IMPROVING OUR CITY'S COMPETITIVENESS

FINAL REPORT OF THE ECONOMIC OPPORTUNITY COMMISSION

Approach for Phase out
of the City's Business Tax

Winnipeg, June 22, 2007

Acknowledgements

This report marks the end of six months of research, discussion and deliberations by the Economic Opportunity Commission.

The Commission would like to thank the many organizations, associations, businesses, unions, Councillors and members of the public who helped contribute to this process. In particular, the Commission would like to thank members of the City of Winnipeg's senior administration for their extensive cooperation and participation in making presentations, being available for meetings and in providing responses to the Commission's numerous information requests.

Members of the Economic
Opportunity Commission

CONTINUOUS IMPROVEMENT

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Dear Commission Members,

On behalf of the City of Winnipeg, I would like to thank you for your contribution towards improving our City's government and competitiveness.

The Economic Opportunity Commission was set up to provide the City of Winnipeg with a menu of options that would allow us to offset the revenue lost from the elimination of the business tax. I am pleased to see that your report has done just that, on time and under budget.

As you know, I committed to the people of Winnipeg in 2004 that I would work towards eliminating the City of Winnipeg's business tax. Since taking office, I have already reduced it by 20%, from 9.75% to 7.75%. This report will not sit on the shelf and collect dust. I will review it carefully and consider the options which you have outlined as I work towards eliminating the remainder of the business tax.

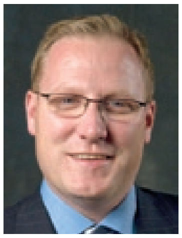
The business tax is essentially a second property tax. It comes without any additional services, and must be paid whether a business is making a profit or barely breaking even.

The elimination of the tax will improve Winnipeg's competitiveness. It will help attract new businesses, create jobs, help businesses expand and help prevent others from closing. We will all win in the long run.

Again, thank you for all your hard work. I look forward to reviewing your document in detail.

Sincerely,

Sam Katz
Mayor



June 22, 2007

Dear Mayor Katz,

It is with great pleasure that I present to you the final report of the Economic Opportunity Commission. The report is the result of six months of hard work by all members of the Commission and supporting staff.

We are confident that the approach within this document will allow the City to eliminate the business tax within six years in a balanced and measured approach.

As businesses are the driving force of Winnipeg's economy, helping them succeed will truly help all of us. The elimination of the business tax will do just that. It will improve Winnipeg's competitiveness. It will help businesses expand, hire more workers and continue to operate right here in Winnipeg.

More people working means more people paying taxes. More taxes means more funds for the services we all depend on. Perhaps most importantly, it will send a strong signal to Winnipeg's business community that Winnipeg is indeed open for business.

The Economic Opportunity Commission is pleased to have contributed towards improving our City and helping to create opportunities for generations to come.

Sincerely,

Scott Fielding
Commission Chair

EXECUTIVE SUMMARY

Like homeowners, businesses pay property taxes. However, unlike homeowners, businesses also pay a second property tax called “the business tax”. The $56 million in business taxes are on top of the ~$100 million that businesses already pay in property taxes. It is simply a tax on top of a tax that comes without any additional services. The business tax is a negative signal to companies inside and outside Winnipeg.

With a ten-year freeze on municipal property taxes, the City of Winnipeg has improved its ranking for residential taxes. However, this is not the case for business tax competitiveness. Most cities do not have municipal business taxes. The presence of an unusual tax in Winnipeg and the part that tax plays in the total tax burden is one reason the city is not as competitive as it could be.

City Council has taken some action by recently reducing the municipal tax from 9.75% to 7.75%. Phasing out the business tax is one part of the City’s long-term economic strategy as outlined in the City of Winnipeg’s 2006 Economic Opportunity Framework.

The Commission’s mandate was to provide a menu of options for consideration in phasing out the business tax completely. The Commission met over a six month period. Guiding principles were established at the outset to constantly test options that the Commission considered.

This is an extremely difficult challenge with no easy answers and no silver bullets. This report proposes a balanced, flexible plan for City Council to consider.

Section one provides an introduction on the business tax and background on the business tax, the Commission and competitive issues.

The Commission understands that City Council cannot make decisions on these options in isolation of all financial and operational challenges, and the community recognizes the need for new investments in core services – like public safety and road renewal. Reducing the business tax will achieve little if cost pressures elsewhere are left unaddressed, forcing the City to raise commercial and/or residential property taxes by even higher amounts to compensate.

Many factors affect a city’s ability to grow. Business tax elimination is one tool to sending a real signal that Winnipeg is more open for business and to necessarily improving the City of Winnipeg’s competitiveness in expanding and attracting business, investment and jobs. Economic growth is not an end in itself, but a means to sustain and improve the quality of life in our city.

The Commission’s consensus is that the business tax can be phased out within six years. Section two provides an overview of the Commission’s approach. The Commission outlines a balanced approach seeking to offset the income derived from the business tax from four areas:

- Expenditure savings (Section 3)
- Alternative revenue (Section 4)
- Priority allocation of revenue growth (Section 5)
- Province-City efficiencies and growth-based Provincial funding (Section 6)

The chart on the next page summarizes the Commission’s options.

Business Tax Phase Out

(within six years)

Expenditure Savings	Alternative Revenue	Priority Allocation of Revenue Growth	Provincial-City Efficiencies and Growth-based Provincial Funding
~$25M	**~$10M**	**~$10M**	**~$10M**

• Tender/contracting and partnerships with the private sector and non-profit organizations of select non-core services (see list)
• Sell off or tender management of some of the City's exercise and pool facilities, and golf courses
• Partnership and tender out animal services, and park security services
• Holding overall labour costs to inflation
• Centralize internal services
• Employee feedback program and a fraud & waste hotline
• More volunteering
• Library improvements
• Pilot projects with BIZs and neighbourhood associations
	• Cost-recovery fees for planning and inspection services
	• Cost-recovery servicing fees for snow dumping
	• Corporate sponsorship and naming rights opportunities
	• Select real estate sales of City buildings
	• After most of the business tax has been removed, in the latter years, add a small increase in the portion rate (currently 65%) of commercial property taxes
		• Partial allocation of annual growth revenues
		• Commercial property tax represents Over 25% of all City property tax, and on average, the City has experienced over $14 million in new revenues annually over the last five years. A significant share of new revenues relates to business activity and should be directed to reducing business tax – a top priority.
			• Subject to negotiation, and from a revenue-neutral start, better formula for long-term revenue-sharing from the Province (tied to an appropriate share of PST)
			• Consolidation and/or other means to gain Provincial-City efficiencies in areas such as:
			  ◦ Assessment
			  ◦ Health inspection
			  ◦ Ambulance services
			• Review and transfer of internal City health care, social assistance and work programs

SECTION ONE: INTRODUCTION AND BACKGROUND

What is the Municipal Business Tax?

Like homeowners, businesses pay property taxes. However, unlike homeowners, businesses also pay a second property tax called "the business tax". As businesses receive no additional services for paying the tax, it literally is an old fashioned tax grab.

Introduced in 1901, the business tax has changed significantly since it had varying business tax rates for services like "violin makers" and "fur dealers". Today, business tax bills are calculated by taking a business's location's annual rental value (ARV) and multiplying it by the city wide business tax rate of 7.75%.

The higher the annual rental value, the larger the tax bill. Unlike income taxes, businesses must pay business tax whether they are profitable or on the cusp of bankruptcy.

The $56 million in business taxes are on top of the ~$100 million that businesses already pay in property taxes. It is simply a tax on top of a tax that comes without any additional services.

More importantly, it is a negative signal to companies inside and outside Winnipeg. As most cities do not have municipal business taxes, businesses looking to locate in Winnipeg are surprised to see it.

The Problem

Many factors go into business decisions to invest, expand, and create jobs. These can include labour availability, labour costs, market access, access to supplies, real estate costs, location, tax and utility costs and red tape, among others. The list is long and factors differ case-by-case. In some cases, Winnipeg is fairly competitive. But for some sectors, Winnipeg is not as competitive.

The presence of an unusual tax in Winnipeg, and the part that tax plays in the total tax burden is one reason we aren't as competitive as we could be. This is a problem that limits opportunities for businesses here to invest, reinvest, expand and create jobs, and for the city in attracting new business opportunities, and therefore the tax should be eliminated.

"Businesses drive Winnipeg's economy. They employ the majority of our city's workforce and produce most of Winnipeg's GDP. Phasing out the business tax will help the city as a whole."

Economic Opportunity Commission
June 2007

"Our company does not see any direct benefit flowing from any improved City services to justify paying over $30,000 in annual business tax. It is not justifiable. Eliminate it, as promised."

Arnold Frieman, Owner, Advance Electronics

Example 1

A sample family restaurant in Winnipeg has an annual rental value of $55,680 per year in 2007. That annual rental value is then multiplied by 7.75% for a total business tax bill of $4,315.20. The $4,315.20 business tax bill is on top of the $5,805.96 that the business owner already paid in municipal property taxes. Including school taxes, the family restaurant will pay almost $19,000 in total property taxes in 2007.

Example 2

A medium sized, 50,330 square foot manufacturing plant in Winnipeg has an annual rental value of $196,380, for a business tax bill of $15,219.45. Like the small family restaurant, the $15,219.45 in business taxes are on top of the $16,226.92 in commercial property taxes. Combined with school taxes, the business will pay almost $58,000 in municipal property taxes in 2007.

Canadian Cities with Municipal Business Tax

Victoria	No	Ottawa	No
Vancouver	No	Toronto	No
Edmonton	Yes*	Hamilton	No
Calgary	Yes*	London	No
Saskatoon	No	Montreal	No
Regina	No	Quebec City	No
Winnipeg	Yes	Halifax	Yes

* Alberta cities have significantly lower municipal property taxes than other Canadian cities.

** Edmonton and the Province of Nova Scotia are currently in the process of eliminating their business taxes.

Tax Comparisons of Major Cities in Canada

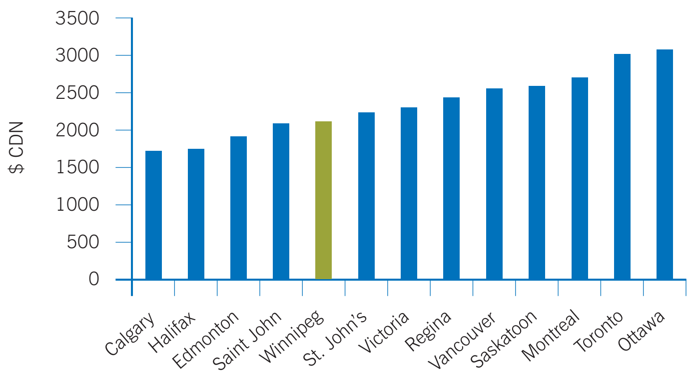
The City of Edmonton conducts an annual survey of residential municipal taxes across the country. As indicated in the property tax comparison of a sample single-family home, in 2001 Winnipeg had some of the highest combined residential tax bills (including municipal and school portion, net of homeowner grants). Of the major cities surveyed, only Ottawa, Toronto and Montreal were higher.

Thanks to a ten year freeze on municipal property taxes, the City of Winnipeg has improved its ranking for residential taxes. In 2006, the same survey found that Winnipeg's home taxes were now better than average, ranking slightly below the middle of comparison cities. This is a significant shift.

However, the results for businesses were not so positive. A 2006 independent study by KPMG shows that Winnipeg and most Canadian cities are relatively cost-competitive in North America when location-sensitive business costs

City Comparison – Total Property Tax

Single Detached House 2006

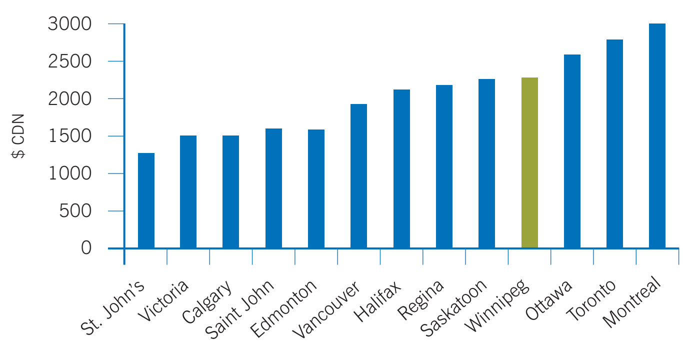


Source: City of Edmonton, Planning and Development Department, December 2006. Figures include municipal, regional and school taxes, net of homeowner grants, if applicable.

