COUNCIL OF THE CITY OF WINNIPEG
Tuesday, March 22, 2005

The Council met at 9:30 a.m.

The Clerk advised the Speaker that a quorum was present.

The Speaker called the special meeting to order.

The opening prayer was read by Councillor Smith.

ROLL CALL

Clerk: Mr. Speaker Councillor O'Shaughnessy, His Worship Mayor Katz, Councillors Eadie, Clement, De Smedt, Gerbasi, Magnifico, Pagtakhan, Smith, Steeves, Thomas, Wyatt and Lazarenko.

Mr. Speaker: Can we have the notice of the meeting read madam clerk.

Pursuant to Section 79(1) of The City of Winnipeg Charter, the City Clerk is directed by His Worship Mayor Katz to arrange a Special Meeting of Council on Tuesday, March 22, 2005, at 9:30 a.m., to consider the 2005 & 2006 Operating Budget.

Richard Kachur
City Clerk

Mr. Speaker: Thank you. We have a motion by Councillor Gerbasi, seconded by Councillor Smith granting leave of absence due to illness to Councillor Benham. All in favour? Contrary? Carried.

MOTIONS

Moved by Councillor Gerbasi
Seconded by Councillor Smith

THAT Councillor Benham be granted a leave of absence from today's meeting due to illness.

INTRODUCTION AND WELCOME OF GUESTS AND ANNOUNCEMENTS

Mr. Speaker: And it's my pleasure to welcome this morning a page, Susan Schipper of Grey Academy who resides in the River Heights Ward, welcome Susan. And Mayor Katz for a special presentation to Corporate Finance, Mr. Mayor.

Mayor Katz: Thank you Mr. Speaker. Today I wish to congratulate the staff of Winnipeg's Corporate Finance Department for receiving a Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada. I hope this award gives you the opportunity to reflect on the contribution you make every year to one of our most critical documents here at City Council.

Politicians exist to carry out their mandates from the people, but we could not do it without you. I want to recognize CAO, Annitta Stenning for her leadership and CFO, Bob Gannon and his team for helping us get the job done, in particular Jo-Anne Ferrier, Betty Holsten Boyer, and Ramona Hodges spent countless hours with myself, the staff and my team on the Executive Policy Committee to help develop and table the 2005 budget.

We could not have accomplished our work without your help. This award is indicative of the effort and the energy you put in and I'm so happy today to be recognizing you.

Thank you and congratulations.

Both Betty and Ramona haven't the time to make any comments this morning but we all wish them the best and they certainly are invaluable to what we do here. Thank you.

Mr. Speaker: Thank you Mr. Mayor. So I'll keep in mind how well received the ladies were for not making comment. We have two delegations this morning, the first Nick Ternette in opposition to Item 1 of the Report of the Executive Policy Committee, dated March 16, 2005, regarding the 2004 and 2005 Operating Budget, Mr. Ternette, welcome.

DELEGATIONS

Mr. Ternette: Thank you Mr. Speaker. Mr. Speaker, Mayor Sam Katz and members of City Council. When I first picked up the 2005 City of Winnipeg operating budget I was somewhat overwhelmed by the size of it. First I thought that this was the second of the

third year budget of former Mayor Glen Murray only taken by Mayor Sam Katz, but that is not the case. I've been told that this is the brand new budget.

Mayor Sam Katz's first budget and for some strange reason which I still haven't fathomed the three year budget planning process which had been adopted under the former Mayor Glen Murray has been dropped. Why, I don't know, regardless of your politics whether you are on the left or the right, everyone praised the three year planning budget process because it allowed for long term planning to occur at the City of Winnipeg.

I've been involved in the operating budget process well since 1971 actually but in the real sense actively since 1992 and I wondered what happened to the consultative process that was undertaken by former Mayor Susan Thompson and Mayor Glen Murray. Admittedly not always transparent, little detailed, the consultative process ranged from workshops to full scale public meetings. At least an attempt at democracy in action before the operating budget was ever presented at city hall.

Then I looked at the operating budget for which, whether I agreed or disagreed with the original was not the issue, I wanted to see where Sam Katz, Mayor Sam Katz was heading in the long run. I found now, a two page summary by the Mayor indicates absolutely nothing about where he sees our city heading in the future in terms of planning processes and budgeting.

At least former Mayor Thompson attempted to formulate some kind of issue for the city in the early '90's by proposing that the city be operated like a business and that alternative service delivery processes ought to be considered, special operating agencies were set up to save tax payers money and alternative service delivery models including such as the *Indianapolis Competitive Bidding Model* were examined even though they were never implemented.

On the other hand, the former Mayor Murray believed that cities could not rely on money for services from property and business taxes alone. That operating budget culminated into what became known as the original *New Deal* and it included within that concept the notion that education levees, all education levees should be removed from the property tax roll. Some can also; maybe Mayor Susan Thompson said it.

I'm surprised that the Mayor and EPC can really believe that continuing tax freeze over the past now eight years would not result in a decrease in the quantity and quality of services of the city.

No one in their right mind could suggest that one could continue to maintain even an improved services without somewhere along the line increasing taxes or finding other sources of revenue that would replace those sources that we cannot have.

Cuts in services over the past seven now eight years has been subtle. They have been subtle, small cuts, but they are accumulative and that's the key word, accumulative. In that their overall effect by not recognizing that the costs of inflation for example is on the average between one and two percent a year adds up each year. Now, it would cost significantly more than eight years ago to raise the service level to what they were then, not what is in fact required for the city to operate properly now.

Last year the city balanced the operating budget without a property tax increase in spite of a 40 million dollar shortfall. This year, they did the same thing in spite of a 57 million dollar shortfall. That's 97 million dollars away to some form as far as I can understand it in terms of my economics, some form of service cuts and reserves were raided again in order to balance the budget.

While I am supportive of the Executive Policy Committee putting back and this is a positive thing of $940,000 for housing for the City of Winnipeg, it still does not mean that the 2005 operating budget is sustainable as far as I am concerned. It wants to credit former Mayor Murray although to be honest and here I am

going to say that he manipulated the process that at the time we all thought that 7 million dollars was set aside in reserve for housing in the operating budget in line every year. The fact that 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 and as there was no surpluses at the end of 2004, there was no money set aside for housing in 2005.

The fact is housing initiatives were however an important component of Mayor Murray's policy development and ought to be even more important for Mayor Sam Katz if Mayor Sam Katz believes in the downtown first policy.

The 2005 operating budget makes it very difficult for the average citizen to determine where service cuts are being carried out this year. Last year as I said, for example $400,000 was cut out of the Christmas lights, even though Winnipeg was known as and is still known as the Christmas Light Capital of North America, has this been restored or not, has there been more money put in, I can't tell, nobody can tell me. Last year 2.6 million dollars had been cut for road maintenance and asphalt overlays, is the money been, are those cuts continuing, are there more cuts being in there, what are we going to do, with the increasing potholes and believe you me, I hear every morning these days, every morning how many more potholes are we going to have and how much asphalt are we going to be able to put on them. 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 had enough difficulties keeping up with what I call the nickel and dime to death over the past decade. Now we know that Mayor Sam Katz has proposed and I credit him, a transit fare decrease for seniors and while I applaud the initiative it doesn't go far enough. If you listen to any and all transit experts, the only way to maintain and improve transit and this has nothing to do with rapid transit now, but just transit itself, is to cut transit fares across the board for everybody who uses transit. By the way we have been told the departments will be kicking in an additional 3.2 million dollars more this year, their transit share that we've always been critical of the province has been froze of the past decade, now there is some more money coming in, unfortunately I'm still not sure I can't read the budget, where is the money, nowhere in the operating budget and how is it going to be included and what ways is transit going to be upgraded. It doesn't say even though we are going to have more money for transit. Unfortunately as I say the budget fails not only on having no vision but shows no direction and what services the city provides and where we are going.

Let me reiterate what former Mayor Glen Murray and City Councillors have said in the past, the city can no longer depend on financing from property and business taxes alone. It's an agreement and an argument we have been arguing for over a decade and everybody no matter what your politics agrees to it.

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, a larger share of the gas tax that what is going to be provided by both the provincial and federal governments and an even larger share of VLT revenues in order to provide increased and better managed services, what ultimately in the long run raising property and business taxes, that is the only way to go and as I say that is why I am here today to oppose this particular budget. Thank you very very much.

Mr. Speaker: Thank you Mr. Ternette. No questions, thank you very much. Our second delegation Mr. David Saunders in support of the same clause, welcome David.

Mr. Saunders: Mr. Speaker, Mr. Mayor, Members of Council. I wish this morning to express my personal support for one very specific item on your agenda this morning, its found in clause 8 of Item No. 1 of the report of Executive Policy Committee, this is specifically the 2005

funding of $940,000 for the cities affordable housing initiative be provided from the general purpose reserve to the housing rehabilitation investment reserve for the following programs: a) $140,000 for Flora Place redevelopment, $200,000 for aboriginal housing and $600,000 for the four housing improvement zones, $150,000 each for William Whyte, Spence, North Point Douglas and West Broadway.

A week ago this $940,000 was not in the budget and it had not been taken out, not been cut because it had never been in the budget and because of some of us in the community have recently discovered to our horror the City had been meeting its public commitments to the affordable housing initiative just by making annual allocations from the surplus operating funds left over at the end of each fiscal year. And at the end of 2003 the surplus funds were only $700,000 and now at the end of 2004, there were none.

So a week ago Executive Policy Committee received delegations from many of the community groups which are working very hard to recreate affordable housing and safe healthy neighbourhoods in our inner city and throughout the day volunteers, staff and individual citizens presented briefs and slide shows describing the improvements which are being made every day in the housing stock in the neighbourhood environment, in community spirit and the lives of families and individual citizens. And for the benefit of the Council members who are not at EPC, I have attached a list of the delegations and copied some of the written presentations made.

All of us said that the need is great and that the overall approach being made is correct. The available resources of the federal, provincial and city governments are being pooled and coordinated for delivery to the well know Winnipeg tri-level model which is provided in this case by the office of the WHHI, the Winnipeg Housing and Homelessness Initiative.

And at the same time individual communities and neighbourhoods are enabled to design and implement housing strategies which fit their particular circumstances and priorities. The public not for profit, charitable and private sector organizations are all able to participate together in making Winnipeg and these neighbourhoods a better place for all of us to live and work and play.

And everyone who appeared emphasized how important the City's contribution is to all of this because in a very real way the City's dollar is the first dollar in. It is this community equity which makes it possible to access all the other dollars required to fund a project and it's also the presence of the community project and the commitment which it symbolizes which inspired the neighbours and business people to invest their own time and resources in improving each area.

Now we know the many problems which lead to neighbourhood deterioration are not easily solved and that the rebuilding of houses will not in itself solve those problems.

However affordable adequate and safe housing is certainly part of the solution and more importantly it is a very tangible and visible indicator that people care, that there is hope for a better life and that the struggle to make it better can in fact succeed.

I submit that that's a very very powerful message to send or not send as the case may be. When EPC met last Wednesday to make its final recommendation on this year's operating budget it would have been all too easy to shrug your shoulders and decide that nothing could be done for the affordable housing program. After all I'm quite sure you've decided it's necessary to say no to a very long list of requests for funding for other very good causes and important services and programs. And you could have blamed other administrations and you could have left the problem for the provincial and federal governments to fix.

