Winnipeg






Trends Report

Key Demographic, Economic & City Government Information

December 2007

The Chief Administrative Officer Secretariat

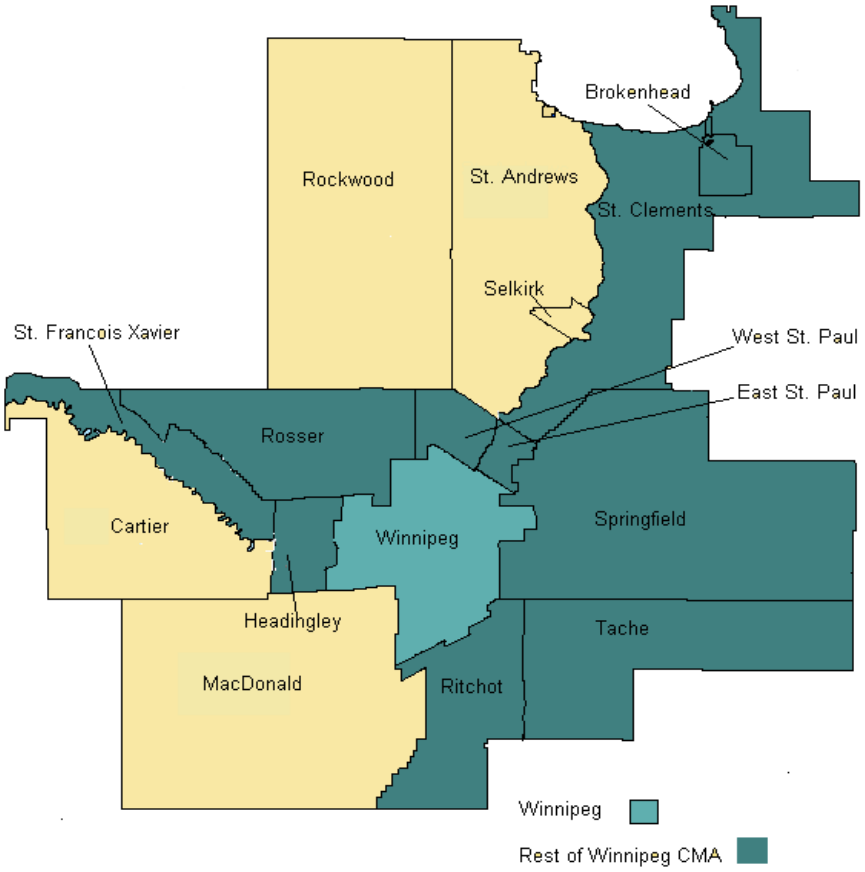
Statistics Canada and the Conference Board of Canada often provide information based on Census Metropolitan Areas (CMA's). CMA's include the core city and any neighbouring municipalities where 50% or more of the labour force works in the core city.

In the coming pages there will be reference to Winnipeg's CMA. The map below shows the Capital Region, with Winnipeg CMA highlighted in green. Winnipeg CMA includes the rural municipalities of:

- Richot
- Tache
- Springfield
- East St. Paul
- West St. Paul
- Rosser
- St. Francois Xavier
- Headingley
- St. Clements
- Brokenhead First Nation

According to the 2006 Census, the RM of MacDonald now meets the above CMA definition. In future, data for the Winnipeg CMA will include this RM.

Capital Region and Winnipeg CMA



Trends Report

Selected Demographic, Economic & Financial Information

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1. Population, Demographic & Housing

Highlights

- **According to the Conference Board of Canada, Winnipeg will see stronger population growth. Winnipeg is forecasted to grow by about 190,000 people and reach a total population of 837,000 by the year 2031. The main contributors to this population growth will be a significant increase in immigration and more inter-provincial migration.**

- **The Conference Board of Canada forecasts that Winnipeg will experience increasing immigration – reaching nearly 11,000 immigrants annually by 2020.**

- **While baby boomers currently make up about 1/3 of our population, as a result of immigration, the baby boomers will be only 1/6 of the population by 2031. There will be more people overall – youths, adults and seniors.**

- **Winnipeg's housing market is forecast to go through a transformation over the next decade as aging baby boomers increase the demand for multi-family units.**

- **The demand for housing will significantly increase. Over the next 25 years, another 90,000 dwellings will be needed. Overall, nearly half will be apartment units.**

- **Although Winnipeg has experienced significant increases in the average price of a home (75% over recent years), when compared to other larger cities across Canada, Winnipeg continues to have one of the lowest housing costs in Canada.**

1.1 Population Change

"IF shopping malls seem more crowded this Christmas season, they probably are. That's because there are 10,000 more Manitobans this year – the province's largest population increase in 20 years."

December 22nd, 2004, Winnipeg Free Press

Winnipeg's population is growing again. In 2006, Winnipeg's population was 648,600.

Historically Winnipeg had:

- modest population growth in the late 1980s;
- no population growth in the 1990s; and
- renewed population growth since the late 1990s.

The primary reasons for this resumed growth are a significant increase in immigration and a combination of less people leaving and more people coming from other parts of Canada.

Looking forward, the Conference Board of Canada is forecasting stronger population growth.

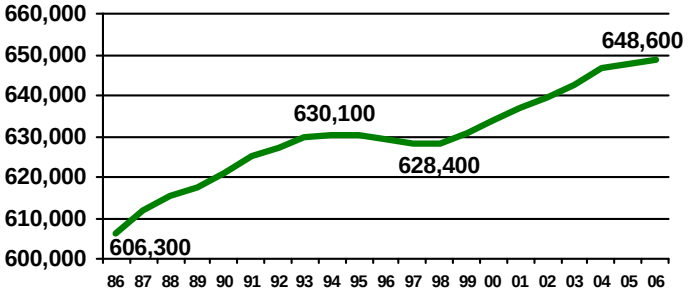
- Winnipeg's population is expected to grow by about 190,000 people in the next 25 years.
- The population growth is expected to be about 4,700 people in 2008 and increase to about 8,800 people per year in the long-term.
- In the next 10 years, Winnipeg's annual growth rate will go from 0.7% to 1.2%.

Winnipeg's population growth rate in the short-term is modest compared to some city regions.

- For example, Toronto, Calgary & Edmonton will have twice the growth rate of Winnipeg over the next five years.

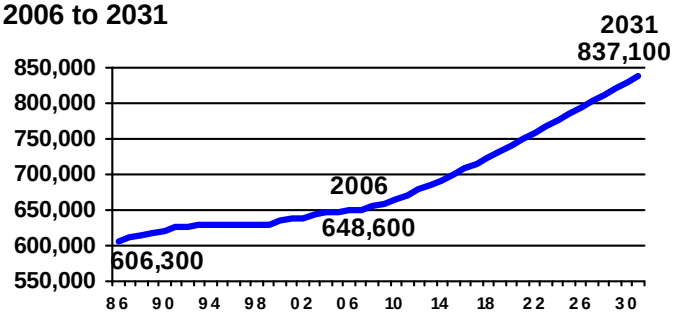
Winnipeg's 25 years of growth (190,000 people) is equal to two years of growth for the Toronto area.

Population of City of Winnipeg, 1986 to 2006



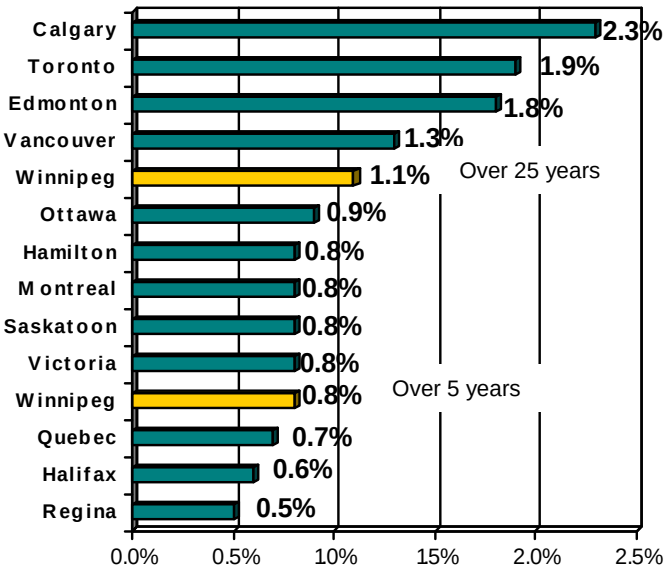
Source: Statistics Canada, CANSIM

Population Forecast for the City, 2006 to 2031



Source: Conference Board of Canada, Winnipeg long-term forecast, 2007

Forecasted Average Annual Population Growth Rates of Other Cities, 2006 to 2011



Source: Conference Board of Canada

1.2 Migration (people moving)

"Migration will become an increasingly important factor for population growth, and Winnipeg's ability to attract new migrants will become an important determinant of its future economic potential."

Conference Board of Canada, Winnipeg long-term forecast, 2007

Migration has been the primary factor for the increase in Winnipeg's population.

- From 1997 to 2006, there was a 27% increase in the number of people moving to Winnipeg (5,300 additional people). (in-migration)
- In 2005 and 2006, Winnipeg saw an increase in the number of people leaving. This was due to what is referred to as the "Alberta Effect" – strong economic activity and higher wages in Alberta have drawn people away from many parts of Canada to Alberta. This effect is dampening in 2007.

Number of People Moving to and from Winnipeg, 1997 to 2006

Year	In Migrants	Out Migrants	Net Migration
1997	19,496	24,389	-4,893
1998	20,918	24,148	-3,230
1999	19,938	20,897	-959
2000	21,114	21,330	-216
2001	19,949	20,229	-280
2002	22,285	21,127	1,158
2003	21,781	20,260	1,521
2004	22,924	20,466	2,458
2005	22,600	23,000	-400
2006	24,814	25,078	-264

Source: Statistics Canada: CANSIM

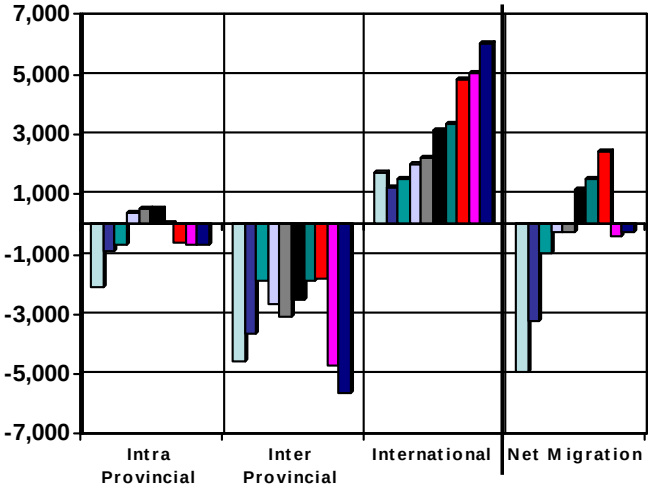
In 2006, more young people came to Winnipeg than left.

- There was a net increase for the following younger age groups:
  - 0 to 17 years
  - 18 to 24 years
  - 25 to 44 years
- There are more people leaving Winnipeg in the 45-64 age group.
- The 65+ age group saw a net loss with more people leaving than coming.

The trends in each of the three forms of migration:

- Intra-Provincial: The net number of people moving to/from Winnipeg and the rest of Manitoba has improved from -2,100 people to -700 in 2006.
- Inter-Provincial: The net number of people moving to/from Winnipeg and other provinces has improved from -4,800 in 1997 -1,800 in 2004. But in 2006 it has increased to -5,600. The main destination for these people is Alberta.
- International: The net number of people moving to/from Winnipeg and other countries has increased significantly from 1,700 to over 6,000.