Sample house is 25-30 year-old detached 3 bedroom bungalow, main floor area 1200 sq. ft, full finished basement, double car garage, 6,000 sq. ft. lot.

City Comparison – Total Property Tax

Single-Family Home 2001



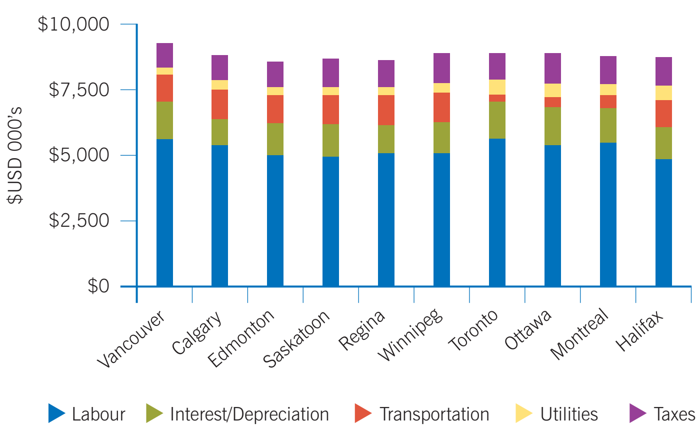
Source: City of Edmonton, Planning and Development Department, November 2001. Figures include municipal, regional and school taxes, net of homeowner grants, if applicable.

Sample house is 25-30 year-old detached 3 bedroom bungalow, main floor area 1200 sq. ft, full finished basement, double car garage, 6,000 sq. ft. lot.

– combined labour, real estate, utility, transport and taxes – are considered. There is relatively little difference in overall business costs among the major Canadian cities in this study. In a broader analysis, Winnipeg is relatively better positioned than most other Canadian or U.S. cities in certain sectors, like aerospace, biomedical R&D and corporate services.

City Comparisons – Location Sensitive Business Costs

Average of 7 Manufacturing Operations *



Source: KPMG's 2006 Competitive Alternatives Study, special runs

* Average of 7 manufacturing operations, average is a 74,286 sq. ft. facility on 7.3 acres; average operation is US$17.6 million in sales, 99 employee, 10-year average profit and loss

Business cost comparisons are only part of the equation. Market access, the business climate, regulations and labour availability are just a few of many key factors which are not part of a cost analysis.

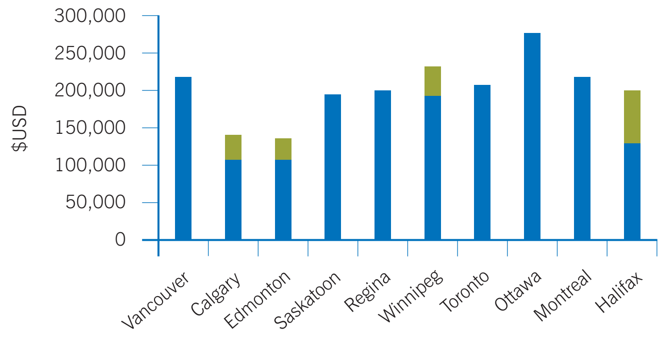
A key business cost area where Winnipeg is not as competitive a jurisdiction is in taxation from all levels of government. Based on data from KPMG's 2006 Competitive Alternatives Study, Winnipeg ranks among the highest of major Canadian cities in terms of municipal taxes paid by business (including school taxes).

As noted in the introduction, this is partly because Winnipeg – like Halifax, Calgary and Edmonton – has an additional business tax. However, municipal property taxes in Calgary and Edmonton are substantially lower than in all other Canadian cities. According to KPMG data, the elimination of the business tax would go a significant way to making Winnipeg more competitive with most other major Canadian cities.

Now that our residential property tax rates are relatively more competitive, it is time to seek the same result with business taxation. Winnipeg businesses are competing nationally and internationally. Our tax rates must be competitive with other jurisdictions to improve our business confidence, and send a signal to investors inside and outside of Winnipeg that we are open for business for the long term.

City Comparisons – Municipal Property & Business Taxes

Average of 7 Manufacturing Operations *

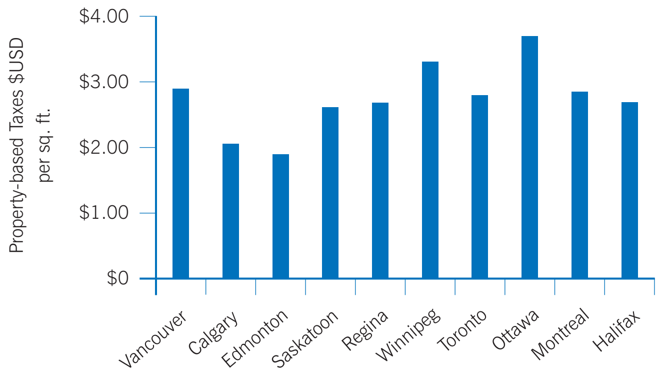


Source: KPMG's 2006 Competitive Alternatives Study, special runs

* Average of 7 manufacturing operations, average is a 74,286 sq. ft. facility on 7.3 acres; average operation is US$17.6 million in sales, 99 employee 10-year average profit and loss

City Comparisons – Municipal Property & Business Taxes

Average of 7 Manufacturing Operations *



Source: KPMG's 2006 Competitive Alternatives Study, special runs

* Average of 7 manufacturing operations, average is a 74,286 sq. ft. facility on 7.3 acres; average operation is US$17.6 million in sales, 99 employee, 10-year average profit and loss

The Impact of Business Tax Elimination

When surveyed, a large majority of businesses say municipal tax relief is needed more so than any other area of tax relief. Polls also consistently show that business leaders would expand (creating new jobs) or improve existing salaries to retain skilled labour if business taxes were cut.

As just one example, a 2005 Canadian Federation of Independent Business (CFIB) survey asked its members "What would the elimination of the business tax allow your firm to do?" The highest responses were: stay competitive (58%), improve wages, benefits and training (55%) and expand production and staffing (42%).

A 2004 survey of CFIB members found that of all taxes that Winnipeg businesses pay, municipal taxes were cited as the most harmful to their operations. Research done by the CFIB in August 2002 found that of all municipal taxes that Winnipeg businesses pay, the City's business tax should be cut first.

Business tax elimination is a key tool for improving tax competitiveness. With more investment in skills retention and job expansion, Winnipeg could look forward to more jobs, more residents, and a stronger tax base to fund infrastructure, essential services and social programs. Economic growth is not an end in itself, but a means to sustain and improve the quality of life in our city.

"We are frequently reminded by our advisors that we could significantly improve our profitability by moving some of our holdings to Alberta. The elimination of the business tax would allow us to remain competitive while keeping all of our operations in Winnipeg."

Mark Chipman, President, Megill-Stephenson Company Limited

“Potential investors from other cities are often surprised to see that Winnipeg businesses pay two property taxes. Eliminating the business tax will help improve Winnipeg’s competitiveness and bring more investment here.”

Rennie Zegalski,
Sales Associate,
CB Richard Ellis
Commercial Real
Estate Services

Mayor’s Vision for Winnipeg

Mayor Katz has made the gradual elimination of the business tax a key part of his vision for Winnipeg. Phasing out the business tax is just one part of the City’s long-term economic strategy. As stated in the City of Winnipeg’s Economic Opportunity Framework in October 2006:

“We need to show vision and new directions that make Winnipeg a more vibrant, exciting place. There is no one policy or investment, but the series of choices we make now and in the near term will determine our place in ten years and beyond. A city that works is more than economic growth and jobs, but a city that doesn’t work will not get the economic growth and jobs needed to sustain the infrastructure, social services, arts and culture amenities, and other assets that collectively contribute to our high quality of life.”

After too many decades of slow growth, Winnipeg has experienced a modest economic resurgence in recent years. For most of the past few decades, Winnipeg ranked last or near last among major Canadian cities on key economic indicators such as GDP, income and job growth.

In the 2003-2006 period, Winnipeg’s economy has turned around. GDP growth has averaged nearly 3% annually. After annual increases of just a few thousand in the 1990s, the population is growing more quickly, and retail sales growth has been among the best in the country. Building permits, housing sales and house prices are at record levels; and major projects have helped create a downtown renaissance. Record enrollments at our colleges and universities bode well for the future.

But our resurgence has its challenges, too. Unemployment is low at 4.5%, but job growth in Winnipeg and Manitoba continues to lag behind most of the country. To improve job growth and to sustain growth, we can do better.

Our quality of life depends on business – to provide jobs and services, to generate income and investment, and to generate the wealth we need to pay for quality public services. Cutting the ‘second property tax’ that businesses pay can help businesses grow and entrepreneurs flourish. Growing businesses invest, hire more people and pay more taxes towards our public services.

While the City of Winnipeg’s ten year property tax freeze has made Winnipeg residential property taxes more competitive, total business property taxes remain among the highest in Canada. If Winnipeg doesn’t improve its competitiveness to help Winnipeg businesses expand, entrepreneurs to start up, and attract new business from elsewhere, Winnipeg will fall behind other cities and miss opportunities for further growth. Eliminating the business tax is one important piece in the competitiveness equation where the City has control.

The Economic Opportunity Commission

On December 14, 2006, Mayor Sam Katz created the Economic Opportunity Commission, “to provide the City of Winnipeg a menu of options for consideration towards phase out the municipal business tax.”

Commission members included:

- Scott Fielding, City Councillor (Commission Chair)
- Stuart Duncan, President, Destination Winnipeg Inc. (Vice-Chair)
- Adrienne Batra, Provincial Director, Canadian Taxpayers Federation
- Peter DeSmedt, former City Councillor
- Mary Jane Loustel, Chief Executive Officer, Women’s Enterprise Centre of Manitoba
- Chris Lorenc, President, Manitoba Heavy Construction Association, former City Councillor
- Shannon Martin, Provincial Director, Canadian Federation of Independent Business

- Trevor Sprague, Senior Tax Manager, PricewaterhouseCoopers LLP, Chair of the Winnipeg Chamber of Commerce

The Commission was asked to report by the end of June, 2007. Colin Craig was retained by the Commission to draft the final report, provide advice and research policy initiatives as the EOC's Project Director. Bob Weselowski provided insight on the City's operations and handled numerous information requests as the Commission's liaison with the City of Winnipeg's Administration. The Commission's budget was set at $58,000 to support project management, printing, research and administrative costs.

The Commission met every two weeks for the first four months of its mandate, and every three weeks thereafter. To support the Commission's deliberations, staff provided research and analysis on similar initiatives in other cities.

The EOC took a number of steps to ensure that an open consultation process occurred. Meeting invitations were extended to all of the City's unions, departments, business improvement zones and all City Councillors. In addition, the Commission met with several associations, non-profit groups, businesses and individuals.

A web site was set up to provide background information on the process and to ensure that every Winnipegger had an opportunity to provide input. The Commission also accepted ideas by mail, phone and email. An opinion editorial submission by Councillor Fielding and various other media stories helped raise awareness of the process.

The Chair and Project Manager met directly with interested stakeholders, including public servants, Councillors, labour unions, business improvement zone leaders and community groups. As a group, the Commission heard a number of presentations from business, labour organizations and the City's Administration. Other groups forwarded written submissions on behalf of their members, indirectly engaging thousands of businesses through surveys, board discussions and other activities.

This was not the first time that the City of Winnipeg formed a Commission or committee to look at eliminating the business tax, review its own expenditures or consider alternative revenue sources. Some of the past City of Winnipeg reports that the Commission reviewed include:

- Reshaping our Civic Government (1997)
- Rethinking Taxation (1998)
- Strategic Infrastructure Reinvestment Policy (1998 & 2000)
- The Standing Committee on Fiscal Issues review of the business tax (2001)
- The Assessment Task Force (2002)
- Mayor Murray's "New Deal" (2003).

The Commission also looked at initiatives and strategies from jurisdictions around the world.

Over 50 separate stakeholder organizations and individuals were consulted directly. The Commission considered over 100 potential ideas for fairer revenue, potential savings or other offsets for the business tax.

