



2006

2006 MANITOBA
ALTERNATIVE PROVINCIAL
BUDGET

Investing in
Tomorrow, *Today*



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CANADIAN CENTRE
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Investing in Tomorrow – *Today*

THE 2006 MANITOBA ALTERNATIVE PROVINCIAL BUDGET

Executive Summary

Despite the generally positive indicators coming out of Manitoba's economy, there are dark clouds looming on our horizon that cannot be ignored. The growing gap between rich and poor, the last-place position of women in all income categories, alarming environmental indicators, deplorable conditions in urban centres, lack of access to health care and the desperate state of many farmers create conditions that will eventually erode the quality of life for all Manitobans, not just those directly effected now.

The present government's solution to all our problems is to cut taxes so we can be competitive. As we saw in the recent federal election campaign, tax cuts are a sure way to obtain quick favour in the polls. But when the link between competitiveness and low taxes is examined critically, it fades quickly. The World Economic Forum has found that the most competitive jurisdictions in the developed world are in high-tax countries like Denmark, Finland and Sweden. Contrary to popular opinion, there is a positive correlation between *high* taxes — that result in responsible

investment in social and human capital — and increased competitiveness.

Not only does the provincial NDP deliberately allow revenue to leak away through personal and corporate tax cuts, its balanced budget legislation means that it cannot use policy tools, such as deficits, when necessary. These restrictions mean that the government cannot deal with looming problems and, in the case of a downturn in the economy, will not have the tools to implement corrective economic measures.

This Alternative Provincial Budget (APB) re-arms the government with the ability to take forceful action. First, it reverses the most recent personal income tax cuts and puts money back into the public purse. Next, it implements new taxes and policy instruments that raise scarce revenue and discourage wasteful and damaging activities such as urban sprawl and pollution. Lastly, it allows the government to run a small, but necessary deficit. Using the Province's own numbers, we estimate that the Province will run a \$118 million deficit. We have added only \$1 million to this amount. The very modest \$119 million deficit is a statement of principle

that a provincial budget should be used as an economic policy lever. The APB does not take these actions lightly; we want to send the message that money invested today will pay high dividends tomorrow.

Investing in Manitoba

A thriving, competitive society has a highly educated workforce. The APB will increase spending in our universities and colleges so that all Manitobans will have access to a quality education. We recognize that students' ability to succeed in a post-secondary setting depends on the quality of their earlier education. The APB takes immediate action to secure the future of a quality K–S4 school system equally accessible to all students, including Aboriginal students, students living with disabilities, northern residents and new immigrants.

Our childcare initiatives are a tremendous investment in Manitoba's human capital. Not only do young children benefit from affordable quality daycare, but also parents, especially mothers, are given the ability to work or attend school, thereby helping many escape poverty. Our policies also pay daycare workers — again, mostly women — a decent wage. Well-paid employees are more stable, and contribute to Manitoba's economy through higher spending and taxes. Manitoba's employers benefit when the parents they employ do not have to miss work to care for children.

The APB directly attacks poverty on three fronts: housing, income assistance and the inner city. Stable, adequate housing is the first step in overcoming poverty, and the APB commits to a comprehensive housing strategy. We offer innovative policies that allow the poor to make the transition from welfare to work. Winnipeg's inner city receives more investment in Adult Learning Centres, community-based organizations and labour market intermediaries. These ongoing initiatives will help Winnipeg to become safer, more prosperous and able to attract new residents

and employers. Indirectly, poverty is addressed in our justice policy which implements programs to reduce gang violence and restore a sense of security to our neighbourhoods. As well, victims of sexual exploitation (mostly women and children) are protected rather than persecuted, and those who exploit them are targeted for remediation.

A rational examination of our healthcare system reveals some serious, but fixable problems. We do not have to abandon the publicly-funded model; if run properly, it could realize more savings than a privately-run system, and improve service. This budget explicitly rejects the turn to private for-profit health care. Our comprehensive food security policy would directly improve the health of many Manitobans and thereby decrease health care costs. This policy dovetails with our agricultural policy which redistributes the wealth generated from our land back into the family farm, and ensures safe, local food products.

Water, Manitoba's beleaguered, overused and polluted resource, is finally given the attention it deserves. Our water policies will not only encourage conservation, they will restore and protect this increasingly valuable public resource into the future.

A gender budget

The 2006/07 APB has adopted a new technique: it uses a gender lens to analyze many of the issues. A gender lens allows us to see that poverty is not just about class: women's poverty rates remain alarmingly high and within every marginalized group in our society, women are the most marginalized. Throughout our budget, policies are recommended to reverse this trend.

The APB is alarmed at this government's refusal to invest in Manitoba. The 2006/07 Alternative Provincial Budget shows how this government is undermining its ability to improve and protect Manitoba's economy and citizens, and we offer alternatives that invest in tomorrow, today.



Investing in Tomorrow – *Today*

THE 2006 MANITOBA ALTERNATIVE PROVINCIAL BUDGET

Martin Luther King Jr. said that we need more audacity on the part of societies and governments, “the audacity to believe that people everywhere can have three meals a day for their bodies, education and culture for their minds, and dignity, equality and justice for their spirits.”

But audacity is not enough. Audacity gives society the spark, the confidence to move; government provides the resources and power to get results. A government budget can be much more than a financial blueprint; it can be the measure of the will to improve society. It is an expression of hope at best, of despair at worst.

