



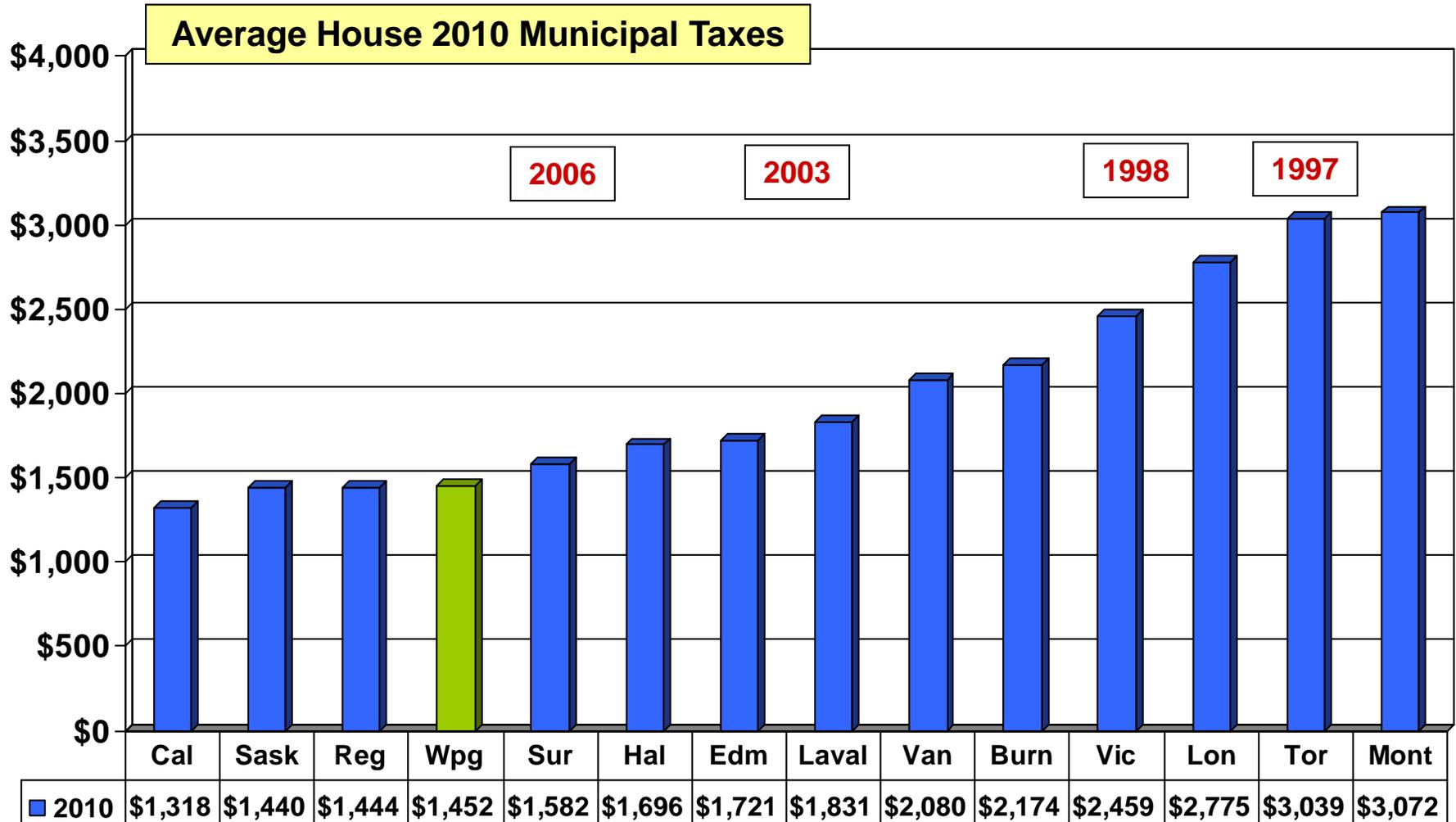
Not all cities are created equal

A look at the differences  
in cities' sources of revenue

**January 2012**  
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# Winnipeg's Change in Residential Property Tax Ranking 1997 to 2010



Source: City of Edmonton 2010 Residential Property Taxes & Utility Charges Survey.

Out of 21 cities in survey, used 14 largest cities (Regina and larger approx 200,000 plus population) which provided average data.



# Property Tax Changes in Cities

**Winnipeg's ranking in the Edmonton Property Tax Survey has changed due to the property tax freezes and reductions that have occurred over the last 14 years. During this same period, other cities have been increasing property taxes.**

	<b>Cumulative</b>						<b>Cumulative</b>	
	<b><u>1999 to 2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>1999 to 2011</u></b>	<b><u>2012</u></b>
<b>Western Cities</b>								
Vancouver	28.7%	8.0%	1.2%	5.8%	2.0%	2.0%	47.7%	n/a
Edmonton	30.3%	5.0%	7.5%	7.3%	5.0%	3.9%	59.0%	5.4%
Calgary	30.0%	2.6%	4.5%	5.3%	4.8%	5.0%	52.2%	6.0%
Saskatoon	24.0%	4.8%	5.4%	3.4%	3.9%	4.0%	45.5%	4.0%
Regina	16.9%	3.9%	2.8%	0.0%	4.0%	4.0%	31.6%	3.9%
Winnipeg	-6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-6.0%	n/a
<b>Eastern Cities</b>								
	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2006 to 2011</u></b>	
Toronto	3.0%	3.8%	3.8%	4.0%	2.9%	0.0%	17.5%	2.5%
Ottawa	3.9%	0.3%	4.9%	4.9%	3.8%	2.5%	20.3%	2.4%
Hamilton	2.2%	3.4%	4.6%	6.1%	2.0%	0.8%	19.1%	4.8% <sup>P</sup>
Montreal	0.0%	0.0%	0.0%	0.0%	5.3%	4.3%	9.6%	2.5%