Early in our mandate, the Commission developed seven principles to guide deliberations. The Commission refined and adopted these principles, and tested potential options against them.

Guiding Principles for the Economic Opportunity Commission's Review of Business Tax Options

1. Phasing out the City of Winnipeg's business tax over a reasonable period of time is the preferred approach to ensure balance, fiscal responsibility and sustainability of the tax reduction.
2. The City of Winnipeg needs to improve its overall business competitiveness, particularly compared to other cities in Western Canada. The business tax reduction will help promote local economic growth, jobs and investment.

"If I didn't have to pay the business tax, I would reinvest more back into my business."

John Dusessoy, Owner, Sargent Sundae

3. The City of Winnipeg's services, infrastructure and amenities are also important to competitiveness in retaining and attracting people and business. The City should continually strive to improve its own expenditure efficiencies and effectiveness. Core services will not be cut and this is not a detailed line item review exercise. However, expenditure and service delivery alternatives and potential savings from core and non-core services should be considered.
4. Taxes should be fair and provide a level playing field. Businesses should be expected to pay a fair and reasonable portion of the cost of municipal government programs and services, and any alternative revenue source recommended should be consistent with that principle.
5. Taxes should be simple, understandable, transparent and predictable. The administrative cost and structure should be efficient.
6. Business tax relief across the board is a preferable approach. Alternative revenue sources or replacement efforts should not affect one sector over others.
7. There should be fair fiscal balance between levels of government. This is not an exercise of simply requesting one level of government to fill the entire revenue gap, however, better and fairer sharing mechanisms may be available.

Commission members also agreed that the business tax burden should not be shifted onto residential rates. Rather, revenues to offset the business tax reduction should largely come from increased growth, fairer revenues for civic services, efficiencies in City service delivery, and a fairer revenue formula from the Province. Commission members also agreed that savings should not reduce levels of service in core service areas considered essential to both business and residents. The plan in this document reflects that approach.

In Context: City of Winnipeg Budgets

The City of Winnipeg spends over $1 billion annually. Spending and revenue growth has been modest since the 1990s, with gradual increases close to inflation in the new century.

As indicated on the next page, police and fire services (37%), streets & public works (29%), and community services (12%) consume most of the City's operating budget.

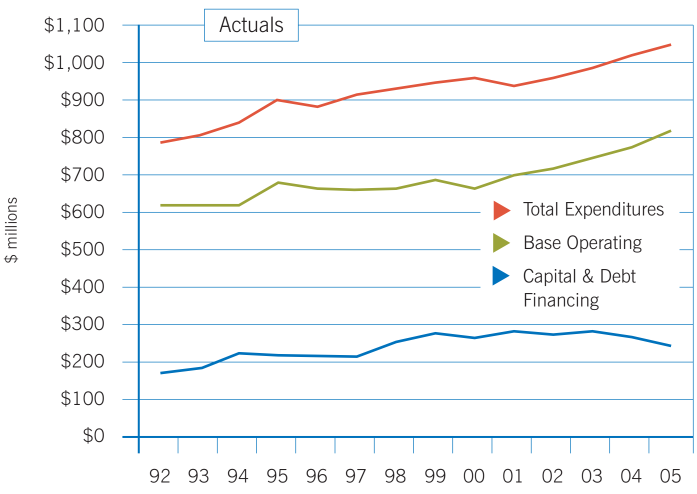
Property taxes dominate City of Winnipeg revenues and accounted for $419 million – or 57% of revenues – in the 2007 operating budget. The business tax accounts for an estimated $56 million or 8% of operating revenues. If utility revenues are included, business taxes represent slightly over 5% of total City revenues.

Thanks to a disciplined effort to end debt-financing of tax-supported capital projects, the City's external debt payments have steadily declined and should continue to decline in future years. The City of Winnipeg has a solid credit rating and in late 2006, Moody's upgraded the City's credit rating to Aa1. Meanwhile, cash payments for capital projects are expected to rise modestly over the next decade.

The 2007 Operating Budget was presented as a "service-based budget." This approach provides a direct link between money spent and the service it is intended to buy. Commission members agreed that the new presentation is a positive change that helps establish benchmarks and presents spending in a more transparent manner. It will also help also help the City locate efficiencies in future years.

City's Total Expenditures

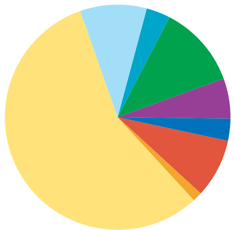
Consolidated, includes utilities



Source: City's Annual Financial Reports – Restated for trend analysis

Where does the Money Come From in the Operating Budget?

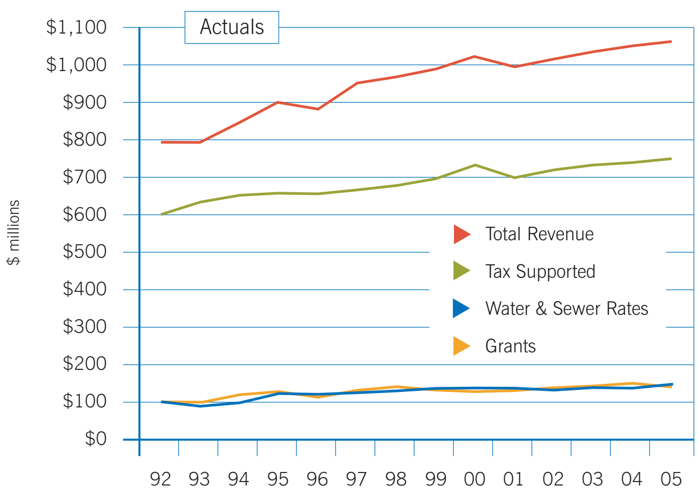
2007 Preliminary Operating Budget – $741.1 million



- Business Tax $57.6 million 7.8%
- Property Tax $419.0 million 56.5%
- Sales of Goods & Services $63.3 million 8.5%
- Interest and Other $10.4 million 1.4%
- Other Taxation $22.9 million 3.1%
- Government Grants $81.2 million 11.0%
- Transfers from Other Funds $59.7 million 8.1%
- Licenses, Fines and Fees $27.0 million 3.6%

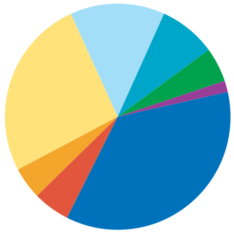
City's Total Revenues

Consolidated, includes utilities



Source: City's Annual Financial Reports – Restated for trend analysis

How is the Money Spent in the Operating Budget?



- Street System, Solid Waste collection, Land Drainage and Street Lighting $211.4 million 28.5%
- Transit Subsidy $33.7 million 4.6%
- Grants, Appeals, and other Corporate Costs $25.4 million 3.4%
- City Clerks, City Council, Mayor's Office, Museums, EPC Secretariat, Audit $18.5 million 2.5%
- Property, Development, Planning, Permits and Buildings $37.1 million 5.0%
- Police and Fire Paramedic Services $273.3 million 36.9%
- Community Services (e.g. Libraries, Recreation Services, Food Inspections) $92.0 million 12.4%
- Corporate (e.g. Information Technology, Human Resources, Finance, Assessment, Legal) $49.7 million 6.7%

SECTION TWO: OVERVIEW OF A FLEXIBLE FRAMEWORK

City Council has taken some action by reducing the municipal tax from 9.75% to 7.75%. The Commission's mandate is to provide a menu of options for consideration in phasing out the business tax completely. This report proposes a balanced, flexible plan for Council's consideration; it is a suggested approach which should transform parts of civic government.

Critics of the elimination of the business tax have argued that this is simply a question of "what gets cut?". In contrast, we believe that with a creative approach to service delivery and with fairer revenue and transfer options, an organization as large as the City of Winnipeg (a $1 billion dollar enterprise) can preserve core services without the business tax in place.

Winnipeg's business community understands that while the Commission can look at the business tax challenge in detail, City Council cannot act on these options in isolation. Fairer business taxation is just one challenge facing the City of Winnipeg. The business community, like the larger community, also recognizes the need for new investments in core services – like public safety and road renewal. The business tax is part of the tax picture, but the total tax burden must be balanced.

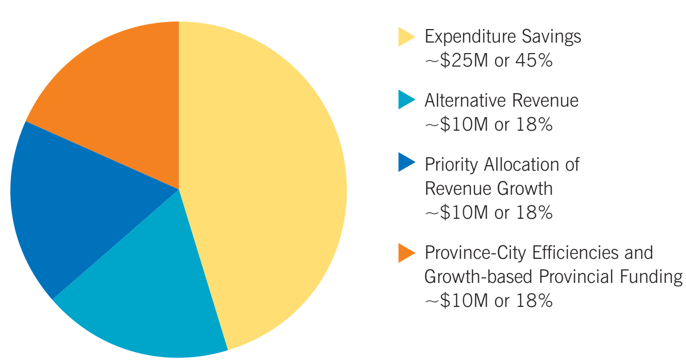
Reducing the business tax will achieve little if cost pressures elsewhere are left unaddressed, forcing the City to raise commercial and/or residential property taxes by even higher amounts to compensate. With this in mind, certain potential savings, revenue sources and other resources were set aside to give the City the necessary flexibility to address several other areas. Tax fairness can be achieved at the same time as other City priorities are met, if a balanced approach is used.

After six months of deliberations, screening, analyzing and costing, the Commission's consensus is that the business tax can be phased out within six years. The actual time chosen will depend on the action taken to grow the City of Winnipeg and Council's response to options in this report.

Our balanced approach seeks to offset the income derived from the business tax from four areas:

1. Expenditure savings
2. Alternative revenue
3. Priority allocation of revenue growth
4. Province-City efficiencies and growth based Provincial funding

Business Tax Phase Out (within six years)



Expenditure Savings

The Commission is proposing a target of $25 million in expenditure savings. Alternative service delivery of selected services could make up $15-20 million of that total. Other options – like consolidation of internal services – should result in significant savings. The Commission's plan cites several service areas to consider.

Any effort to control expenditures must address overall labour costs because, like most service organizations, salaries represent over 50% of total operating costs. The Commission does not recommend any sweeping cuts and of course, labour issues are subject to labour negotiations and process. But overall future labour costs can and should be contained within inflation, through attrition, settlements and devolution of some select non-core service areas.

Alternative Revenue

The Commission also recognizes that some alternative revenues are required, but these changes must be fair. Our proposal would recoup $10 million annually from such changes. For example, the Commission identifies examples where it would be fair for the City to recover full costs from business for certain services, where it does not do so now.

Several submissions argued that the Commission should simply propose a merger between the business tax and the municipal property tax. However, harmonizing these two taxes does not address the problem. The business tax is not simply a problem because it is different. It is a problem because along with the municipal tax, it creates a higher tax burden than elsewhere. Eliminating the business tax will be of little use unless most of the burden is eliminated over time as well.

Nevertheless, the Commission does recognize that a small increase in the municipal property tax "portion" for business/commercial properties (currently at 65% versus 45% for residential) could be considered as the final phase in eliminating the tax, saving $500,000 in costs to administer the separate taxes. According to the City's Corporate Finance department, the City gains approximately $1.75 million for every 1% increase in the commercial portion rate (this classification is termed "other" in legislation). Provided any portioning change is accountable and transparent, and provided the total business tax burden has been dramatically reduced first, this is an option to consider. Any change in the portion rate must go to the Provincial Government for approval.

Priority Allocation of Revenue Growth

Business tax phase out has been identified as a City priority in the City's Economic Opportunity Framework. With this in mind, we also believe the City can and should make it a priority when it comes to 'corporate' savings and revenue, by allocating annual growth revenues toward the phase out. Growth revenues from all sources totaled $20 million last year.

Province-City Efficiencies and Growth-based Provincial Funding

The Commission believes the Province has a role to play in the phase out of the business tax. Manitoba is unique in Canada and is applauded for sharing a portion of revenues with all municipalities through a formula based on shares of income and fuel taxes. Some have suggested that the Province should just provide more grants to the City – but there is only one taxpayer. The Commission feels a better solution would be a fairer formula for transfers. The current formula results in modest growth and specific purpose grants are frequently unchanged from year-to-year. If transfers and grants were revenue-neutral in the first year, but the formula changed to a share of Provincial Sales Tax (PST), the City of Winnipeg would earn a fairer share of growth revenues from the Province.