Net Number of People Moving by Component of Migration, Winnipeg 1997 to 2006



Source: Statistics Canada: CANSIM

1.3 Immigration

"New statistics show Manitoba, for the first time ever, has the highest rate of immigration in Canada. Almost 11,000 immigrants moved to the province, which is the largest number of immigrants per capita in 2006,…"

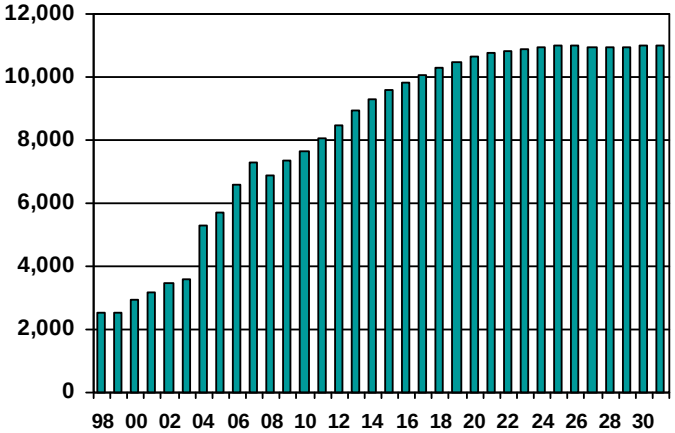
Winnipeg Free Press, September 28, 2007

Immigration

- During the 1990s, Winnipeg's immigration decreased.
- A turnaround occurred following the Provincial Government start-up of the Provincial Nominee Program. The result was an increase in immigration to Winnipeg (and the rest of Manitoba).
- In future, the Conference Board of Canada forecasts that Winnipeg's immigration will continue to increase to nearly 11,000 immigrants per year by 2020.

Immigration, History & Forecast

Number of people, Winnipeg CMA



Source: Conference Board of Canada, Winnipeg long-term forecast, 2007

Winnipeg's immigration is 5th highest of Canadian cities.

- The Toronto area receives the largest share of Canada's immigrants. In 2006, Toronto saw almost 100,000 immigrants, followed by Montreal (38,000), Vancouver (36,000), Calgary (12,000), and then Winnipeg (7,700).

Source Countries

- In 2006, the greatest number of people immigrating to Winnipeg were from the Philippines.
- The picture is quite different when looking at the rest of Manitoba. By far, the majority of immigrants to other areas of the province are from Germany.
- The difference in source countries is largely due to the Manitoba Government's Provincial Nominee Program.

To Winnipeg	
Philippines	2,462
India	797
China	485
Korea	409
Ethiopia	375
Israel	362
Afghanistan	160
Vietnam	151
Germany	139
Pakistan	128

To Rest of Manitoba	
Germany	1,481
England	90
South Africa	80
Philippines	76
India	71
U.S.A.	69
China	65
Mexico	56
Ukraine	40
Netherlands	36

Source: Manitoba Immigration

Manitoba Immigration – Provincial Nominee Program

The Manitoba Government's Provincial Nominee Program has been the primary factor for the increase in immigrants moving to Winnipeg. The Nominee Program accounts for about 66% of Manitoba's immigration. In 2006, Manitoba welcomed over 10,000 immigrants, the largest number in almost 50 years. The province is now planning to receive 20,000 annual arrivals by 2017. (*The Conference Board of Canada's immigration forecast is based on a more modest increase).* Historically, Winnipeg is destination to about 75% - 80% of immigrants to Manitoba.

Trends indicate that Manitoba's provincial nominees are generally younger than other immigrants. In 2006, over 90% of the provincial nominees who landed in Manitoba were under the age of 44 compared to 70% of other immigrant categories. For 2006, the top 5 professions were: Welders, Financial Auditors/Accountants, Truck Drivers, Computer Programs and Motor Vehicle Mechanics.

Source: Manitoba Immigration Facts 2006

1.4 Demographic Changes: Age Composition

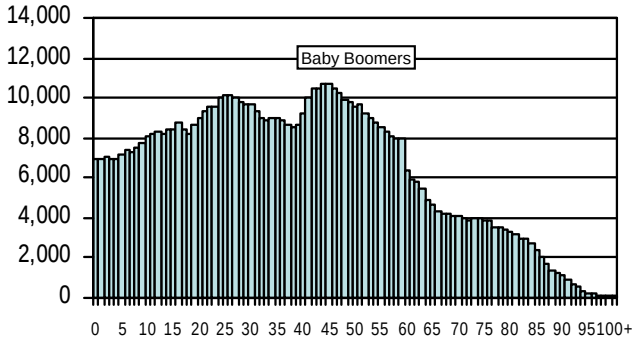
"Debates on urban issues too often neglect a crucial element: demographics. Planning and development decisions have less impact on the way our cities develop than changes in the composition and needs of the population."

David Foot (demographer and economist), 2000

Over the next 10 years, the demographic changes will be modest.

- The impact will be mostly due to the population increase and less to do with the change in the age composition of the population.
- The greatest change will occur in the older age groups with the entrance of the baby boomers.

Population by Single Age in year 2006
Number of People



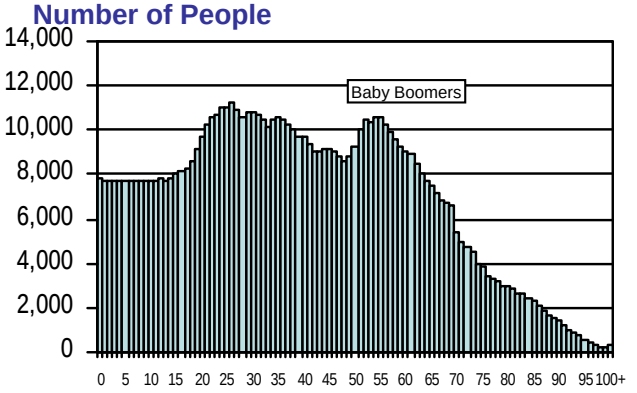
However, in the longer term, to 2031, there will be significant change in the age composition of Winnipeg's population.

The baby-boomers, presently aged 41 to 60, will grow older and become a smaller % of the total population.

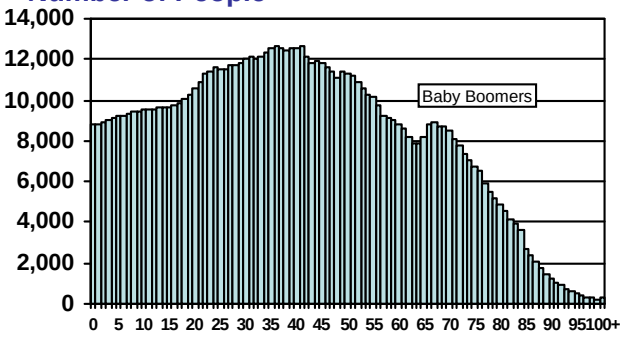
- Today, the baby boomers make up nearly a third of the total population. By 2016, they will make up a quarter and by 2031, only one sixth. This is a result of baby boomers getting older and passing away and an increase in the younger age groups, primarily due to immigration.
- However, at the same time, the senior population will increase by 69% when compared to today.
- With higher levels of immigration, the workforce age groups will see increases in all groups.

Source: Conference Board of Canada, Winnipeg long-term forecast, 2007

Population by Single Age in year 2016
Number of People



Population by Single Age in year 2031
Number of People



AGE GROUPS OVER THE NEXT DECADE (2006 TO 2016)

Age Group	0 - 4	5 - 14	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65+
Additional People	4,000	-890	4,600	11,340	2,540	-2,300	22,520	17,070
% change	12%	-1%	5%	12%	3%	-2%	32%	19%
LONG TERM CHANGE (2006 to 2031)								
Additional People	9,900	16,240	16,390	23,080	29,060	13,960	19,350	61,470
% change	29%	21%	17%	24%	31%	14%	28%	69%

1.5 Housing – New Home Market

"Strong contributions from both single-detached and multi-family housing starts pushed year-to-date total starts in the Winnipeg Census Metropolitan Area (CMA) to their highest level since the first eight months of 1988."

CMHC, September, 2007

Increase in multi-unit construction

- New house construction began an upward trend in 2001. Housing starts in 2006 were 3 times more than that of 2000, yet half of what they were in 1987.
- Multi-unit construction has significantly increased over the last four years; but again, only half of what it was in the late 1980's.

Demand for new homes strongest in South area of the City

- The majority of new homes being built are in the South area of the City – south St. Boniface, south St. Vital and Fort Garry.

Average New House Price (single detached)

- Between 2000 and 2006 there was a 53% increase in the average price of a new house. ($175,500 to $268,100)
- CMHC forecasts the average price of a new house to rise 12% in 2007 (to $300,000) and another 8% in 2008 (to $325,000).

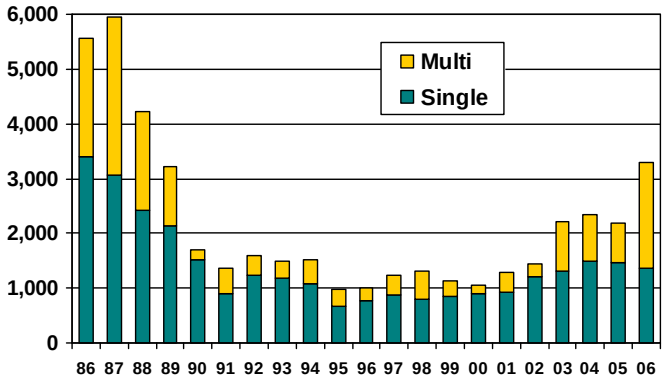
Housing Starts in other cities (CMA's)

- When Winnipeg's 2006 total housing starts were compared to other major Canadian cities, Winnipeg had the lowest housing start rate: 400 per 100,000 population. Calgary had the highest rate at 1,500. Of 13 cities examined, the average housing start rate was 770, nearly twice Winnipeg's rate.

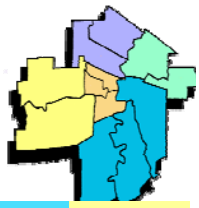
Forecast: 90,000 units over next 25 years

- Going forward the demand for housing will significantly increase. Over the next 25 years, another 90,000 dwellings will be needed.
- Winnipeg's housing market is forecast to go through a transformation as aging baby boomers increase the demand for multi-family units. Overall, nearly half will be apartment units.