\* NOTE: Edmonton – 3.9% for Operating and 1.5% for Capital

Source: Cities' websites

"P" denotes a proposed increase

# 2010 Edmonton Residential Property Tax Survey

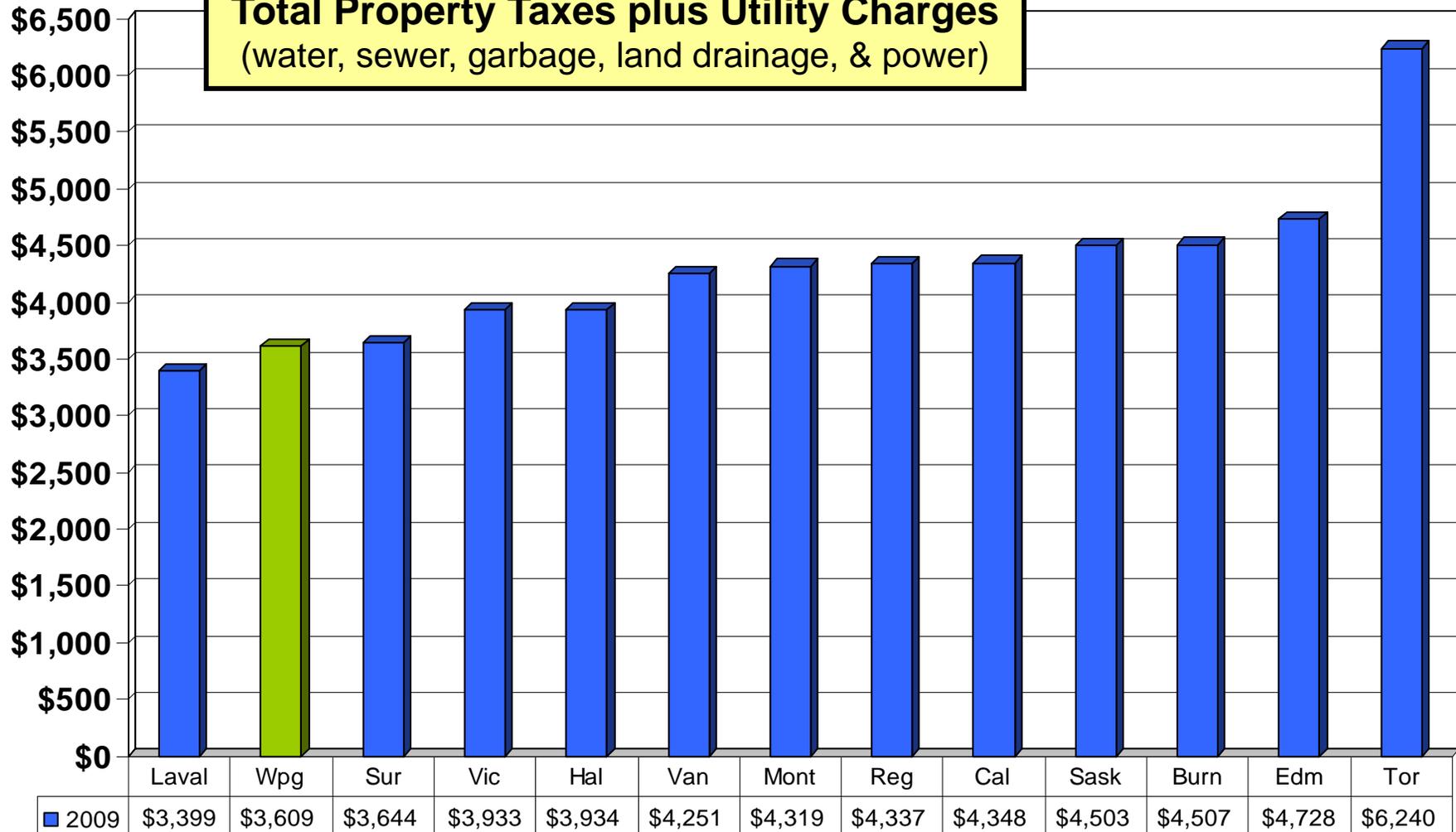
## Cities with Municipal Utility User Fees

- There are differences in how some cities charge for water, sewer and garbage collection services. Montreal has a low water & sewer rate, with additional charges paid thru property taxes.
- Some cities have a garbage user fee: annual fees for Edmonton, Surrey, Vancouver, Calgary and Toronto are \$358, \$241, \$211, \$151, and \$39 respectively. Its important to consider utility charges when comparing equivalent costs.
- Toronto introduced a garbage fee in 2008.

Cities	Garbage	Land Drainage	Water	Sewer
Vancouver	X		X	X
Victoria	X		X	X
Burnaby			X	X
Surrey	X	X	X	X
Edmonton	X	X	X	X
Calgary	X	X	X	X
Saskatoon		X	X	X
Regina		X	X	X
<b>Winnipeg</b>			X	X
Toronto	X		X	X
Montreal			X	
Laval			X	X
Halifax			X	X

# Home Ownership Cost

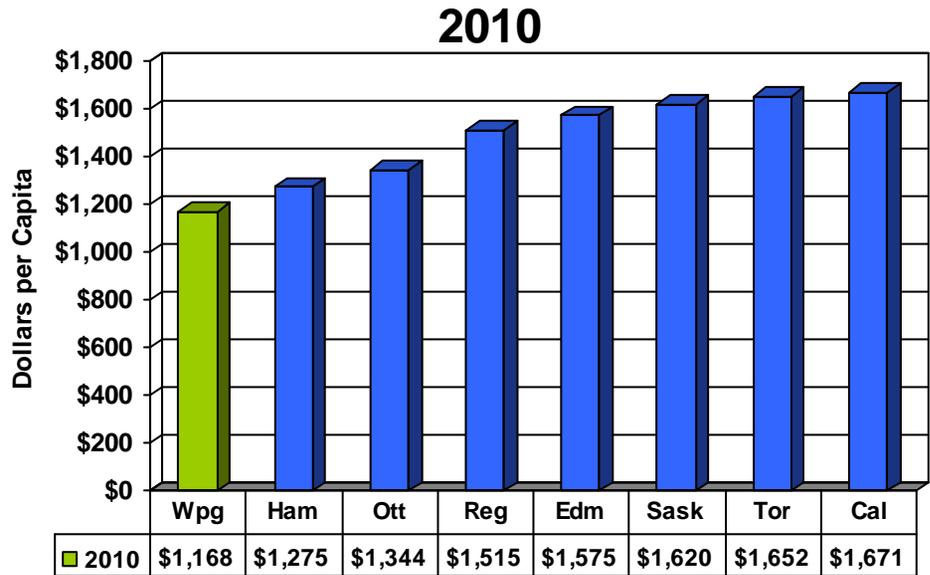
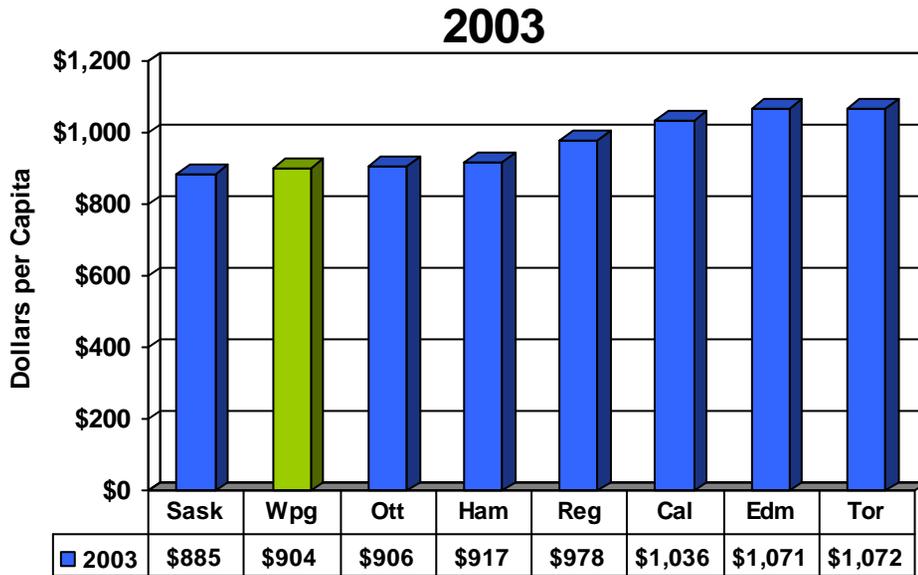
**Average House**  
**Total Property Taxes plus Utility Charges**  
 (water, sewer, garbage, land drainage, & power)



Source: City of Edmonton 2010 Residential Property Taxes & Utility Charges Survey.  
 Out of 21 cities in survey, used 14 largest cities (Regina and larger approx 200,000 plus population) which provided average data.