But you didn't. It's not what you did. Instead you recommended that $940,000 be allocated from the general purpose reserve to allow the redevelopment of Flora Place to proceed this year, to keep

the Flora Housing Improvement Zone Organizations going and to address in some initial way the major issue of urban aboriginal housing.

I would suspect to aboriginal housing; I am providing you with a copy of a recent Free Press article by Ed Tanner, the Executive Director of the Manitoba Urban Native Housing Association which does highlight the huge need for family social housing units in this city.

Tomorrow, you'll no doubt hear how that $200,000 for aboriginal housing is a pittance, that $940,000 is not nearly enough and maybe you will hear it from me too. And the truth is the City's ongoing commitment to the affordable housing initiative is still not in the budget, neither the operating nor the capital budget.

But today and now and at this moment, I do want to take this opportunity to applaud your decision to just do the right thing and make sure that the affordable housing program continues for now. You listened to the community representatives, you heard what they were saying, you cared about the issues and you have responded immediately by taking the bold and I think unusual step to say, whatever else happens, these programs will be funded by the City now.

My good friends at Flora Place including Julius Segal and Howard Militar will probably remain sceptical until the day they actual move into their new homes. It will continue to be a struggle for them to complete the planning and construction of the redevelopment that they have fought for for so long.

However by approving the housing funding allocation today I believe that Council is sending the Flora Place tenants and the many other citizens like them a very important and positive message that all the citizens of Winnipeg which are represented by all of Council here do care and are committed to support one another.

And I spoke briefly with Councillor Clement following the meeting with EPC and delegations; he did say that EPC was working on a solution for this. And I promised him that if Council would solve the funding problem I would be here to thank you.

So I want to thank Councillor Clement and Mayor Katz and Deputy Mayor Pagtakhan and Councillors Gerbasi and Steeves and Thomas and anyone else who had a hand in this because I really appreciate it. Thank you.

Mr. Speaker: Thank you David. Move onto the Report of March 16, 2005 to be introduced by Mayor Katz, before you do Mr. Mayor I'd like Council's direction. We have two motions before us. One, motion 2 is clearly an amendment to and would be treated as such, motion 1 the intent is as an amendment to the budget but there are no specifics given on what this would do to business tax rates or what have you, it would be my intention to treat it as a amendment, have it introduced and dealt with as part of it, is that okay with the mover, is that okay with Council, I have your agreement, okay, thank you.

Mr. Mayor introducing the clause and then we'll have the two amendments introduced.

**REPORT OF THE EXECUTIVE POLICY COMMITTEE
DATED MARCH 16, 2005**

Mayor Katz: Thank you Mr. Speaker. I would like to introduce the Report of EPC for March 16, 2005 and move adoption of clause 1.

Mr. Speaker it's always an honour to address this chamber as the Mayor, but I have to say today that I am particularly proud to be here to open discussion on the budget document. I think we would all agree the budget is likely the single most important policy document we discuss as a Council. Not only does it set the context for administration to deliver services to our citizens, it is a statement. A statement to our taxpayers, the people that elected us.

A statement to the business community, the people that sustain our economy and tax base. A statement to our young

people, those who will build on the foundation we are trying to maintain and grow. A statement to our competitors, those other cities, provinces and states we have to match and exceed if we want to truly extract Winnipeg's potential.

I wanted this budget this statement to be one about hope and opportunity for all of our citizens. That's the vision I shared with Winnipeggers during my *State of the City Address*, the hope that we can see this city become the Chicago of the North again. The opportunity for everyone to participate, to succeed, to have the chances that I was so fortunate to have, to have a good life, a great family here in a thriving beautiful city.

We face challenges here in Winnipeg and the path to success is a long one but I am proud today to say we have a chance to take the first step if we approve this operating budget.

First and foremost, we are taking a historic step by cutting business taxes downtown by twenty percent. I can't think of a better signal to send to the business community, both here and across Canada that Winnipeg is serious about being open for business. This will put 2.1 million dollars back into the hands of 1900 businesses downtown. Businesses that employ thousands invest millions and sustain the foundation of our city.

This budget freezes property taxes ensuring we will not follow the path of school boards who look to taxpayers first and themselves last. It includes some seven million dollars of vacancy management for the year, that means doing more with less and making administrators and managers across the City find a way to make do with fewer people. But I can also say with confidence that we have some outstanding people that serve the City and I know they can rise to and exceed the challenge.

Of course there are social concerns as well as economic ones. People need to have safety and security before they can be successful. This document charts a proper course in those areas as well. We will be spending more than a quarter of a billion dollars this year on keeping our citizens safe.

This budget will provide police with a six million dollar increase in funding, do I wish it could be more, certainly. But together with increasing support from the provincial government we will be able to increase the complement by twenty officers this year, that's twenty more professionals on the streets dedicated to preserving our safety, our security and our peace of mind.

This budget will set a proper financial context for the integration of our Fire and Paramedic Service to proceed to its next phase. The statistics are well documented. Demand for paramedic services is increasing while fire damage is declining. In this context integration is common sense; it saves lives and avoids costs.

During this year's budget process we heard also from the public regarding the importance of our commitment to core renewal. With this in mind, the Executive Policy Committee has recommended an additional $940,000 to fund the Winnipeg Housing and Homelessness Initiative for 2005. This will continue the working to renovate some 86 different properties located on more than 1 million dollars of lands in our core areas.

I could go on of course, whether it's the 149 million dollars for Public Works, an increase of nearly 2 million dollars over last year or the 85 million dollars for Community Services, up more than two and a half million dollars from last year.

Or even the $600,000 that we will be spending on maps related commitments. Today we can see a context where all of the city can succeed.

This budget fulfills several key promises I made to the people of this city when I was elected last summer. It effectively merges the mandate I received from Winnipeggers last June along with the long term priorities of City Council.

It is not perfect and there is more work to be done but I know we can get there. The

road to the Chicago of the North beckons and I urge Councillors to join me on that path today.

With this in mind Mr. Speaker, I urge all Councillors to support the budget document here today. Before I conclude, I would like to take a moment to thank a few people.

First of all CAO Annitta Stenning, CFO Bob Gannon, the staff and the administration did a great job helping to prepare the document. I also want to recognize the support of my Executive Policy Committee Councillors; I am very pleased and proud to have worked with you on this major effort. Finally, I would like to recognize those Councillors and members of the public who took the time to share their views, feedback and criticism both with Executive Policy Committee as well as the various Standing Committees. Thank you very much.

EXECUTIVE POLICY COMMITTEE MOTIONS

Motion No. 1

Moved by Councillor Gerbasi
Seconded by Councillor Thomas

WHEREAS the Mayor has committed 2.1 million dollars to be given as a business tax cut in the proposed 2005 Operating Budget;

AND WHEREAS it is inequitable to exclude businesses based on geography as a business near and around the downtown also deserves the same benefit;

AND WHEREAS any tax cuts should be given first to those businesses that would benefit the most, such as mom and pop operations, rather than large profitable businesses;

AND WHEREAS Provincial Bill 4, The City of Winnipeg Charter Amendment Act (Differential Business Tax Rates), allows for new categories of business tax rates to be created as opposed to a uniform business tax rate;

AND WHEREAS the Chamber of Commerce in their brief to the Standing Committee on Fiscal Issues on September 25, 2001 recommended that Council give threshold exemptions based on assessed rental property values starting with the smallest businesses;

THEREFORE BE IT RESOLVED that Council not proceed with a geographic based tax cut as in the proposed budget;

AND BE IT FURTHER RESOLVED that Council utilize it's authority given under Bill 4 to give the smallest businesses, on a city-wide basis a tax reduction up to a ceiling of 2.1 million dollars in 2005.

Motion No. 2

Moved by Councillor Smith
Seconded by Councillor Gerbasi

WHEREAS "our urban forest" is a very important part of this City's character and quality of life;

AND WHEREAS the current pruning program only ensures that all elms are pruned once every 44 years;

AND WHEREAS "pruning every 5 to 7 years is critical for keeping trees healthy";

THEREFORE BE IT RESOLVED that the operating budget be amended by adding $300,000 to the forestry budget for pruning

Mr. Speaker: Thank you Mr. Mayor. Introducing Motion No. 1, Councillor Gerbasi.

Councillor Gerbasi: Thank you Mr. Speaker. This motion is, sorry just let me, it's clear that the Mayor is determined to cut business taxes in this budget and although I have some reservations about that entire idea, I proposed a motion that I think would be a better and more prudent way of supporting our business community.

I believe that a twenty percent tax cut for wealthy businesses is not the best way to make our city thrive. It's the smallest businesses that need support and if

anyone should be getting a break it should be Mom and Pop operations. The current proposal and this is from the Mayor's press release information would see seventy nine large businesses saving an average of $13,000 so for some it would be higher, while the majority of businesses which are smaller will only see a few hundred dollars per year. How is this fair?

I doubt that the Aspers and the Richardsons really need this kind of break right now. I'm sure that these philanthropic families would agree that this money might be better spent on recreation programs for youth or downtown safety or even more for inner city housing. But if the Mayor is determined to cut business taxes and send this message we should be looking at a more equitable and just approach.

We should give a break to those who need it the most, not give the most to those who have the most. When the province gave the City more authority under Bill 4, they did not just give the city the power to create a different rate of taxes based on geographic location.

Bill 4 gave the City the power to setup other categories of business tax. One such category could be to give the break to the businesses with the smallest annual rental value. The Mom and Pop shops that need it. Why are we dropping money from airplanes to everyone within a geographical area regardless of need, what a waste of precious funds.

There's a reason we had a uniform tax rate before, the same rate at which means the same rate across the whole city. If we make a change based on geographic location, then those businesses located just across the street from the arbitrary line of the Downtown Zoning by-law will be treated differently. These businesses in and around the downtown are in the same situation as those across the street. How is this fair?

Downtown first is a concept that I support in almost every instance but in this particular case this approach discriminates against businesses near and around but not quite in the downtown. For the 2 million dollar price, we could give the smallest businesses in the city, citywide, a break and they would actually notice the breaks since they truly need it. Let's target our scarce funds to the smallest businesses first if we feel we can afford to give business tax relief.

It's interesting to note that the Chamber of Commerce recommended this approach back in 2001 when they presented to the Fiscal Issues Committee on eliminating the business tax. To quote their submission, they recommended that we institute a serious of threshold exemptions based on assessed rental property values. They supported the idea of the smallest businesses getting the break first, Chamber of Commerce. Councillor John Angus in his presentation to the Fiscal Issues Committee in 2001 talked about the same issue, he said that the straight percentage cut of taxes such as we are doing now gave a much larger benefit to big business as opposed to the small and struggling companies which are the vast majority of businesses.

He too suggested that a tax credit that would benefit the smallest companies most should be where we start. We should heed the wise counsel and voices of experience in some of these matters.

Those people made those suggestions for very good reasons and they make the same sense today, I urge you to look over those submissions again. I also would like to go on the record that we are going down a very dangerous path if we believe we can eliminate the business tax completely. How can we give away 65 million dollars in revenue without a plan to replace that revenue. Whose hide is that going to come out of?

It has to come from somewhere. We should remember that the business community needs to pay its fair share of the costs of city services too. It isn't fair to shift the burden entirely on the residential tax payer. Citizens have made it clear that they do not want their services cut either. If we are going to use scarce dollars to give business tax cuts we should support those who need it most and that is the smallest of businesses who these small

breaks might make a difference to their viability.

I urge Council to keep an open mind to the new legislative powers we were given under Bill 4 and support a more sensible approach. Thank you Mr. Speaker.