An important reason for the Province to participate with phasing in more revenue to the City is that the City, by phasing out business tax, is actually helping provincial revenue. Business taxes are deductible as a corporate cost in calculating federal and provincial income taxes. If the business tax is phased out, federal and provincial treasuries gain because the deduction is reduced or eliminated. Commission research suggests that for the Province, the gain could be as high as $0.14 on the dollar with respect to profitable businesses. Likewise, for the Federal Government, the gain could be as high as $0.22 on the dollar.

Over the years, both the City and the Province have made modest progress in eliminating duplication. For example, City social services were taken over by the Province in the 1990s. But there are some long-standing areas of duplication that require attention.

For example, submissions repeatedly raised the continuing duplication in property assessment and public health inspections. While the City coffers may not gain any significant net financial benefits from having the Province take over these areas, the possibility should be explored more seriously.

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SECTION 3: EXPENDITURE SAVINGS

Commitment to Efficiency and Affordability

In 1997, Council made a commitment to the citizens of Winnipeg to become more affordable and efficient. The principles for that commitment were outlined in Mayor Susan Thompson's Executive Policy Committee Report – Reshaping Our Civic Government. The direction of the report and its principles were adopted by Council and used as a directive to the City's Administration.

An excerpt from Reshaping Our Civic Government:

"EPC feels strongly that civic government cannot continue to operate as it has in the past. The City's cost structures are not affordable or sustainable. The government that we have built up is one that our citizens can no longer afford to support. It is essential to implement major structural changes based on a clear shared vision of what businesses the City should be in."

The report contained over 30 recommendations which covered five main areas.

- Restructuring initiatives
- Alternative service delivery initiatives
- Cost reduction initiatives
- Cost recovery initiatives
- Contracting out initiatives

Today, a little over ten years later, a large number of the recommendations that Council adopted still require implementation.

Although some progress was made in implementing the recommendations, the Economic Opportunity Commission agrees with the direction of the 1997 report and is once again calling for similar options to be reviewed by Council.

Following Council's commitment in 1997 to become more affordable and efficient, Council set up an alternative service delivery (ASD) process in 1998. Specifically, the ASD policy laid out a framework for reviewing City services and their delivery mechanisms to determine the most appropriate method for service delivery. This included contracting out operations, privatization, public/private initiatives and the creation of Special Operating Agencies (SOAs).

Fifteen initiatives were originally identified for review by the ASD process in 1999. Some progress was made through ASD initiatives, however, seven initiatives remain under the Committee's watch and no initiatives have been added to the process since 2001.

Leading up to and during that time, the City of Winnipeg formed a number of partnerships with the private sector and non-profit groups in order to provide services in a more efficient manner.

Garbage collection, street construction, snow clearing and the filtration of sewage are a few examples of partnerships with the private sector. The Friends of Public Libraries & the Zoological Society of Manitoba are examples of partnerships between the City of Winnipeg and non-profit organizations.

In addition, through its annual budget process and its day-to-day operations, the administration has also made a number of changes to deliver its services in a more cost effective manner.

1997 Recommendations Adopted by Council	2007 Status Update
"Contract out street design, payroll, library technical services, and parks planning, and any other services that could be provided by outside suppliers."	Incomplete
"Search out alternatives for subsidizing zoo entrance fees, such as corporate sponsorships."	Minimal sponsorships (No policy has been developed)
"Contract out additional janitorial functions in civic buildings."	Incomplete
"Contract out the animal services program, including enforcement functions as well as the operation of the animal shelter."	Incomplete
"Explore the possibility of contracting out water operations."	Objective not achieved
"RFP – to contract out civic buildings facilities management."	Incomplete
"RFP – to contract out appropriate call service centres."	Incomplete
"Failing community interest, RFP – to contract out all operations and administration of civic arenas."	Last attempt in 1999
"Establish an Expenditure Management Committee to review all budgetary non-salary expenditures" (Treasury Board Model)	Incomplete
"Possible contracting out of meter reading."	Incomplete
"Contracting out of library book delivery services and shelving of materials."	Incomplete
"Contracting out of park mowing."	Partial progress
"Contract out the operation, maintenance, and management of all civic golf courses and cemeteries."	Incomplete
"Pursue the possibility of further savings with respect to leased accommodations."	Incomplete
"Develop a strategy for bringing the City's employee benefits structures to levels more comparable to the private sector."	Incomplete
"RFP to contract out the services of the Construction Branch."	Incomplete
"Assessment of the effective degree of control over the administration available to the elected City Council and Executive Policy Committee."	No review since 1997
"Focus departmental efforts on the development of effective, results-oriented performance measures and public reporting on results against plans, with public participation in the development of appropriate measures and service standards."	Incomplete
"Privatization of the Brady Landfill."	Incomplete
"Improve recovery ratios for arenas, pools and the Zoo"	Over $16 million loss in 2006

More work to be done, more partnerships to be had

Although a lot of good work has been done to date, the Commission believes that there is room for more partnerships with non-profit groups and the private sector. The City of Winnipeg is a billion dollar organization that delivers over one hundred services to its citizens. It cannot possibly be an expert in the delivery of each of those services. That is why many partnerships already exist.

The Economic Opportunity Commission believes that in order for significant headway to be made in the areas of alternative service delivery, the Alternative Service Delivery Committee should be rolled in as part of the Standing Committee on Fiscal Issues. In addition, the role that Provincial and Federal treasury boards play in scrutinizing non-salary City expenditures should become part of the regular affairs of Executive Policy Committee. This was also recommended in 1997's Reshaping Our Civic Government.

Several City services could be provided by the private sector and non-profit groups.

More Partnerships with Non-Profit Organizations and the Private Sector

The Economic Opportunity Commission agrees with the commitment that Council adopted in 1997 to "contract out any service that could be provided by outside suppliers".

A quick "Yellow Pages check" reveals that a number of services that the City of Winnipeg currently provides are also delivered by both non-profit organizations and the private sector. For 2007, the City of Winnipeg will spend over $165 million on services which could be partnered or contracted with the private sector. Below are some of the areas where Council may wish to look at partnerships and their estimates of current expenditures:

- Animal Services ($2 million)
- Bicycle registration/collection ($200,000)
- Bill collection (property tax, water bills, etc) ($400,000)
- Brady Landfill ($3 million)
- Facilities Maintenance & Civic Accommodations ($31 million)
- Cemetery Maintenance ($1 million)
- Road Construction & Maintenance ($20 million)
- Fitness Centres ($21 million)
- Fleet Management ($30 million)
- Golf Course Management ($3 million)
- Legal Services ($2 million)
- Meter Reading ($300,000)
- Payroll ($600,000)
- Print Services ($400,000)
- IT work ($6 million)
- Rail Line Services ($1.3 million)
- Parks and Urban Forestry ($25 million)
- Snow Removal ($20 million)
- Snow Dumping Sites ($1 million)

Option

Council could direct the Administration to proceed with contracting out these non-core services.

Target: Save $15-20 million through looking at partnerships in these non-core services

* One major obstacle that restricts the City of Winnipeg's ability to plan and operate in a more flexible and efficient manner is the "redeployment clause". This clause currently exists in the City's contract with the Canadian Union of Public Employees (CUPE). It prevents the City from releasing an employee without finding him/her a position in another department at approximately the same rate of pay.

Of all the contracts that the City of Winnipeg has with its nine unions, only CUPE's has such a clause. As it is restrictive on an employer's ability to change and adapt to its needs, it is quite unique at the municipal government level. Only Saskatoon and Toronto have similar contractual provisions.

In order for the City of Winnipeg to become more affordable and efficient, as it explores more partnerships with non-profit organizations and the private sector, this clause will need to be addressed.

Exercise Facilities

In 2006, the City of Winnipeg lost $5.8 million through operating its nine non-profit indoor exercise/pool/facilities. Of the nine facilities, eight ran a deficit and one broke even.

Like the City of Winnipeg, the YMCA is also a non-profit organization that runs similar facilities. In 2006, none of the YMCA's Winnipeg facilities ran a deficit. According to the YMCA's 2005 Financial Statements, the organization produced a $929,882 surplus.

The one City of Winnipeg facility that was scheduled to break even in 2006 was the Peguis Trails Health & Fitness Centre. In fact, it was required to do so as per a 1997 City Council directive. However, following unionization of the facility in 2006, labour costs rose by 32% and the facility no longer breaks even. The facility is currently not complying with Council's directive.

High wage rates are one reason that makes it difficult for City facilities to break even. For example, the City of Winnipeg pays $17.50 to 22.24 per hour for its lifeguards while the YMCA pays $9 to 10 per hour. The fact that City facilities close on most holidays and have unpredictable hours (some facilities close for hours at a time during the middle of the day) likely contributes to the City's challenges in attracting new members.

The YMCA, a non-profit organization, produces a surplus or breaks even at each of its facilities. The City could pursue partnerships with organizations like the YMCA to reduce its annual $10 million pool/fitness deficit.

City of Winnipeg Fitness Centre Revenues & Expenditures (2006)

Pool/Fitness Centres	Revenue	Expenditures	Operating Surplus/Loss
Elmwood Kildonan Pool	$ 428,235	$ 1,172,561	$ (744,326)
Pan Am Pool	$ 2,359,523	$ 3,698,339	$ (1,338,816)
Cindy Klassen Rec. Complex	$ 481,166	$ 1,955,870	$ (1,474,704)
Sherbrook Pool	$ 101,903	$ 699,959	$ (598,056)
Centennial Pool	$ 574,806	$ 1,385,853	$ (811,047)
St. James Civic Centre	$ 195,192	$ 625,160	$ (429,968)
Fort Rouge Leisure Centre	$ 705,388	$ 901,661	$ (196,273)
Peguis Trail Health & Fitness Ctr.	$ 96,587	$ 96,587	0
Freight House Rec. Centre	$ 16,217	$ 220,982	$ (204,765)
2006 Operating Balance	**$ 4,959,017**	**$ 10,756,972**	**$ (5,797,955)**

Indoor Pools	Revenue	Expenditures	Operating Surplus/Loss
Bonivital Pool	$ 510,366	$ 1,442,726	$ (932,360)
North Centennial Pool	$ 92,664	$ 793,364	$ (700,700)
Eldon Ross	$ 5,677	$ 245,023	$ (239,346)
Margaret Grant	$ 262,263	$ 737,653	$ (475,390)
Seven Oaks	$ 360,215	$ 1,142,678	$ (782,463)
Transcona Centennial	$ 110,426	$ 469,658	$ (359,232)
Bernie Wolfe	$ 14,395	$ 56,634	$ (42,239)
2006 Operating Balance	**$ 1,356,006**	**$ 4,887,736**	**$ (3,531,730)**

Outdoor Pools	Revenue	Expenditures	Operating Surplus/Loss
Freighthouse	$ –	$ 70,918	$ (70,918)
Happyland	$ 4,023	$ 44,664	$ (40,641)
Kildonan Park	$ 42,586	$ 350,441	$ (307,855)
Lions	$ 29,579	$ 139,901	$ (110,322)
Norwood	$ 11,125	$ 65,569	$ (54,444)
Provencher	$ 6,402	$ 57,008	$ (50,606)
St. Vital	$ 12,233	$ 93,388	$ (81,155)
Transcona Kinsmen	$ 10,700	$ 51,237	$ (40,537)
Westdale	$ 13,561	$ 100,787	$ (87,226)
Windsor Park	$ 4,332	$ 66,298	$ (61,966)
East End LC	$ 31,903	$ 111,184	$ (79,281)
St. John's LC	$ 85,912	$ 213,835	$ (127,923)
2006 Operating Balance	**$ 252,356**	**$ 1,365,230**	**$ (1,112,874)**
Net Operating Losses	**$ 6,567,379**	**$ 17,009,938**	**$ (10,442,559)**

Source: City of Winnipeg

However, when the City's other indoor and outdoor pool facilities are included, the $5.8 million deficit climbed to over $10 million for 2006. The EOC has identified three options for Council to consider:

Option 1

Approach non-profit organizations to take over some or all of the City's fitness centres and swimming pool facilities.

Part of the negotiation may require the City to continue to subsidize a few of the facilities that, due to their nature, may never break even. The Pan Am Pool is one such facility.