# Operating Expenditures for Similar Basket of Services (excludes Transit and Interest Charges)



Winnipeg now has the lowest operating costs per capita when **compared** to other large Canadian cities.

Hamilton spends 9% more than Winnipeg on a similar basket of services; while Calgary spends 43% more.

## Percentage different from Winnipeg

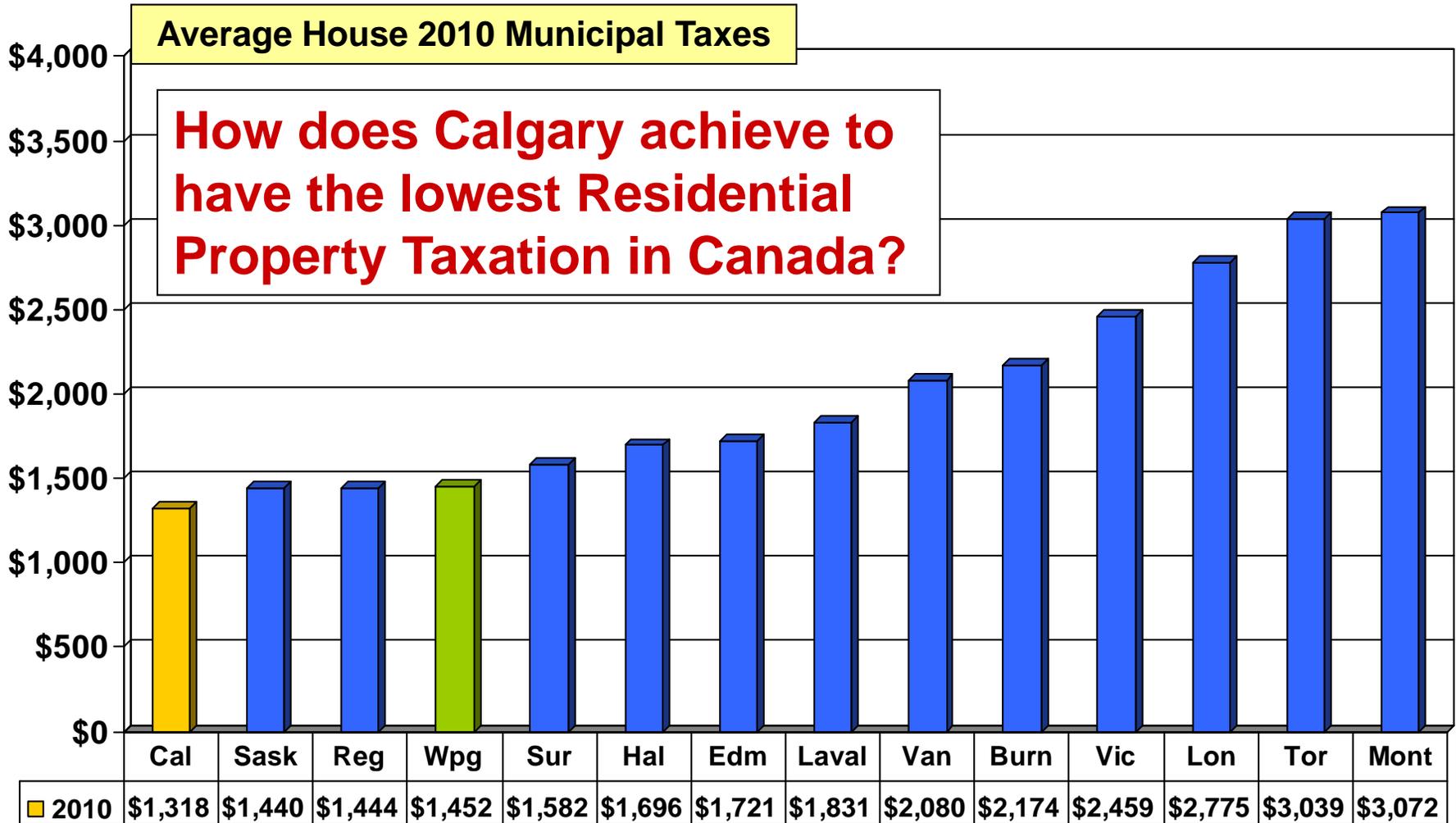
	Wpg	Ham	Ott	Reg	Edm	Sask	Tor	Cal
2003	0%	1%	0%	8%	16%	-3%	18%	12%
2010	0%	9%	15%	30%	35%	39%	41%	43%

**Basket of Services:** Police, Fire, Roads, Water, Sewer, Land Drainage, Solid Waste, Recycling, Parks, Recreation, Libraries, Arts & Culture, City Planning, Development and Permits, Animal Services, Fleet, Municipal Buildings, Corporate Services, and Council (Note: For Edmonton also excludes Water.)

Does not include: Ambulance, Assessment, Cemeteries, Public Health, Social Services, Housing, and Electric Utility, Transit and Interest.

Source: Annual Financial Reports of various cities. Prepared by The City of Winnipeg