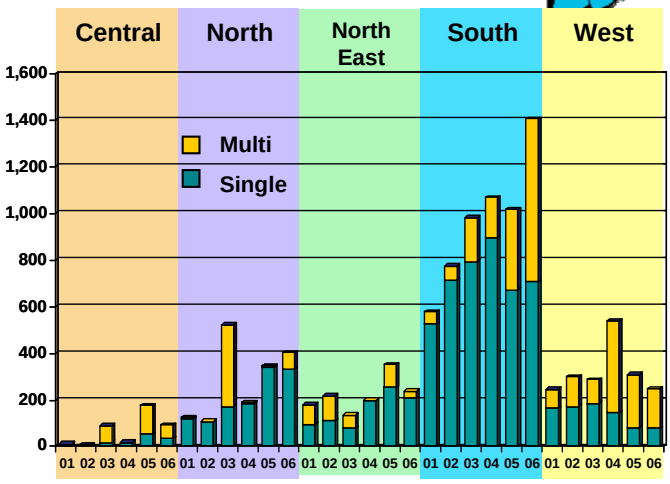
Construction of Dwelling Units
1986 to 2006



Source: City of Winnipeg, Building Permit Summary

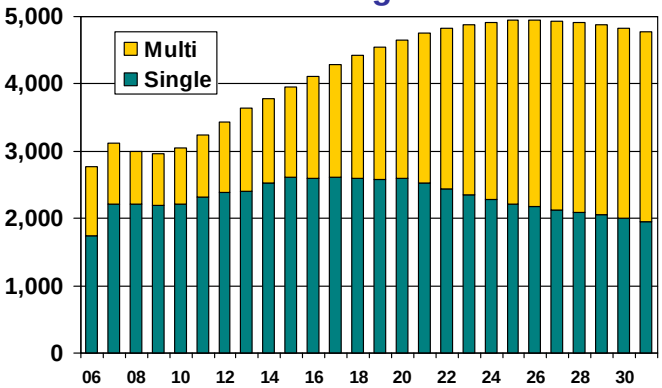


Housing Starts by Area
2001 to 2006, # of Dwelling Units



Source: CMHC, Residential Construction Digest, Dec. 2006

Forecast of Dwelling Units to 2031



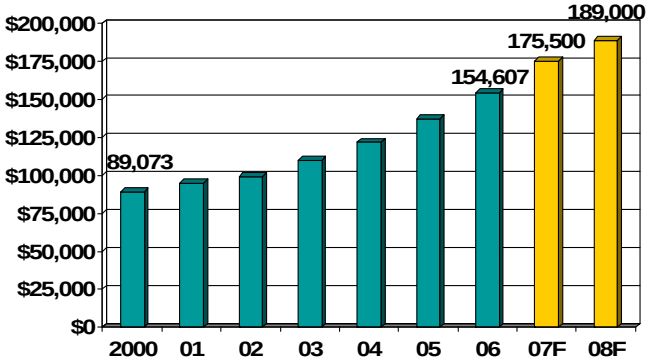
Source: Conference Board of Canada, Winnipeg long term forecast, 2007

1.5 Housing – Resale Market

"Winnipeg's housing market sizzled through the second quarter, and will continue to do so for the remainder of the year…. The condominium market remains a bright spot in Winnipeg as many first-time buyers and baby boomers flock to the maintenance-free lifestyle this housing type offers. "

Royal LePage Housing Survey – second quarter 2007

Average Resale House Price in Winnipeg
2000 to 2007f



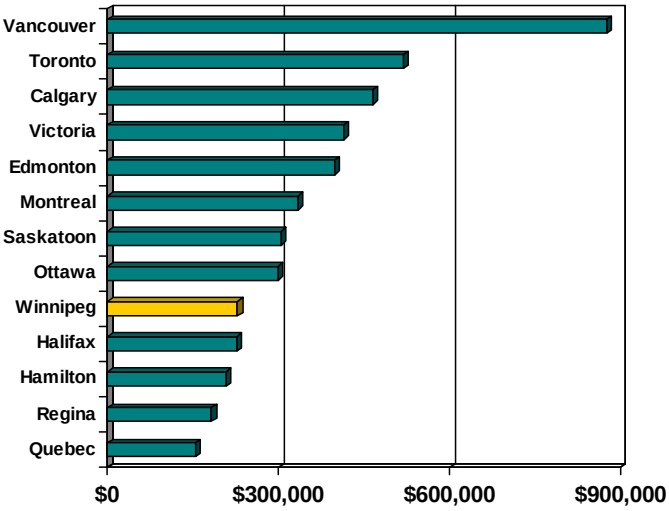
Source: CMHC, Housing Market Outlook, Fall 2007

Price increase in resale market

- Winnipeg has seen a significant increase in housing prices over the last six years.
- Between 2000 and 2006 there was a 74% increase in the average price of a resale house in Winnipeg.
- CMHC is forecasting continued price increases in the resale market; 12.9% in 2007 and a further 8.3% in 2008.

CMHC's 'Housing Now', Sept. 2007 states:
"The resale market continues to be an area where buyers significantly outnumber sellers. Under such circumstances, sellers will continue to have the upper hand in negotiations and further upward price pressure will result."

2007 Average Resale Prices in Other Cities
Standard two-storey house



Source: Royal LePage Survey Data, 2007, second quarter

Although Winnipeg has experienced significant increases in the average price of a home, when compared to other larger cities across Canada, Winnipeg continues to be a city with one of the lowest housing prices in Canada.

A two-storey home in Vancouver would cost $876,000 or 400% more than the same two-storey home in Winnipeg ($228,000)

In Calgary: $466,000, twice Winnipeg's house price.

In Edmonton: $399,000, 75% more than Winnipeg.

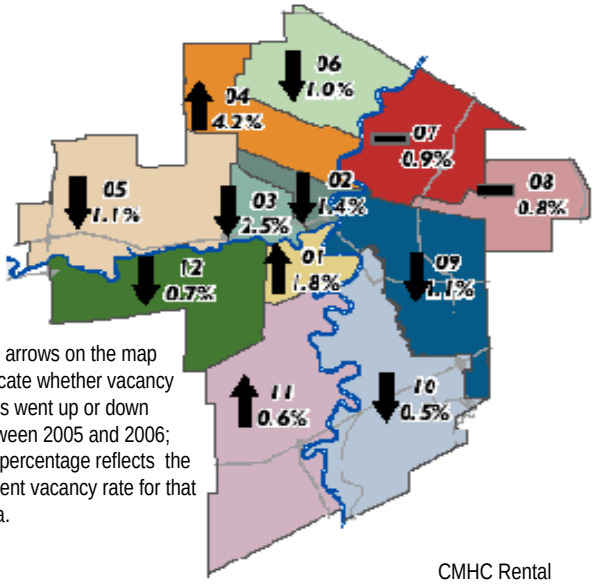
1.5 Housing – Rental Market

"WINNIPEG'S apartment vacancy rate is expected to drop to its second-lowest level ever in 2008, even though new apartments are being built at a rate not seen in nearly two decades."

Winnipeg Free Press, November 6, 2007

Apartment vacancy rates.

- The lowest vacancy rate occurs in the areas of St. Vital at 0.5% and Fort Garry at 0.6%.
- The highest rate is in the Lord Selkirk area with a vacancy rate of 4.2%.



The arrows on the map indicate whether vacancy rates went up or down between 2005 and 2006; the percentage reflects the current vacancy rate for that area.

CMHC Rental Market Report, December 2006

2006 Apartment Vacancy Rates In various areas of Winnipeg

	Area	RATE
1	Fort Rouge	1.8%
2	Centennial	1.4%
3	Midland	2.5%
4	Lord Selkirk	4.2%
5	St. James	1.1%
6	West Kildonan	1.0%
7	East Kildonan	0.9%
8	Transcona	0.8%
9	St. Boniface	1.1%
10	St. Vital	0.5%
11	Fort Garry	0.6%
12	Assiniboine Park	0.7%

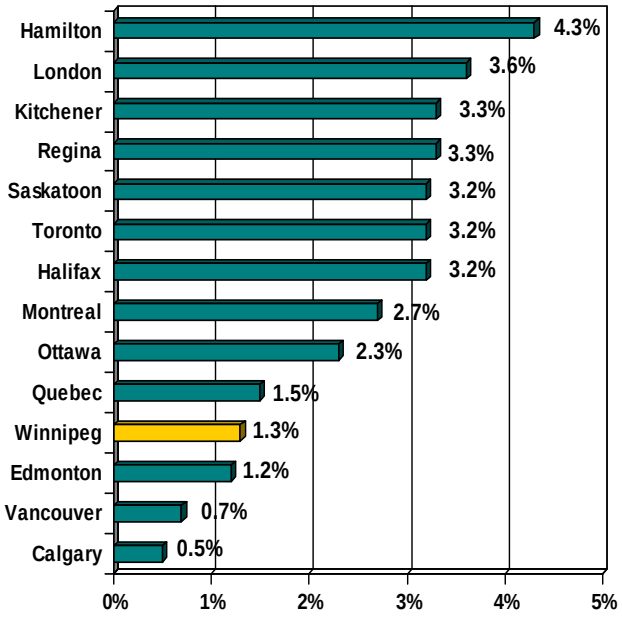
Winnipeg has one of the lowest apartment vacancy rates in Canada.

- Winnipeg's vacancy rate declined from 1.7% in 2005 to 1.3% in 2006.

Rental costs are low in Winnipeg.

- When the average cost of a two-bedroom apartment is compared between cities, Winnipeg's rent is at the lower end, $709 per month.
- Saskatoon has the lowest average rent cost at $608 per month.
- Toronto has the highest average cost at $1,067 per month.

2006 Apartment Vacancy Rates In Other Cities



CMHC Rental Market Report, December 2006

2. Economy & Affordability

Highlights

- **Winnipeg's economy is performing very well in 2007 with a forecasted economic growth of 3.7% (real GDP). This is expected to continue in 2008 with another strong forecasted growth of 3.5%.**

- **One of the components of the economy which is leading growth is the construction industry. The one year increase in value of the City's residential building permits was 32% in 2006, while non-residential increased by 27%. Over the next six years, $2 billion dollars will be invested by the City on its capital investment plan. This, along with several other major infrastructure projects and solid housing starts, underlie a very strong construction outlook.**

- **Over the next five years, the Conference Board forecasts 24,000 jobs will be created -- an average of 4,800 jobs per year. The majority of these jobs will be in the service sectors.**

- **With low wages and a low unemployment rate, Winnipeg will likely continue to have labour shortages. Winnipeg's average salary per employee is 40% to 60% lower than the average salary in Edmonton and Calgary.**

- **In the 1980s and 1990s, governments focused efforts in reducing high unemployment through job creation initiatives. Presently, and in future, with low unemployment and significant labour shortages, the circumstances are very different. Governments and employers are turning their efforts and strategies towards employee retention and attraction. An example of this is the Provincial Nominee program and its success in increasing immigration.**

- **Over the next five years, real disposable personal (after tax) income is forecasted to increase by 7% -- over and above inflation. Thus citizens will have increasingly more money for discretionary spending.**

- **Even with recent house price increases, Winnipeg still has a low cost of living relative to other Canadian cities. However, when income levels and cost of living are examined together, Winnipeg's community affordability is in the middle of Canadian cities.**

2.1 Economy

"Winnipeg's economic engine is firing on all cylinders and is set to thrust gross domestic product (GDP) ahead 3.7 percent this year, the best performance since 1998. Robust infrastructure development, along with buoyant housing starts, underpins a solid construction outlook, while the city's manufacturing sector will rebound from a sluggish 2006. Next year also looks promising, as we expect GDP growth to clock in at 3.5 percent"

Conference Board of Canada, Metropolitan Outlook, Autumn 2007

Winnipeg's economy, one of Canada's most diversified economies, has performed well in the last several years. The average real GDP growth, 2004 to 2007, was 2.9%, with the largest increase in 2007 of 3.7%

Of the 13 large cities listed to the right, Winnipeg's economic growth is the 3rd strongest after Saskatoon and Calgary for 2007. It is interesting to note, Western cities have outperformed all Eastern cities in 2007.

The four year forecast has Winnipeg's economy continuing to perform well.

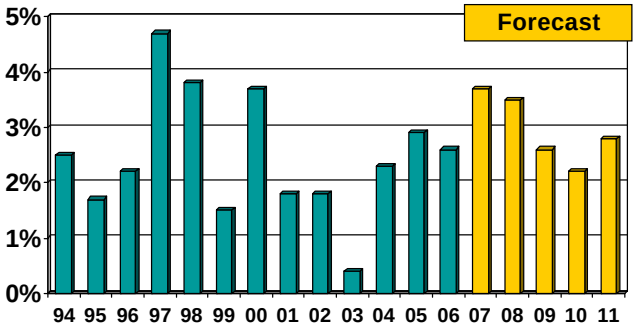
Inflation, as measured by the consumer price index, is expected to be about 2% each year.