Option 2

Sell off or tender out the management of some or all of the City's fitness and pool facilities.

Option 3

Cease building and operating any new facilities. If need be, the city could partner with the YMCA or other organizations.

Potential Savings Estimate: $5 million as part of the $15-20 million annually

Source: YMCA Winnipeg

Golf Courses

The City of Winnipeg owns twelve golf courses that are located both inside and outside of the City's boundary. The management of those courses ranges from City owned and operated to long term leases with private management firms.

In 2002, the City of Winnipeg created the Golf Services Special Operating Agency. Between 2002 & 2005, the Agency returned $1.7 million less than expected to the City of Winnipeg. Partly due to adverse weather conditions, the lower return on investment than expected does affect the City's bottom line.

The Economic Opportunity Commission felt that with 25 golf courses in Winnipeg and with an additional 28 golf courses within 80kms of the City, the City of Winnipeg could look at divesting itself of at least some of its courses. Divesting itself of some golf courses and the SOA's annual deficit means that more time and energy can be spent focusing on the City's priorities.

Option

Sell off or tender out the management of the City's golf courses.

Potential Target: $1 million as part of the $15-20 million partnership target

Animal Services

Animal Services is a Special Operating Agency that was set up in 2000. The SOA picks up stray animals, provides care for them, adopts out homeless pets, enforces the "barking dog by-law", handles unruly dogs and does some animal licensing. Animal Services handles some non-pet issues such as helping injured deer and picking up dead skunks, however, the majority of its workload is pet related.

The SOA's cumulative deficit has increased steadily over the last six years. In 2000, Animal Services ran a $156,255 deficit. Unfortunately for the taxpayer, deficits continued to the point where Animal Services' cumulative deficit had reached $897,504 in 2006. All in, Winnipeg taxpayers subsidize the needs of Winnipeg's pet owners by about $1 million a year.

The Commission believes the following approach is an option that could eliminate the taxpayers' annual subsidy for this service:

Option

Sell off the Animal Services building and develop a partnership with the Humane Society to provide care to all pets picked up by "the dog catcher". Use the proceeds from the sale of the building to ensure that the new facility being constructed by the Humane Society can support the increase in volume of pets.

The City could tender out the "dog catcher" service. Another approach is to cross train dog catchers with other by-law officers.

Veterinarian offices could continue to be used to sell animal licenses, however, other convenient locations could also be considered. For example, animal licenses can be renewed at banks in Calgary. As was done with the City's Parking Authority, the City could switch to a call centre to collect unpaid licenses and manage the program.

Revenue to pay for these pet services should come from Winnipeg's pet owner community.

Potential Savings Estimate: $1 million annually as part of the $15-20 million

A partnership with the Winnipeg Humane Society could give Winnipeggers a 'one stop shop' for adopting pets and finding missing animals. Photos courtesy of the Winnipeg Humane Society.

Library Improvements

Winnipeg has almost twice as many libraries per capita as Calgary and about a third more than Edmonton. Like all departments, the City Libraries Branch is dedicated to constant improvement. A number of opportunities exist to make library services in Winnipeg even better while creating savings.

All in, expenditures on libraries in Winnipeg represents $25 million per year. A number of options exist that could improve our public library system and increase usage. These options include:

	Per Capita Spending	Libraries Per Capita
Calgary	$37	1:58,823 (17)
Edmonton	$40	1:44,500 (16)
Winnipeg	$38	1:32,505 (20)

Source: Respective 2005 Annual Reports

Option 1

As public schools do, City of Winnipeg Libraries could also allow volunteers to perform as wide a spectrum of tasks as possible. This could include activities like repairing books, putting books back on shelves, reading to children and doing clerical work.

Volunteer work in public libraries is very restricted. Teens are allowed to read to young children during the summer, however, adults are not allowed to volunteer for the libraries' reading programs.

The St. James Library is located just metres from the St. James Collegiate library.

Option 2

As was done with the Henderson Branch, the City of Winnipeg could begin leasing locations in more convenient locations. Of the City of Winnipeg's twenty public libraries, only four are in locations that the City does not own. Pursuing leased facilities would allow the City to invest savings in priorities versus repairing and maintaining buildings. Located in a convenient strip mall, the Henderson location is the City's busiest regional library.

Option 3

The City could pursue partnerships with coffee shops and other suitable partners at existing facilities or future leased facilities.

Option 4

Pursue partnerships with public schools so that City of Winnipeg libraries and public school libraries no longer exist close together.

Potential Savings Estimate: $2 million annually

The Henderson Library is conveniently located in leased space in a strip mall.

Labour

The cost of the City of Winnipeg's workforce is increasing at a significant rate. According to a March 2007 City of Winnipeg staffing levels study, the City's expenditures on salaries and benefits rose by $109.3 million between 1995 and 2006, $20.5 million above inflation (2007 Dollars).

However, during that same period, the average number of employees decreased by 336 full time positions. In other words, the City of Winnipeg is now paying more money to a smaller group of people at a rate that is $20.5 million above inflation.

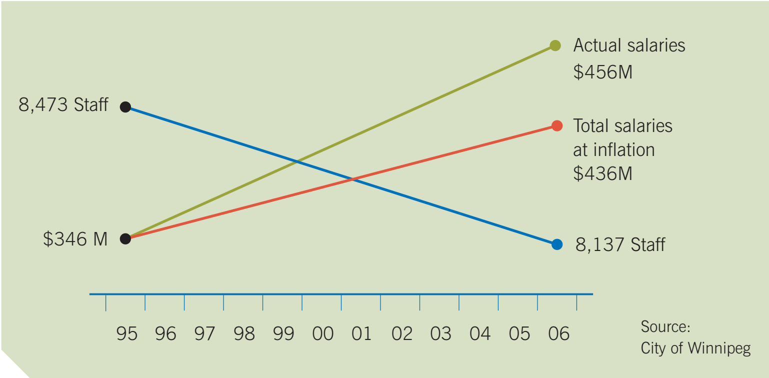
Salaries paid to members of Winnipeg's police, paramedic and fire departments are one of the main drivers of the increase. As those unions are unable to strike, contracts inevitably proceed to binding arbitration where arbitrators routinely award increases that are greater than the rate of inflation.

However, if the total amount that the City spent on its current non-emergency staff complement had increased at the rate of inflation beginning in 1995, the City would be saving an additional $14 million annually.

Another figure which illustrates the City's rising cost of labour, is the amount spent on salaries and benefits as a percentage of the City's overall spending. According to the City of Winnipeg's annual reports, not including utilities, the amount spent on salaries and benefits increased from 53% in 1996 to 60% in 2005 (tax supported only – utilities & other funds and debt & finance charges not included).

To ensure consistency and to reduce the impact of large capital projects, these figures do not include Winnipeg Hydro, social service positions that were transferred to the Province of Manitoba, annual debt financing charges and capital expenditures.

Staffing Levels and Costs – 1995 to 2006



Option

Although the City of Winnipeg must remain competitive in recruiting talented people, holding the total amount spent on salaries and benefits to inflation over the next six years, if the trend continues, could save the City approximately $7 million per year by year six. Due to the collective bargaining process for emergency staff complements, holding the line on salaries and benefits will likely require attrition in other areas, settlements and devolution of some select non-core service areas.

Potential Savings Estimate: $7 million after six years

Independent Rates for Uniform and Non-Uniform Police Staff

Up until 1998, the City of Winnipeg negotiated varying rates of pay between its police officers and non-police staff in the Winnipeg Police Department. This helped ensure that clerk salaries in the police department remained competitive with clerk salaries across the administration.

Beginning in 1998, arbitrators began awarding the same pay increases to both police officers and police department support staff.

The discrepancy between the rates has led to higher rates of pay for police department support staff than those in the broader City administration. For example, a non-police department senior clerk's salary topped out at $26.15/hr ($47,593 annually, December/05). However, the hourly rate of pay for a senior clerk's salary in the police department reached a maximum of $29.01 ($52,800 annually, December/05), approximately 11% higher.

Once the differences in pay are compounded over time and across the 380 member support staff complement, the results are significant.

Option

The administration could continue to raise this inequity during labour negotiations.

Potential Savings Estimate: $1 million annually after ten years

Police Department Salary Changes – 1991 to 2006

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police Officers	5.16%	0%	0%	2.3%	2.2% 1.25% 1.25%	0%	0%	2.5% 1.5%	1.0% 1.5%	1.0% 2.5%	1.0% 2.5%	1.0%	3.5%	3.3%	3.5% 1.25%	2.25%
Support Staff	5.16%	0%	0.75%	0.75%	1.25% 1.25%	0%	0%	2.5% 1.5%	1.0% 1.5%	1.0% 2.5%	1.0% 2.5%	1.0%	3.5%	3.3%	3.5% 1.25%	2.25%
CPI	5.1%	1.5%	2.7%	1.4%	2.8%	2.1%	2.1%	1.3%	2.0%	2.4%	2.9%	1.5%	1.8%	1.9%	2.7%	2.0%

Source: City of Winnipeg

Note: Years with severals figures indicate multiple increases

Other Areas for Consideration

A number of ideas that the Commission reviewed were difficult to forecast in terms of potential savings. However, as the Commission felt it would be beneficial for the City of Winnipeg to explore them, the Commission has noted those initiatives below.

Employee Feedback

All employees can have good ideas. That is why a number of companies have programs to encourage feedback from their employees.

The City of Winnipeg used to have a program called the "Awards for Civic Employee Suggestions" program (ACES). Based on the category and financial impact of an employee's suggestions, workers were given various levels of financial awards for their ideas. However, employees were not awarded for making recommendations which were part of their normal job responsibilities.

Various types of similar programs exist in public and private sector organizations around the world. Some are based on financial awards and others are not. The City of Winnipeg has a lot of enthusiastic and creative employees. Tapping into their potential will help drive efficiencies from within.

Option

The City of Winnipeg could reintroduce a program for providing its employees with a chance to make suggestions to management.

Centralize Internal Services

Across the City of Winnipeg's seven departments are numerous IT, human resource, payroll, by-law enforcement and communication divisions. Although difficult to project how much, savings would likely be realized by centralizing these services. It is the Commission's understanding that the Administration is currently reviewing these types of initiatives.

Option

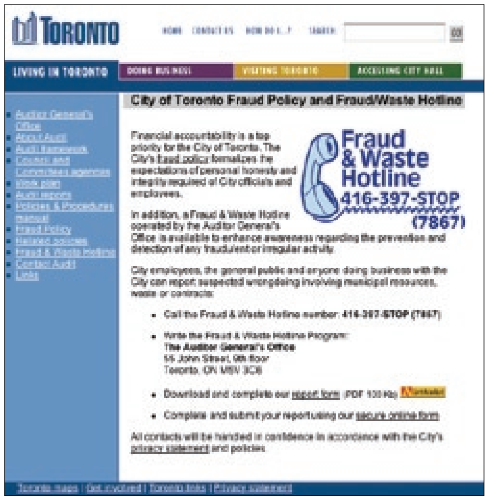
Review duplicate internal services which occur across various departments and explore the centralization of them.

Greater Bulk Purchasing with other Municipalities

Fleet Services currently cooperates with other municipalities for bulk purchasing of certain equipment to get a bulk rate. The Economic Opportunity Commission supports this type of initiative and recommends that other departments look into this strategy.

Option

Direct the Administration to identify opportunities in other areas that could benefit from bulk purchasing strategies as well as municipal partners.



Fraud & Waste Hotline

A number of governments have introduced hotlines to provide the public with a means of anonymously reporting instances of fraud and waste. Operated out of the City Auditor's office, such a hotline would allow members of the public to report cases of waste or fraud by the City's Administration and by organizations which it contracts with to deliver City services.

Ottawa, Toronto, San Diego and the State of Wisconsin are just a few examples of governments that have introduced such hotlines. According to reports from the City of Toronto's Auditor General's Office, since its inception in 2002, the City of Toronto has identified over $500,000 in substantiated complaints.

Option

Introduce a direct fraud and waste hotline to the City Auditor's office.

Pilot Project – BIZs

Business Improvement Zones (BIZ) are commercial areas in Winnipeg where businesses within that zone decide on various initiatives to improve it. BIZ initiatives are paid for by the businesses within the BIZ's zone.

