343 2.6	9,590 2.6	9,835 2.5	10,081 2.5	10,341 2.6	10,609 2.6	10,883 2.6	11,169 2.6	11,463 2.6	11,761 2.6

SCENARIO 2: New Deal

**TABLE 2: EXPENDITURES, WINNIPEG (\$ MILLIONS)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
TOTAL EXPENDITURES	977 16.0	909 -7.0	880 -3.2	899 2.2	956 6.4	879 -8.0	904 2.8	946 4.6	963 1.9	1,150 19.4	1,227 6.7	1,257 2.5	1,205 -4.2
OPERATING EXPENDITURES	767 9.4	758 -1.2	749 -1.1	751 0.2	775 3.2	755 -2.5	768 1.7	788 2.6	790 0.3	784 -0.8	797 1.6	820 2.9	845 3.0
OTHER EXPENDITURES	677 9.8	662 -2.2	660 -0.3	661 0.1	686 3.9	657 -4.2	690 5.0	714 3.5	731 2.4	729 -0.3	745 2.2	763 2.4	781 2.4
DEBT INTEREST PAYMENTS	90 6.8	95 6.3	89 -6.7	90 1.3	88 -2.0	98 11.0	78 -20.4	74 -5.1	59 -20.1	55 -6.8	52 -6.1	57 10.6	63 10.7
CAPITAL EXPENDITURES	210 48.9	151 -28.0	131 -13.7	148 13.2	181 22.6	124 -31.5	136 9.4	158 16.1	173 9.8	196 13.5	258 31.3	261 1.4	181 -30.8
CASH TO CAPITAL	29 -41.3	43 48.8	66 53.7	78 18.1	92 18.9	93 0.9	100 8.0	118 17.5	120 1.8	137 13.6	138 0.8	140 2.1	143 2.1
CAPITAL GRANTS	39 12.7	17 -56.0	36 110.4	43 19.1	29 -32.5	20 -30.0	22 10.5	29 30.0	30 2.9	0 -100.0	0 NA	0 NA	0 NA
FINANCED CAPITAL SPENDING	142 147.2	91 -35.9	29 -68.5	27 -5.3	60 119.8	11 -82.1	13 19.5	10 -19.7	23 121.7	60 161.8	120 101.0	121 0.5	37 -69.1
FIRST-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	144 NA	147 1.8	150 2.0	153 2.0
SECOND-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	25 NA	25 1.8	26 2.0	26 2.0

SCENARIO 2: New Deal

**TABLE 2: EXPENDITURES, WINNIPEG (\$ MILLIONS)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL EXPENDITURES	1,230 2.1	1,253 1.9	1,278 1.9	1,304 2.0	1,333 2.2	1,361 2.1	1,360 -0.1	1,385 1.9	1,411 1.8	1,438 1.9	1,479 2.9	1,521 2.8	1,565 2.9
OPERATING EXPENDITURES	859 1.7	873 1.6	886 1.6	901 1.7	918 1.8	934 1.7	950 1.7	963 1.4	975 1.3	988 1.4	1,015 2.7	1,042 2.6	1,069 2.7
OTHER EXPENDITURES	800 2.4	817 2.2	835 2.2	854 2.3	876 2.5	897 2.4	918 2.4	941 2.5	964 2.5	988 2.5	1,015 2.7	1,042 2.6	1,069 2.7
DEBT INTEREST PAYMENTS	59 -6.3	55 -6.8	51 -7.6	47 -8.4	42 -10.1	37 -12.0	32 -14.8	22 -31.3	11 -50.8	0 -100.0	0 NA	0 NA	0 NA
CAPITAL EXPENDITURES	188 3.9	195 3.7	202 3.7	210 3.8	218 4.0	227 3.9	235 3.9	245 4.0	255 4.0	265 4.0	276 4.1	287 4.1	299 4.1
CASH TO CAPITAL	146 2.1	149 1.9	152 2.0	156 2.2	159 2.3	163 2.3	167 2.3	171 2.4	175 2.4	179 2.4	184 2.6	188 2.5	193 2.6
CAPITAL GRANTS	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA
FINANCED CAPITAL SPENDING	41 10.9	45 9.9	50 9.3	54 8.6	59 8.8	64 8.3	69 7.9	74 7.9	80 7.7	86 7.5	92 7.3	99 7.2	106 7.0
FIRST-ORDER INFRASTRUCTURE SPENDING	156 2.0	159 1.7	161 1.7	164 1.8	168 2.0	171 1.9	144 -15.5	147 2.0	150 1.9	153 2.0	156 2.1	159 2.1	163 2.1
SECOND-ORDER INFRASTRUCTURE SPENDING	27 2.0	27 1.7	28 1.7	28 1.8	29 2.0	30 1.9	30 1.9	31 2.0	31 1.9	32 2.0	33 2.1	33 2.1	34 2.1

