Mayor Sam Katz and Members of Executive Policy Committee:

When I first picked up the 2005 City of Winnipeg Operating Budget, I was somewhat overwhelmed by the size of it! First I thought this was the second of the third year budget of former Mayor Glen Murray - only tinkered with by Mayor Katz - that I could understand. But oh, no, I've been told that this is a brand new budget - Mayor Sam Katz's first budget. And for some strange reason, the three year budget planning process which had been adopted under former Mayor Murray has been dropped. Why? Regardless of your politics, everyone praised the three year budget planning process because it allowed for long-term planning to occur.

I have been involved in the Operating Budget process since 1992. I wonder what's happened to the consultation process that was undertaken by both former Mayor Susan Thompson and Glen Murray? Admittedly, not always transparent and detailed, the consultations ranged from workshops to full-scale public meetings - an attempt at democracy in action.

Then I looked in this Operating Budget for a vision. Whether I agreed or disagreed with that vision, I wanted to see where Mayor Katz is headed in the long-term. I found none. A two-page summary by the Mayor indicates absolutely nothing about where he sees our city heading in the future. At least former Mayor Thompson attempted to formulate some kind of vision for our city in the early '90s by proposing that a city be operated "like a business" and that an alternative service delivery process ought to be considered. Special Operating Agencies were set up to save taxpayers' money and alternative service delivery models such as the Indianapolis Competitive Bidding Model were examined, although never implemented.

On the other hand, former Mayor Murray believed that cities could not rely on money for its services from property taxes alone. That Operating Budget culminated into what became Mayor Murray's original "New Deal", and included the notion that education levies should be removed from the property tax roll (something that Mayor Thompson also believed).

I'm surprised that the Mayor and EPC can really believe that continuing a tax freeze over the past (now) 8 years, would not result in a decrease in the quantity and quality of services in this city. No one in their right mind could suggest that we could continue to maintain and even improve services without somewhere along the line, increasing taxes.

Cuts in services over the past seven years have been subtle. They are **cumulative** in their overall effect by not recognizing that the cost of inflation is

between 1% and 2% each year. Now, it would cost significantly more than eight years ago to raise the service levels to what they were then, not what is in fact required for the City to function properly!

Last year, the City balanced the Operating Budget without a property tax increase, in spite of a $40 million shortfall. This year, they did the same thing, in spite of a $57 million shortfall. Thus, $97 million relates to some form of service cuts, and reserves were raided again in order to balance the budget.

Now, let's review these service cuts and how important they are to the citizens of Winnipeg. The first most serious cut is that there is no funding for housing. This has very serious implications and represents a major policy shift vis-a-vis the "downtown first" policy.

It is to the credit of former Mayor Murray (although to be honest, he manipulated the process) that we all thought that $7 million was set aside in a reserve for housing in the Operating Budget every year. The fact is, we have discovered that the money for inner city housing was based on projected surpluses in the Operating Budget at the end of every year. As there was no surplus at the end of 2004, there was no money set aside for housing in 2005. The fact is, housing initiatives were an important component of Mayor Murray's policy development, and Mayor Katz's move away from these initiatives shows his anti-social development/pro business bias.

This 2005 Operating Budget makes it very difficult to determine where services cuts are being carried out this year. Last year, for example, $400,000 was being cut out of Christmas lights, even though Winnipeg is known as the Christmas Light capital of North America. Has that been restored or has there been more money put towards this program? I don't know, and no one can seem to tell me. Last year, $2.6 million had been cut for road maintenance and asphalt overlays. Are there further cuts being made here? More money put in? I don't know. I can't tell.

Last year $600,000 had been cut from expansion and upgrades to Transit and Handi-Transit. These two transportation services have enough difficulties keeping up, "nickeled and dimed" to death over the past decade. Now we know that Mayor Katz has proposed a transit fare decrease for seniors during "off peak" hours, and while I applaud this initiative, it doesn't go far enough. As all transit experts have suggested, the only way to maintain and improve Transit is to cut transit fares across the board. By the way, we have been told that the Province will be kicking in an additional $3.2 million more this year (their transit share has been frozen over the past decade). Where is that money noted in the Operating Budget? Is it going to be included, and how will it be used to upgrade

Transit services?

Unfortunately, this budget fails not only in having no vision but it shows no direction in what services the City provides and how. Let me just reiterate what former Mayor Murray and City Council have said in the past - the City can no longer depend on its financing from property and business taxes alone. It must seriously look at implementing far more alternative service delivery models. It must demand from the Province to remove all education taxes from the Property tax roll. It must demand a larger share of the gas tax than what is going to be provided by both the provincial and federal governments, and an even a larger share of VLT revenues in order to provide increased and better managed services without raising property and business taxes.

Thank you.

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