# Residential Property Tax Ranking 2010

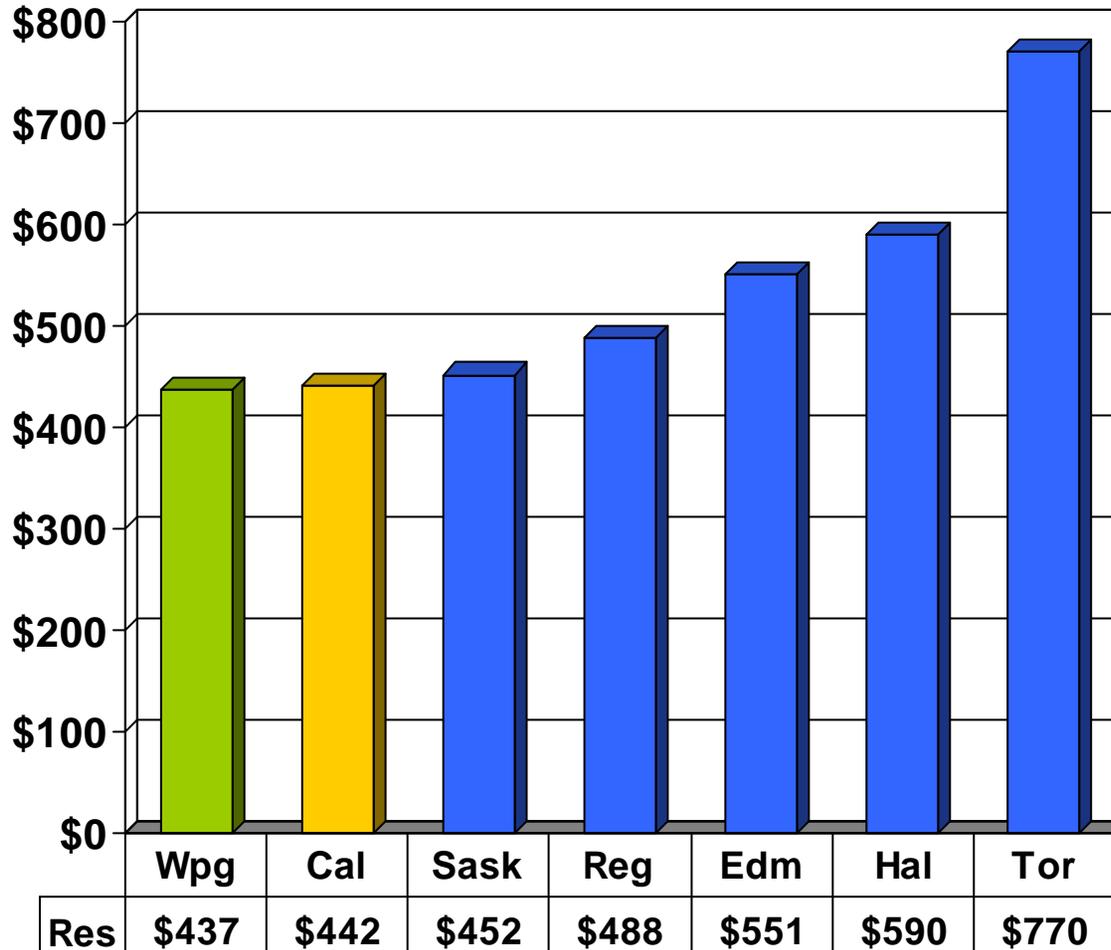


Source: City of Edmonton 2010 Residential Property Taxes & Utility Charges Survey.  
Out of 21 cities in survey, used 14 largest cities (Regina and larger approx 200,000 plus population) which provided average data.



# Residential Property Tax Revenue per Capita

in \$ per capita



**There is a correlation with property tax levels between: the average house and on a per capita basis.**

**Winnipeg and Calgary are amongst the cities with the lowest residential property taxation in Canada.**

Source: City of Winnipeg, 2010 Edmonton Property Tax Survey

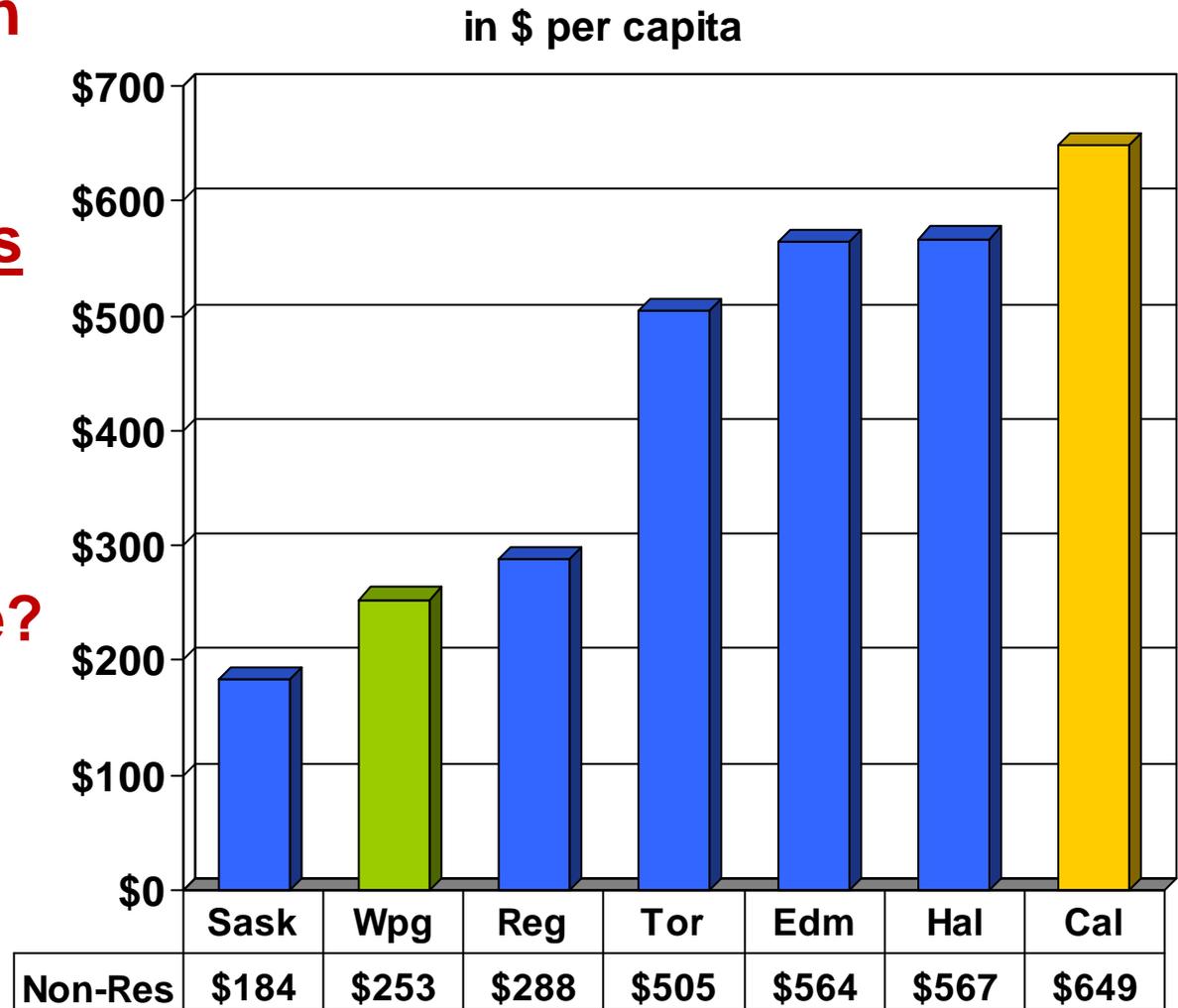


# Non-Residential Property & Business Tax Revenue per Capita

**Winnipeg is lower than Calgary for per capita Non-Residential Property and Business taxation – by a significant amount.**