Employment growth was strong in 2006 and 2007 while the 4 year forecast averages 1.1% annual growth.

The unemployment rate is expected to continue low, averaging 4.4% through the forecast period 2008 to 2011.

Winnipeg's Annual Economic Growth

Real Gross Domestic Product, annual % change
In constant 1997 dollars,



Source: Conference Board, Metropolitan Outlook Data, Aug 2007

Other Cities Real GDP Growth

Annual Growth	03 – 06 (average)	2007f	08f – 11f (average)
Victoria	3.2%	2.8%	2.6%
Vancouver	3.5%	2.9%	3.4%
Edmonton	4.4%	3.6%	3.9%
Calgary	5.2%	4.4%	4.3%
Saskatoon	3.4%	4.7%	2.4%
Regina	2.4%	3.5%	2.2%
Winnipeg	2.1%	3.7%	2.8%
Toronto	2.6%	2.7%	3.9%
Ottawa	2.7%	2.3%	3.0%
Hamilton	1.7%	1.3%	2.8%
Quebec	2.8%	2.6%	2.5%
Montreal	1.8%	2.1%	2.9%
Halifax	1.9%	2.5%	2.5%

Economic Indicators Winnipeg CMA	2004	2005	2006	2007f	2008f	2009f	2010f	2011f
Real GDP (MIL 1997 $)	20,808	21,414	21,967	22,772	23,571	24,174	24,704	25,397
% change	2.3%	2.9	2.6%	3.7%	3.5%	2.6%	2.2%	2.8%
CPI, % change	1.9%	2.6%	1.9%	2.0%	1.8%	2.1%	2.0%	2.0%
Retail Sales (MIL $)	7,303	7,863	8,214	8,695	9,212	9,652	10,095	10,622
% change	6.7%	7.7%	4.5%	5.9%	5.9%	4.8%	4.6%	5.2%
Personal Income per capita	$30,773	$32,003	$33,183	$34,647	$35,771	$36,901	$38,028	$39,151
% change	4.3%	4.0%	3.7%	4.4%	3.2%	3.2%	3.1%	3.0%
Labour Force	398,081	393,800	400,690	408,691	412,735	417,324	421,659	425,781
% change	2.0%	-1.1%	1.7%	2.0%	1.0%	1.1%	1.0%	1.0%
Employment	376,286	374,698	382,258	389,481	394,988	398,961	402,684	406,621
% change	1.7%	-0.4%	2.0%	1.9%	1.4%	1.0%	0.9%	1.0%
Unemployment Rate	5.5%	4.9%	4.6%	4.7%	4.3%	4.4%	4.5%	4.5%

Source: Conference Board, Metropolitan Outlook, Autumn 2007 f - forecast

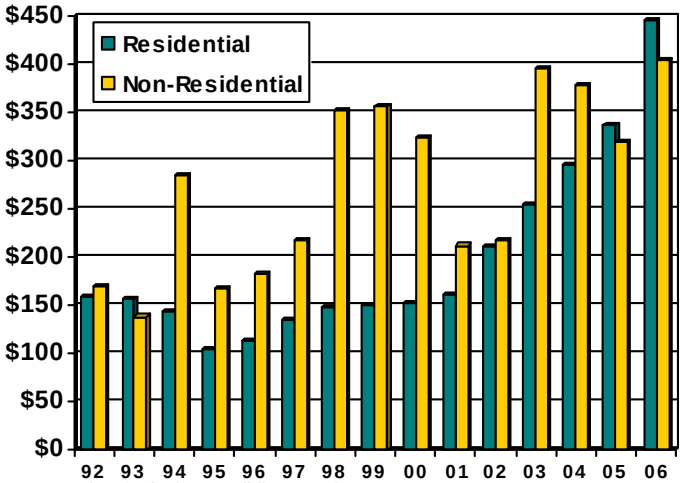
2.1 Economy (cont'd)

"Major infrastructure projects and solid housing starts underlie a strong construction outlook. Although this year's 7.4 percent construction output jump will only be about half last year's blistering 15 percent pace, it will still be twice the expansion of the total economy."

Conference Board of Canada, Metropolitan Outlook, Autumn 2007

Value of Building Permits

In millions of dollars



Source: City of Winnipeg, Building Permit Summary.

The value of building permits increased significantly in the past year (2005 to 2006):

- 32% increase for residential;
- 27% increase for non-residential.

The increases are even greater when compared to 2001:

- 177% increase for residential;
- 91% increase for non-residential.

Even though Winnipeg has seen significant increases recently, relative to other cities, Winnipeg is at the lower end for construction activity.

2007City Government Major Capital Investments - six year plan (in millions)

• Sewage Disposal	$826
• Roads and Bridges	$498
• Water System	$164
• Transit System	$145
• Land Drainage & Flood Control	$82
• Police System & Infrastructure	$43
• Recreation & Leisure Facilities	$31
	$1,789

Other Major Capital Investments (in millions)

• Manitoba Highways (over 5 years)	$2.120
• Wuskwatim Generating Station	$1.300
• Pointe du Bois Generating Station	$800
• Winnipeg Floodway	$665
• Winnipeg Airport	$585
• Canadian Human Rights Museum	$315
• Manitoba Hydro Office Building	$278

The City Government Infrastructure Projects over the next six years totals $2 billion, of which $427 million is for 2007.

These projects, along with other significant major new capital investments in Winnipeg and the rest of the Province, requires the construction industry to continue ramping up its capacity.

Significant labour shortages exist along with strong upward pressures on construction wages. The result is that base construction inflation is presently in the 10% to 12% range and is expected to remain at that level for the next few years. This, along with a lack of competitive bidding, has resulted in significant higher tender prices.

Commercial Real Estate Markets

	Office Market		Retail Market		Industrial Market	
	Vacancy Rate	Lease Rate*	Vacancy Rate	Lease Rate**	Vacancy Rate	Land Value***
Victoria	5.8%	$15.00	1.1%	$65	0.5%	$871,000
Vancouver	7.6%	$16.00	3.7%	$180	1.9%	$625,000
Edmonton	5.3%	$8.00	3.8%	$40	3.0%	$210,000
Calgary	1.7%	$20.00	2.0%	$55	2.5%	$375,000
Saskatoon	10.1%	$8.50	6.5%	$24	3.8%	$170,000
Regina	2.6%	$16.00	6.4%	$15	5.6%	$70,000
Winnipeg	7.8%	$9.00	3.5%	$20	4.6%	$175,000
Toronto	9.8%	$21.00	2.4%	$195	5.5%	$575,000
Ottawa	9.6%	$19.00	3.0%	$33	3.2%	$120,000
Quebec	3.2%	$12.02	n/a	$45	3.4%	$100,000
Montreal	12.6%	$12.00	5.5%	$125	6.5%	$348,480
Halifax	8.4%	$13.00	3.4%	$43	6.0%	$206,910

* per square foot, downtown Class A, ** per square foot, prime streetfront

*** full services per acre, most active land market

Source: Conference Board of Canada, Metropolitan Outlook, Autumn 2007, (Colliers)

Cost of Doing Business

According to the Conference Board's Winnipeg Long Term Demographic and Economic Forecast:

"Winnipeg's relatively low cost of living and low business costs make it an attractive place for people and businesses considering relocation within Canada and from abroad. In fact, according to the 2006 KPMG Competitive Alternatives report, Winnipeg enjoys one of the lowest cost centres for business in North America"

2.2 Jobs and Wages

"Sound economic growth will boost employment in most industries, with total job counts rising nearly 2 per cent for the second straight year."

Conference Board of Canada, Metropolitan Outlook August 2007

Over the next five years, over 24,000 jobs will be created – on average, 4,800 additional jobs per year.

- 78% of the new jobs will be in the service sector such as commercial services, retail trade, healthcare, transportation & communication.
- The other 22% of the new jobs will be in the goods producing sector such as manufacturing and construction.
- With the higher Canadian dollar, the manufacturing sector has struggled in recent years. But in 2007, real GDP growth has improved, with growth above 3%. Real GDP forecasts for 2008 through 2011 are in the range of 4% to 5% annual growth.

Winnipeg Employment – By Sector

Employment Sectors	2006 Jobs	2007 - 2011 Additional Jobs
Total Employment	**382,260**	**24,380**
Goods Producing Sector		
Primary	3,120	-430
Manufacturing	45,760	2,460
Construction	17,710	2,710
Utilities	4,200	530
Service Sector		
Transportation & Communication	32,390	990
Wholesale & Retail Trade	60,340	1,710
Finance Insurance & Real Estate	25,360	2,130
Commercial Services	86,140	2,730
Non-Commercial Services	81,700	7,330
Public Administration & Defense	25,530	4,220

Source: Conference Board of Canada, Metropolitan Outlook Data, Aug 2007

Winnipeg is "Western Canada's largest and most diversified aerospace centre. World class companies include: Standard Aero, Boeing Canada and Bristol Aerospace."

Destination Winnipeg

Winnipeg's unemployment rate is expected to continue to hover in the 4.5% range – about 1.5% below the overall Canadian rate.

Winnipeg's average salary has increased 33% in the last 10 years.

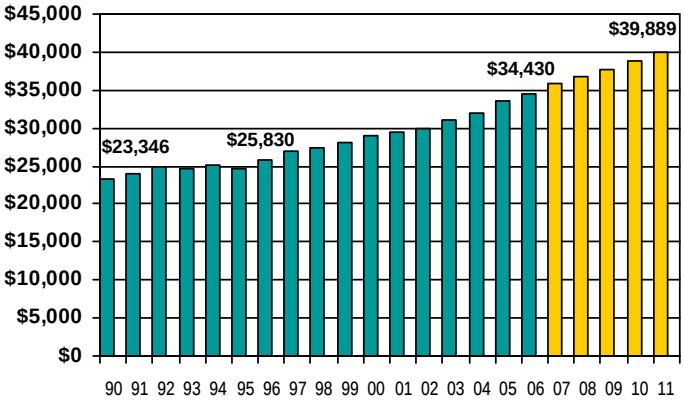
Even with a 33% increase, Winnipeg's average salary is the lowest among the larger Canadian cities.

- Calgary's average salary is 60% higher;
- Wages in Ottawa, Toronto and Edmonton are 20% to 40% higher than in Winnipeg.

This is a significant issue when trying to retain or attract employees.

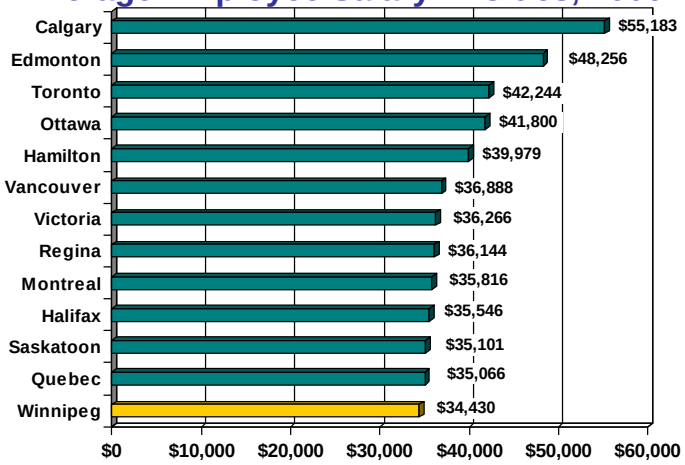
Until the gap closes between the salaries in Winnipeg and the other large competitor cities, labour shortages will likely continue.