In some cases, the City of Winnipeg contracts with BIZ boards to assist with different services. For example, the City of Winnipeg contracts with the Downtown BIZ for graffiti removal in part of Winnipeg's downtown.

Another example is the Downtown BIZ's Outreach program which allows BIZ patrol officers to enforce the Intoxicated Persons Detention Act. It has been estimated that by allowing BIZ patrol officers to enforce this act, the City of Winnipeg is saving $700,000 per year.

Further opportunities exist for partnerships with BIZ organizations. Local BIZs are more accountable, adaptable and better suited to meet the needs of the local community. Some areas the City of Winnipeg could explore partnerships with BIZs include:

- sidewalk sweeping
- sidewalk garbage pick-up
- bus shelter cleaning
- pan handling and vagrancy by-law enforcement

Option

Discuss future partnerships with Winnipeg's BIZ associations.

Pilot Project – Neighbourhood Associations

Across the world, "neighbourhood associations" raise billions of dollars every year in order to support local projects such as pools, play structures, park maintenance, street cleaning and a number of other services. The size and scope of community associations range from simple neighbourhood groups that get together to maintain parks to more sophisticated structures that operate a number of responsibilities and are similar in nature to small towns.

The creation of a "neighbourhood association" pilot project in a section of the city could help test the level of interest among local residents in terms of bringing the control of some services back into the community.

For example, a local neighbourhood association might decide to pitch in with boulevard maintenance and use the savings to plant more trees.

An association might also decide to repair and paint playground equipment themselves and use the savings to purchase even more park benches.

Residents might decide to pitch in and repair a community club instead of raising their local levies to hire someone to do it.

Putting decision making power for some services back in the hands of local residents might give them a greater feeling of ownership of their community. Taking some decision making authority away from City Hall and putting it back into the community will help depoliticize tough decisions and let the community decide its local needs versus City Hall deciding.

Option

Create a "Community Association" pilot project.

Park Security

Members of the Winnipeg Police Service do not work for the City of Winnipeg's "Park Police" division. City employees staff the "Park Police" program at Assiniboine Park and Kildonan Park. Although Park Police go through the same training program as Winnipeg Police Officers, they do not have the same equipment to provide a full police response. Park Police handle many day to day instances such as loud music complaints, lost and found cases, open alcohol violations, public inquiries and "spitting" violations.

For 2007, park policing is expected to cost the City of Winnipeg $1.1 million. As a significant number of incidents could be handled by security firms, an opportunity exists for exploring the contracting out of this function.

The Winnipeg Police Service should continue to handle all major incidents.

Option

Explore contracting with private security firms to oversee the parks and handle nuisance activities. As was done with downtown BIZ patrol members, this may require allowing non-City staff to enforce acts such as the "Intoxicated Persons Detention Act".

Sacramento volunteers help their city government with tree planting, office work and dozens of other city services.

Volunteering

A Winnipeg resident recently called three City libraries and offered to volunteer to help put away books and read to children. Unfortunately, she was told that volunteers were not allowed to do those tasks as only City employees could do them.

The Assiniboine Park Zoo does not allow volunteers to help out to the same extent as other zoos across the country. The City's Animal Services division also only uses volunteers on a limited basis.

According to the Administration, the City must follow provincial labour laws when introducing volunteers to the workplace. The Administration noted:

"Each volunteer position has a formal "position description" that has been approved by CUPE. The Department does not place volunteers in positions or jobs that are accomplished through the efforts of CUPE employees. With each new volunteer position, a "position description" is designed, shared with CUPE for their concurrence, and then we proceed with a placement."

Volunteers can help Winnipeg become an even better city. Cities across the world embrace their citizens' natural desire to help improve their cities. Sacramento, California is an example of a city that has an extensive volunteer program. Some of the city operations that volunteers assist with include: stenciling "No Dumping Flows to River" on storm drains, clerical duties and repairing books at public libraries, feeding zoo animals and cleaning their cages, helping staff with home water conservation audits and helping the human resources department.

Winnipeg is fortunate in having a volunteer base that is second to none in Canada. The Pan Am Games, the World Junior Hockey Tournament, the Grey Cup and the Women's World Championship are just a few examples of great events that succeeded in part because of the volunteer enthusiasm in this city to pitch in and improve our community.

Option

Remove barriers that prevent Winnipeg residents from helping out with various City functions. Allowing volunteers to be involved in a broader sense at public libraries, the Zoo, and in City parks are just a few examples of areas for volunteer expansion. Council and the Administration should decide the placement of volunteers.

SECTION 4: ALTERNATIVE REVENUE

Approach

As a number of ideas for new taxes and revenue sources came forward during the consultation process, the Economic Opportunity Commission used its seven principles to eliminate ideas which did not fit within the mandate of the Commission.

Although some jurisdictions in Canada replaced their business tax by simply increasing commercial property tax rates, this was not a process of simply decreasing one tax by the same amount that you increase another. The purpose of this report was to help provide much needed tax relief to Winnipeg's business community. Shifting the tax burden onto residential property taxpayers to offset the revenue lost from the business tax was also not an option.

Any incremental revenue sources had to have a good rationale behind it before the Commission considered it.

City Assets

107	Community Centres	8	Cemetery buildings
94	Wading pools	4	Senior Centres
36	Fire stations	4	Garages
27	Office buildings	3	Transit buildings
18	Arenas	3	Parkades
16	Libraries	2	Fleet Maintenance buildings
13+	Storage Facilities	2	Theatres
12	Golf clubhouses	1	Warehouse
12	Indoor pools	1	Health Clinic
11	"Centres" (soccer complex, bowling centre, youth centre, etc)	1	Convention Centre
		1	Leisure Centre
11	Outdoor Pools	1	Clubhouse
10	Recreation Centres	1	Hangar
9	Museums	1	Pound
9	Daycares	1	Stadium
8	"Leased" buildings		

Source: Preliminary asset list from the City of Winnipeg

Better Management of City Assets

The City of Winnipeg owns over 400 non-surplus buildings that have a replacement cost of $100,000 or more. As you can see from the chart on this page, the buildings are an eclectic group. From a health clinic and day cares to a helicopter hanger and warehouses, millions of dollars are spent maintaining these structures each and every year.

In addition to the large collection of buildings, the City owns thousands of acres of non-surplus land. Although some land is kept for future roadway extensions and other projects, an opportunity exists to reduce the City's land inventory. For example, river front land that the City currently allows a group home to use, nets $5,000 in taxes each year. A similar piece of land that is used for condos a few metres down the road nets the City $40,000 in annual taxes.

Just off Dugald Road, on and around Goodyear Street are a number of pieces of property that have sat in limbo since the amalgamation of Unicity in 1972. As the land is adjacent to residential property and prime for development, it represents both lost taxation revenue and an opportunity for growth and infill housing.

The City of Winnipeg is not an expert in real estate management. Neither is the Federal Government. That is why the Government of Canada recently announced that it was going to enter into sale/leaseback arrangements for nine of its buildings nation wide. The City of Winnipeg could follow in the Federal Government's footsteps and get out of the real estate industry. Spending less on maintaining its buildings would allow the City to invest more in its priorities. In addition, the more property the city gets into the hands of private ownership the more money tax revenue it will receive.

The City of Winnipeg's hangar.

Option 1

Create a better process for the review of all City land and buildings and the sale of them.

City land sits unused while homes were built around it.

Option 2

Explore the opportunity for sale/leaseback agreements for City Buildings.

Potential Revenues/Savings: $3 million annually

Naming Rights/Advertising Opportunities

As you drive down the Gardner Expressway in downtown Toronto, you'll see a number of flower beds along the north side of the freeway with various company logos in them. Once downtown, you'll see the Air Canada Centre and the Rogers Centre. Advertising and naming rights are everywhere in today's society.

A number of opportunities exist here in Winnipeg for "green advertising" and naming rights arrangements. The Moray Bridge corridor is an example of an open green space where "green advertising" could be introduced in a tasteful manner. The Planetarium, Convention Centre, small arenas, some City bridges and small City parks are other examples of where naming rights opportunities could be negotiated.

A member of the Administration described a situation a couple years ago where the City had to turn down a corporate donor who was willing to help fund improvements to a community club in exchange for visible credit at the site. As the City did not have a corporate partnership policy in place, it had to turn down the opportunity.

In fact, the issue of naming rights and the potential revenue that can be brought in through corporate sponsorships is not a new one. The 1997 Reshaping our Civic Government report specifically called for corporate sponsorship at the Assiniboine Park Zoo. However, ten years later, the City of Winnipeg does not have a policy on corporate sponsorships.

According to the Administration:

"There is no over-arching City policy on corporate sponsorship. In the absence of a policy, nor departmental authority to raise funds through corporate sponsorships, the Assiniboine Park Zoo does not pursue such relationships. However, the use of corporate logos or placement of corporate names on permanent City of Winnipeg facilities, animal exhibits, etc., must be carefully considered as part of an approved policy."

The Chester Zoo in the UK was able to negotiate a $3 million donation from Jaguar.

The Toronto Zoo has negotiated several agreements with corporate sponsors.

Source: Toronto Zoo web site

Zoos across the world have realized the benefits of corporate sponsorship. That is why Chester Zoo in the UK leveraged a $3,000,000 donation from Jaguar Cars. Another example is Coca-Cola's sponsorship of the Polar Bear exhibit at the Indianapolis Zoo. A number of Canadian Zoos have also successfully negotiated corporate sponsorships.

As the Assiniboine Park Zoo is expected to lose $4 million in 2007 alone, corporate donations could go a long way towards helping the facility improve its attendance, attractions and bottom line.

Option

Develop a list of locations for naming rights arrangements, green advertising and corporate sponsorships. An external firm could be contracted to seek partnerships for those areas. The City must first develop a policy on corporate sponsorship.

Revenue Target: $2 million annually

Cost Recovery for Inspection & Permit Services by the City

The City of Winnipeg performs thousands of building inspections, authorizes hundreds of building permits and enforces a number of property by-laws every year in Winnipeg. For 2007, expenditures for this service are expected to outweigh revenues by $2 million. As revenue from providing the service does not equal the cost to the City for providing them, the Economic Opportunity Commission felt this was one area where rates could legitimately be increased.

However, as a number of the inspection services could likely be done by the private sector, the City of Winnipeg should look into greater cooperation with certified private sector professionals who could also perform such services. This was recommended in the 2005 Red Tape Report.

Option 1

Cooperate with private sector professionals who could also perform these services.

Option 2

Increase the rates for these services to cover the costs of providing them while ensuring businesses are receiving good service and value for fees.

Potential Revenue Estimate: $2 million annually

Range of Various Development Fees

Winnipeg	$933 – $1,078
Regina	$2,250 – $3,670
Toronto	$4,976 – $19,006
Vancouver	$6,000 – $400,000
Ottawa	$4,200 – 43,400

Source: December, 2006 City of Winnipeg Study

Minimum Building Inspection & Permit Fees

Winnipeg	$24	Vancouver	$83
Calgary	$69	Toronto	$84
Edmonton	$70	Hamilton	$100
Saskatoon	$75	Regina	$100

Source: 2004 City of Winnipeg Study

Note: Some fees have changed since 2004, however, the City of Winnipeg's fees have traditionally been low and do not recoup costs

The City of Winnipeg's Kenaston snow dump sits in the middle of valuable business park land.

Commercial Property Tax Portion Rate

As discussed in Section 2, simply harmonizing the commercial property tax and business tax does not address the problem. Any efforts must be accountable and transparent.

The Commission suggests that once 90% of the business tax is actually eliminated, the City could look at slightly increasing the portion rate on commercial property taxes. This would also save administrative upwards of $500,000 in costs for collecting the business tax. Any increase in the portion rate requires approval of the Province of Manitoba.

Option

Provided any portioning change is accountable and transparent, and provided the total business tax burden has been dramatically reduced first, in the latter years of the business tax phase out, the City could consider a small increase in the portion rate as the final 10% is eliminated.

Potential Revenue Estimate: Up to $5 million annually as the remaining 10% of the business tax is eliminated

Snow Dumping Sites

Every year in Winnipeg the City of Winnipeg manages snow dumping stations throughout the City. Although 75 to 80% of the snow dumped at those stations comes from private sites such as commercial parking lots, the City of Winnipeg does not charge a fee for this service. The cost for servicing those sites is about $1 million per year.