**Why such a difference?**

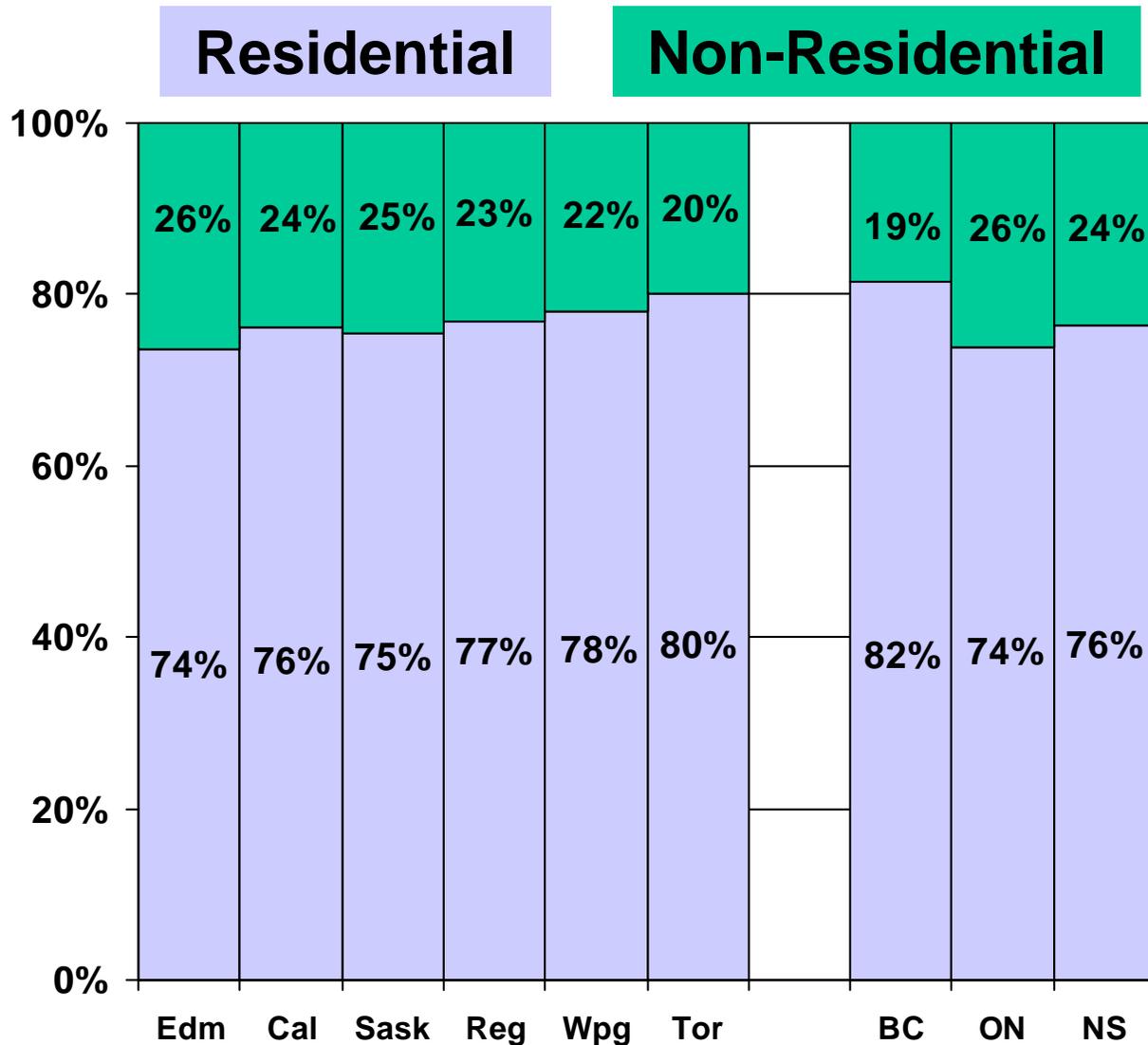
**Does this mean Winnipeg has lower taxation on Business than most Canadian cities?**



Source: City of Winnipeg, 2010 Edmonton Property Tax Survey



# Distribution of Assessment Valuation for Residential and Non-Residential



**The mix of residential to non-residential property value is similar in most Canadian cities.**

**In other words the mix of our tax bases are nearly identical!**

**The average of these 9 geographies:  
non-res 23%  
res 77%**

*Wpg was 28% in 2003*

Source: City of Winnipeg, cities: websites, annual reports, 2010 assessment roll



# Which Large Cities have a Business Tax?

## Business Tax

**Transition**   **Edmonton phasing out**  
**Yes**   **Calgary**  
**Yes**   **Winnipeg**  
**Transition**   **Halifax mostly phased out**  
**No**   **All other large cities**

**Several cities have replaced their business tax with additional commercial property taxation.**

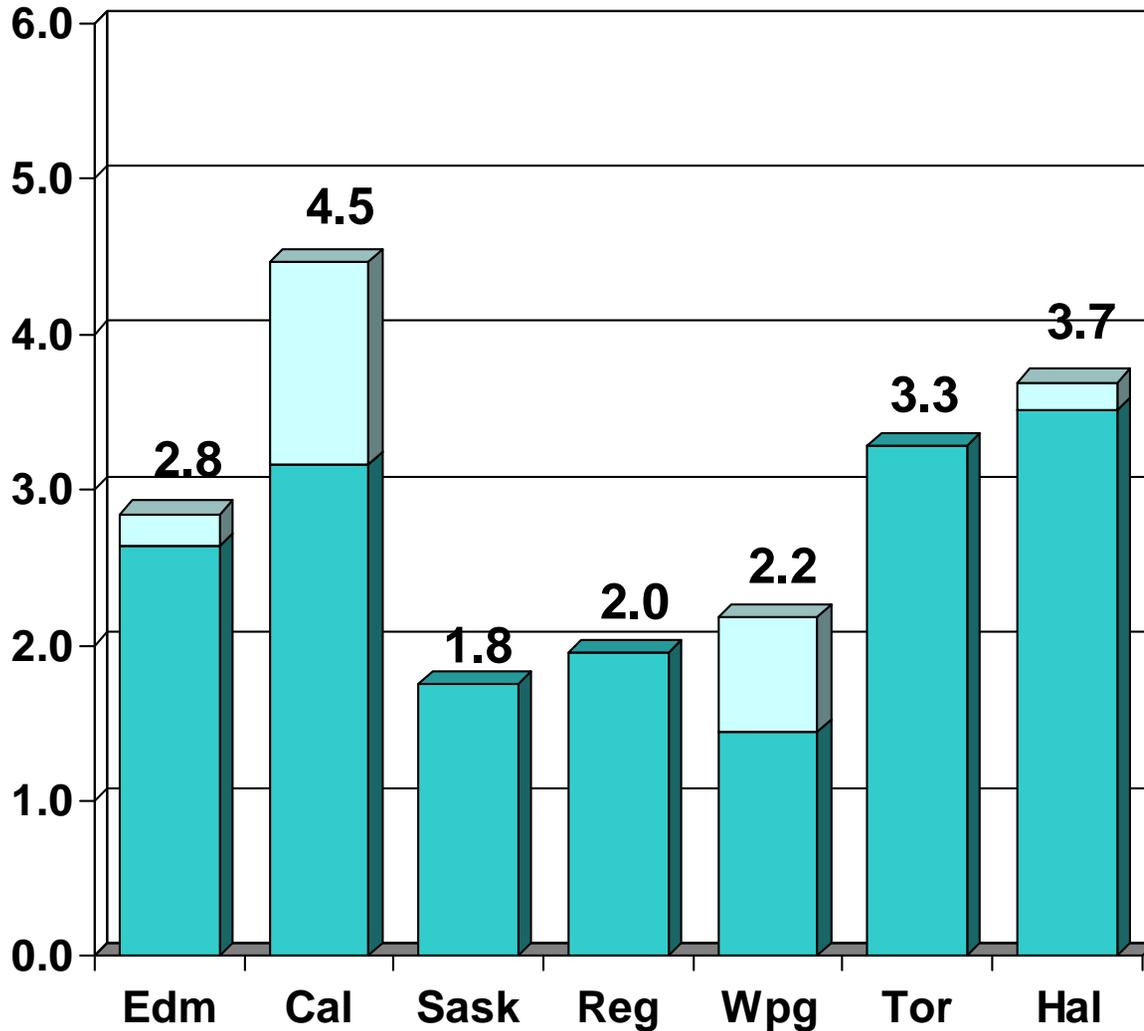
In 1998 the Ontario government introduced legislation which resulted in cities replacing their business tax revenue with harmonized non-residential property tax mill rates.

In 2003, Montreal did the same.

Regina & Saskatoon also eliminated their business tax. It was a straight reduction for businesses.

But, there was a similar dollar increase in Payment in Lieu of Property Taxes by the Saskatchewan Provincial Government (for properties that they were not paying taxes on). The net result was revenue neutral for the those cities.