Average Salary Trend - Winnipeg



Source: Conference Board of Canada, Metropolitan Outlook Data, Aug 2007

Average Employee Salary in Cities, 2006



Source: Conference Board of Canada, Metropolitan Outlook Data, Aug 2007

2.2 Jobs and Wages (cont'd)

"Employee poaching has reached new heights in the local homebuilding sector as desperate builders struggle with an acute shortage of skilled workers, industry officials say."

Winnipeg Free Press, November 7, 2007

Labour shortages are increasing and are across most occupational sectors.

The High Demand Occupation list has doubled over the last few years.

Occupation Sector	Occupations in High Demand (Labour Shortages)
Management	Health Care; Advertising & Marketing; Retail Sales; Construction
Business, Finance & Admin	Accountants (all); Customer Information Clerk; Human Resource Recruiting Officer; Survey Interviewer.
Natural & Applied Sciences	Civil, Mechanical & Industrial Engineers & Technologists/Technicians; Electrical/Electronics/Chemical & Industrial Technologists; Aerospace & Industrial Instrument Technicians, Computer System Analyst, Computer Support Technicians, Software Developer, Health & Safety Officers, Actuary, Food Processing Engineer; and Specialist Agronomist/Agrologist.
Health	Doctor/physician & Specialists, Pharmacists, Nuclear Medicine, Radiological & Lab Technologists, Nurses, Radiation/Respiratory & Occupational Therapists; Speech Language Pathologist, Medical Sonographer, Primary Care Paramedic, and Prosthetics Technician
Social Sciences, Education & Gov't Services	University Professors, Specialty Teachers, Social Workers, and Early Childhood Educator
Sales and Services	Police Officers, Firefighters, Security Guards, Correctional Service Officers, Retail Salespersons, Visiting Homemakers, Waiter/Waitress, Service Station Attendants, Kitchen Helpers and Light Duty Cleaner.
Trades, Transport and Equipment	Machinist, Industrial/Power System Electricians, Plumber, Steamfitter- Pipefitter, Gas Fitter, Ironworker, Welder, Carpenter, Millwright/Industrial Mec hanic, Refrigeration & A/C Mechanic, Heavy-Duty Equipment Mechanic, Motor Vehicle & Truck & Transport Mechanics
Processing, Manufacturing & Utilities	Industrial Butcher, Fish Plant Labourer, Printing Press Operator, Binding and Finishing Operator, Food & Beverage Processing Labourer, and Processing Manufacturing Labourer.

Source: Manitoba Competitiveness, Training and Trade, Labour Market Information

The data below shows that Manitoba's median hourly wages are typically significantly lower then most other areas of Canada. As an average, median hourly wages in BC, Alberta and Ontario are 20% and 23% higher than Manitoba's wages.

This information would further suggest that labour shortage will likely continue due to difficulty in retaining and attracting skilled labour.

2006 Wage Comparison, % different from Manitoba's Median Wage per Occupation

	BC	AB	SK	ON	Que	Maritimes
All Occupations	**20%**	**23%**	**6%**	**20%**	**11%**	**-6%**
Management occupations	15%	23%	0%	25%	8%	-9%
Business, finance and administrative occupations	13%	9%	1%	13%	7%	-6%
Engineers, technologists and scientists	17%	27%	11%	25%	8%	-3%
Professional occupations in health, nurse supervisors & registered nurses	7%	7%	0%	0%	-13%	-4%
Technical, assisting and related occupations in health	31%	18%	18%	17%	5%	6%
Occupations in social science, government service and religion	9%	11%	14%	16%	5%	5%
Teachers and professors	0%	9%	0%	9%	3%	-4%
Occupations in art, culture, recreation and sport	23%	15%	-10%	27%	11%	-8%
Wholesale, technical, insurance, real estate sales	17%	26%	8%	20%	13%	-2%
Retail salespersons, sales clerks, cashiers	11%	11%	0%	0%	0%	-13%
Chefs and cooks, and occupations in food & beverage service	22%	22%	0%	11%	11%	-6%
Occupation in protective services	17%	15%	11%	8%	-12%	-21%
Childcare and home support workers	32%	3%	-4%	5%	3%	-15%
Sales and service occupations, incl. travel, accommodation, recreation	5%	8%	0%	5%	5%	-7%
Trades, transport and equipment operators and related occupations	19%	24%	1%	15%	5%	-10%
Occupations unique to primary industry	21%	67%	33%	0%	0%	-2%
Occupations unique to processing, manufacturing and utilities	23%	31%	16%	20%	8%	-8%

Source: City of Winnipeg, derived from Statistics Canada's median hourly wage

2.3 Disposable Income and Cost of Living

"This year's expected 5.8 per cent expansion in personal disposable income is up from average annual growth of 3.6 per cent over the prior 11 years.

Conference Board of Canada, Metropolitan Outlook, Autumn 2007

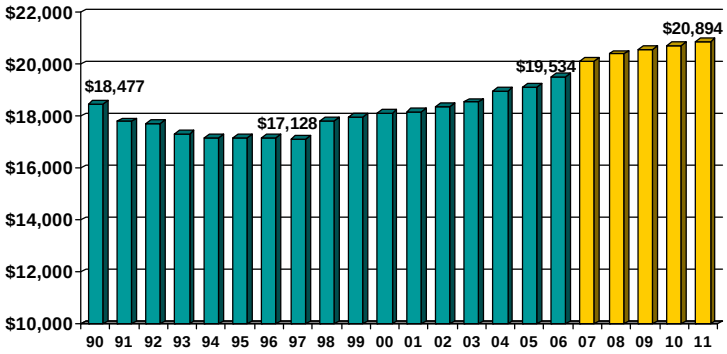
Real disposable income is increasing

- During the first seven years of the 1990's, real personal disposable income decreased by 7.3%. This resulted in families having less money for discretional spending.
- Since 1997, Winnipeggers have regained the lost real disposable income plus more for an increase of 14%.
- The Conference Board is forecasting a further 7% increase in real disposable income by 2011. Thus, citizens will have increasingly more money for discretionary spending.

Real Personal Disposable Income per Capita

1990 to 2011

In constant 1992 dollars, per capita



Source: Conference Board of Canada, Metropolitan Outlook Data, August 2007

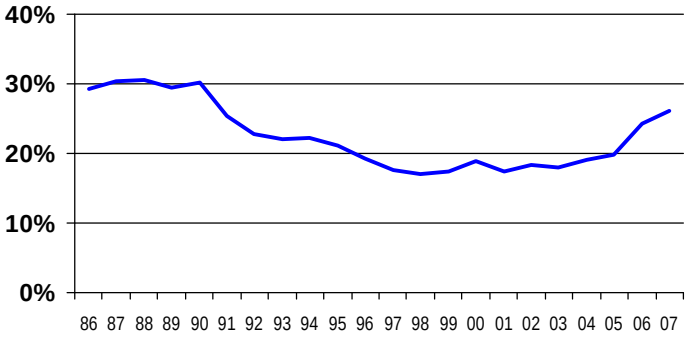
Winnipeg's Housing Affordability

- Housing affordability had improved during the 1990s as a result of flat house prices during that time. Mortgage carrying costs decreased from 30% of household income to less than 20%.
- Over the last few years, this trend has reversed. In 2007, the average household is spending 26% of their household income on mortgage costs.

Mortgage Carrying Costs - Winnipeg

% of household income taken up by ownership costs

For standard 2 storey house (1,500 sq ft)



Source: Royal Bank of Canada, Housing Affordability – September 2007

Winnipeg is a low cost city

- Winnipeg has a low cost of living relative to other cities – 8% lower than the 11 city average.
- Winnipeg's shelter (housing) costs are one of the more affordable components of a household's cost when comparing other cities – 20% lower than the 11 city average.

Consumer Price Differences (as of October 2005)

	Van	Edm	Reg	Wpg	Tor	Ott	Mon	Hal
All Items (11 City average = 100)	**102**	**97**	**92**	**92**	**110**	**103**	**93**	**98**
Food	106	101	95	98	101	101	97	101
Shelter	102	88	77	80	122	107	86	88
Household operations & furnishings	103	96	98	98	105	105	96	102
Clothing & footwear	99	98	100	101	101	102	101	101
Transportation	94	97	97	95	110	100	99	100
Health & personal care	100	105	89	97	101	103	103	92
Recreation, education & reading	105	115	101	96	108	104	87	114
Alcoholic beverages and tobacco products	112	105	107	103	99	96	95	107

Source: Statistics Canada, Inter-city indexes of consumer price levels

2.4 Community Affordability

Even though Winnipeg is a low cost city, when after-tax income is considered, Winnipeg's "community affordability" is close to the average Canadian city.

To truly measure a city's affordability, income levels and cost of living must be compared – a higher cost city may still be affordable if it also has higher wages and likewise a low cost city may not be affordable if it also has low wages.

The Federation of Canadian Municipalities in partnership with Human Resource Development Canada has developed a Community Affordability Ratio.

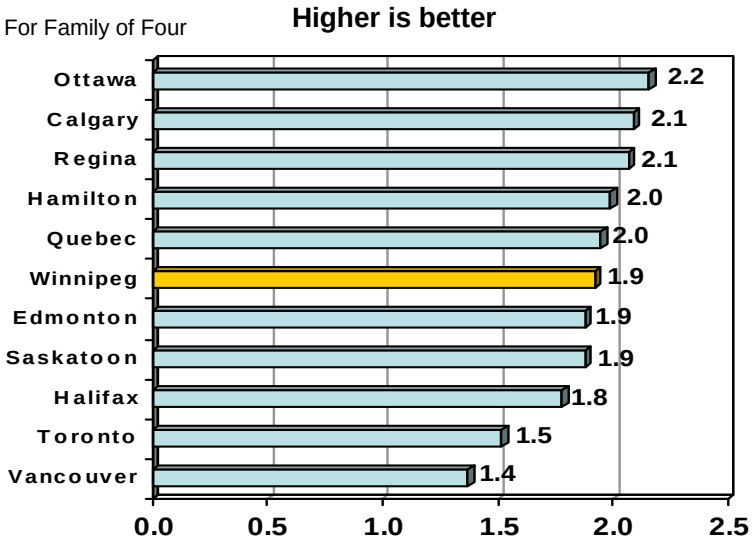
Winnipeg's Community Affordability ratio is in the middle of major Canadian cities.

- Ottawa, Calgary, Regina, Hamilton and Quebec have a higher community affordability ratio and thus can be considered to be more affordable than Winnipeg.

- Likewise, Edmonton, Saskatoon, Halifax, Toronto and Vancouver have a lower ratio and thus can be considered to be less affordable than Winnipeg – especially Toronto and Vancouver.

Community Affordability Ratio

Median after-tax income divided by cost of standard basket of selected goods and services



Source: Federation of Canadian Municipalities, HRDC 2004 Report

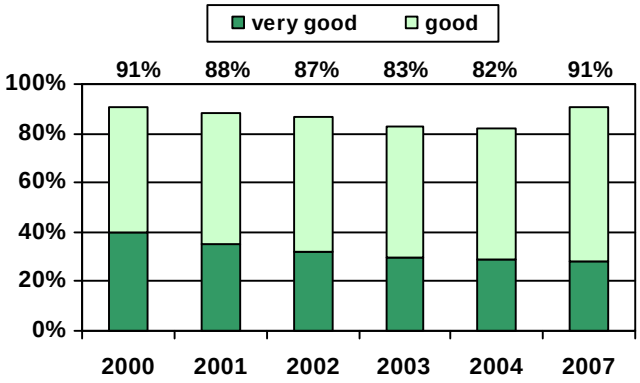
Note: The above data is for a family of four. A similar result is found when examining data for a single individual.