The Economic Opportunity Commission felt that this was a business that the City did not need to be in. However, in the event that no private sector firms come forward in providing this service, the City should at least charge rates that allow it to break even.

Option 1

Cease operating snow piling stations.

Option 2

Set rates at levels which meet the cost of operating the service.

Potential Revenue Estimate: $1 million annually

SECTION 5: PRIORITY ALLOCATION OF REVENUE GROWTH

Make the Elimination of the Business Tax a Priority

Far too often policy makers talk about spending priorities without talking about the priorities and the needs of those that create the funds in the first place. A strong police force, well-maintained roadway systems and the regular maintenance of our green spaces cannot be supported without a strong economy.

Businesses employ a majority of Winnipeg's workforce and produce most of Winnipeg's GDP. Not only are businesses the backbone of Winnipeg's economy, through direct and indirect means, they are the main taxpayers in funding our public services. The needs and priorities of Winnipeg's business sector require careful consideration and attention if our economy is to continue to sustain growth well into the future and support our vital social services.

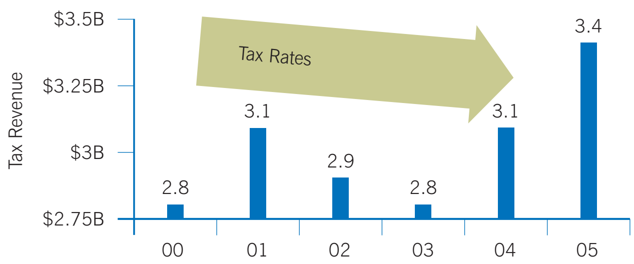
Although Winnipeg's ten year property tax freeze has helped bring Winnipeg's residential property tax rates more in line with other cities, total business property taxes remain among the highest in Canada.

That is why Winnipeg businesses routinely call for municipal tax relief. The elimination of the tax will help Winnipeg improve its competitiveness, businesses expand, entrepreneurs start up, and attract new business from elsewhere. The elimination of the tax will help Winnipeg's economy grow. A growing city means more people working and paying taxes for the services we all depend on.

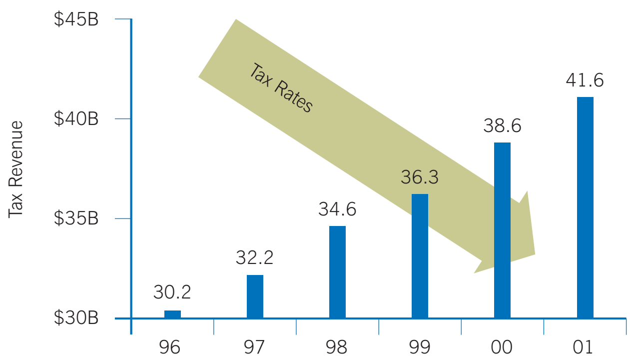
In fact, we don't have to go far to see the benefits of tax relief.

From 2000 to 2005, Manitoba's Provincial Government made modest reductions in personal income taxes. The small business tax rate was dropped from 9 to 5% and general corporate tax rates were reduced from 17 to 15%. Over that six year period, revenue from personal income taxes rose 14.3%, corporate income tax revenue rose 31% and revenue from the province's retail sales tax rose 22.5%. Despite modest tax relief, the total amount of income tax and sales tax revenue went up by 18.8%.

Manitoba



Ontario



A more pronounced trend occurred in Ontario. Over a six year period from 1996 to 2001, the Province of Ontario reduced personal income taxes from 58% of the Federal Government's rate to 38.5%. The small business income tax rate was cut significantly from 15.5% to 6.5% and the general corporate tax rate and the manufacturing and processing tax rate were cut by 1.5% each. During that time period, personal income tax revenue rose by 19.1%, corporate income tax revenue rose by 77.8% and retail sales tax revenue rose by 45.7%. Despite significant tax relief, total income tax and provincial sales tax revenue went up by 37.5%.

Just as driving down our crime rate, fixing our crumbling roads and protecting our environment are always mentioned as priorities, the Economic Opportunity Commission believes the elimination of the business tax should be mentioned as a priority. The funds needed to support those spending priorities will not be there unless Winnipeg's business community remains competitive.

As part of demonstrating business tax phase out as a priority, the city should allocate part of its growth revenues towards this effort.

Partial Allocation of Growth Revenues

The elimination of the business tax will help Winnipeg's business community compete with other jurisdictions and continue to expand here in Winnipeg. As the backbone of Winnipeg's economy, a strong and competitive private sector will allow the City of Winnipeg to continue to see growth in all its property tax revenues, licenses, fees and revenues.

From 2001 to 2006, the City's total revenues increased by $70 million or an average of over $14 million annually. The City has indicated that phasing out the business tax is a priority. The EOC believes that partial allocation of new growth revenue towards phasing out the business tax is one part of proving this is a priority.

Commercial properties represent just over 25% of all municipal property taxes. Applying 25% of growth revenues in years one, two and three to the start of phasing out the business tax could represent close to $10 million. An alternative way to allocate $10 million to this plan is that the City could dedicate 1/8 of new revenue over the next six years towards the elimination of the business tax as a reasonable portion given the City's other cost pressures.

Option 1

Dedicate 25% of new revenue in each of the first three years towards the elimination of the business tax; or

Option 2

Dedicate 1/8 of new revenue towards the elimination of the business tax over the next six years.

Target: $10 million through partial allocation of revenues from business growth

SECTION 6: PROVINCE-CITY EFFICIENCIES AND GROWTH-BASED PROVINCIAL FUNDING

Governance

The City of Winnipeg is entirely the legal creature of the Provincial Government. The City of Winnipeg Charter & the Municipal Assessment Act define the City of Winnipeg's responsibilities and abilities to raise revenue.

Unlike the Province of Manitoba and the Federal Government, the City of Winnipeg does not have the legal authority to introduce a sales tax, income tax or other forms of taxation. The City of Winnipeg's taxing powers are very limited. That is why property taxes are the City's main form of revenue and represent 57% of the operating budget.

Within the City of Winnipeg's property tax system, the Provincial Government has significant influence. 45% of a residential property's assessed value and 65% of a commercial property's assessed value are considered taxable. However, each of those rates cannot be adjusted without consent of the Provincial Government. In fact, the format of the City of Winnipeg's property tax bill that is mailed out by the City of Winnipeg requires approval by the Minister of Intergovernmental Affairs.

Provincial Support

Each year the Province of Manitoba provides the City of Winnipeg with over ten different grants for various purposes. One of which is called the Building Manitoba Fund. The Province of Manitoba is the only Province in Canada which shares a portion of its personal & corporate income tax revenue with its municipalities. Through the Building Manitoba Fund, as provincial income tax revenue increases, Manitoba municipalities see a share of that growth revenue stream. 4.15% of Provincial budget forecasts for corporate income tax and personal income tax revenue is distributed among Manitoba Municipalities.

Although the Building Manitoba Fund grows modestly year over year, most of the other grants that the City of Winnipeg receives from the Province of Manitoba grow at a rate that is below inflation.

For example:

- In 1979, the annual "Unconditional Grant" from the Province of Manitoba was $19.1 million. By 2006, it had only risen to $19.9 million.
- In 1986, the annual "Libraries Grant" from the Province of Manitoba was $1.8 million. For 2006, it is $1.9 million.
- In 1995, the Province provided the City with $1 million to fight Dutch Elm disease. By 2006, the annual grant had decreased to $900,000.

Better Funding Formula

Organizations and individuals across the political spectrum conveyed to the EOC that they believe the City of Winnipeg needs a growth revenue stream. Too many programs are supported on property taxes and the city needs to reduce its dependence on them.

Early on, the Commission suggested a conversion of all provincial grants to a more growth oriented revenue stream such as the Provincial Sales Tax (PST). Modeling in this area attempted to forecast both the growth of retail sales tax revenue to the Province and the growth rate of existing funding arrangements with the Provincial government.

Evidence suggests that a conversion of all provincial grants to an equivalent portion of the Province's sales tax would result in higher levels of Provincial support after year one.

One of the key principles adopted by the Commission was that this process was not simply an exercise of asking another level of government for more funding. As the

"We support too many services on property taxes."

Mayor Murray, 1999 State of the City Address conversion idea is not a new tax, but a better funding formula that starts from a revenue-neutral position in year one, the Commission felt it was a legitimate idea to pursue. In addition, this idea received support by the Commission as it was put forward as part of a greater menu of other options that addressed efficiencies on the expenditure side and sought fairer revenues for its services.

In 2007, the City will receive approximately $188 million from the Province of Manitoba. This is the equivalent of about one percentage point of the Province's 7% PST. Our modeling shows that if a conversion were to take place, the City would see an additional ~$25 million per year by year six.

Just like the cost of staffing, materials and utility charges, tax laws currently allow businesses to count their business tax bills as expenses. The elimination of the business tax means that Winnipeg's business community will no longer be able to deduct $56 million in business tax bills each year as expenses. Thus, everything else held constant, their operating incomes will increase and will in turn pay more in corporate income taxes to the provincial and federal governments. Commission research suggests that for the Province, the gain could be as high as $0.14 on the dollar with respect to profitable businesses. Likewise, for the Federal Government, the gain could be as high as $0.22 on the dollar.

A large majority of businesses consistently respond that they would reinvest business tax savings back into their operations.

Another reason for a better funding formula comes from the fact that the City does not directly share in the tax benefits from hosting major events. During the recent Grey Cup, the City of Winnipeg donated $500,000 to the organizing committee and incurred hundreds of thousands of dollars in helping to beautify the City and additional policing and emergency services costs, but did not share in the increased PST and corporate income tax revenue from hosting the world class event. The Pan Am Games, the World Women's Hockey Championship, various trade shows and many conventions are other examples of where, although Winnipeg venues and businesses benefit from the economic impacts of such events, the City, however, does not receive direct tax benefits from hosting major events.

A better funding formula will help recognize Winnipeg's contributions in the future.

Option

Negotiate a more predictable, streamlined and transparent funding formula with the Provincial Government based on the conversion of all grants to a PST growth formula.

Potential Growth Revenue Estimate: Partial allocation of the proceeds – $8 million over time

One Service, One Provider

The City of Winnipeg currently operates a number of services which are also provided by the Provincial Government. Ambulatory services, health inspection services and assessment are examples of areas where an amalgamation of resources could lead to a more efficient delivery of services and savings to the taxpayer.

Ambulatory Services

Paramedics are health care workers that save lives. They perform life saving treatments on patients, assess and analyze their health concerns and wait with patients at hospitals until a doctor or nurse is free to meet with them.

In fact, a couple months prior to the release of this report, three City of Winnipeg paramedic crews waited for eight hours a piece at Winnipeg hospitals. As the hospitals did not have staff to attend to the patients, the paramedics were legally required to stay and watch over them. Although this type of occurrence does not occur every weekend, the amount of time that paramedics spend waiting with patients in hospitals is a growing trend.

In 1997, the legislation which enabled Manitoba municipalities to provide ambulatory services was replaced by legislation that required Regional Health Authorities to ensure that ambulatory services existed across the province. Since that time, a number of municipalities have transferred their ambulatory programs over to their Regional Health Authority. Today, approximately 75-80% of municipalities have their ambulatory services managed by their Regional Health Authority.

The City of Winnipeg is an organization that people often describe as being responsible for “pipes, pavement and police”. People often describe police services as the City of Winnipeg’s “health care”. Police spending is compared with health care as it too has increased sharply in recent years.

The City of Winnipeg’s billion dollar infrastructure deficit and police and ambulance budget are two of its greatest cost pressures. An aging population will continue to demand more ambulatory services, and the City of Winnipeg will be strained to continue to provide this health care service.

The Economic Opportunity Commission believes that it is in the best interests of patients to have an ambulatory service that is integrated with and run through the Winnipeg Regional Health Authority.

Option

As the Winnipeg Regional Health Authority already owns the City of Winnipeg's ambulances, discuss how they could take over responsibility of integrating the ambulatory service in Winnipeg.

Assessment

There are two assessment departments in Manitoba. The Provincial Government provides assessment services for school boards and municipalities across the province. The second assessment body is the City of Winnipeg's Property Assessment Department which provides services for both the City of Winnipeg and Winnipeg school boards.

