

Brief to:
Winnipeg City Council

Submitted by:
Canadian Union of Public Employees
Local 500

Re: Proposed 2008 Operating Budget

March 26, 2008



Introduction

On behalf of the 5,000 employees of the City of Winnipeg represented by CUPE Local 500, we are pleased to present our views and submit our brief regarding the proposed 2008 operating budget.

Local 500 members are dedicated employees of the City of Winnipeg and are proud of the services we provide. We maintain and repair water and sewer lines, we respond to public inquiries about city services, process bill payments and licenses, maintain our parks and city streets, provide recreational programs and maintain facilities.

We are committed to providing high quality services and we value our work. It is important to emphasize that our members and their families are also taxpayers and users of city services. Therefore, we speak to you today in our role as both providers and users of city services and as your neighbours.

The proposed Operating Budget avoids responsibility for dealing with very real immediate and long term needs of the City of Winnipeg. While it may look innocent, the budget proposal being considered today is putting Winnipeggers at risk, especially in the future, and only deferring difficult financial decisions that must be made.

As CUPE members, citizens and taxpayers in Winnipeg, we believe this budget does not deal with essential needs of our Physical Infrastructure and Social Programs, for the present and into the next decade. The budget not only avoids dealing with difficult decisions, it makes the problems we now face even worse. And instead of getting public help in addressing these difficulties, City Hall ignores the people who are ultimately paying the bills.

Inadequate Funding to Maintain Physical Infrastructure

A large part of the operating budget deals with on-going servicing and maintenance of our physical city infrastructure. While the Capital Budget allocates funds for renewing and building new infrastructure (roads, buildings, water and sewer systems), it is in the Operating Budget that we find allocations for the regular upkeep of the infrastructure.

From our reading of the budget document, we believe there is insufficient funding for maintaining the city's physical infrastructure, which is going to add to the already huge infrastructure deficit. By deferring maintenance costs and not adequately resourcing the upkeep of our roads, water and sewage network, civic buildings and parks, we are only passing on the cost to future generations of taxpayers.

To contribute to the budget discussion, city councillors, the Mayor and the public must consider the following:

- insufficient allocation to Public Works - \$3.6m increase or 2% - although current level of inflation is 2%, the increase in costs in construction are much higher as evidenced in the City's reassessment of capital projects after original internal estimates;
- water and waste has no increase and should have at least an increase that keeps up with the annual cost of living increase;
- facilities management and civic accommodation has no increase in maintenance and should have an increase that accommodates the increase costs of building materials.

The authors of the budget try to pass the buck to the Province in saying they are partially responsible for a tight revenue situation. However, provincial grants have increased 10% in this budget. Note the following:

- Provincial funding for Winnipeg has increased over \$50m since 2004 or 37% to \$188.6m in 2007;
- Manitoba is the only province in Canada to share income tax with municipalities;
- Manitoba provides the highest proportion of unconditional funding and the highest per capital unconditional funding of all provinces in Canada;
- Manitoba has provided the City of Winnipeg with over \$750m in unconditional funding since 1999, and;
- While provincial funding for residential and regional streets increased \$8m between 2007 and 2008, the city's allocation decreased \$4.6m or 19%;
- Manitoba's transfer to municipalities is one of the most generous in Canada according to Statistics Canada.

Without adequate funding, the roads will continue to fall apart and people are going to be more troubled by slow snow removal. When trees are not regularly pruned it leaves the public vulnerable to more property damage after major storms for example. If we don't do more to maintain city vehicles and equipment, it will have to be replaced – which will cost more.

So very simply, if the budget does not allocate sufficient funding to maintain the physical inventory of infrastructure, we will be faced with greater problems and costs in the future.

Inadequate Funding to Maintain Social Infrastructure

While funding for social services within the Operating Budget is different than what is allocated for maintaining physical infrastructure, there are parallels we should not overlook when judging the budget. In our view, the risks of under-funding the maintenance of parks, social programs, recreational facilities, cultural activities and many more public activities is equal to under resourcing the maintenance of physical infrastructure.

Winnipeg's social and cultural infrastructure (swimming, youth and seniors programs for example) is already crumbling because of the lack of City funding and policy support. While huge corporate entertainment interests can still get significant City financial support to generate a profit, small community based facilities must struggle to survive.

Also note;

- it is good to increase funding for Police and Fire/Paramedic services, but this is being done through budget reductions or user fee increases in other line departments;
- Community Services is an example of how the budget is hiding the severity of cutting budget – there are over \$1m in reductions, but the cuts appear minor because of the addition of the Aboriginal Youth Strategy funding, which is a one-time grant from the Winnipeg Partnership Agreement;
- a number of services are generating surplus revenues which are then being transferred to the General Fund. These surpluses should be reinvested in these facilities, such as the Golf Courses, to show they are revenue positive for the city and the public, and so they can continue to provide quality public service.