Mr. Speaker: Thank you Councillor. Introducing Motion No. 2, Councillor Smith.

Councillor Smith: Mr. Speaker this motion that I put forward, I basically took it from the *Sam's Action Plan*. Even the words are the same. The fact is that when we prune these trees on this extended cycle of 45 or 40 or whatever it may be, if we do that it weakens the trees, it makes them more susceptible to disease. It also makes the neighbourhoods darker and more conducive to crime.

You know it seems to me that every time we time about crime, the only thing that we think about is more police officers. The fact is making our neighbourhoods brighter and not so much in the dark with trees that are overhanging and like, it's dreadful. And I get calls I'm sure everybody else gets calls where they have a fair number of boulevard trees that you know, we get calls, you walk down those sidewalks and you get hit by the branches, it's just so bad and the Mayor obviously agrees because his action plan clearly stated.

But somehow he hasn't able to convince his EPC to go ahead with this. But it seems to me it's time we open our eyes and look at the city as a whole, these trees are a valuable resource, they make the area cooler in the summer, they're environmentally sound, we should be in effect supporting this motion.

The cuts over the years and as the Mayor has said in his action plan, this is a quality of life issue and we should support this by passing this amendment.

Mr. Speaker: Thank you Councillor Smith. Now general speakers list on the budget and on the amendments, Councillor Clement.

Councillor Clement: Thank you Mr. Speaker, first of all I rise to support this document. It is the eighth straight document that we've presented to this Council over the last number of years that are either zero or below what we had in revenue the year before and we also had a zero two years prior to that.

We've been able to reduce our debt by approximately 46 percent during this process and obviously we are a healthier city as a result of it. Notwithstanding there have been some areas where people would rather have spent some further monies.

I'm assuming we're speaking to everything at one time here so the first thing I'd like to say is this about motion 1, a) I don't support it, I don't support any changes to the document when it gets into this room. Number one because we've had that process and we've had a good process and it's been a fair process for everyone to participate and make their motions at more appropriate times and we dealt with those in a fair-minded way last week.

The other thing I would like to say about this though and I appreciate that people try to make passionate speeches but when they use the term wealthy businesses I take, I just have to take comments with that, there's a tremendous number of small businesses in the downtown area that are going to be getting a relief from this. This is the core area of the city; this is where we spend a tremendous amount of money. That's what this housing initiative was about last week where we talked about putting an extra $940,000 in the budget.

I've stood here for 22 years and I've supported all kinds of improvements to the downtown, tens and tens and twenty's of million of dollars of money into the downtown that I know you know a lot of it comes from the suburban taxpayers. We're not all stupid, we understand that. We're doing it because we're trying to keep the core of our City healthy and having the business tax rate dropped in that area first is one more indication that we feel strongly about making the

downtown first and we've done that and we've spoken with our feet and with our motions and I have a little bit of problem with somebody using that type of terminology.

The other thing I have a bit of a problem with and it happened last week with another Councillor a couple of names were dropped and I have a huge problem with that. When people are making speeches and they basically single people out like the Aspers and the Richardsons as an example, I think that's an unfortunate statement indeed. In fact I think it's very inappropriate, that's my personal view.

These people are not only philanthropic and continue to invest in our community when they don't have to, but they also do a whole bunch of it anonymously, things we never hear about. I know that for a fact, there's been countless times when some of our arts communities have been receiving large amounts of money from certain people to keep them going while they were out and about creating a much better image of Winnipeg than some people have of it from time to time.

The other thing you know every weekend there is one or two or never mind weekends, during the week there's probably two or three fundraising dinners that are going on in this town virtually non-stop other than maybe in July and August and these types of people have tables at every one of them and I don't think they deserve to be singled out to do with this business tax, they didn't ask for it, there's no way to implement it without it including some of their buildings and frankly enough said.

As far as the other issue goes, that Councillor Smith was talking about, the bottom line on a budget Mr. Chairman is that there is about 8,500 different accounts, I could stand here and make a motherhood and apple pie statement about hundreds of them. The fact is when you've got an envelope of money you've got to balance the budget and expenditures in a fair-minded way and I think that this budget does that.

I would now like to shift my attention frankly in the little bit of time I've got left to the provincial government because I'm really frustrated. They would have you believe that they've given us an extra six million dollars in this budget. Fact of the matter is that under gap accounting, they're right, they've provided $88,982,000 this year verses $82,913,000 last year. That's 6.069 million dollars more. Sounds great doesn't it. It makes for wonderful theatre but here's some truth to some of this. Did you know that in 2002 our VLT revenue was 8.112 million dollars and that last year it was only 6.6 and did you see them making any public announcements at Portage and Main that we've received 1.4 or 5 million dollars less in VLT revenue last year. Naw, you never saw them do that, but and this a formula driven thing, they don't give us the money, the money comes out of what people pay and put into those crazy machines that are out there.

So, this year it went up. Well we thought we were getting 6 million dollars of unencumbered monies. What it turns out to be is about 2.2 million extra in VLT's over what we actually got a year ago but only about $700,000 more than we got in 2002.

I don't follow that frankly. Then there's another formula account that spun off another texturing account that spun off another 2 million but we knew it was coming because common sense tells you that inflation was going to give you those numbers and the cost of living, so you build those kinds of improvements into your budget on a year to year basis and then they try to take credit for it as being new money.

And the other 2 million dollars was for police. So the fact of the matter is they pigeon-holed the whole works. But then you get into the capital and this is where it really gets frustrating, I've got a document I've got, and this was written by Ron Lemieu, it says that it is evident that the two themes among the dominant concern of municipalities was lack of funding and need for more localized decision making. And he goes on to say, one idea included

establishing an agency that would distribute funds based on consultations with representatives of municipal governments. These are non-elected people that they're going to create an agency to distribute the money, give me a friggen break. Pardon my language, it's on the edge, I appreciate it.

I'm really frustrated with this, this is nonsense accounting and I'm getting tired of being crapped on frankly.

This is the kind of stuff that they say, the fund increases transit, operating grants for the City of Winnipeg, Brandon, Thompson and Flin Flon, introduces dynamic sharing of provincial fuel taxes with municipalities, increases funding for roads and citizen municipalities 118.7 million would be provided to Manitoba municipalities in 2005 by including the equivalent of Manitoba's income tax sharing and expanding the funds available by the equivalent of up to three cents a litre from fuel taxes.

Well that two cents in gas tax and one cent in diesel is worth 29 million dollars, well guess what, they gave us the 29 million dollars but they told us to spend 19.355 of it on buses, on our transit grants, 3.8540 on transit bus purchases and 6 million dollars on residential streets.

What they took away and by the way that totals the 29 million that the three cents gives you. There's no new money and they've pigeon-holed every cent of it; they're not giving us any opportunity to have autonomy over these decisions. And what they did on the other side was they removed the transit grant of 16.8 million dollars, removed the transit bus purchases grant of 3 million dollars and removed the residential street renewal grant that they've been giving us for the last number of years of another 5 million dollars. So they took away 24.8454 million dollars worth of grants and gave us back 29 and then pigeon-holed the extra 4 million dollars.

What a bunch of nonsense, they haven't given us a damn thing. So, you know I don't want anybody who hasn't seen all of this to get all excited about the provincial budget that took place on March the 8th because while they spun it beautifully and it was woven with gold thread it was all innuendo as far as I'm concerned. I'd love to call it something a little stronger than brown sugar, but I'm not allowed to do that in here Mr. Speaker. Blowing smoke, or you can call it whatever you want, but it's really frustrating.

And on top of that the UCPA Agreement which has been giving us 16 million dollars a year for nineteen years is virtually discontinued. They haven't said it but they haven't given us the money and I can tell you that if that's where they're going, everybody that has been watching tripartite agreements for the last 20 some odd years in this Chamber have always been under the impression that when the feds come knocking and they give you new money, that the province matches with new money and we match with new money, that's always been the deal and the provincial money has never been part of our budget, our capital budget it has always been over and above, notwithstanding that they give it to us and we deal with it in that fashion.

I can tell you from the documentation that we've been pouring over that it not only would appear that the UCPA has disappeared but I don't believe that that funding is new, I don't even think it exists. I think they're planning on feeding it to us a little bit at a time and we don't have an answer to that but there's only one answer, is it yes, Greg, or is it no, and it's a simple question and it's not just about one or two things, there's a number of things out here.

You know, we've got, some people think we've got 43 million dollars for rapid transit and some others think we have 43 million dollars for recreational facilities. 17 million from the feds, I know that's new money, I know our 9 million dollars is real because we've already spent the other 8 on transit. What about the 17 from the province, is it new money or is it fictitious? And it's time that the public starting understanding the nonsense that's going on over there and I'm really sorry that there's no opposition, I haven't heard one member of the Liberal or the

Conservative party mention any of this. I don't know whether they don't understand it or whether they thought that the budget was wonderful when they heard it last week but it might be time that there's a City of Winnipeg party created at the provincial government because nobody's listening and they haven't been for a long time.

Mr. Speaker: Thank you Councillor. Councillor Gerbasi.

Councillor Gerbasi: Thank you Mr. Speaker. I'll now speak to the budget as a whole. I'd like to say that I'm greatly relieved and very grateful that the $940,000, Gord I'm allowed to speak to the whole budget. Well can you stop the clock please. He's interrupting, please, can you start my clock over please.

Mr. Speaker: Order, on your feet.

Councillor Steeves: Point of order, sorry I didn't mean to make a big fuss here, I just wanted to figure something out. Councillor Gerbasi will be responding to her motion, no.

Mr. Speaker: She's given us her general speech on the budget, she is not to refer to any points on business tax that overlapped with her motion but other than that she can speak in general about everything and she will get to close on her motion.

Councillor Steeves: Okay.

Mr. Speaker: She has a right to speak to.

Councillor Steeves: I just wanted to know because there is some questions about her motion, I just wanted you to respond to, that's all.

Councillor Gerbasi: Well I'll be closing on that.

Mr. Speaker: Absolutely. Councillor Gerbasi.

Councillor Gerbasi: Thank you. My flow is all interrupted now. It's okay Gordo. All right, I'm relived and grateful that $940,000 has been put into the budget to continue the Winnipeg Housing and Homelessness Initiative programs. I am sure that the residents of Spence, the North End and West Broadway are happy to have a reprieve from the terrifying prospect of the City pulling out support from their fragile recovering neighbourhoods.

Last week, many community people came down to city hall and spoke to EPC all day, convincing EPC and the Mayor of the value of these housing programs. They convinced the Mayor and EPC that these programs are a worthwhile investment in our neighbourhoods. For each dollar spent in West Broadway seven to twelve dollars are raised by the private sector, other governments and non-profit groups. Assessment values are rising in the inner city instead of dropping like a stone as they were before the housing programs were brought in.

Call for police resources and calls for fire paramedic services have been greatly reduced, freeing up resources and increasing efficiency. Investing in inner city housing is about so much more than just housing. It has brought safety, people moving back to those neighbourhoods and hope. Citizens have become engaged and involved in improving their neighbourhoods in every way possible.

Remember when West Broadway was nicknamed "murder's half acre" and Langside was called "Gangside Street". Thank God this fragile recovery has brought about such a huge change.

However what still concerns me is that there remains a serious doubt about the City's commitment to these neighbourhoods in the future. I sincerely hope that the Mayor and EPC will be proactive and so at the same time next year this battle will not have to be fought all over again. Why must our hard working residents stop their work in their neighbourhood, drop what they were doing, come down to city hall and beg us for these same programs to be continued next year.