SCENARIO 2: New Deal

**TABLE 3: DEBT, WINNIPEG (\$ MILLIONS)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
CAPITAL EXPENDITURES	210 48.9	151 -28.0	131 -13.7	148 13.2	181 22.6	124 -31.5	136 9.4	158 16.1	173 9.8	196 13.5	258 31.3	261 1.4	181 -30.8
CASH TO CAPITAL	29 -41.3	43 48.8	66 53.7	78 18.1	92 18.9	93 0.9	100 8.0	118 17.5	120 1.8	137 13.6	138 0.8	140 2.1	143 2.1
CAPITAL GRANTS	39 12.7	17 -56.0	36 110.4	43 19.1	29 -32.5	20 -30.0	22 10.5	29 30.0	30 2.9	0 -100.0	0 NA	0 NA	0 NA
FIRST-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	144 NA	147 1.8	150 2.0	153 2.0
SECOND-ORDER INFRASTRUCTURE SPENDING	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	25 NA	25 1.8	26 2.0	26 2.0
OPERATIONAL SURPLUS	2 -78.8	-7 -524.8	8 219.1	9 3.3	22 157.3	68 207.1	12 -82.8	5 -58.1	30 522.9	200 560.0	199 -0.6	192 -3.3	184 -4.2
DEBT REPAYMENT	58 5.5	62 7.3	61 -3.0	65 7.9	57 -12.7	73 27.3	73 -0.0	77 6.0	65 -15.8	55 -14.6	52 -6.1	57 10.6	64 10.7
DEBT	867 7.3	821 -5.4	829 1.0	773 -6.7	773 -0.0	640 -17.3	590 -7.8	496 -15.8	424 -14.6	398 -6.1	440 10.6	487 10.7	456 -6.3

SCENARIO 2: New Deal

**TABLE 3: DEBT, WINNIPEG (\$ MILLIONS)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
CAPITAL EXPENDITURES	188	195	202	210	218	227	235	245	255	265	276	287	299
	3.9	3.7	3.7	3.8	4.0	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.1
CASH TO CAPITAL	146	149	152	156	159	163	167	171	175	179	184	188	193
	2.1	1.9	2.0	2.2	2.3	2.3	2.3	2.4	2.4	2.4	2.6	2.5	2.6
CAPITAL GRANTS	0	0	0	0	0	0	0	0	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
FIRST-ORDER INFRASTRUCTURE SPENDING	156	159	161	164	168	171	144	147	150	153	156	159	163
	2.0	1.7	1.7	1.8	2.0	1.9	-15.5	2.0	1.9	2.0	2.1	2.1	2.1
SECOND-ORDER INFRASTRUCTURE SPENDING	27	27	28	28	29	30	30	31	31	32	33	33	34
	2.0	1.7	1.7	1.8	2.0	1.9	1.9	2.0	1.9	2.0	2.1	2.1	2.1
OPERATIONAL SURPLUS	196	208	221	236	252	269	287	315	345	374	383	391	400
	6.5	6.3	6.2	7.0	6.7	6.7	6.8	9.5	9.5	8.5	2.3	2.3	2.3
DEBT REPAYMENT	60	56	51	47	42	37	32	22	11	0	0	0	0
	-6.3	-6.8	-7.6	-8.4	-10.1	-12.0	-14.8	-31.3	-50.8	-100.0	NA	NA	NA
DEBT	425	393	360	323	285	242	167	82	-12	-115	-217	-317	-415
	-6.8	-7.6	-8.4	-10.1	-12.0	-14.8	-31.3	-50.8	-114.7	-856.4	-88.1	-46.0	-30.9

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