- there is \$12m in Vacancy Management in this budget. By cutting staff and leaving positions vacant, it undermines the ability of the City to deliver quality services. We believe that vacancy management is a dangerous and non-transparent erosion of the city's front-line services. Ultimately, fewer people doing more work will impair the City's ability to deliver needed programs.

So if the budget does not adequately fund these public services, we will again be faced with greater costs in the future. If we cannot maintain swimming pools and recreation centres and programs, young people will not have the opportunity for clean and healthy social contact. If we under fund our mosquito control, it will restrict summertime social activity and discourage tourism. If we starve our Animal Control and Health Inspection Services, we will run the danger of serious health risks for the public.

Inadequate Opportunity for Public Input

Third, we believe the City has let down the public in how it has developed this budget. The budget was not developed with direct public input and understanding. It was developed largely by employees of the City, with some input from a select group of Councillors. The one day of presentations to the City's Executive Policy Committee cannot be seen as public discussion or debate. The Mayor invites "citizens to continue the process to build this 2008 budget" but with only three weeks and only token opportunity for public presentations.

The presentation of the Proposed Budget itself seems to be designed to discourage public understanding and commentary. Note the following weaknesses that any reader will encounter in trying to understand the budget;

- millions of dollars of cuts are hidden in Other/General/Expenditure Management lines. For example, all the 'operational efficiencies' add up to over \$10m. The Expenditure Management is also evidently a way of hiding the fact that there will be more reductions, but officials have not decided yet where these will be;
- what is called 'operational efficiencies' is really base reductions in allocations and not only has nothing to do with efficiency, but in many cases is creating inefficiencies,
- some specific allocations are very vague – for example, the Corporate Risk Management line in the budget is adding \$5.8m to cost of running the city, which is a significant jump over 2007 expenditures, and without any explanation,
- also inconsistencies between the summary pages of the budget and the detailed figures leave a reader confused. For example the summary states there will be about \$3m in Vacancy Management, whereas the actual amount involved in not hiring to fill current job vacancies is closer to \$12m.
- and there are discrepancies between the Operating and Capital Budget also, for example the lease payment for the Charleswood Bridge is in both budgets.

We know that a genuinely public budget process will help lead to a more effective allocation of resources and public support for tax increases. Other cities like Toronto for example, have engaged residents and business people in the budget process. Toronto has prepared a dedicated website and a public outreach campaign that appeared in City transit shelters and street bins, for example, in an effort to build awareness, input and support for the budget. The

public can learn more about city services and how they are paid for by visiting the City's website. People are encouraged and can find out how to make a deputation or comment on the City's budget through the city (this year, public deputations took place at Budget Committee in February).

Recommendations for a Community Budget

Considering the inadequacy of this budget, we recommend that Council reject it and send it back to city officials to develop a budget that meets the citizen's needs now and into the future. We can do it right, and we should.

We know that City officials are well aware of the danger of deferring funding for the maintenance of city physical assets. According to the City's Strategic Infrastructure Reinvestment Policy, 1998, "... the practice of deferring investment in maintenance and renewal of Winnipeg's infrastructure is evident ..." And that "... practicing deferred maintenance means we are passing on to our children and grandchildren the cost of our infrastructure use."

Then in a 2003 presentation, The State of Public Works Infrastructure in the City of Winnipeg, to the Standing Policy Committee on Public Works, officials pointed out that a dollar spent for maintenance will defer \$3 to \$4 in rehabilitation expenses a few years later, and defers more costly reconstruction for many years further ahead.

We have major needs to pay for and now is the time to seriously consider increasing city revenue, not just cutting costs. The budget boasts that this is the 11th year of the property tax freeze. Currently Winnipeg's property tax is the fourth lowest in Canada, and the Mayor and the EOC report still advocate a cut in Business Tax. In other words, the authors of the budget take pride in starving Winnipeggers of their services, when they should be looking at new revenue and even increasing property tax.

We think the public is ready for a tax increase. In a survey CUPE did with the Winnipeg public in November last year, 57% of the respondents said they would consider modest tax increases if they knew the city was committed to improving public services.

A modest increase could significantly improve the balance sheet in the budget, and therefore services could be maintained. For example, a 1.8% increase in property taxes, which would reflect a cost of living increase, could provide about \$7.5 m annually.

Local 500 members are committed to providing quality public services to the citizens of Winnipeg. We have a strong and proud history of working with the City on joint initiatives such as the 311 Contact Centre, Joint Education and Training Fund and Health and Wellness Programs.

We believe that we are capable of proposing credible ways to generate new revenue for the city and to allocate funding responsibly and effectively.

City services are what make a community a good place to live in. We are confident that a budget can be developed that meets community and business needs, instead of dividing us into competing camps.

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