3. Polling – Citizen Survey

The Citizen Survey is a telephone survey in which Winnipeggers were randomly contacted. This year's survey was conducted by the polling company Telelink, during the month of August. There were 614 citizens surveyed.

Quality of Life

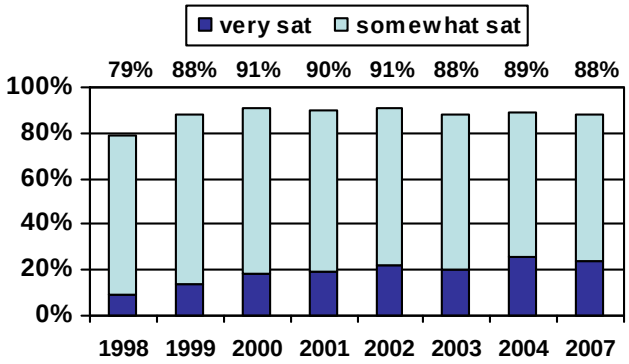
In 2007, 91% of Winnipeggers believe that the quality of life in Winnipeg is very good or good. This is almost a 10% increase from 2004.



Service Satisfaction

Overall satisfaction continues to remain high, from 78% in 1998 to 88% in 2007.

As well, the number of citizens who are very satisfied has increased every year, from 9% in 1998 to 24% in 2007 – more than doubling since 1998.



Value for Tax Dollar

In 2007, 78% of Winnipeggers surveyed believe they receive good to very good value for their municipal property tax dollar. When this same question was asked in 2004, the result was 72%.

Contact With City Staff

Of those Winnipeggers surveyed and who had contact with the City,

- 78% made contact by using a telephone, and
- 68% rated their experience as very satisfied and somewhat satisfied.

Citizens were asked: "Thinking about your personal dealings with the City of Winnipeg and your general impressions" do you agree or disagree with the following statements?

	Strongly Agree and Somewhat Agree
City staff are courteous, helpful and knowledgeable	87%
The quality of service from the City is consistently high	72%
The City responds quickly to the requests and concerns	58%
City staff are easy to get a hold of when I need them	53%

3. Polling – Citizen Survey (cont'd)

Citizens were asked, "What actions do you think the City of Winnipeg could take to improve life in the city?"

Half of those surveyed identified Crime/Policing as the highest priority for the City government. This is followed by 37% indicating improvements to City roads and other infrastructure such as parks and recreation facilities. Keeping the city clean and beautiful was identified by 10% of the Winnipeggers surveyed.

Suggested Actions the City of Winnipeg Could Take to Improve Life In the City

Groupings	Detail of Responses	# of responses	% of people surveyed
49.5% Crime/Policing	Reduce crime/improve law enforcement	244	39.7%
	Provide more police presence	60	9.8%
36.5% Roads / Infrastructure	Improve upkeep of roads and streets	153	24.9%
	Improve maintenance of parks and recreation facilities	26	4.2%
	Resolve traffic issues and problems	17	2.8%
	Build/improve City infrastructure	14	2.3%
	Reduce construction noise – especially after hours	6	1.0%
	Improve snow clearing	5	0.8%
	Improve maintenance of City property	3	0.5%
10.3% City Beautification	Clean up the City	47	7.7%
	Take action to beautify City	16	2.6%
6.4% Downtown Renewal	Develop/improve downtown	39	6.4%
6.0% Transit	Improve public transit – especially schedules	37	6.0%
6.0% More things to do	Create more activities for youth and families	25	4.1%
	Provide more entertainment (e.g.: concerts, etc)	8	1.3%
	Provide more support for Arts and Culture	4	0.7%
5.2% Bicycle and Walking Trails	Provide/improve bicycle and walking trails	32	5.2%
5.4% Taxation	Lower property taxes – especially education component	31	5.0%
	Lower costs of City services	2	0.3%
5.4% Poverty	Deal with panhandlers and the homeless	24	3.9%
	Improve social services and welfare programs	9	1.5%
4.7% Customer Service / Red Tape	Deal with issues between residents and City Hall	20	3.3%
	Deal with City administration problems	9	1.5%
4.7% Economy	Create employment and industry	18	2.9%
	Develop business in the city	11	1.8%
2.6% Healthcare	Improve health care	16	2.6%
1.8% Insect Control	Provide better insect control	11	1.8%
1.5% Housing	Develop/improve City housing	9	1.5%
4.6% Other	Increase/improve recycling programs and clean up the environment	8	1.3%
	Improve education system	5	0.8%
	Curb urban sprawl	4	0.7%
	Provide more help for New Canadians/immigrants	4	0.7%
	Provide more ambulances and fire trucks	3	0.5%
	Provide more funding for Community centers	2	0.3%
	Clean up Lake Winnipeg	2	0.3%

4. City Government Spending

Highlights

- **Overall City spending has decreased by 2% (when inflation is factored out) between 1998 to 2006.**

- **Operating spending has shifted toward both Police and Medical Response services. Operating spending on safety services has increased from 22% of total operating spending in 1998 to 29% in 2006.**

- **The number of City employees has gone from a total of 8,776 in 1994 to a total of 8,322 in 2007, for an overall decrease in staffing levels of 5%. Police, Fire-Paramedic, Water & Sewer, and Public Works, have seen their employee numbers increase over this time period, while other departments have seen decreases.**

- **For the same basket of services (on a per capita basis), Winnipeg spends the lowest amount out of the 4 western cities (Calgary, Edmonton, Regina and Saskatoon). When compared to cities in Ontario, Winnipeg spends similar amounts to both Hamilton and Ottawa, while Toronto spends 12% more than Winnipeg.**

- **Although the City of Winnipeg has significantly increased its capital budget, construction inflation, which is in the 12% range as well as a lack of competitive bidding, has resulted in significantly higher bid prices.**

- **The City of Winnipeg's Infrastructure Gap was estimated at $1.8 billion in 2003. The impact of higher base construction inflation on the infrastructure gap is significant. After making adjustments for past and future construction inflation but also subtracted the new gas tax funding and new provincial capital funding, the $1.8 billion increases to $3.3 billion.**

4.1 City Government Operating Spending

Even though the overall level of City operating spending has decreased by 2% since 1998 or $23 million in constant dollars, there has been a significant shift towards increased spending for safety services.

When adjusted to factor out inflation, the City's operating spending has decreased by 2% from 1998 to 2006. This was the result of reduced capital financing charges which made up 26% of spending in 1998, but now makes up 15% of spending.

At the same time, there was a significant increase in spending for Police and Medical Response. In 1998, 22% of the City's operating spending was on Police and Fire-Paramedic services, in 2006, it was 28%.

When benchmarked against the economy, City operating spending has decreased.

- In 1998, the City's operating spending accounted for 4.3% of Winnipeg's economy (measured as % of GDP).
- In 2006, the operating spending accounted for 3.6% of Winnipeg's economy.

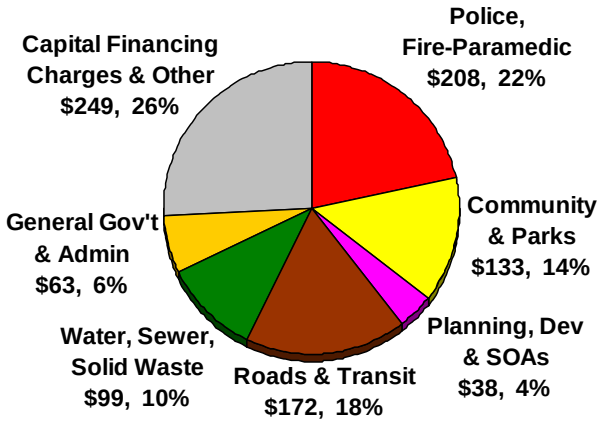
Operating Expenditures, 1998 vs. 2006

Actuals, in constant 2006 dollars

Restated to remove Social Services, Public Health, Winnipeg Hydro and transfers to capital reserves. Capital financing charges removed from service areas.

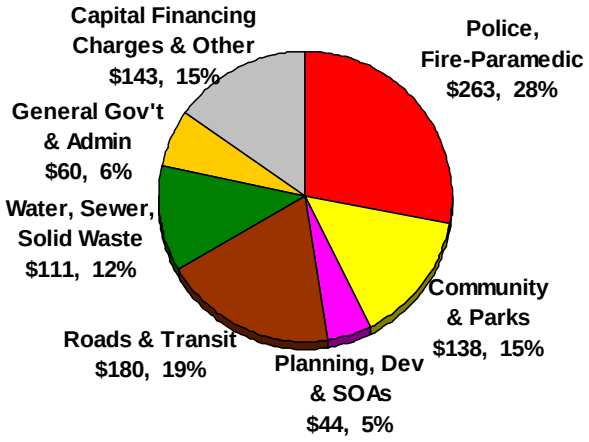
1998

$962 million



2006

$939 million



There has been shifting within operating spending. (adjusted for inflation)

Areas of significant increases:

- Police and Medical Response had increases in real spending of 29% and 90% respectively.
- The 3 Special Operating Agencies (SOA) grouping had an increase of 55% and Parks and Open Spaces had a 23% increase.

Areas of reductions:

- Debts Charges has seen a significant real decrease of $79 million or 39%, while "Corporate Other" had a reduction of 57% which was primarily due to 1998 assessment appeal payments, as well as, 2006 reduced pension contributions.
- Other areas of reductions include Roads, Corporate Administration and a smaller reduction for Libraries.

millions, 2006 constant $	1998	2006	change	% change
Police	$118.9	$153.8	$34.8	29%
Fire	$75.4	$83.9	$8.5	11%
Medical Response	$13.5	$25.7	$12.2	90%
Community Services	$86.2	$86.0	-$0.2	0%
Libraries	$22.8	$22.3	-$0.5	-2%
Parks & Open Spaces	$24.1	$29.6	$5.6	23%
Animal, Golf & Parking	$8.8	$13.7	$4.8	55%
Planning & Development	$29.4	$30.6	$1.3	4%
Roads w Street Lighting	$78.3	$73.9	-$4.3	-6%
Transit	$93.7	$105.8	$12.1	13%
Water, Sewer & LD	$75.6	$85.9	$10.3	14%
Solid Waste Col & Disp	$23.9	$24.9	$1.0	4%
Corporate Administration	$47.4	$42.4	-$5.0	-11%
Council & political report	$15.5	$17.9	$2.4	16%
Debt Charges (ext & int)	$202.0	$122.7	-$79.3	-39%
Corporate Other	$46.4	$19.9	-$26.5	-57%
Total	**$961.9**	**$939.0**	**-$22.9**	**-2%**
Police, Fire-Paramedics	$207.9	$263.4	$55.5	27%
Community & Parks	$133.1	$137.9	$4.9	4%
Planning, Dev & SOAs	$38.2	$44.3	$6.1	16%
Roads & Transit	$172.0	$179.7	$7.8	5%
Water, Sewer, Solid Waste	$99.5	$110.8	$11.3	11%
Public Service Total	**$650.6**	**$736.1**	**$85.6**	**13%**
General Gov't & Admin	$62.8	$60.3	-$2.6	-4%
Capital Financing & Other	$248.5	$142.6	-$105.8	-43%
Total	**$961.9**	**$939.0**	**-$22.9**	**-2%**

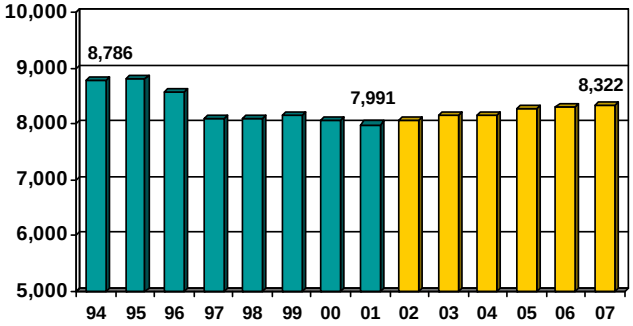
Source: City of Winnipeg, Annual Financial Reports

4.2 City Staffing Trends

City staffing level were their lowest in 2001, and then increased by 4% by 2007.

