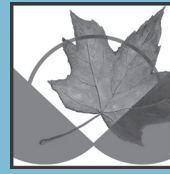


Election 2016 UNSPUN



CCPA

CANADIAN CENTRE
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MANITOBA OFFICE

March 24, 2016

Federal Budget 2016: What it means for Manitoba

On March 22 the federal Liberals delivered a budget that signals the end of a long period of austerity. Past Liberal and Conservative federal governments dramatically decreased their support in key areas such as healthcare, housing, First Nations, education and environmental stewardship. With the exception of healthcare, where this budget disappoints, there is reason to be optimistic that this government is ready to get back to the job of managing economic and social issues.

This re-engagement is none too soon. Federal government spending as a portion of GDP is lower than it's been for more than 60 years. Last time it was this low Canada did not have a public healthcare system, Employment Insurance system or Old Age Security. And rather than doing its part to support Canadians during and after the Great Recession, the past Conservative government's share of combined federal and provincial deficits was significantly less than what federal governments shouldered in the previous two recessions. Provinces have paid a heavy price for that lack of commitment.

With the notable exception of a lack of commitment to healthcare, this budget will have mostly a positive impact on Manitobans; how big of an impact will depend on how Manitoba's new government responds in kind.

The Good News

Clark Brownlee from Manitoba's Right to

Housing is cautiously optimistic. There is money for affordable rental housing construction in the budget, but it isn't known if it's for rentals at median-market-rent, or lower. The answer may come later when "social housing" is clearly identified for renovation and retrofitting and for the continuation of operating grants. Although 4000 more affordable rental units across the country is not a lot, a smart provincial government will leverage this new supply by increasing the supply of rental units that can be accessed by lower income families through rent supplement programs such as Manitoba's Rent Assist.

Finally after years of calling for the Feds to bring back our once internationally acclaimed housing program, the Liberals have agreed to meet with the Provinces, Territories and First Nations to craft a long term national housing strategy. It appears that the days of top-down Federal dictates are over. Whichever party wins in April now has a golden opportunity to build on Manitoba government housing investments made over the recent years.

Another commitment that the new provincial government should take full advantage of is the \$128.8 million for energy efficiency programs, including incentives for home retrofitting. Through the Energy Savings Act, Manitoba has an existing framework that connects Manitoba Housing and Manitoba Hydro with local social enterprises like MGR,

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BUILD and Aki Energy that train and employ previously unemployed inner-city workers and First Nations workers to do this sort of work. Such a strategy reduces greenhouse gases and poverty at the same time.

Manitoba is very well placed to exploit the Liberal's commitment to clean technology innovation. There are opportunities for investment and tax incentives in areas where Manitoba Hydro holds great potential: alternative energy infrastructure and electric transportation. And there's over \$100 million/year to reduce air pollution, improve water quality and protect marine and coastal areas. The new government needs to make the most of this offering and think of how to best address pressing issues like cleaning up Lake Winnipeg and protecting the fragile Hudson Bay coast.

There is significant new spending for First Nations, including funding for on-reserve water systems and housing. Although it will take time, when these fundamental living conditions are improved, people's lives overall get better. These investments represent tentative first steps, but they hold hope that Manitoba's First Nations will soon see improvements in educational outcomes and health. But according to scholar Pam Palmer, the healthcare spending for First Nations is not nearly enough to address the suicide crisis.

When in power the Conservatives cut some important agricultural programs that not only helped Manitoba farmers and ranchers, but played an important role in protecting the environment across the prairies. The Liberals promised to restore the Community Pastures and Shelter Belt programs; the Province should have them top of mind when they interact with the Feds about their commitment to invest in climate change mitigation and adaptation projects.

Still on the Wish List

Unfortunately we can't tick everything off our wish list. Home Care and Health Care is

spending, in the words of CCPA economist David Macdonald "extraordinarily limited compared to the scale of the problem the provinces are facing." The best we can hope for at this point is that they will re-engage on this issue in future budgets. Whoever takes power in April will find they have little help dealing with this most difficult budgeting challenge.

Although the new spending on childcare is significant, it is far from the national childcare strategy experts are calling for. There seems to be commitment to hammering out framework, but in the meantime the Province will have to do what it can to help Manitoba families.

The other area of concern is the Fed's failure to address its revenue problem. Although the willingness to use deficit spending to boost our weak economy is welcome, part of the reason we need to use deficit spending in the first place is because our revenues have been so depleted over the past 20 years. Modest tax increases on the rich will help as will the promised crackdown on personal and corporate tax evasion. But there's no mention of other measures, such as restoring the corporate tax rate to more reasonable levels. Without such reforms, the ability of the Feds to provide ongoing support is very much in question.

Despite the above concerns, there is much in the Liberal's budget to celebrate. But the next provincial government needs to be strategic in its response so that the federal money is put where it can leverage the most good. Once details are uncovered, we may well find that some of this money is contingent on the Province matching funding. Hopefully the spirit of government engagement we presently see with the Feds will be matched by Manitoba's next government.

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[UNSPUN is the 2016 provincial election commentary from the Canadian Centre for Policy Alternatives Manitoba](#)

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