Must we repeat this scenario of hard working community folks having the

bejesus scared out of them every year. All the same arguments that were made last Monday will apply next year as much as this year Mr. Speaker. It's a little distracting in here. People if they could sit down it would be nice.

It is ridiculous that community folks have to come here and plead for programs that benefit our bottom line in increased assessment, reduced crime, etc., etc., etc. The energy wasted on all this uncertainly only takes away from the work these folks are trying to do in their neighbourhoods and only causes people to be demoralized. The need to continue to act will still exist in March of 2006. This is a long-term investment and the investment is needed in future years to come.

I expect you will hear arguments today that these programs are funded out of surpluses in the past so somehow this justifies discontinuing support. I agree it would have been better to put the funds directly in as a budget line, however at the time it was necessary to push the envelope to get a reluctant Council to act and that is what happened.

Money was scrounged from various sources to make it happen but now is now and then was then. So please don't use this feeble argument as an excuse to abandon the inner city in the future.

This proven and successful group of programs are crucial to the recovery of our inner city. So let's move forward and put this in as a budget line in next year's budget. I urge the Mayor to relieve the anxiety of our communities by firmly stating his support for inner city housing programs, not just for this year but for next year and the year after that.

It was only few months ago that Waverley West was approved and the context of promises to support the inner city. That commitment will be needed for more than just this one year, it's a long-term commitment.

I also wanted to comment that housing tax credit programs and tax increment financing programs work well in parts of the city that are in not such severe decline but alone they are not enough for these major improvement areas where it requires twenty to thirty thousand dollars to subsidize the build of a new home and make it viable. We will need these programs.

I'm also pleased that $200,000 was allocated for aboriginal housing initiatives. I thank the administration and the Mayor and EPC for following through with this aspect of the *Municipal Aboriginal Pathways* report. This strategy, the MAP strategy is unique and respected across the country as an important first step for municipalities to define their role and address the opportunity of a growing aboriginal population.

I think it's important to acknowledge the leadership of former Councillor Vandal who championed this initiative and to thank Council who supported it unanimously.

I'm also pleased to see an increase in funding for the arts. Council made a commitment to the arts community to increase funding again this year and it is commendable that we put another $500,000 into the budget. Arts funding is an investment. It makes sense for economic development and it makes sense for what it achieves in making our City an interesting place to live. I thank the Mayor for supporting this funding to the arts and recognizing the value and economic sense of this priority.

To comment briefly on a couple of other budget issues, it is worthy to put an additional $200,000 to bury the hydro lines in St. Boniface. Again, this $200,000 will help to top up the 1.4 million that former Councillor Dan Vandal fought hard for and has successfully had put into our budget. Councillor Vandal was a huge advocate for this project and deserves to be acknowledged for that.

I was pleased that EPC added a $100,000 for library materials. Winnipeg's library system requires ongoing support or we will continue to fall behind other cities in providing adequate reading materials.

The issue of tree pruning has not been addressed in this budget which is why I seconded Councillor Smith's motion. This is an area that involves long term thinking. We need to invest in our resource of beautiful trees and do more to prevent Dutch Elm Disease. Our trees are a huge part of what makes Winnipeg a beautiful place to live.

In previous years we have added more funds at the last minute in the budget for this priority at budget time and we need to do that again this year.

So to sum up, it is with some reluctance that I will support this budget. I remain gravely concerned about the approach of cutting business taxes and I've addressed that in the motion. I believe it's a shame to do that when we have other options with the new provincial legislation under Bill 4 to take an approach when I've described in my motion what I believe is a better approach.

I'm also concerned about how the City will be sustainable without significant new sources of growth revenue. If a break should be given, it should be given to those who need it first. I'm concerned that if the intent is to eliminate 65 million dollars worth of revenue and a commitment has been set to eliminate the business tax, we don't have a plan to replace that revenue. Someone will pay for it, either an increase residential taxes or cuts to services. I don't believe that's what our citizens want. Businesses need to pay their fair cost of city services, there fair share of the cost of city services just like all citizens do.

The major reason though I will support this budget is because of the decision not to abandon the inner city housing initiative. I'm truly thankful for that. I'm truly thankful for the arts funding increase and support for libraries. One never gets all that one wants in any budget and I appreciate that an effort has been made to respond to the community concerns that have been raised.

Of course there is always more than can be done in the future. Thank you Mr. Speaker.

Mr. Speaker: Thank you Councillor. Councillor Eadie.

Councillor Eadie: Well thank you Mr. Speaker and I'll put a few words on the record with regards to the 2005 budget for the City. I first of all want to speak briefly to the amendment motion number one proposed by Councillor Gerbasi. Passing this motion does not make this happen. If you had read the amendment to the City Charter carefully or had been read more carefully before the motion was written you would see that before City Council can enact something like this motion wants, we first of all have to pass our own legislation which creates the classes of business tax which creates the differential between businesses in which creates the rates.

That's a complicated piece of legislation that were not nearly ready to come forward with yet Mr. Speaker and that's why passing this motion would, does not accomplish anything without our own legislation, our own by-law this motion means nothing. We first of all have to create within the legislation the details by which this motion could be put into effect if it had been passed.

So, I'm not voting for it Mr. Speaker because it's putting the cart before the horse, we need our own legislation first, and we're not ready for that yet.

Just with regard to the 2005 budget Mr. Speaker, I'm not going to put a whole pile of superlatives on it, good, bad, crappy, excellent, outstanding, whatever that sometimes are used, I am going to say though that for the 132nd year in a row, our budget is balanced and I don't think there's any other government in the country certainly at the federal and provincial level that can match our record.

For the 8th year in a row we're saying that we're not going to raise taxes and that is quite an accomplishment Mr. Speaker especially when you consider that a number of our cities across Canada with whom we are often held up in comparison, especially Edmonton and Calgary are again this year in their budgets and for many years in a row

raising taxes, notwithstanding that the Alberta government has provided all sorts of additional revenues to those cities through gas tax and other forms of rebates.

The budget maintains our essential services. We haven't spilt any blood on the floor yet again Mr. Speaker. We're not raising taxes, we are increasing moderately our spending with police and fire, we're increasing moderately our spending in public works, there's often people will say well its not enough and they're right, its not enough, there's lots more we could be doing, there's lots more we would like to do. Councillor Smith talks in his motion his amendment which I'm also not supporting about adding another $300,000 to the budget for pruning, I'd love to do that Mr. Speaker, I'd like to add more money for parks maintenance, for mowing and all of that but passing Councillor Smith's motion puts the budget out of balance.

Now perhaps his motion could be achieved if he agreed to perhaps amending clause 8C by reducing that account by $300,000 and applying that $300,000 to this, then of course Mr. Speaker we would have a balanced budget. He can make the choice, what is a higher priority for him, but that's one way of achieving it.

We started off this fiscal year with a 57 million dollar problem and thanks to a tremendous amount of difficult and hard work and certainly by our administrative staff and Councillor Clement and his remarks alluded to them and I'll repeat it, CAO Annitta Stenning, CFO Bob Gannon, Jo-Anne Ferrier, Betty Holsten Boyer, Ramona Hodges and all of their team in our finance department and with the discipline of Executive Committee we have tabled a budget that has eliminated that 57 million dollar problem, has a no tax increase for 2005 and maintains our essential services.

That didn't come easily Mr. Speaker as you will know, you've been a part of budget writing processes here for some time, it came with a great deal of difficulty. We had to make a whole lot of, a whole number of very serious choices, but we tried to be humane about it, we tried to again maintain our essential services, we tried not to spill blood on the floor which there are some advocates not necessarily in this Chamber Mr. Speaker but there are certainly some advocates externally who are spilling blood on the floor and firing staff and doing all sorts of things, but they all have the simple answers Mr. Speaker. I think they all probably vote for the Reform party because that party when in its day used to have simple answers to all the complex problems, except that nobody told them all those simple answers are always wrong and some of our media critics are always wrong in that regard Mr. Speaker.

Raising taxes when you are in government whether you're in City Hall, the Legislature or Parliament, raising taxes to finance the needs of government is always an option, always an option. For this city government Mr. Speaker the budget that was tabled last month specifically states that raising taxes to balance the budget and to finance our services is not an acceptable option this year. And that's why I am going to be supporting this budget. It specifically states and it's a hallmark of this budget as it has been for our budget for about the last eight years, raising taxes to balance the books is not an acceptable option for this government at this time.

Now if there are those who think that raising taxes is an acceptable option to achieve their goals, then they'll stand up and vote against the budget and they have every right to do so Mr. Speaker, I wouldn't ever fault any member of Council for doing that, for standing up and voting for what he or she believes is right, but for me and I think for all of our colleagues on Executive Committee and others as well raising taxes this year is not an acceptable option in dealing with the 2005 budget.

It's clear and it hasn't been, we're reaching the end of our elasticity and it's very clear that we in municipal government need the new deal. We've seen some of it coming forward from the federal government, but what we have not

seen is an adequate discussion by the province. When we passed our new deal package a year ago, it had a provincial component, 6 points of gasoline tax, a restructuring of the provincial Municipal Tax Sharing Act to provide more of the growth tax revenues not only to Winnipeg but to all municipal governments in Manitoba.

Premier Doer said last year when we passed our policy, he didn't have time to talk about it then because he was trying to get a new health deal. Well in September Premier Doer got his health deal and he still will not talk to this government about a provincial new deal for cities and for municipalities in Manitoba.

And it's no precious wonder Mr. Speaker that they don't seem to want to talk about it or know much about it over there because last November the Free Press had a great article about the provincial MLA's comprehension of what's going on in the municipal world in this province. A great article; Mary Agnes Welch talked to all of the NDP MLA's from the City of Winnipeg. They didn't have a hot clue. Six months after passing our new deal package; Mr. Maloway from Elmwood said he didn't understand it. His old refrain was the old Gary Filmon refrain; get your house in order city. He's an MLA from the city and he didn't understand what the new deal was and what it meant and what the province's role in it was and then Mrs. Korzeniowski from St. James, this is a classic, oh my goodness, we don't talk about broad policy issues in our caucus, we only talk about little local constituency issues, they're still waiting according to her for Premier Doer to build a relationship with Mayor Katz and then I guess the Premier will open the door and through more fertilizer on them and he'll tell them what the policy is, they don't discuss those things in the legislature, probably on both sides of the house I suspect given some of the commentary that I read when I scan Hansard.

But we need a new deal. Some of it is coming from the feds I'm repeating myself but we also need from our own provincial government the financial tools that are necessary for municipal government to operate here.

We cannot continue to rely on property taxes, which we still must do by in large. We need a better share of those growth tax revenues and that was suppose to be phase two of the City Charter amendments. When we got phase one which gave us all kinds of additional authority and power, the province was going to start discussions on phase two which was the financial section of the Act, broadening the scope and ability of city government to get into the growth taxes.

They don't want to talk about that, they'd rather talk about local constituency things like planting flowers I guess or they don't understand what new deal is or they say get your house in order. They refuse to come to the table to talk to this city about its new deal policy with regards to city government.

So Mr. Speaker, with all of that having been said, we have to deal with the tools and use the tools that we have available to us now. Unfortunately it's still a heavy reliance on property tax but I'm very pleased to say that even though that's basically the only source of revenue that we have to rely on these days with all of that and with all of the pressures that are placed on this city government over time for all kinds of new services, all kinds of increased services, we are able to maintain our essential services this year without raising taxes.

