Standing Policy Committee on Finance and Economic Development – February 6, 2026

Item No. 1 – 2025 Budget Adjustment – Planning, Property and Development

My name is Fred Horbaty, CPA and I am opposed to the recommendation from administration.

The information provided by the administration on this matter as it relates to the accounting change required under "PSAB 3400 – Revenue" does not seem to make sense to me. The change in accounting treatment for the adoption of this change in 2024 should be handled as a change in accounting policy with either retroactive restatement or implemented prospectively rather than it having any impact on current year budget. This standard was effective April 1, 2023 and should have been factored into all budgeting related to the 2024 fiscal year. The discussion and planning for this accounting change should not have been a surprise to anyone as it was first published in 2018 with nearly constant discussion within the public sector for over 5 years prior to it's implementation in 2024.

As well, this is a non-cash impact – the reserves for this change would have been on the balance sheet of the city and would have been a reclassification from deferred revenue to revenue. While this may have some impact on the financial statement of the city, it should simply be handled as a variance to be explained rather than reallocation of budget lines.

As for the reallocation of the approved budget for the city of Winnipeg – I am strongly opposed to this reclassification as it is material and we are "stealing from Peter to pay Paul" as the saying goes. Budget variances occur – which means that plans for expenditures either were over or under expectation. Those over/under situations are usually a result of differences in reality as compared to what was planned. Those types of situations need to be explained if they are material. In this case, there is a material underspending of salaries and benefits with in the PPD department. This would normally be a good thing as we are saving money – but in reality it is a massive issue that needs to be addressed. The city is growing at a very rapid pace and the lack of adequate resourcing in a critical department like PPD whose role is to ensure this is done in a well planned and controlled manner is under duress. If there are not enough staff in this department to meet demand – the city council needs to know about it and it's impact. It either means that there is less oversight or there is more outsourcing of work (which likely is showing up as an over variance in another budget category). This impacts my community directly as we are now at the mercy of a Secondary Plan being led by 2 large developers and their third party consultants (whom own less land than the rest of the residents in the area) rather than this being a city led Secondary Plan due to the incredibly complex issues that are at play in this community (there are around 300 residential properties located WITHIN the boundaries of the secondary plan area).

Budget variances should not be hidden by moving budget from one line to another – it is incumbent on the Finance teams within the various departments of the city of Winnipeg as well as the CFO's office to be accountable to report on these variances – and for the department leadership to be held to account. Otherwise what is the purpose of budgeting in the first place?

Finally, I object to the use of the budget variance in salaries to be used to fill the gap left by $0 funds left in the Permit Reserve Fund. How is it even possible that the Permit Reserve Fund to have $0 in

funds left in it given the enormous amount of development that has taken place in the City of Winnipeg over the past year. If the $337,000 in remaining funding for the project the was approved by Council was not available in that reserve fund, then we have a significant problem with in the administration as this was approved in June 2022 and should have been factored into the disbursement process for whomever holds the approval authority to issue funds from this reserve. Similar to how the funding from the Federal Gas Tax is managed whereby annual funds for this are set aside to continue to pay for the PPP for Chief Peguis Trail and the bridge on the Disraeli Freeway. To have allowed that fund to go to $0 when it should be flush with funding is a mystery that I would urge the City Auditor to review or for it to be reviewed by the public auditor for the city of Winnipeg.

One final matter unrelated to the recommendation at hand – please use Water Levy and Sewer Levy to fund those municipal services. The $90 million in funding that this raises each year should not be allocated to roads. I am a citizen of the city of Winnipeg who lives in an unserviced area (ie. no city water or sewer) so I am contributing $0 towards the road maintenance (other than from my normal property tax bills) as a result of this short sighted use of the Levy authority provided to the city though the City of Winnipeg Charter. Why do water and sewer rate payers have to fund road maintenance? Those funds should be used to fund the massive combined sewer replacement deficit as well as to pay for the upgrades required to the north end pollution control centre. If all of those funds plus the $10 million in annual "dividends" paid from the water and waste utility retained earning were used for that rather than roads, we would be "on the road" to dealing with that deficit and could therefore use the federal "gas tax" funding to pay for what it should – which is roads…

Respectfully,

Fred Horbaty, CPA

Stakeholder in the Precinct "S" Secondary Plan area – South Transcona