STANDING POLICY COMMITTEE ON FINANCE

QUESTION PERIOD

Minute No. 420
Councillor Swandel noted that the debt strategy references operating budgets, assessment bases, and other financial measures for cities across Canada but does not indicate their overall base lines relative to Winnipeg and asked if the Chair could provide that. Councillor Fielding agreed to take the question under advisement and report back.

Councillor Swandel stated that it was troubling that the report showed that the high debt levels for Alberta cities get strong bond ratings and better infrastructure and questioned how that was accounted for and what is different for those cities in Alberta compared to Winnipeg.

Councillor Fielding advised while he did not have a direct answer to the question, he did note that this was an important document and the reason for a debt strategy was to ensure our credit rating was not impacted by debt and to have something that was reviewed with the bond raters. He added that they could do a comparison with those cities but the experts have indicated the amount of money that could be spent without an impact on credit ratings and stated that it was important to take professional advice and review this on an annual basis.

Councillor Swandel noted that Calgary had a direct debt as a percent of its revenue as 102.9, Edmonton, 76.4 and Winnipeg 41.7 but those cities seem to have better infrastructure and a similar credit rating and asked the Chair to bring some sort of relativity as to why Alberta has that and Winnipeg does not.

Councillor Fielding replied that he was the Chair of Finance for the City of Winnipeg not the other cities cited. He indicated he could get some information but made it perfectly clear that this was a framework document that needed to be followed. A proposal to spend more money than the bond raters have suggested would impact the credit rating, would have an impact in terms of the money that was borrowed, in terms of prestige, and credibility as a City, which was something he was not willing to risk.

Councillor Wyatt referred to changes in the last year as to how national accounting was done in terms of infrastructure and infrastructure deficits, and the challenge of how to maintain those assets, and questioned if there was an initiative under way or planned for residential streets and sidewalks, to take it from the present 10 to 12 million dollar funding range to trying to get that liability fully funded, over a period of time, to address the estimated hundred million dollar plus liability.

Standing Policy Committee on Finance – Question Period (continued):

Councillor Fielding agreed to take the question under advisement; noting that the City is in the initial stages of setting up the Capital and Operating budget process and will start going through that as it moves forward. He indicated that some of the background meetings will start, with the formal process probably later in the fall so this could be incorporated into the budget documents and reviews. Councillor Fielding added that he was open to looking at different strategies to address the infrastructure deficit and, on the local basis for regional local streets..

Councillor Wyatt inquired if the Chair was aware that there were non Executive Policy Committee members who would be prepared to assist him in the effort to address the challenge; to which Councillor Fielding responded in the affirmative.

Councillor Swandel requested the Chairperson to provide solid information on what the base lines of those other cities were when it comes to assessment base and the other items recorded in the document as comparatives to provide a better understanding of what the debt strategy means for the City and how it relates to other cities used as comparatives. Councillor Fielding agreed to do so.

Councillor Swandel questioned whether or not inflation had been accounted for in the charts and graphs in the report. Councillor Fielding replied in the affirmative and suggested that would also be a good strategy to send an email to the Chief Financial Officer for the answers.

Councillor Swandel questioned when the report was actually prepared given that it is 2006 and 2008 information. Councillor Fielding indicated that the report was tabled in the last few weeks.