I'm voting for the budget on that basis Mr. Speaker and I'm not voting for any amendments to talk about raising taxes this year.

Mr. Speaker: Thank you Councillor. Councillor Steeves.

Councillor Steeves: Thank you very much Mr. Speaker and thank you Councillor Eadie for your passion, boy that's wonderful. I'll rise in support of the clause and the budget as tabled for this year.

I want to start off by as many people have done thanking our corporate staff for the

work they've done over the course of the last several months. Really although all of us say it, I think my Council colleagues will join me in saying there's no job I'd rather have less than your job during the last couple of months. Numbers coming in, numbers coming out and us simply prattling on and on for hour after hour after hour and expecting you folks within very short time frames to come back with workable plans to make it somehow work. It's truly amazing and I want to echo the sentiments of my colleagues in thanking you for the work that you've done. So thank you very very much for that and congratulations on your award well deserved.

Prior to my comments on the budget and just generally, I will speak to the motions as the amendment motions as tabled by Councillors' Gerbasi and Smith. First Councillor Gerbasi's motion regarding the business tax. You know Mr. Speaker I don't understand; I don't understand my learned friend's opposition to this business tax issue.

If you would have told me one year ago that Councillor Gerbasi would have been against what we're proposing to do with downtown business tax I would said you are crazy. In fact I would have thought this would be the type of motion to come from somebody like Councillor Gerbasi. This is, I don't know how on the one hand we can espouse downtown housing programs that are trying to upgrade our stock, things, they're costing us a good deal of money by the by, we're spending I guess another almost 1 million dollars this year, we didn't spend as much last year, we spent more than that in years prior and the reason we're spending that money is because we think it's important to pump money into downtown.

Now there's different ways that we can do that. We all remember the Waverley West debate, we sat here for two days on the Waverley West debate, I know that my colleague was here as well and we listened to people who are concerned about the Waverley West development talk for very long periods of time off and about how we were unfairly favouring the suburbs and to be honest as a Councillor I sometimes am a little concerned that we sometimes do do that within the City of Winnipeg framework. I think that we actually do do that from time to time which is why I'm very very pleased to see this type of legislation which I feel will go some distance towards balancing that off. I think this is what this is designed to achieve.

So, maybe part of the problem I suppose is that we're thinking of this as a tax incentive, maybe not considering it in the same vein as the money that we are actually doling out in housing programs. It's the exact same thing Mr. Speaker; it's just the other side of the exact same coin.

I don't think there is, well I guess in my opinion I don't think there is any problem with the idea that while we're buttressing the downtown housing stock in areas like Spence and William Whyte and Langside and all of these regions that we're claiming are extremely depressed, I don't think there's any problem in us sort of attacking from the business side as well. I mean I'm loathed to quote Richard Florida again in this chamber because it's been done so often but one of the things he talked about so often was the idea of liveability downtown and it's not simply housing. Housing actually will not work I don't think unless we attack the other I guess realm of liveability, that's the commercial component.

People need places to go, they need places to shop, I mean I don't think anybody in this chamber would argue that a good way to go is to some how uplift the Spence residential neighbourhood, uplift the William Whyte residential neighbourhood, but at the same time ensure that there is some type of process in place that guarantees the businesses that are designed to serve that community will in someway be depressed and they are depressed without some sort of advantage as given by this chamber. That's the fact. That is the fact. If we don't address that in some way shape or form then we aren't really helping them, there's no doubt that St. Vital Mall has a huge competitive advantage over a business on Broadway. There's no doubt of that. Parking alone would be something that

would indicate that many many more people are going to find their way to St. Vital Mall as opposed to Broadway.

It's just more convenient. This is one small way, certainly probably not enough, one small way of us to try and address that. And there is some specific problems in the way the motion is worded and I'm not exactly sure of and I'll ask Councillor Gerbasi to respond to this when she sums up.

The second clause seems to indicate whereas it is equitable to exclude businesses based on geography as businesses near and around the downtown also deserve the same benefit. I don't know what that means Mr. Speaker but it sounds like is not every business in the City of Winnipeg would receive that same benefit.

What is sounds like based on that whereas is that you simply want to expand the geographic region because you're not saying all cities in that warehouse although at the final resolve you do sort of indicate you're moving to a citywide basis but I think that requires some clarification because even though you're not in your head count Councillor Gerbasi and you're saying yes it is clearly citywide, I would ask you to re-read the second whereas in your clause that says it is inequitable to exclude businesses based on geography as a business near and around the downtown also deserve the same benefit.

You clearly did not say citywide so I just wondering why you didn't, okay, that's my question when you sum up.

There's also been some to-do I suppose with the idea that larger businesses downtown don't deserve the same benefit as smaller businesses. Categorically I do not support that; I would urge all my colleagues in this chamber not to support that.

We've gone to great lengths to do what we can to ensure the places like Mountain Equipment Co-op, Staples, Moxies, some of the development around the waterfront, that those bigger or biggish sorts of businesses are in the downtown. We want to ensure that those types of places where people want to shop like it or not people want to shop at these places. We want to ensure that those places as well have the incentive to be downtown. I mean we have to sort of work in the reality of today and it's not a bad thing, but many of these larger businesses are located downtown, at least I don't think so.

In any event I'll ask Councillor Gerbasi to respond to those because I do not agree with this motion and I think it is, I think it is wrong-headed to try and derail that process that I think will bring added investment to downtown which is exactly what we need to balance off some of the suburban growth that we've had.

The budget as people are aware has grown by about 13 million dollars, i.e. we're spending about 13 million dollars more in this budget then we did last year. That represents around a 3 percent tax hike increase give or take, so people should also understand that. However people should also understand that that money is being largely subsumed by the increased area that our city is after one year of development, i.e. we need that extra money to service the increasingly large geographic area that we have in the City of Winnipeg and it grows every year.

Also our eight thousand plus employees are probably averaging a pay increase of around 3 percent a year give or take whether it's CUPE, Fire and Paramedic or Police. All of our employee's eight thousand plus of them are getting that type of raise this year and probably will continue to do so over the course of the next several years. That is where all of that money is going, I hear my Council colleagues, like Councillor Eadie and Councillor Clement talk about a new deal with the province, what we're talking about is simply this, I knows there's not loads of people in the chamber to hear this but there are some citizens and maybe more watching on television and if you are, all we are asking for is a different revenue setup that we can work with and we need to work with other levels of government to achieve that, we cannot do it on our own.

The ideal Mr. Speaker that we want to achieve is to simply increase the portion of user pay type revenue within our revenue pie. Simply put that is all we are asking for. People will all recall the new deal discussions where we spent hours and hours and hours and again asked our corporate staff to prepare all of that documentation, all of those facts to present to our citizens to buttress and support our case that we cannot, we don't want to, we could if we wanted to, but we don't want to simply go with our increasing taxation on the backs of property tax.

We know that's always going to be a part of it. All we want to do is to increase things like the amusement pay tax, like retail sales tax or whatever form it wants to take, something like that in a revenue sharing model with the province would go a long way to ensuring our fiscal sustainability, that's not a very complicated formula.

Councillor Eadie is correct, we presented all of this information to the provincial government in a very user friendly form Mr. Speaker, that could easily have been dealt with but it hasn't been dealt with. We're not necessarily even whining for more money. What we are asking for is a different way to raise money because the wolves are at the door; this budget is probably not sustainable over the course of very many more years.

You've seen Regina, coming in around 3 percent, Calgary around 4 percent, Edmonton around 4 percent, Vancouver around 3.5 percent and Victoria around 4 percent. Those are the Western big cities in terms of property tax increases. There's a reason this is happening, what we're asking for is before we get to that, we should change the way we raise revenues, so our administration can stop having to think about our increase revenue, the only way we can increase revenue is having to increase property taxes and we can become more entrepreneurial that we already are, we can try to attract businesses here, try to attract conferences here, try to attract tourists here so we can raise money that way.

It's a better way to go and if our province is listening, that's what we are asking for.

Mr. Speaker: Thank you Councillor. Councillor De Smedt.

Councillor De Smedt: Thank you very much Mr. Speaker and I also rise to support the budget and I will not be supporting the two amendments that have been proposed.

I think as well I would like to thank the administration for their support and to Executive Policy Committee and to Council for bringing forth this budget.

Having listened to several of my colleagues speak here before me predictably those are on Executive Policy Committee, I always get the impression that really and now reinforced by their comments, the impression that I get is that really MLA's should be double hatted as City Councillors but let me turn that around I think City Councillors should be double hatted as MLA's.

We don't need 31 MLA's in this city to represent really what the heart of politics is about and that's the support of our citizens in this metropolitan area.

However that's just a mischievous comment because we do know from the evidence that we see and the support that we get from the province and how its articulated, the response that they make to the media and that necessarily is not always true or is not always reported accurately to be fair, seems to indicate that they don't have a good feeling on the pulse of what this city is all about and how we have to fund it.

So I do appreciate the comments from the chair of Fiscal Issues and Councillor Eadie, Councillor Steeves about really where we ought to be going in the longer term is having some form of right deal whatever that might be and a non-partisan right deal. We talk about new deals, newer deals, second deals and what not, clearly the evidence is there that municipalities throughout the country and particularity in our province, where 65 percent of the people live in this region,

you add on the capital region, then we're talking about some 70 odd percent are immediately in our area, deserve to have I think a little bit more recognition in funding capital infrastructure projects.

Well having said that as a broad over statement I want to make three points. First of all I really would like to commend our new Mayor, Sam, for inspiring us and challenging us to think a little bit differently about some of the issues, some of them are the same, I mean the rigor of maintaining fiscal discipline is been supported by him and articulated well by him, but the other innovative thoughts that are contained within his campaign literature and since we've been here and watching his leadership on the Council floor as well as Executive Policy Committee and our Council seminars when we're all together certainly indicates that he has a pretty good feel for what this city is about and where we ought to be trying to inspire each other in trying to move it ahead.

So, I thank the Mayor for that. I think he's brought some innovative ideas and one of which is a 2 percent cut to the business tax for the downtown area. Essentially that's my second point.

You know there's no perfect tax, we've talked about the new deal, the right deal and anything else and we're not certain what that is. Clearly though as others have stated it is important that municipalities and our City particularity have an equal opportunity or even a larger opportunity to get a share of those consumption taxes. We've talked about this in the past, even the previous Mayor finally concluded that after trying to look at a cornucopia of some 25 different tax models on consumption in various levels from gas tax, natural gas tax to electricity taxes to other consumption taxes that the easiest and probably most appropriate way to get at it would to be first of all to get the federal government to have a share of that magnificent tax called GST and secondly to get the province to fess up part of their provincial sales tax.

Clearly those are growth taxes that would really make a heck of a lot of sense in addition to what's been achieved certainly from the federal position, the share of the gas tax that they've committed to the municipalities throughout the country. Not quite so, although the province has indicated that they're going to be sharing the 3 cents a litre of their fuel tax as Councillor Clement has clearly indicated it is a bit of a moving shell game that we are clearly not getting an increase relative or parallel to the 3 cents a litre share. They move that number around to make it look good but clearly it isn't there which is regrettable and maybe there are some answers that will be forthcoming from the province that might help to explain to our citizens and I guess that's why we're talking so much about this relationship here this morning between ourselves and the province is because we believe very certainly that our citizens are really not able to pick up because of the spin that is put on and the budget announcement is made over at the province about what is really happening here in the distribution and the sharing of the taxation that the province has suggested they're providing.