# Ratio of Property Tax Rates Commercial to Residential



**All cities except  
Winnipeg set their  
own tax rate for each  
class of property.**

**Although, the Ontario  
government has set a  
cap on a the  
commercial to  
residential ratio.**

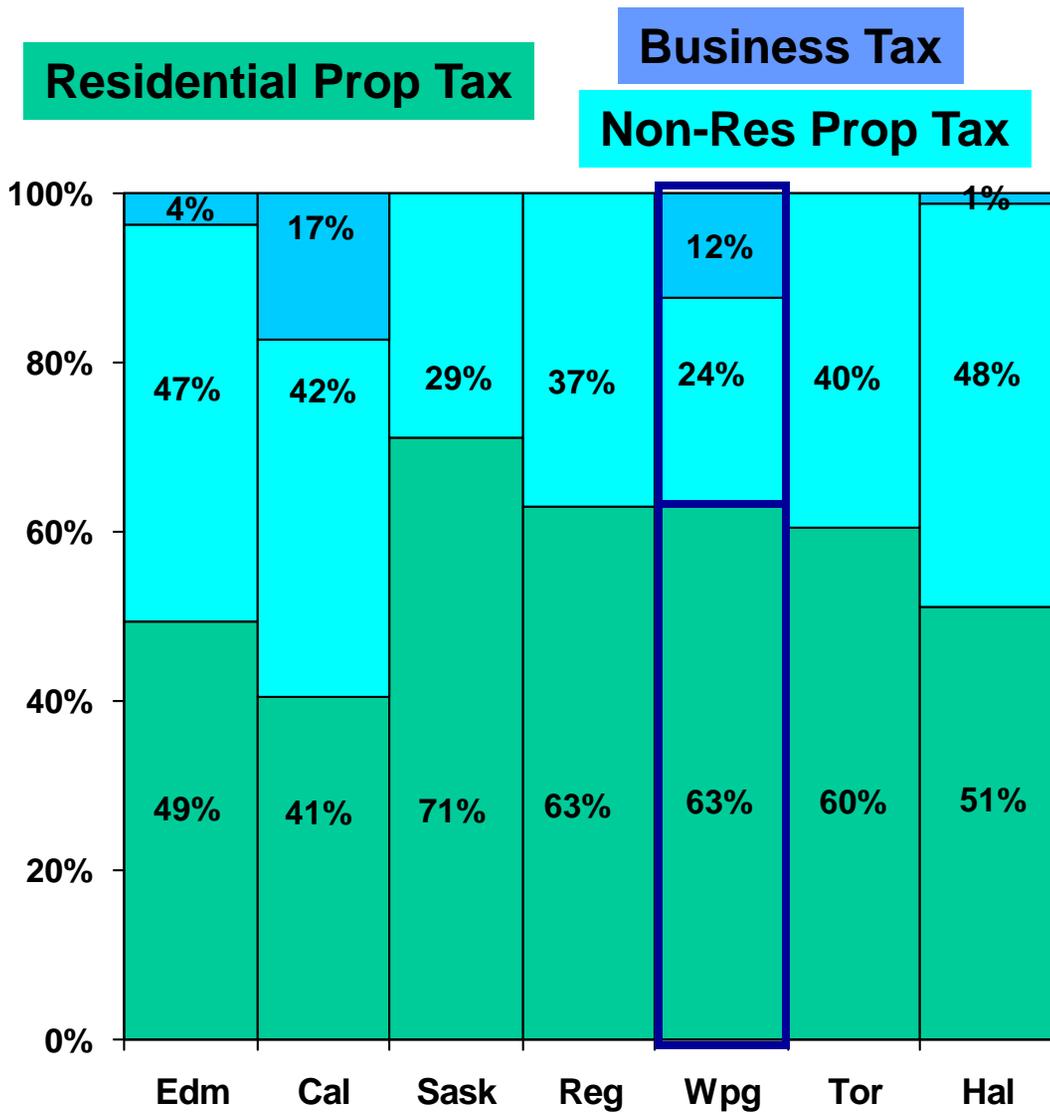
**Average of 6 other  
cities is 3.0**

Source: City of Winnipeg, websites, annual reports, used 2010 tax rates.

For cities with business tax, converted business tax amount to an additional tax rate amount for non-residential properties



# % Distribution of Property & Business Tax Revenues for Residential and Non-Residential



**Winnipeg has a lower reliance on commercial /business taxation as compared to the other large western cities.**

**Calgary and Edmonton rely on 59% and 51% of their tax revenues coming from businesses.**

**Winnipeg is at 37% (was 46% in 2003).**

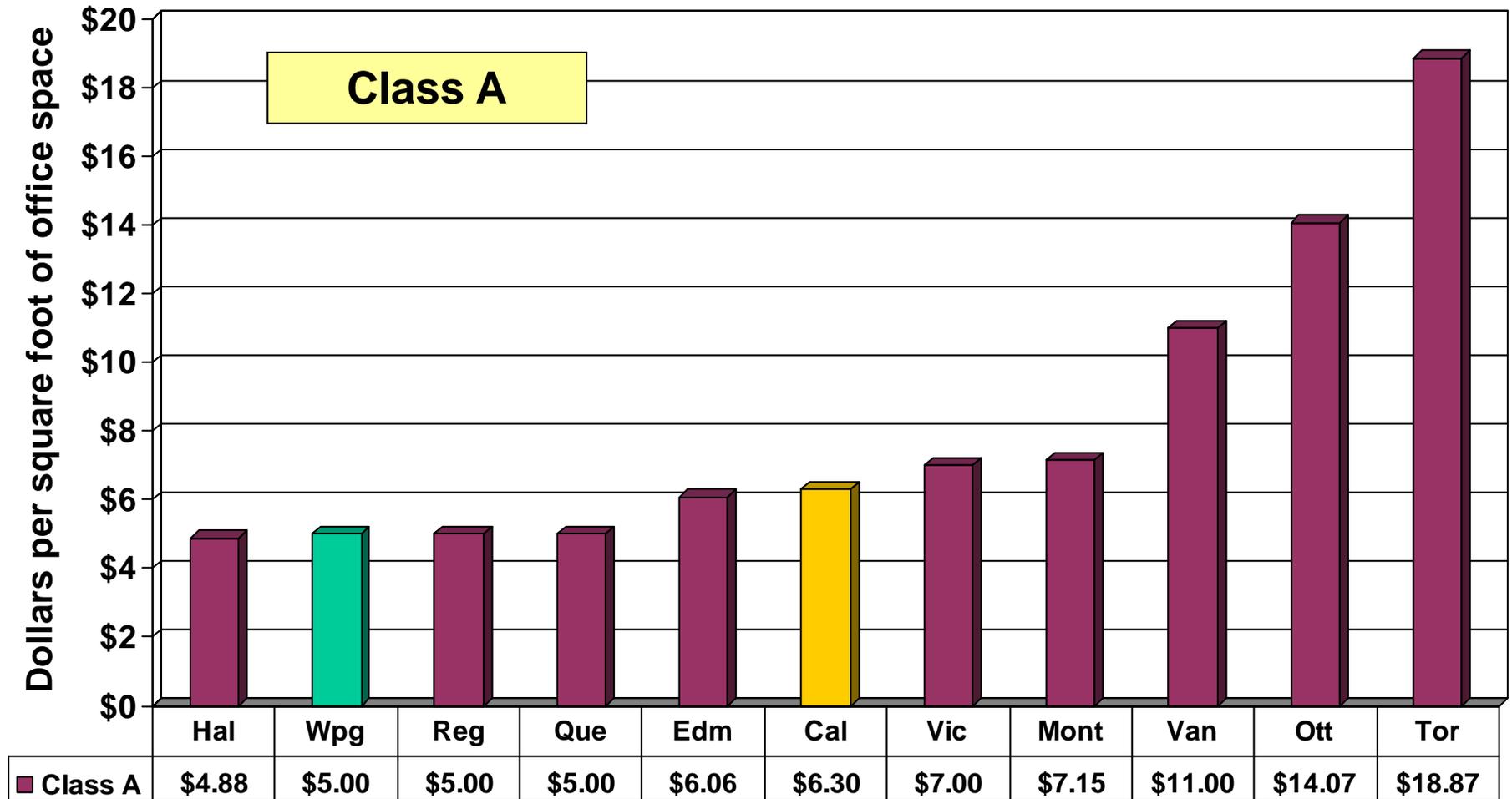
**This results in Winnipeg having lower taxes for business and makes it difficult to have low residential property taxes as well.**