During the EOC's consultations with over fifty organizations and individuals, the idea of a single assessment body was mentioned time after time from individuals across the political spectrum. Aside from the benefits of amalgamating the two divisions, a single body assessment department would help ensure fairness in taxation in the capital region. British Columbia and Ontario are examples of provinces which are currently served by a single assessment body.

The notion of a single assessment body for all of Manitoba is not a new one. In fact, the Provincial Government's 1982 Royal Commission recommended a single assessment body. Justice John Scurfield, the author of the City of Winnipeg's 1996 Property Tax Assessment Inquiry echoed the call for a single body and recommended subcontracting out the service as a second choice. The Assessment Task Force Final Report in 2002 and Council's own 2005 motion also called for a merger of the two assessment bodies.

Option 1

Call on the Province of Manitoba to agree to merge the two assessment bodies.

Option 2

Explore contracting out the assessment service.

Transfer of Provincial Responsibilities of Internal Health, Social and Work Programs

The Provincial Government is responsible for health care, social assistance and transition to work programs. That is why the Provincial Government assumed responsibility of a number of those programs that the City of Winnipeg was operating in 1999.

Despite the transfer of those positions in 1999, five registered nurses, five social workers, a psychiatrist, a "Community Service Worker Project" and administrative support for those programs remain with the City of Winnipeg.

The City's social workers assist people in need and its occupational health nurses provide police and firemen with flu inoculations. Both are services that the provincial government provides. As a full analysis of these positions and their duties requires more time and attention than the Commission is able to provide, the Commission will only flag this as an option for further review.

Option

Carefully review these positions and programs and determine which of their services overlap with the Department of Health, the Workers Compensation Board, Social Services and other provincial bodies.

Potential Savings Estimate: $1 million per year

Health Inspectors

Since the formation of Unicity in the early 1970's, the City of Winnipeg has delivered public health inspection services primarily to Winnipeg's core while the Province of Manitoba has delivered the services to Winnipeg's suburbs. Although the Winnipeg Regional Health Authority was established as the mandated agency for the delivery of health services in Winnipeg in 1999, the City is still divided between provincial environmental health inspectors and City of Winnipeg health inspectors.

The map below shows a breakdown of territory by level of government.

As each level of government has different service standards and requirements, it is easy to imagine the headache caused to any small business owner who happens to operate a business in both territories. That is why the City of Winnipeg's 2005 Red Tape Report recommended that solving this issue be an intergovernmental priority.

If the Provincial Government took on complete delivery of this service, savings could be achieved by both sharing in the economies of scale of having one provider and by the City avoiding the rising cost of providing this service.

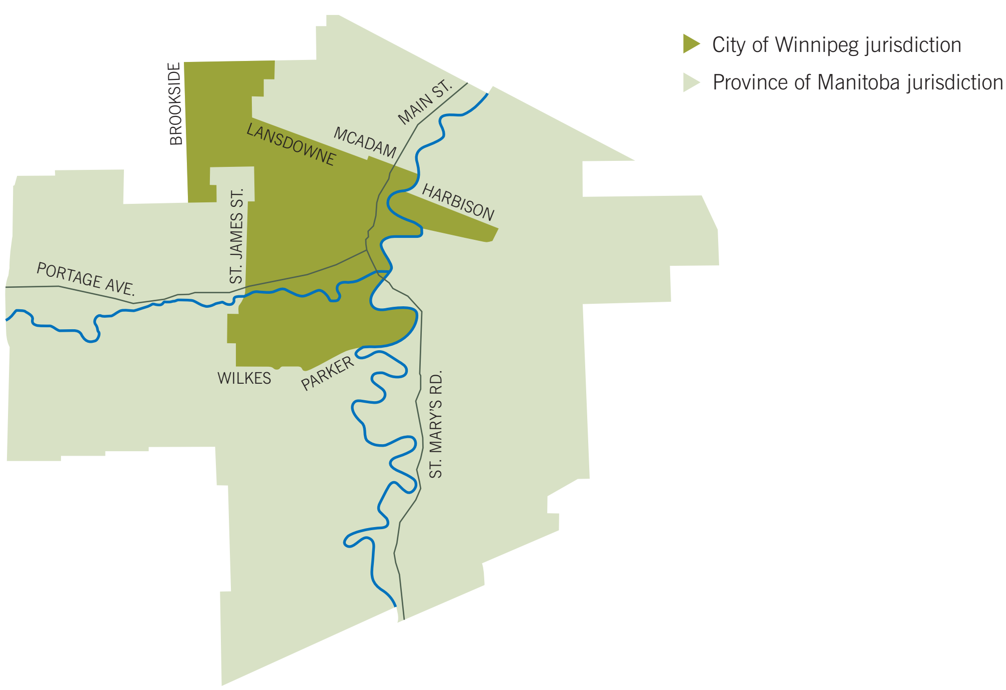
Option

As the WRHA is legally responsible for the delivery of health services in Winnipeg, the City of Winnipeg could cease its involvement in public health inspection altogether.

Potential Savings Estimate: $1 million annually

Environmental Health Services

Public Health Inspections



APPENDIX

The Economic Opportunity Commission was created by Mayor Katz on December 14, 2006. The Commission was asked to present its final report in June, 2007 and was provided with a $58,000 budget to pay for staffing, research costs, meeting costs and for printing the final report. The report was delivered to City Hall on time and under budget.

Members of the Economic Opportunity Commission were selected based on their own skills and experience rather than the organizations to which they are affiliated. Members were selected to ensure the Commission had experience in finance, accounting, economics, legal and business.

Member Bios

Scott Fielding, Chair

Councillor Fielding graduated from the University of Manitoba with an Advanced Bachelor of Arts degree in Economics and Political Studies at the University of Manitoba. He worked for the Government of Manitoba in a variety of capacities, including Special Assistant to several Cabinet Ministers and as a Corporate Development Manager.

Scott also brought experience from seven years of working in sales and marketing in the pharmaceutical industry. Councillor Fielding and his wife Michelle co-own Tiber River Naturals, a retail store and manufacturer of natural personal care products.

Stuart Duncan, Vice-Chair

Stuart has 20 years of experience in economic and financial services, having served in executive or senior management positions, mostly in the private sector as well as five years with government. He is experienced in corporate finance as well as a government advisor on economic issues and regulatory reform, including past service as Chief Executive Officer of Manitoba's Economic Innovation and Technology Council.

Stuart Duncan is the President of Destination Winnipeg Inc., Winnipeg's economic development and tourism services agency. He has a Master's degree (York University) and a B.A. Honours (University of Winnipeg). Stuart has written several publications in areas such as Canada-US free trade and economic development in western Canada.

Adrienne Batra

Adrienne Batra is the Provincial Director for the Canadian Taxpayers Federation in Manitoba. Ms. Batra completed a degree in Political Studies while serving as a Lieutenant in the Canadian Armed Forces. Following that Ms. Batra worked at the Provincial Legislature in Regina. She recently completed a Masters Degree in Public Administration.

Ms. Batra has commented on a variety of municipal, provincial and federal issues. She has also presented budget submissions to both the Province of Manitoba and the City of Winnipeg and has issued a number of reports including the CTF's Property Tax and Utility Charges Survey which tracked and recorded basic living costs for residential property owners throughout the province.

Peter DeSmedt

Peter De Smedt began a long and distinguished 36-year career in the Air Force in 1954. Over the course of his 36 year career, he held many noteworthy positions, including serving as Senior Canadian Officer for Scandinavia and Assistant Chief of Staff combat evaluation at NATO Headquarters, Allied Forces North (NATO) Oslo, Norway.

After returning to Canada and retirement from the Canadian Armed Forces, Brigadier General DeSmedt worked for Bombardier/Canadair Ltd. and later served on Winnipeg's City Council from 1998 to 2006 as the representative for St. Charles Ward.

Chris Lorenc

A lawyer by background, Mr. Lorenc graduated from the University of Manitoba with Bachelor of Arts and LL.B. (law) degrees. He served on Winnipeg's City Council between 1983 and 1992 where he chaired a number of Standing Committees and was a long standing member of the Executive Policy Committee.

In 1992 he retired from public life and the practice of law and took up a number of private sector positions. He is currently President of The Manitoba Heavy Construction Association (MHCA), The Infrastructure Council of Manitoba (ICM) and The Western Canada Roadbuilders & Heavy Construction Association (WCR&HCA).

Mary Jane Loustel

Mary Jane is the CEO for the Women's Enterprise Centre of Manitoba. Originally from Brandon, Manitoba, Mary Jane Loustel moved to Winnipeg in 1983 to embark on a career in business. Over the years, she has served as an advisor in her family business, while also developing extensive knowledge and experience with her work in the post-secondary education, finance and business services sectors.

A Chartered Accountant with a Bachelor of Commerce degree and a lifelong passion for learning, Mary Jane complemented her accounting designation with a specialist appointment as a Certified Internal Auditor. She is working on a Masters degree in Native Studies with the goal of making a meaningful contribution to Aboriginal economic development.

Shannon Martin

Shannon Martin serves as the government lobbyist and media spokesperson for the Canadian Federation of Independent Business's 4,800 members in Manitoba. In that capacity, Shannon pays particular attention to such matters as government spending and taxes, workers' compensation, unfair competition, bank and financing matters and labour laws.

Shannon attended Brandon University and received his Bachelor of Arts Degree (Hons) with a double major in Political Studies and Sociology. Shannon spent nine years working on policy development for both the Government of Manitoba and the Official Opposition.

Trevor Sprague

Trevor is a Chartered Accountant (1997) and a graduate of the Honors Business Administration program of the Richard Ivey School of Business at The University of Western Ontario (1994). He joined PricewaterhouseCoopers LLP as a tax manager from another major firm in 2001 and was promoted to senior tax manager in 2004.

Trevor has over twelve years of experience in the field of Canadian corporate tax. He services clients in a variety of industries, including manufacturing, agri-business, transportation, broadcasting and publishing. Most of Trevor's clients operate in a global environment, and as a result, they often have complex corporate structures and sophisticated tax needs.

Trevor also serves as Chairman of the Board of The Winnipeg Chamber of Commerce.

Commission Staff and Support

Colin Craig, Project Director

Colin Craig graduated from the University of Manitoba in 2001 with a degree in Economics. Following graduation, Colin worked as a policy advisor in the Minister of Finance's office in Toronto, Ontario. In that capacity, he directly advised the Minister on a number of areas including: the Ontario Retail Sales Tax, the restructuring of Ontario's electricity market and a number of other taxation files.

Colin also worked as Executive Assistant to Manitoba's Minister of Education and provided policy research for the Official Opposition at the Manitoba Legislature. He is currently the Principal of Sugoi Consulting, a firm which he founded to assist clients such as the Economic Opportunity Commission, in the development and communication of new policy initiatives.

Brian Kelcey, Mayor's Liaison

Brian Kelcey is a Special Advisor to the Mayor's Office, with responsibility for budget, tax and red tape reduction policy. Most recently, Brian worked as the Project Manager for the City of Winnipeg's Red Tape Commission. Prior to working at City Hall, Brian served as Chief of Staff to Ontario's Minister of Consumer and Business Services, and worked as a political advisor in several other positions with the Ontario Government.

Bob Weselowski, Administrative Liaison

Bob Weselowski graduated from the University of Manitoba with a Bachelor of Arts degree in Geography and Statistics and completed three years of post graduate studies towards a Masters Degree in City Planning in the Faculty of Architecture. Bob has held several senior positions in the City of Winnipeg with twenty years of experience in the Property Assessment Department and eight years in the Corporate Finance Department.

Bob is currently the Manager of Taxation & Revenue and has participated in several corporate projects, including the drafting of the City of Winnipeg Charter, Council's New Deal proposal and the Minister of Education's working group on Education Financing.

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KPMG – "Competitive Alternatives" Data

Photo Credits

Destination Winnipeg (pg. 16)

YMCA Winnipeg (pgs. 20, 22)

The Winnipeg Humane Society (pg. 23)

The camera and eagle eye of Colin Craig (pgs. 24, 25, 32, 34, 39)

City of Toronto Web Site (Screen Capture, pg. 28)

City of Sacramento (pg. 30)

Chester Zoo, UK (pg. 32)

Design/Layout

Deschenes Regnier

Winnipeg