And its unfortunate and its probably my invitation to this point to ask the print media certainly and the communications television media to really be more into a investigative role to really analyze this. Without their help, people will just fall asleep, if its just a news story once a month or once every eight weeks, it will fall through. This truly needs an investigative analysis.

So is there any perfect tax, no. I will support the 2 percent cut to the business tax in the downtown because I think as the Mayor has indicated it is a magnificent step forward to reduce a tax and I've asked this question, both around this Council table and to the administration. Nobody can explain to me the rationale of why a business tax. We have a commercial reality tax. A business tax was introduced probably 30-40 years ago that had a different model, it in fact did give credit to smaller business people, but by complaint I guess of the big business folks, they've asked for a reduction to make it equal to all. But nobody could get to the root of why do you need a business tax. You have a commercial reality tax,

what was the purpose of asking business people through their annual rental value to contribute more and until you can explain that it's a tax that is destined to be cut.

We have to cut it, it doesn't make sense, nobody can explain it. The problem of course is that this City has wonderfully felt the impact of some 61 million dollars a year and we'd love to have that tax revenue, but we can't explain how to get out of it and that's the problem when you institute new taxes be wary of what you ask for. So I think the time is right to start cutting. It's reasonably fair, we have committed as a Council to the downtown policy first. I think it gets things moving and we'll see where is goes from there.

I'm very supportive of this particular step and I encourage others to look at that in a more positive way, rather than the negative connotation of what we're trying to achieve.

My third and last point is that I am very pleased that included in the budget has been the increase of funding for the Winnipeg Housing and Homelessness Initiative. I do remind those that were here before us and Executive Policy Committee that were critical but at the same time trying to inspire us during the budget review process to look at that, that this is a 30 percent increase over what was contributed last year by the previous Mayor and the previous Executive Policy Committee that had been living on the surplus protocol to fund this particular initiative.

You should recognize of course that this initiative will probably have some amendments in the years ahead, we're not sure what they may be but we're funding it again this year, increasing funding to some designated target zones that are very important to us all Flora Place and the aboriginal community in addition to the four neighbourhood areas, but by the same token we're going to do a comprehensive analysis on the delivery of this program or the other two levels of government to make sure the results are what we intend, otherwise we could end up with a program that has to be sustained forever without anybody knowing what the impact is and of course for those of you that remember at Council when we supported this I mean we were suppose to have an increase in property tax values to these properties that have been supported and dealt the increase in tax values are supposed to go into revolving reserve account to continue supporting this in the years ahead. That has to be looked at in part of this comprehensive review to see where we are at.

That hasn't happened yet but it ought to happen.

So I'm very supportive of this, I very supportive of the analysis, I think though we should all, I think recollect one item. We get into these programs, most often I think it's always the case, that it has to be a third and third share of funding between the three levels of government. This is a bizarre protocol that has to change in certain areas. This is one of them that clearly is not a core responsibility of the City to be in housing but I don't know morally and ethically how you would not want to provide some funding for your citizens who are in need and you do that and I think that there's people at large in this City whether in the suburbs or else where are quite happy to make sure we contribute towards that. There's value there but I really don't think it should be a third, a third, a third and I think the other two levels of government should be a little bit more considerate and recognizing the fragility of our economic circumstances and how we can raise money.

So I support this budget and I again thank the Mayor for his initiative and his leadership to us, it's been a lot of fun during the course of the last six months. Thank you.

Mr. Speaker: Thank you Councillor. Councillor Smith.

Councillor Smith: Yes, Mr. Speaker, when our Mayor gave me a copy of *Sam's Action Plan for New Winnipeg*, I thought after reading it that our new Mayor thinks outside of the box. His action plan regarding transit for seniors was exciting. It stated free transit access

will be granted to seniors on all Winnipeg Transit routes between 9:00 a.m. and 4:30 p.m. weekdays and all day Saturday and Sunday.

Now the Mayor has scrapped that part of his action plan and in this budget has replaced that commitment with a discount of 50 percent on all tickets and passes for Winnipeg Transit. If the Mayor could not implement this sweeping change that he had in his action plan, he could have modified it and brought it about in stages, for example the free transit access could have been restricted to Wednesday mornings. I'm disappointed with the Mayor's departure from free transit for seniors.

And the Mayor's departure from his action plan in which he pledged to make our communities safer. Obviously for example the tree pruning, it makes our neighbourhoods darker.

1) He's got expanding hours of operation for some community policing offices. Well I went down to the one on Broadway yesterday and got this pamphlet. On it it says the hours are 8:00 a.m. – 8:00 p.m. seven days a week. But in reality that's not the truth. They're only open to 6:00 p.m. now. The hours have been cut so we have a fourteen hour cut rather than expanding according to the Mayor's goals.

2) Assembling our citizens on patrol brigades which is a good idea but nothing's happened.

3) Developing more youth activity programs.

This Mayor and his inherited Executive Policy Committee have not attempted to achieve these goals and in fact the hours that the police service centres that I've mentioned have been reduced by fourteen hours a week and the fact is we could achieve these goals, the Mayor has said by increasing our revenues. One way we could do this is by seriously tackling outstanding parking tickets. Every year we fail to collect a million dollars in parking fines. Right now there are outstanding parking fines of over 10 million dollars. This administration appears to have given up on this direction.

Councillor Bill Clement has stated we have a budget that preserves services; the Mayor has also echoed the same thoughts. The former Mayor used to maintain that there were no service cuts too. However over the last eight years we have slashed department budgets and services and we are doing it again this year. We are letting inflation bite into our budget, just by having stand pat budgets we are being asked to do what we did last year with less.

So far the budget debate prior to today has been mainly on restoring housing funds. The fact is that they were not rescued completely in this budget. Housing allocations for the Spence neighbourhood have been cut by $100,000. To take a $100,000 out at $250,000 allocation is a severe cut in our housing investment strategy. Why we would do it at this time, why not continue our successful strategy in neighbourhood renewal.

This budget does nothing to alleviate the deterioration of services that we're experiencing as Winnipeggers. I urge you to defeat this budget.

Mr. Speaker: Thank you Councillor Smith. Councillor Lazarenko.

Councillor Lazarenko: Thank you Mr. Speaker. Listening to some of the comments being made here today I'm just beginning to wonder what would of the present members of Council do back in the '70's and early '80's when we used to approve a budget from 7,8,9 percent as much as 14 percent per year.

In the '70's when we absorbed all the different department costs of all the former municipalities, when Unicity was formed, we had a budget to look at that was just unbelievable what we had then. I tell you the people bought that because they knew what the problem we were faced with and we proceeded to trudge along.

Now it's a little bit different in the budget process. This budget is before us here today I first would like to thank the administration I usually do each and every year. I know the hard work that they do, the countless of hours, the weekends they put in pretty well for about six or eight months of the year and that in itself the administration thank you, your names have been mentioned before, Annitta you can pass it on to the rest of the staff, even down at the finance building at the floor.

I as one thank you because you provided the guiding light to make the proper decision and Mr. Mayor I know that without the administration we would not have a budget but I also want to thank you that you work well with the administration that you can see that light that we have to reach.

Mr. Speaker when we were introduced with the new Unicity of January 1, 1972, I had run for Council the first time in 1971, the provincial government failed to help the City of Winnipeg to absorb all the costs that we were faced with of accepting all the departments, department heads, the administration, everything, we were faced with those big costs. When the provincial government, the funding formula is not fair, it is wrong. Members of Council who were sitting in Council here worked their way up to be Manitoba Legislative Assembly members and those also who proceeded to work their way down to the Federal level. At that time we were using small shovels but we use average shovels, later we went to aluminium shovels because they were lighter and you could put on a bigger load.

When the former Councillors went in as MLA's they used those huge shovels and they really put on a big load Mr. Mayor and I'll tell you they were not concerned interested about City Council even though they were ranting and raving before when former Premier Gary Fillmon was a member of Council he used to rant and rave and I said this so many times we have to get our share from the province.

They get over there and it's all together different. We're forgotten, they give us a big load, we're carrying responsibilities that I don't think even should be our responsibility, but the cost is borne on us.

This budget Mr. Speaker, I'm glad to see that finally we've got something being looked into as far as with housing. The William Whyte area that I represent has so many boarded up homes and I believe that part of this is the fault on the new by-law that we had passed dealing with derelict buildings and boarded up buildings, they're allowed to get their permits and they can go on as long as they need the aesthetics. A lot of those homes Mr. Speaker are absentee landlords that do not even live in Winnipeg or the province of Manitoba and try to find them and I don't know if this by-law really is going to true work to the level that it is suppose to.

I'm glad to see that we had some money put in and I welcome the North End Renewal Cooperation, I welcome the Winnipeg Homeless Housing to work with the community, I have houses that have boarded up for about twelve years now, I want to see something happen Mr. Speaker and Mr. Mayor with your leadership I want to see that this will work out even you have to ask the organization for a financial report per annum, to make sure that that commitment that they have, the money that we provided to them that they do the job of providing affordable housing also to address the issue of all the boarded up houses that are sitting there idle, a burden, a nice single family home can't even get insurance because of the derelict housing that may be ten on one block.

The budget on transit, that clause is there, the line budget. I want to thank the Mayor because this is what I tried back in the 80's. In Edmonton when I was there this is what they had, free transit ridership for seniors but only off-peak hours. That time I failed, I didn't get it. Now it's a step in the right direction, this is phasing it in, in such a way that this is going to work.

On the issue of the two motions that are before us Mr. Speaker, moved by Councillor Gerbasi, seconded by Councillor Thomas, I never discussed this with either one and I'm wondering

Councillor Thomas who is a member of the Executive Policy Committee was this ever raised at the Executive Policy Committee was there ever a motion presented by Councillor Thomas to the Executive Policy Committee to deal with and get a reply or to have it walked onto the floor of Council as what is here.

I have been one that I was in favour of elimination of the business tax. It was a tax grab that the City introduced many years ago to get additional revenues. When we are building a new facility for the downtown back in 1995, a 220 million dollar facility, our share of the cost was suppose to be borne by the increase in business tax. I can't imagine what would have happened if that would have happened at that time.

This is a step in the right direction, it's a phasing out the first phase of phasing out the business tax that the businesses are hardest with and it is going in the right direction, I know there is a lot of, I've talked to some business people in my area that I represent Main Street, Selkirk Avenue, Mountain Avenue, McGregor, Arlington, the you know there are hundreds of them and I've told them that this is going in the right direction, we have to start somewhere but the way that this is going to be funded because we're limited to how much we can do.

Dealing with the second motion that is before us, Mr. Speaker and that is on the tree pruning. We all of a sudden seem to be getting these motions that come on how do you expect the administration to sit here and we approve that additional cost of $300,000 for forest pruning. This should have been dealt with differently. The administration its impossible for them to go back now and say look we have to come up with the formula that Council has to finally approve. All of a sudden the same thing that what you talked on the motion number one.

You know its unfortunate that because the administration need ample time when they have to work on the budget, each and every time when you see the administration sitting at all our Standing Committees and EPC's deliberation on the budget they are there in case of a motion that is passed that they can work on those numbers so that the full number will be presented to Council as what is here, you know what is here before us today.