Source: Edmonton 2010 Property Tax Survey

# Commercial Property Tax Ranking

## 2010 Property Taxation

### Downtown Office Space



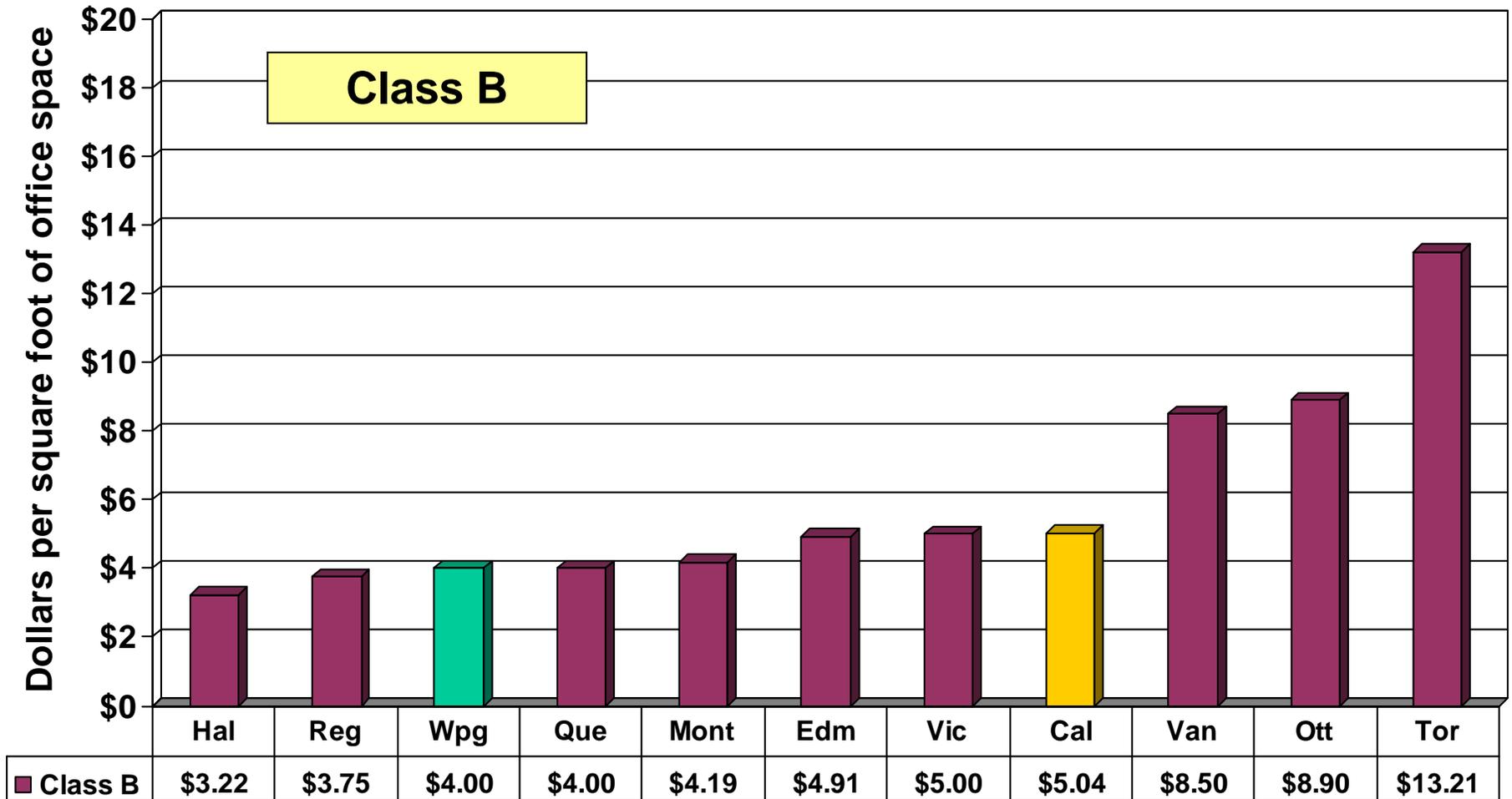
Source: Colliers International, January 2011. Study commissioned by Halifax Regional Municipality.  
Class 'A' is the newest, highest-quality office space



# Commercial Property Tax Ranking

## 2010 Property Taxation

### Downtown Office Space



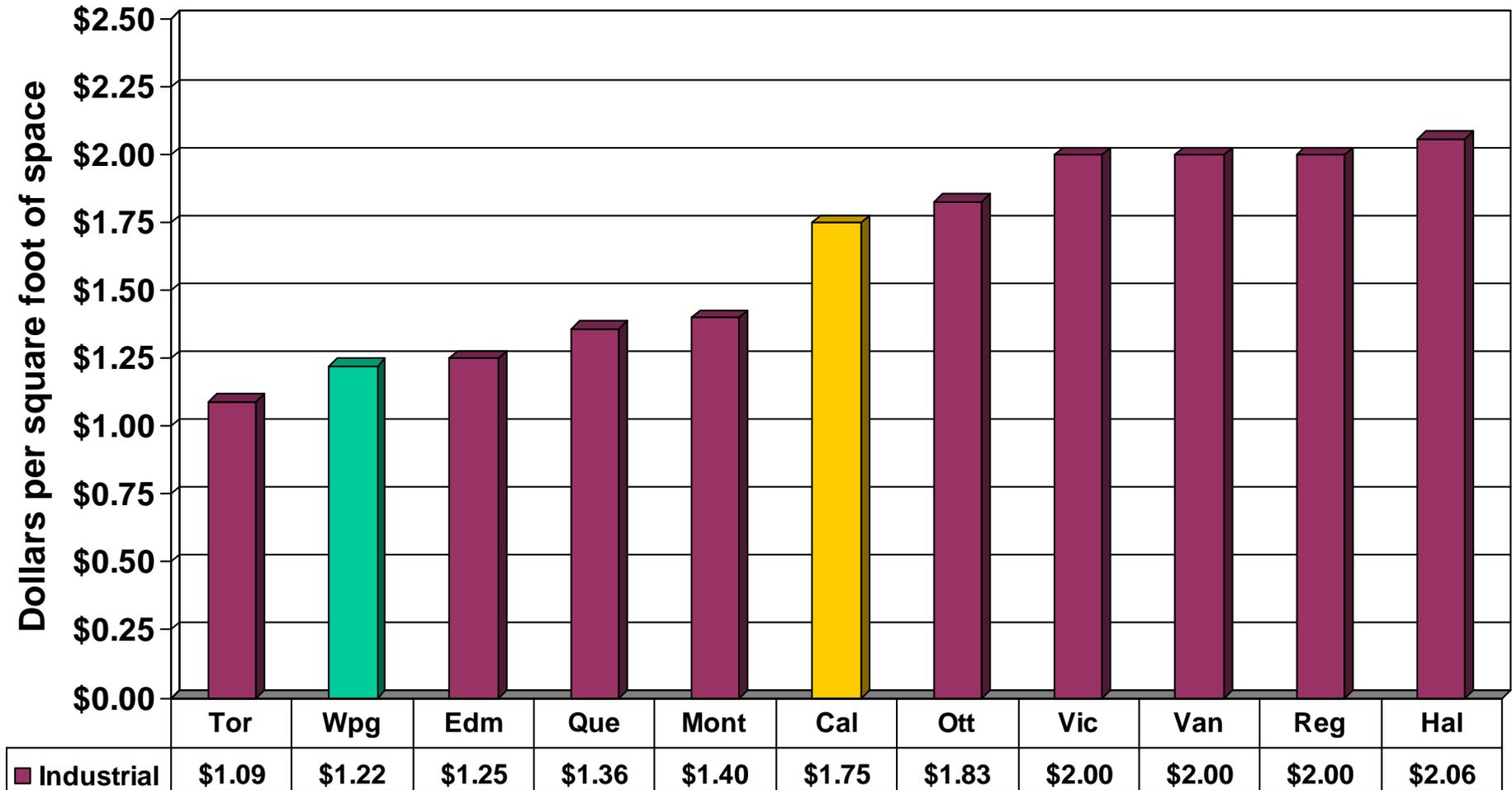
Source: Colliers International, January 2011. Study commissioned by Halifax Regional Municipality.  
Class 'B' is good quality office space