Staffing Levels

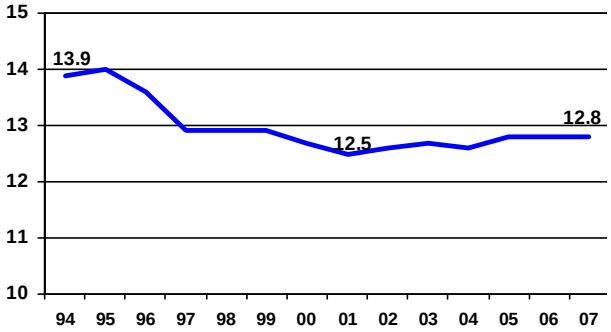
Number of Employee's Budgeted FTE's



The City staffing rate was at its lowest in 2001, and then increased by 2% by 2007.

Staffing Rate

Employee's per 1,000 citizens Budgeted FTE's



Due to department reorganizations, staffing trends by service areas are only possible going back to 1998.

Areas of staffing increases (since 1998):

- Police, 147
- Fire-Paramedics, 107
- Water & Sewer, 101
- Public Works, 95
- Community Services*, 54 (adjusted)
- Planning, Prop & Dev, 24

Areas of staffing decreases:

- Facility Maint./Civic Acc., -90
- Solid Waste Col & Disp, -79
- Fleet Management Agency, -72
- Corporate Finance, -47
- Property Assessment, -32
- Transit, -17

- Both the Police and the Fire Paramedic services experienced an increase of 10% in staffing levels while Public Works increased by 11%.
- The Water and Sewer service areas saw an increase of 14% primarily due to the City's new water treatment plant, and the required upgrades to the City's three wastewater treatment facilities.
- With the full contracting out of solid waste collections, the Solid Waste service saw a reduction of 59% in its City staffing level.
- Several internal service departments have seen significant staff reductions.

Staffing Levels, Budgeted FTEs

Departments	1998	2007	# change	% change
Police	1,524	1,671	147	10%
Fire-Paramedics	1,077	1,184	107	10%
*Community Services (restated)	826	926	100	12%
Planning, Prop & Dev	289	313	24	8%
Public Works (roads & parks)	899	994	95	11%
Transit	1,283	1,267	-17	-1%
Water, Sewer & LD	732	833	101	14%
Solid Waste Collection & Disp	133	54	-79	-59%
Facilities Maint & Civic Acc	374	284	-90	-24%
Golf	27	29	2	7%
Animal Services	21	22	1	5%
Glacial Sand & Gravel	11	2	-9	-79%
Fleet Management Agency	184	112	-72	-39%
Parking Authority	25	18	-7	-39%
Property Assessment	167	135	-32	-19%
Corporate Finance	178	131	-47	-26%
Internal Services (CIT/CS)	227	224	-3	-1%
CAO Secretariat	30	24	-6	-21%
City Clerks	63	59	-4	-7%
Audit	10	10	0	0%
EPC Secretariat	-	9		
Mayor's Office	7	6	-1	-17%
Council	15	15	0	0%
TOTAL	**8,103**	**8,323**	**220**	**3%**

Staffing Rate, Budgeted FTEs per 100,000 Citizens

Departments	1998	2007	# change	% change
Police	243	256	14	6%
Fire-Paramedics	171	182	10	6%
*Community Services (restated)	132	142	11	8%
Planning, Prop & Dev	46	48	2	4%
Public Works (roads & parks)	143	152	9	7%
Transit	204	194	-10	-5%
Water, Sewer & LD	116	128	11	10%
Solid Waste Collection & Disp	21	8	-13	-61%
Facilities Maint & Civic Acc	60	44	-16	-27%
Golf	4	4	0	0%
Animal Services	3	3	0	0%
Glacial Sand & Gravel	2	0	-1	-80%
Fleet Management Agency	29	17	-12	-41%
Parking Authority	4	3	-1	-29%
Property Assessment	27	21	-6	-22%
Corporate Finance	28	20	-8	-29%
Internal Services (CIT/CS)	36	34	-2	-5%
CAO Secretariat	5	4	-1	-24%
City Clerks	10	9	-1	-10%
Audit	2	2	0	0%
EPC Secretariat	-	1		
Mayor's Office	1	1	0	0%
Council	2	2	0	0%
TOTAL	**1,289**	**1,277**	**-13**	**-1%**

* In 1998, 16 Wading pools were operating by community centres. In 1999, the City resumed staffing the wading pools resulting in an increase of 46 FTEs.
Source: City of Winnipeg, Budget documents. 1998 was restated for trend analysis (e.g. Animal Services removed from Community Services).

4.3 Operating Spending – Comparing other Cities

Comparing Winnipeg's per capita base operating spending to 4 other Prairie cities:

- Overall, on a per capita basis, Winnipeg spends less then the other 4 prairie cities when comparing a similar basket of public service base operating costs. Edmonton is spending 29% more than Winnipeg, Calgary 21% more, Saskatoon 13% more, and Regina 4% more.
- For most services, the City of Winnipeg spending is at the lower end.
- The City of Winnipeg has the second highest interest payment costs.

Comparing Winnipeg's per capita base operating spending to 3 Ontario cities:

- Overall, Winnipeg, Ottawa and Hamilton are spending similar amounts when comparing a similar basket of public service base operating costs, while Toronto is spending 12% more.
- Winnipeg spending is at the lower end for Solid Waste, Libraries and Parks & Recreation/Community Services
- Winnipeg has the highest interest payment costs and is spending at the higher end for Fire service.

Operating Expenditures by Service Area
2006 – Actuals, Dollars per Capita

Winnipeg compared to Prairie Cities

Dollars per Capita	Edm	Cal	Saskt	Reg	Wpg
Police	272	243	247	249	237
Fire	142	126	126	138	129
Ambulance	39	50	-	-	40
Transit	238	231	114	108	159
Roads	163	143	141	104	139
Water	-	57	91	100	53
Wastewater & Land Drainage	82	69	71	59	58
Solid Waste & Recycling	83	53	32	51	38
Libraries	44	36	61	74	34
Parks, Recreation and Com Ser	179	168	240	157	156
Planning and Development	79	78	52	43	72
General Government	185	185	148	157	128
Building and Fleet	53	95	-	-	-
Interest payments	57	90	22	15	70
Operating Expenditures excluding ambulance and water	**1,575**	**1,518**	**1,254**	**1,153**	**1,221**
Operating Expenditures excluding ambulance, transit, water and interest	**1,281**	**1,197**	**1,118**	**1,031**	**992**
% more than Winnipeg	**29%**	**21%**	**13%**	**4%**	
2006 Population	730,372	991,759	207,200	185,010	648,600

Note:
Due to varying accounting reporting practices, Prairie cities and Ontario cities could not be compared together.

Interest charges removed from service areas.

Ambulance service in Saskatoon and Regina is provided by the Health Authorities.

Water service in Edmonton is provide by EPCOR.

Winnipeg compared to Ontario Cities

corporate support costs allocated to services

Dollars per Capita	Wpg	Ham	Tor	Ott
Police	254	231	306	225
Fire	139	114	138	110
Ambulance	42	39	54	51
Transit	167	141	426	309
Roads	145	136	115	178
Water	56	64	58	46
Wastewater & Land Drainage	60	72	73	46
Solid Waste & Recycling	40	72	90	55
Libraries	36	55	56	44
Parks, Recreation and Com Ser	164	166	196	163
Planning and Development	76	71	58	66
General Government*	64	84	59	92
Interest payments	70	29	49	51
Operating Expenditures	**1,313**	**1,273**	**1,679**	**1,436**
Operating Expenditures excluding transit and interest	**1,076**	**1,103**	**1,204**	**1,076**
% more than Winnipeg		**2%**	**12%**	**0%**
* HR, IT, Legal, Printing, Payroll, Purchasing costs have been allocated to services.				
2006 Population	648,600	515,214	2,631,725	877,280

Sources:
2006 Annual Financial Reports,
Ontario Financial Information Return
– selected services

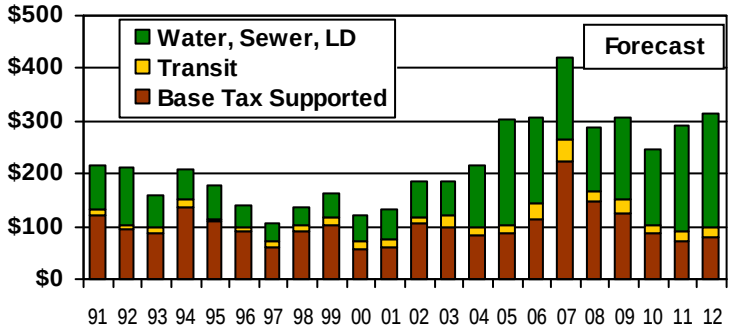
4.4 City Spending on Infrastructure

"Although the negative impacts of inadequate public infrastructure are only starting to mount – and become visible to Canadians on a day-to-day basis – we believe that ongoing neglect of the nation's capital stock presents one of the greatest risks to the country's overall quality of life."

TD Bank, May 2004

City's Capital Budgets, 1991 to 2012

In constant 2006 dollars (in millions $)



Source: Annual Capital Budget documents

After reductions in capital spending in the late 1990s, the City has recently significantly increased its capital budget. This is partly due to the Water Treatment Plant and the Wastewater upgrades as well as additional infrastructure funding from the Federal and Provincial governments.

Comparing to other cities:

- Even with Winnipeg's increased capital spending plans, other cities are planning to spend, on average, about 60% more than Winnipeg for their tax supported (excl transit) capital budget.
- Some cities such as Toronto and Ottawa are planning to spend more on Transit than the rest of the base tax supported capital budget.
- Winnipeg is planning to spend significant amounts on its water and sewer infrastructure.

Capital Budget based on multiple years starting in 07

Annual Average, Dollars per Capita

Source: Cities' 2007 Capital Budget documents

$ per capita	Edm	Cal	Saskt	Reg	Wpg	Ham	Tor	Ott
Tax Supported (excluding Transit)	585	308	828	287	253	310	250	258
% different from Wpg	131%	22%	227%	14%		22%	-1%	2%
Transit	187	117	28	19	37	20	260	301
% different from Wpg	402%	216%	-24%	-48%		-45%	599%	710%
Water, Sewer & LD	-	224	160	208	254	312	-	147
% different from Wpg		-12%	-37%	-18%		23%		-42%

The City of Winnipeg Infrastructure Gap, $1.8 billion

(millions, in 2003 dollars)	total over 10 years
Roads & Bridges	$620
Public Transit	$280
Sewer (including water & flood)	$720
Public Buildings and Parks	$210
Total	$1,830

Source: City of Winnipeg, 2003

Note: since these figures were gathered, the CEC has finalized the Sewer requirements (increased), the Public Use Facilities report was released, Rapid Transit was revisited and construction costs have increased significantly.

Winnipeg has seen significant construction inflation over the last two years. Factors affecting construction project tender prices include:

- Base construction inflation of about 10% to12%;
- Lack of competitive bidding resulting in an additional 10% to 20% higher bid prices.

Thus, for 2006 and 2007, total bid prices have typically been 15% to 30% above previous year's prices.