I want to Mr. Speaker, I know for a fact this budget will pass, if it's not by 100 percent, I'm sure it will pass even some who have spoken against it will be saying they're going to be supporting the budget. I'm glad that they're finally see the light because you can't perceive. This budget is not a Sam Katz budget, the Mayor's budget, I want to make that very clear. It is a budget that is Council's budget, this is a budget that the administration have worked so many thousands of hours to prepare this budget for us but I have to say that Mayor Katz has worked very closely I'm glad to see that Mr. Speaker that our Mayor not like in the past the former Mayor was ranting and raving all over the bloody buildings, he was up in the 6th floor, the 5th floor, the 2nd floor, he'd be down here, down the basement, you could never catch the guy.

And whenever I went to see him at his office, sorry Councillor you come and see me another time, I'm very busy, I've tried to talk to him, you couldn't. He was a one-track mind. This is why he has a problem right now in Ottawa and I think he's should be getting to know what problems are.

So Mr. Speaker I'd just like to see and hope that Council will decide there are issues. Issues here that are very important because we can't receive and say we are going to be voting against the budget which we know if this happens, I did this back in the '70's, you know this Mr. Speaker just about got us all of us into trouble when we didn't pass a budget, we had about two days to go before the legislation told us that once they pass a budget we always must be threading home and not be able to run for public office for a long time.

So that's, I just hope that Council decides to do this right.

Mr. Speaker: Thank you Councillor. Councillor Magnifico.

Councillor Magnifico: Thank you Mr. Speaker. I'd like to commend first of all the Mayor for the 2 percent business tax cut in downtown because for many many years every Mayor before us has promised this and I've heard it from the businesses that I've been in that we're going to cut business tax, we're going to cut business tax and they never ever do. Do like the fairness of the implementation, not really, but it's important that he shows us his seriousness of cutting that business tax and by doing this he's certainly has done that.

It annoys me to no end when I hear people that really don't know what they're talking about, say businesses must pay their fair share. Businesses pay for many varied licences, permits, encroachment fees, sidewalk rentals for patios, exorbitant property taxes, regressive business taxes, they pay these then the provincial, then the federal and they pay and they pay and they pay. And when I hear that they don't pay their fair share, it annoys me and it really bothers me.

They pay a lot out there; this regressive business tax has to go. Many jurisdictions don't have it at all and they have an edge we don't have. 60 million dollars we're going to have to trim in the next 5-10 years and I'm sure with the will to do it, we will be doing that. The thing that I would like to ensure from the Mayor today is that that roughly 20 percent business tax cut in downtown will apply to every business downtown. I would like to hear that from the Mayor today and be assured that that will happen.

I support this budget.

Mr. Speaker: Thank you Councillor. Councillor Wyatt.

Councillor Wyatt: Hard act to follow Mr. Speaker. Good morning, I rise today, I'm surprised by the motion before us with the amendment, its good to see Councillor Gerbasi and Thomas reading Adam Smith and building on the case of reducing business taxes across the City, that's something for years we not heard from this Chamber and the former member was one of the members was on EPC before, the case was made many a times in this Chamber including by myself and other members of Council that we should be phasing out the business tax and finally we see a step here to phase it out, it's moving in the right direction Mr. Speaker, clearly that its not citywide, we would all love to see it citywide, there's no doubt about it but it's a step in the right direction, its phasing out the business tax, a tax which clearly is regressive. Clearly is a tax upon a tax upon a tax in some cases where businesses, some businesses are subject to BIZ zone fees which is a tax as well. This is a third level of taxation of property which Mr. Speaker is unacceptable.

So I support the move very strongly that's being brought forward. I just want to take a moment Mr. Speaker just to read an email sent by a constituent of mine yesterday into the record cause I think it ties into a lot of the mood of the City right now.

Hello, first I would like to say, I'm not going to mention the name out of confidence, first I would like to say that I think you are doing a great job representing Transcona, thank you, second, this is not a family member or a cousin or a distant relative, thank you, thank you, second I thought that would wake you up, second I have a complaint, I'm usually not a complainer but I would like to voice my concern and disgust about the streets. I've had my licence for six years and I've never seen so many potholes. Every day I drive from Transcona to the University of Manitoba and today I counted 43 potholes on my route. I've seen countless cars swerve to avoid them which is extremely dangerous. Also I feel as though I'm going to lose a tire or get stuck when I'm forced to drive over one. There is an extremely large pothole at the corner of Devonshire and Plessis Road that I'm forced to drive through every time I make a right hand turn on Devonshire to Plessis. I'm not the only one to be surprised at the state of our roads. All five people in my carpool, we're very environmental in Transcona, all five people in my carpool agree that they have never been so bad. It isn't just one area either, it just isn't one area

either, they're all over. Is Council aware of the state of the roads and if yes, what is going to be done about them and why hasn't it be done already. Thank you very much for your time. Once again great job.

This arrived to me yesterday Councillors and no Councillor and it strikes to the very heart of where I think, I've been an eight events in the last two weeks in my ward Mr. Speaker and save one event, citizens have come up to me and said things to me about the state of our infrastructure and our roads. And it usually ranges anywhere from Councillor Wyatt you're doing a great job, please can you do something about our roads to Wyatt what the heck are you doing fix our roads and it varies and it's on the minds of the public and sure we can say that its cyclical and ties to the weather and we know we get calls based on the weather but the reality is Mr. Speaker I think we're hitting a point right now of no return when it comes to our infrastructure.

And that's why I seriously question why in this budget we are now cutting five million out of the capital budget. We are actually reducing 1.3 million dollars for St. Mary's Road from Dunkirk to Greendale Avenue, we're cutting 1 million dollars out of the local street renewal program, we are cutting 1.6 million from the Redwood Bridge renewal, we're cutting 10 million dollars from cemetery improvements and we're cutting a combination of about 1 million dollars for combined sewer and flood relief and sewer renewals.

I realize Mr. Speaker that this cut may not occur in light of the fact that the city may receive federal gas tax but Mr. Speaker in all intents and purposes we have been lobbying federally and we have been lobbying provincially and one of the key tenants of our lobbying, one of the key tenants of our position has been we do not want any claw backs. We do not want any claw backs from the federal government or the provincial government when it comes to the money coming to us. When it comes to fixing our roads and our infrastructure yet we are clawing back ourselves now.

We are doing a claw back. This 5 million dollars Mr. Speaker is a claw back because if we get the 11 or 12 million dollars from Ottawa in gas tax, we put it back in the capital, it only amounts to not only but its 6 million or 7 million, not 11 or 12 million net increase.

So, we have to be very careful Mr. Speaker as a Council that we could lose credibility not just Winnipeg but municipalities across the country if we start doing this.

I heard many members of EPC privately Mr. Speaker talk in favour of a tax increase. I'm glad to hear them talking in favour cause I think we are getting to a position right now where we should have probably had one this year. I think it would have been nice to see EPC come forward with it because I think at this point in time Mr. Speaker next year is going to be a very difficult year with the assessment, even if we had a tax increase to put monies away in a reserve to cushion next year's assessment changes, I think it would have been a wise decision.

This would have been the year to do it Mr. Speaker; next year is going to be a very difficult year with a shift taking place between commercial and residential.

So, I'm going to stand up today and support the budget Mr. Speaker because it's the first budget, operating budget of our new Mayor and I think he deserves a break. He's working very hard on behalf of the City and but I have to point to these issues because to me these are issues which are struggles and the citizens of our city if I'm hearing it folks and I'm out in the community, I'm going to events you can be guaranteed you're going to be hearing it and you can be guaranteed it will be the top election issue come a year and a half from now, guaranteed.

We have now probably more potholes then we have grow operations in Winnipeg which is really quite amazing. So, you know we are, the pothole problem is getting bad, I can assure you and it's not going to get any better, it's going to get worse and its going to get worse and well it's upon us now.

And you know Mr. Speaker the last thing and I've often said this in this Chamber and I'm going to say it again, I don't know if it does any good but you know I know when Councillor, the former Councillor served many years in this Chamber, Councillor Angus stood up in January and was questioning the chair of Fiscal Issues about the budget process, you know when are we going to get involved this sort of thing and then later on the chair indicated that reason why we did not have much time was because the Mayor was away on a trip to the Philippines.

You know, to quote my nephew that is a good excuse, not. You know Mr. Speaker if the budget, we know the budget comes every year, if the budget was like a flood every thirty years or like a famine or like a host of locusts coming upon the City then maybe you know we're not prepared, we have to rush it through. But we know the budget is coming every year, we know there's a way we could involve all the Councillors, we know there's a way to have input from individual Council members who are maybe not on EPC and I think there is a way we can do that, there's a better way we can do that, I think we could have been able to address these things, maybe even little issues like the tree pruning or other issues that are concerns to Councillors.

Right now the concern of the 5 million dollars I think is a big issue. To me its actually not 5 million, its actually 6 million because if you add in the fact that we cut $500,000 for sidewalk renewal and $450,000 from parks and playgrounds in the capital, it's a 6 million dollar cut which to me amounts to about a 10 percent cut in our 61 million dollar capital budget on roads and streets.

So, you know I think we, but these sorts of things could be sorted out if we had a more inclusive process and if we worked at it, that would take a little bit more work, a little bit more time and I would definitely welcome that.

So, I would like to conclude my remarks Mr. Speaker and will be supporting the budget today because it's the Mayor's. What would Ghandi say; well I don't know if he would be supporting me. Thank you.

Mr. Speaker: Councillor Thomas.

Councillor Thomas: Thank you. I rise in support of the budget. I'll go through it and line by line and explain why I'm supporting the budget.

In section 2, the additions to the operating budget increase in community services department for $100,000 additional to library materials. I believe we had made that commitment to the library board last year and had initially had been overlooked and when the library board spoke before us and brought it to our attention, we were able to find the money for that and have increased it by $100,000.

We didn't receive a delegation with regard to increasing the budget for $200,000 for relocation of transmission lines which I hope will bury them. If Reykjavik can do it then the City can do it and I support Councillor Magnifico wanting this in his ward, I know the previous Councillor before him had also wanted it done as well and I think it's important that we do that, I think we should look at doing that throughout our city, but let's start somewhere and we can't do it all at one time and I concur with that commitment that we made too.

I'm a little bit uncomfortable with regard to increasing the local per capita grants by $30,000 but it's in there so I'll support it. I'm certainly supportive of maintaining the rate last year to what it was this year. I think others have said that it's now eight years in a row that we've done this. It's been a challenge and each and every one of these budgets that I've participated on in the last fifteen odd years have been a challenge and it doesn't seem to get easier but we've done it again and I'm very very thankful that we've all pulled together and did it again and I particularity want to the thank the administration and corporate finance personnel for this, Annitta Stenning, Bob Gannon, Jo-Anne Ferrier, and all of the ones that are involved and of course the award, we have an award winning staff, we've won

the gold medal on this I'd say and it's well deserved.

I'll skip back to number five in the end, I think that it was probably a much better use rather than no bus fare for seniors on off-peak hours, that we lower the rate so that all seniors can get a discount on all times so that they don't have to worry if they're catching the bus at five to nine to go to their Doctor's appointment, are they going to have to pay full fare and should they wait the additional fifteen minutes to forty minutes and be late for their appointment so that they can ride free, I think this gives our seniors some stability and I think they're willing to pay as long as they can pay the same all the time and not have to worry about when they're catching the bus.

I approve of us holding back the capital; I think that we have to continue to balance our capital so that we don't go into borrowing so I certainly approve with the amount that we're holding back, related to specific projects. I am so thankful to finally see the City's affordable housing initiatives included as a line item rather than taken out of surpluses. We've been doing a fairly good job in past years of taking it out of surpluses but we ran into problems last year and so I think that we have to start including it and for me that was really important because I felt if we are going to include raw lands then we have to do what we can to make our existing housing in our inner city neighbourhoods affordable and look well.