# Commercial Property Tax Ranking

## 2010 Property Taxation

### Industrial Space



Source: Colliers International, January 2011. Study commissioned by Halifax Regional Municipality.  
 Class 'A' is the newest, highest-quality office space

# Revenue Comparison

**Other Prairie cities collect greater amounts of total property tax and business tax revenues than Winnipeg on a per capita basis. As well, other cities have access to different revenues.**

2010 Revenues - Actuals	<u>\$ per capita</u>				
Removed Housing and Ambulance population	800,000	1,071,500	224,300	197,900	684,100
\$ per capita	Edm	Cal	Saskt	Reg	Wpg
Residential Property Tax	\$538	\$440	\$469	\$486	\$444
Non-Residential Property Tax	\$510	\$500	\$191	\$286	\$171
<b>Total Property Taxes</b>	<b>\$1,048</b>	<b>\$940</b>	<b>\$660</b>	<b>\$773</b>	<b>\$615</b>
Business Tax	\$41	\$188	\$0	\$0	\$84
Other Taxes (incl Frontage Levy)	\$14	\$23	\$1	\$9	\$61
Elec/NG Franchise Fees/ Utility Tax	\$129	\$91	\$154	\$179	\$34
<b>Total Taxation</b>	<b>\$1,233</b>	<b>\$1,242</b>	<b>\$815</b>	<b>\$961</b>	<b>\$794</b>
User Fees and Charges	\$340	\$373	\$144	\$182	\$177
Solid Waste User Fees	\$147	\$78	\$21	\$32	\$15
Transit Fares	\$130	\$140	\$52	\$37	\$96
Grants - Operating	\$117	\$112	\$196	\$179	\$188
Grants - Capital	\$487	\$447	\$243	\$295	\$156
Development Cost Charges	\$43	\$34	\$250	\$63	\$0
Dividend Transfer	\$170	\$58	\$97	\$0	\$29
Interest & Other	\$119	\$160	\$206	\$99	\$92
<b>Total Tax Supported Revenues</b>	<b>\$2,786</b>	<b>\$2,643</b>	<b>\$2,024</b>	<b>\$1,847</b>	<b>\$1,548</b>
water and sewer	\$362	\$346	\$332	\$395	\$299
<b>Total Revenue (\$ per capita)</b>	<b>\$3,148</b>	<b>\$2,989</b>	<b>\$2,356</b>	<b>\$2,242</b>	<b>\$1,848</b>
more relative to Winnipeg	70%	62%	28%	21%	0%

**How are revenues different than that of Winnipeg's revenue?**

More:

- Property Tax Revenue
- Franchise Fee/ Utility Tax
- Higher User Fees
- More User Fees: Garbage Fee, Libraries fee, land drainage fee
- Capital Grants

**Other Cities: Spent on:**

- Higher salaries
- More staff
- Service Levels?
- Spending more on Capital / Infrastructure

Note: Wages in Alberta are about 23% more than in Manitoba <sup>17</sup>



# Change since 2003

## Percentage different than Winnipeg

In 2003, Edmonton and Calgary spent 25% and 22% more than Winnipeg. At the same time the wages in Alberta were 13% higher than in Manitoba. Saskatoon and Regina spent about 11% less than Winnipeg, while wages were 5% higher in Saskatchewan than in Manitoba.

The situation is quite different in 2010, Edmonton and Calgary spent 70% and 62% more than Winnipeg. At the same time the wages in Alberta were about 23% higher than in Manitoba. Saskatoon and Regina spent about 28% and 21% more than Winnipeg, while wages were about 7% higher in Saskatchewan than in Manitoba.

### Revenue difference: Relative to Winnipeg

	Edm	Cal	Sask	Reg	Wpg
2003	25%	22%	-12%	-11%	0%
2010	70%	62%	28%	21%	0%

### Community Wage difference relative to Manitoba

	AB	SK	MB
2003	13%	5%	0%
2009	23%	7%	0%

Source: City of Winnipeg, cities 2010 annual financial report

Source: Statistics Canada, Based on median hourly wage

# What does this revenue difference represent for Winnipeg?

**If like Alberta cities, Winnipeg would have access to \$800 million more.**

**If like Saskatchewan cities, \$300 million more.**

	Edm	Cal	Sask	Reg	Wpg
<b>Total Revenue (\$ per capita)</b>	<b>\$3,148</b>	<b>\$2,989</b>	<b>\$2,356</b>	<b>\$2,242</b>	<b>\$1,848</b>
<b>\$ per capita more than Winnipeg</b>	<b>\$1,301</b>	<b>\$1,142</b>	<b>\$508</b>	<b>\$395</b>	<b>\$0</b>
<b>What IF Winnipeg had Equivalent \$ per capita as other cities =&gt; Additional Funding for Wpg</b>		<b>In \$ millions</b>			
	<b>\$890</b>	<b>\$781</b>	<b>\$348</b>	<b>\$270</b>	<b>\$0</b>

# Comments

- **The previous slides are meant to illustrate that Winnipeg has a significantly different revenue structure when compared to Calgary.**
- **The information does not suggest that the City of Winnipeg should change its revenue structure – but only to build an understanding that there are differences when comparing with other cities.**
- **Residential property tax revenue is only one source of revenue for cities and should not be used to equate spending efficiencies of a city compared to another.**
- **This overall package of information is meant to build knowledge and understanding on the full set of revenues and revenue tools available to particular cities and that “not all cities are created equal”.**