The impact of higher base construction inflation on the infrastructure gap is significant. After making adjustments for past and future construction inflation but also subtracted the new gas tax funding and new provincial capital funding, the $1.8 billion increases to $3.3 billion.
The Infrastructure Gap is presently under review.

5. City Government Revenues

Highlights

- **Over the last eight years, revenues for the City have remained relatively flat when inflation is factored out.**

- **There has been a shift in revenue sources: property tax revenue has decreased and user fees and charges have increased.**

- **Comparing municipal property taxes across Canadian cities, Winnipeg ranks the 5th lowest – a significant change from the mid 1990s. The primary reason for the change in Winnipeg's ranking over time is Winnipeg's property tax freezes and reductions over the last 10 years.**

- **Even though Calgary's and Edmonton's property taxes on an average house are lower than Winnipeg's, Calgary and Edmonton collect greater amounts of total property tax & business tax revenues on a per capita basis. There is a significant difference in who pay the taxes. The result is that Calgary and Edmonton have a lower taxation reliance on residential properties and a higher taxation reliance on non-residential properties, than Winnipeg.**

5.1 City Government Revenues

Even though the overall level of City revenues have not changed, there has been a shift: taxation revenues have decreased and fees & charges have increased.

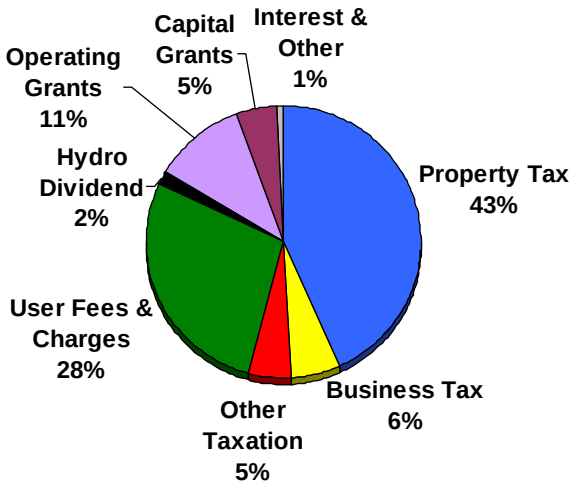
The City of Winnipeg government total revenues has remained relatively flat over the last eight years, when adjusted to factor out inflation.

When benchmarked against the economy, City total revenues have decreased from 4.8% of GDP in 1998 to 4.1% of GDP in 2006.

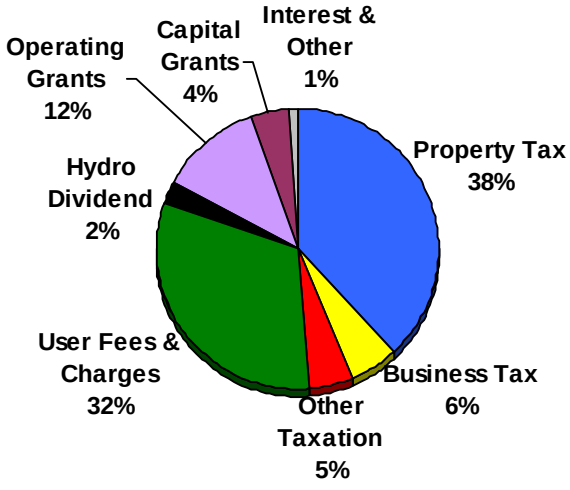
Property Tax revenue had seen the largest change, going from 2.1% of GDP in 1998, down to 1.5% of GDP in 2006.

Distribution of City Revenues
Actuals, in constant 2006 dollars

1998
$1,071 million



2006
$1,069 million



Source: City's Annual Financial Report
General Revenue Fund, public Utilities, SOAs – excludes inter-fund transfers

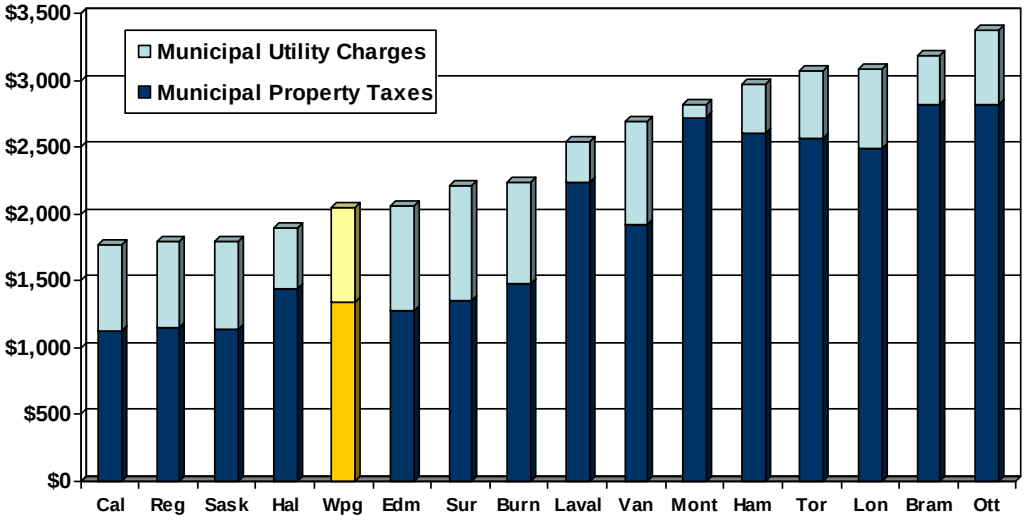
Even though the overall size of the City revenue pie has not changed, there has been a shift within the pie: taxation revenues have decreased and fees & charges have increased.

- Property & business taxes together made up about half (49%) of the City's revenues in 1998. While in 2006 these same revenues accounted for 44% – a $58 million reduction.
- During the same period, user fees & charges increased from 28% to 32% of total revenues – a $42 million increase.
- Provincial and Federal government grants combined increased from 15% to 16% of total revenues – a $8 million increase. (Note: 1998 had a higher level of Provincial capital grants due to the Pan Am Games.)

5.2 City Revenues – Compare to other Cities

Winnipeg is ranked 5th lowest for combined municipal property taxes & utility charges.

Municipal Property Taxes plus City Utility Fees – 2006
Average House



City utility charges include fees for garbage collection, land drainage, water & sewer
Source: City of Edmonton, 2006 Property Tax & Utility Charges Survey

Total municipal property taxes and utility charges for an average house varies across Canada, from a low in Calgary of $1,800 to almost twice that in Ottawa, $3,300.

Eastern Canadian cities rely heavily on property taxes as a source of revenue but have lower municipal utility fees.

Western Canadian cities have lower property tax levels but typically have higher or additional utility fees such as a fee for garbage collection and land drainage.

Winnipeg is 5th lowest for combined municipal property taxes & utility charges.

If we isolate municipal property taxes, Winnipeg's ranking is 5th lowest – significant change from the mid 1990s.

The primary reason for the change in Winnipeg's ranking over time is the property tax freezes and reductions which occurred over the last 10 years. During this same period, other cities have been increasing property taxes.

Property Tax Changes in Western Cities
From 1999 to 2006

Percentage Change for a Residential Property

	1999	2000	2001	2002	2003	2004	2005	2006	2007	Cumulative 1999 to 2007
Vancouver	3.4%	5.2%	3.0%	4.0%	4.0%	2.9%	3.0%	3.2%	8.0%	36.7%
Edmonton	4.0%	2.3%	2.8%	2.4%	4.9%	5.0%	5.4%	3.5%	5.0%	35.3%
Calgary	4.0%	2.8%	2.0%	4.5%	3.9%	5.0%	3.4%	4.4%	2.6%	32.6%
Saskatoon	1.8%	1.3%	4.0%	3.3%	2.8%	3.1%	3.9%	3.8%	4.8%	28.8%
Regina	1.9%	1.3%	0.0%	4.3%	1.1%	4.3%	4.0%	0.0%	3.9%	20.8%
Winnipeg	0.0%	-2.0%	-2.0%	-2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-6.0%

Source: Cities' websites

5.2 City Revenues – Compare to other Cities (cont'd)

Calgary and Edmonton have a lower reliance on residential tax revenues and a higher reliance on non-residential tax revenues, than Winnipeg.

City Government Revenues by Category
2006 – Actuals, Dollars per Capita

Dollars per Capita	Edm	Cal	Saskt	Reg	Wpg
Property, Business & Other Tax	846	1,046	564	787	732
Franchise Fee / Utility Tax	89	87	73	87	26
Dividend from Electric Uitlity	171	50	75	-	39
User Fees & Charges	382	401	105	163	201
Transit Fares	99	119	47	31	88
Developer Contributions-in-kind	157	110	268	21	22
Grants - Operating	74	99	93	111	205
Grants - Capital	190	275	58	66	66
Interest & Other	151	60	129	58	74
Total Revenues	**2,159**	**2,246**	**1,414**	**1,323**	**1,454**
% different from Winnipeg	**49%**	**55%**	**-3%**	**-9%**	**0%**
Water & Sewer Charges	-	312	306	320	302

Note: For Winnipeg, Frontage Levy revenues are combined with water & sewer charges
For Saskatoon, the city's Electric utility revenues are excluded.

Source: Cities' 2006 Annual Financial Report

Note: In order to compare between cities, all information on this page is based on dollars per capita.

Even though Calgary's and Edmonton's property taxes on an average house are lower than Winnipeg's, Calgary and Edmonton, on a per capita basis, collect greater amounts of total property tax & business tax revenues.

In general, other prairie cities collect more revenues from charges on natural gas and electricity utilities as well as developer contributions.

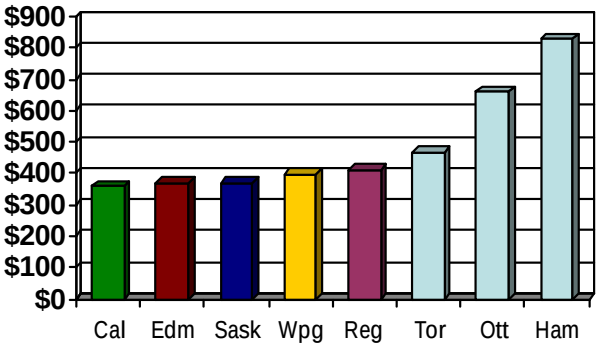
Calgary and Edmonton have significantly higher user fee revenues.

Calgary and Edmonton collect less revenue from residential property taxes as Winnipeg on a per capita basis.

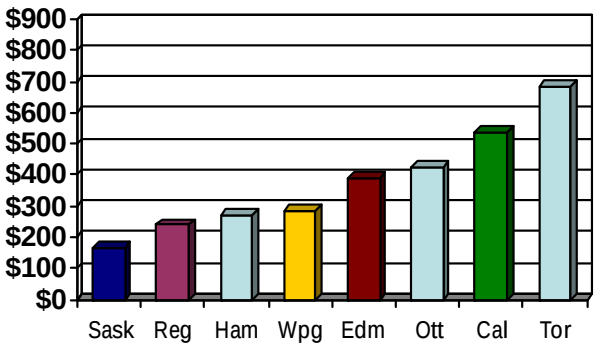
However, Calgary and Edmonton collect higher amounts of revenue from non-residential properties than Winnipeg (commercial property & business taxes).

The result is that Calgary and Edmonton have a lower reliance on residential tax revenues and a higher reliance on non-residential tax revenues, than Winnipeg.

Residential Property Tax Revenues
2006 – Dollars per Capita



Non-Residential Property Tax & Business Tax Revenues
2006 – Dollars per Capita



Source: City of Edmonton, 2006 Property Tax Survey