I want to get back to why I'll be supporting both the amendments to the budget. I'm not really a big fan in removing business tax off the public tax rolls. I've tried to explain this to Jenny when she phoned me last night about the implications that it has for particularly inner city wards. If you remove it and you make it all based on property taxes, that means that a person regardless of whether a building is full or not gets charged the same rate.

Business taxes are on the businesses that are operating in that area. If you have two or three or four in a little mall that aren't operating, then it's not on the owner of the property and it's not on the business that's not there. My concern is that if we remove the business taxes and flip it all over to property taxes that it will end up with the abandonment of inner city neighbourhoods as people look to developing businesses where they can get their best bang for their buck and they'll mow down and leave vacant tooth marks in my area as the owners of the property abandon the inner city wards and move them to other areas of the city and I'm concerned about the implication that has for the businesses in my area.

Which is why I liked Councillor Gerbasi's way of distributing business tax relief. So that I'm assured that the people who can least afford to pay the tax are the ones who are given the relief and I will be supporting her motion.

I will also support Councillor Smith's motion with regard to adding $300,000 in the forestry budget. I looked at the intergovernmental affairs and trade portion of the provincial budget and we've received a number of additions whether it's with regard to the provincial municipal tax sharing, the transit operating, the VLT revenue sharing and now the new casino revenue sharing that we will be getting it, it comes to a little bit over 6 million, its about I think about $300,000 more than we were anticipating from the provincial government because we had new funding requests of about 6 million for what we were hoping would be for an assessment share, thank you, and while we didn't get it for that, we did get an additional 6 million plus in operating revenues and I think that the amount that Councillor Smith has suggested be added to the forestry pruning which is $300,000, it's approximately equal to the amount of the additional revenue that we will be receiving from the provincial government and equal, more than we were anticipating so I don't think it'll end up changing the bottom line with regard to a tax increase if we do that so I'm supportive of that.

I know that that $300,000 will nowhere near change it from Councillor Smith's ideal of five to seven years as compared to 44 years, but I know it will make a dent

and I believe that we can afford it with the increased revenues that we've had.

I know that some Councillors have said their frustration because the revenues weren't where they expected but my initial glance at the provincial government as we have approximately 12 million over last year although it's not all where we would have liked. It is there and most of it is actually in capital rather than in current but I think that the money is there and I think that we can afford to have that minimal increase in $300,000 given all that, I will support the operating budget and the amendments. Thank you.

Mr. Speaker: Thank you Councillor Thomas. Councillor Smith closing debate on his amendment.

Councillor Smith: I think its fairly obvious you know, when we think of safety, we should think of the neighbourhood, we shouldn't just think of more and more police officers. It seems to me we should be thinking of recreation, we should be thinking of making the neighbourhood brighter and not so dark and inviting for crime.

I think it's very clear. And I think that as I said this motion is basically from the Mayor's action plan, word for word and so I would like him to be independent for a little bit, you know go ahead and vote the way your residents want you to. If you have trees on the boulevard, they want them maintained and I think this is what this does.

Mr. Speaker: Thank you Councillor. Councillor Gerbasi on motion one.

Councillor Gerbasi: Thank you Mr. Speaker, I appreciate the opportunity, I'll try to address some of the issues that have been raised by some different Councillors.

First of all one of the reasons that this was, it is unfortunate I didn't get an opportunity to raise this earlier, I had wanted to raise it in question period numerous times, I had the question I have been carrying around with me about Bill 4 but because of the democratic deficit around here people voted against extending our question period, I didn't have time to raise it then and then the budget process has been, I think I said in the media, that this budget process sucks and I agree with Councillor Wyatt because we actually passed a motion last year to include Councillors earlier on before we even tabled a budget at EPC publicly so the Councillors could raise these kinds of ideas and I didn't have that opportunity even this though Council unanimously supported doing that last year.

So, that's why it wasn't raised earlier and I'm sorry about that but. It's interesting that most of the Councillors who spoke, who weren't supporting my motion didn't actually criticize the idea or the intent of the motion at all. It was more that you know we aren't ready to do it, or we haven't had time or whatever. Nobody really said it was a bad idea, or except for maybe Councillor Steeves, that it was a bad idea to give the smallest businesses a break first and I think what this really shows is that people just really haven't done their homework and this business tax discussion did not start six months ago or when Mayor Katz was elected. It was in 2001 we had public hearings on this issue and Councillor Angus and the Chamber of Commerce and all kinds of people came and said give a break to the smallest businesses first. We could have been prepared for this, with something more creative and we weren't.

Another issue here is ideology, which I heard from Councillor Steeves who was the only one who spoke to his true ideology which is that give it to everyone regardless of the size of the business. Well more progressive governments such as our provincial government right now for example actually give tax breaks targeted to people of smaller incomes and I agree with that or smaller businesses and I agree with that and I'm speaking and advocating for that excuse me but I think that is the right thing to do and in fact I heard those same ideas from other Councillors in the previous, you know in fact EPC never did reduce business tax before because no one on EPC wanted to

because they had other priorities at the time. Now that's changed.

What's missing here is leadership and a can do attitude, let's try something, let's be creative, let's listen to what, why as Council we've been given in the past from Councillors like Councillor Angus and others who said let's be innovative and let's do this properly, but it's all about what we can't do, we don't have the bill, and we don't have the legislation in front of us so let's just do this the wrong way, I'm sorry I'm not convinced.

And you know what next year if we give the rest of the city the business tax breaks which I don't know how we're going to afford, if we do that we will no longer have a downtown first policy, so next year it'll be a business first policy which is nice for some but it's not going to benefit the smallest businesses the most. It's going to benefit the biggest businesses the most and I don't hear a lot of people jumping up and down for joy over that, they're being fairly quiet about that, it's all about process and not introducing it soon enough and not enough time to think about it.

Well be creative if you really wanted to do it you can find a way to do it. So, I thank you for the opportunity to speak to this motion again and I urge you to be creative and support it. Thank you.

Mr. Speaker: Thank you Councillor Gerbasi. Closing debate on the clause itself Mayor Katz.

Mayor Katz: Thank you Mr. Speaker. It certainly has been an interesting morning to say the least. I've heard so many comments and I will say that what I find disappointing is every single Councillor had the opportunity to ask questions of either myself or the chair of Fiscal at the seminar that we heard, that we had, there was many questions asked and it's something that surprises me that for the first time, there is new things arising.

As you know every member of the public including Councillors had the opportunity to make presentations to EPC on concerns. We spent almost a full day and yet some of the things that came up today, no one ever made a delegation. I will say to Councillor Smith, you're absolutely correct. Tree pruning was one of the thirty items that was listed in *Sam's Action Plan* and I intend to work hard to find the savings or find the revenue that we can do more.

I also want to know if you believe in it so much, where were you when it was time to make a delegation. I didn't see you there. Anyways the point is, is that everybody has the right to make comments and criticisms and I accept them.

I can stand here today and say that I am very proud of the results that have come from the hard work of our administration, of EPC and other Councillors who have had input as well as the public. I think this is a great first step, I think we are showing leadership, I think we are getting things done and that's what the public wants to see and to be very frank with you when it comes to the business tax, I find it incredible that anybody would even say that you know business has to pay their fair share.

Well Mr. Speaker they're not paying their fair share, they're paying more than their fair share and you know what its interesting how it can be pointed out that what someone is getting back without pointing out how much they're paying, yes we have small businesses and yes we have large businesses and I challenge anyone to walk around our downtown, okay or walk anywhere in this City whether it's the University, whether it's hospitals, whether it's Assiniboine Park, the names that have been mentioned here which I will agree with Councillor Clement, I think was very disappointing to hear that mentioned. These are some of the good corporate citizens, the good citizens that care about the City, that care about the arts and culture, that care about fundraising for hospitals, that care about venues in the park, that care about our City that give back and you what since when is a crime to work hard, to employ thousands of employees and to make a profit.

Is that a dirty word nowadays? I didn't know that. I thought that's what our city is all about. So I would ask that everybody support this budget. I think we've definitely put forward our best efforts and as I said earlier, there's still a lot of work to be done, this is the beginning and I'm not going to apologize for not getting everything done in nine months.
We will get to it. Thank you very much Mr. Speaker.

Mr. Speaker: Thank you Mr. Mayor. I've had a request for recorded votes. We'll start with motion 2 the amendment by Councillor Smith. All in favour of the amendment please rise

A RECORDED VOTE was taken the result being as follows:

Yeas

Councillors Gerbasi, Smith, Thomas.

Nays

His Worship Mayor Katz, Councillors Eadie, Clement, De Smedt, Magnifico, Pagtakhan, Steeves, Wyatt, Lazarenko, Mr. Speaker Councillor O'Shaughnessy.

City Clerk: The vote Mr. Speaker, Yeas 3, Nays 10.

Mr. Speaker: The amendment is defeated. Moving onto the recorded vote on motion one, the motion, the amendment of Councillor Gerbasi. Would all in favour please rise.

A RECORDED VOTE was taken the result being as follows:

Yeas

Councillors Gerbasi, Smith, Thomas.

Nays

His Worship Mayor Katz, Councillors Eadie, Clement, De Smedt, Magnifico, Pagtakhan, Steeves, Wyatt, Lazarenko, Mr. Speaker Councillor O'Shaughnessy.

City Clerk: The vote Mr. Speaker, Yeas 3, Nays 10.

Mr. Speaker: The amendment is defeated. On the clause, the 2005 operating budget of the City of Winnipeg, all those in favour please rise.

A RECORDED VOTE was taken the result being as follows:

Yeas

His Worship Mayor Katz, Councillors Eadie, Clement, De Smedt, Gerbasi, Magnifico, Pagtakhan, Steeves, Thomas, Wyatt, Lazarenko, Mr. Speaker Councillor O'Shaughnessy.

Nays

Councillors Smith.

City Clerk: The vote Mr. Speaker, Yeas 12, Nays 1.

Mr. Speaker: The motion and the clause have been carried. Moving onto by-laws. For first reading, Mayor Katz.

EXECUTIVE POLICY COMMITTEE CONSIDERATION OF BY-LAWS

Mayor Katz: Thank you Mr. Speaker, I'll move that By-law No. 60/2005, 61/2005 and 62/2005 be read a first time.

Mr. Speaker: All in favour? Contrary? Carried.

Clerk: By-law No. 60/2005, 61/2005 and 62/2005.

Mayor Katz: Mr. Speaker, I'll move that By-law No. 60/2005, 61/2005 and 62/2005 be read a second time.

Mr. Speaker: All in favour? Contrary? Carried.

Clerk: By-law No. 60/2005, 61/2005 and 62/2005.

Mayor Katz: Mr. Speaker, I'll move that the rule be suspended and that By-law No. 60/2005, 61/2005 and 62/2005 be read a third time and that the same be passed and ordered to be signed and sealed.

Mr. Speaker: All in favour? Contrary? Carried.

Councillor Lazarenko moves adjournment. Roll call.

ROLL CALL

Clerk: Mr. Speaker Councillor O'Shaughnessy, His Worship Mayor Katz, Councillors Eadie, Clement, De Smedt, Gerbasi, Magnifico, Pagtakhan, Smith, Steeves, Thomas, Wyatt and Lazarenko.

COUNCIL ADJOURNED AT 11:45 a.m.