MANITOBA MAULS MUNICIPALITIES
Gord Hume May 2013

The recent decision by the Government of Manitoba to increase the Provincial Sales Tax (from 7% to 8%) without dedicating all of that money to local cities and towns for desperately needed infrastructure improvements has outraged the municipalities of the province.

Rightly so.

For several years, the Association of Manitoba Municipalities (AMM) has diligently surveyed provincial residents and tracked their evolving opinions about things like infrastructure investments. In the most recent survey two years ago, 90% of respondents indicated they agreed their communities need help, and 64% indicated their support for a 1% increase in the provincial sales tax—as long as the money went to community infrastructure.

Winnipeg Mayor Sam Katz has indicated his support for a doubling of the municipal share of Canada's tax dollar—in other words, from the current paltry 8 cents that municipalities receive to 16 cents. It is a useful position.

Armed with this background, the provincial government in Manitoba did increase the PST. This represents an estimated $277 million in new money for the province.

The provincial government then betrayed its local "partners" (isn't that just such a delicious word in describing provincial-municipal relations in Canada?) by scooping almost 90% of this new revenue into its provincial coffers!

In other words, Manitoba's municipalities are going to get only $30 million in new revenue, of which only $9 million will go to small and rural communities outside of Winnipeg.

AMM is quite properly outraged, as it made clear in a recent release:

"A coalition of Manitoba mayors and the Association of Manitoba Municipalities spoke as one today, rejecting a provincial budget that fails to provide a dedicated source of funding for municipal infrastructure.

"Our citizens are looking for long-term solutions, not patchwork fixes," said Winnipeg Mayor Sam Katz. "Manitoba communities require a stable, long-term infrastructure funding solution. All across Manitoba, people pay taxes with an expectation they will be able to drive on well-maintained streets and roads, but this budget will not help."

The mayors and the AMM have sent a letter to Premier Selinger, repeating the call for his government to dedicate one per cent of existing PST, over and above what municipalities already receive, to municipal infrastructure. This revenue would be shared among the municipalities on a per capita basis.

“This Premier has repeatedly told us there is no new money and that they were not elected to raise taxes,” said AMM President Doug Dobrowolski. “Here we are today, taxes are increasing and there is an insignificant amount of new funding for municipalities.”

The often-rocky relationship between municipalities and their provincial masters is a matter of growing concern to thoughtful political, community and business leaders in Canada. At the same time, there are a number of ridiculous inter-provincial restrictions and old policies that work against modern business needs in an increasingly global economy.

There is a steady rise of municipal influence and importance across Canada. That matches a greater understanding of the urgency of municipal infrastructure investments in building creative cities. These are where bright young minds and entrepreneurs choose to live, work and create new jobs at a time when they can move anywhere in the world. Canadian cities are now competing for talent like never before. Anything that diminishes or restricts our competitive edge harms our national and provincial economies.

Our crumbling infrastructure—just look at recent examples of drinking water in Montreal and various bridge and highway problems across North America—are impacting our international competitiveness and productivity. Yet, at a time when we need bold new thinking, provincial governments in Canada too often are stuck in the antiquated thinking of the past.

Canada’s cities and towns deserve better. Canadians deserve better.