This Alternative Provincial Budget is very much about hope. We believe that government can reverse the growing gap between rich and poor, that it can protect and strengthen our public services and that it can make economic activity sustainable. We believe that gender-sensitive policies can diminish the inequality between men and women, and that people living with disabilities can have fulfilling and secure lives. Like Martin Luther King Jr., the Alternative Provincial Budget (APB) is audacious enough to demand

dignity and justice for all Manitobans. How can we — its authors — be so audacious?

Our audacity originates in our understanding of the role of government. We believe that governments can play a positive role in building a better society — one that is safer, greener, more egalitarian.

But far from using the powers of government in this positive fashion to meet our community’s needs, governments have told citizens again and again that for Manitoba to be competitive, taxes must be slashed — and frequently at the expense of social spending.

It is as if the provincial government has abandoned the idea that it can be a positive force for change in our society.

Are tax cuts the answer?

The business community consistently declares that Manitoba needs to lower taxes to compete with the likes of Alberta. However, according to the World Economic Forum’s (WEF)* *Annual Global Competitiveness Report*, tax policy plays

* The WEF is a think tank of CEOs from the world’s largest corporations, influential national leaders, intellectuals and journalists).

a relatively small role in determining how competitive jurisdictions are.

The countries that actually dominate the WEF's list of the ten most competitive jurisdictions are Nordic countries. These are jurisdictions that have been referred to disparagingly as "welfare states" for their higher levels of taxation and active government intervention. But their quality public institutions, low levels of corruption, and high degree of technological innovation delivered "excellent macroeconomic management overall", according to Augusto Lopez-Claros, WEF's chief economist.

The 8,700 executives questioned by the WEF did *not* view low taxes as the key to making countries more competitive. On the contrary, high levels of taxes and public spending are characteristic of most of the high ranking countries. Tax revenue — when spent on education, an effective social safety net and a motivated and skilled workforce — increases rather than decreases competitiveness. Tax cuts are not always the answer. They certainly will not improve many of the serious problems facing Manitobans.

The first step in designing a budget that will build a competitive and just society is to examine the state of the economy.

Manitoba's key economic indicators

The provincial economy has performed well during the past year. Manitoba's growth rate was approximately 2.8% in 2005 and kept pace with all other provinces, with the exception of those (Saskatchewan, Alberta, and British Columbia) whose natural resources give them a significant advantage.

The province's growth rate was driven by record prices for metals like nickel and copper as well as consumer spending, which grew by 4.2% to \$22.6 billion. Low interest rates for the foreseeable future and very strong income growth

in 2005 are expected to contribute to keeping Manitoba's economy growing in the near term.

Among the province's other leading indicators:

- for the third consecutive year, corporate profits are expected to post a double-digit growth rate, supported by high prices for many commodities;
- exports are projected to grow by 4.1%, led by the energy sector; and
- retail sales data show a 6.5% increase in sales in 2005.

The projected economic growth in Manitoba comes in spite of the worst crop production figures in over a decade. The agricultural sector experienced a real decline of 18.4% and saw its share of provincial GDP falling to 3.8% — its lowest level since 1988. The decline in agricultural GDP in 2005 lowered economic growth. By contrast, non-agricultural GDP grew by a very healthy 3.9%.

Despite the challenges in the agriculture sector and a strong Canadian dollar, exports from Manitoba increased by 4.1% in 2005. While the amount of the increase was slightly less than last year, the growth underlines the resiliency and diversity of Manitoba's economy.

Manitoba consumers continued to flock to malls and stores in 2005. According to the Manitoba Bureau of Statistics, total real personal spending is estimated to grow by 4.2% in 2005 to \$22.6 billion, up from \$21.7 billion in 2004. Year to date (October) retail-trade data indicate a 6.5% increase in sales in 2005, ranking Manitoba's figures the third highest among the provinces. In fact, all categories of consumer spending show positive real growth in 2005.

Despite dire predictions from the business lobby and the Conservatives when Manitoba's

NDP government was elected in 1999, Manitoba's economy is very healthy.

Caveat

But a caveat must be added. The government has been able to increase some program spending, mostly on healthcare, because of the large increases in federal transfers from Ottawa. If the province were to rely mainly on its own revenues (a more likely scenario under the newly-elected federal Conservative government), it would not have enough money to support existing programs, let alone the added initiatives recommended in this budget.

Key social indicators — a reality check

Despite the mostly positive economic indicators noted above, not all Manitobans are benefiting from our economic growth. As the specific policy papers will show, we face serious problems in our urban centres, alarming environmental indicators, a growing gap between rich and poor, threats to our public health-care system, continuing marginalization of women and people living with disabilities, shortages of child-care spaces and chronic underfunding for all sectors of education.

The APB believes that one fruitful way to think about many of these challenges is to examine them through a gender lens.

A gender-sensitive budget

Poverty is about more than class; it is also about gender. According to the most recent Statistics Canada income data — as analysed by the Prairie Women's Centre of Health Excellence — women in every age group are more likely to live in poverty than men. The most disturbing data are found in families where the main income earner

is a woman between 18–64 years of age; women are more than twice as likely as men to be poor*. The Prairie Women's Centre study also found that the income tax system does not narrow the gap between poor men and women.

A groundbreaking study by economist Armine Yalnizyan titled, *Canada's Commitment to Equality: A Gender Analysis of the last 10 Federal Budgets (1995–2004)*, documents how tax cuts have been borne on the backs of Canada's women. The report concludes that “[f]ederal budgetary initiatives of the past 10 years have increased the constraints faced by women and the most vulnerable in their daily lives, and conferred greater resources on those already most privileged.”

The longer we wait to address these worrisome social indicators, the worse they will become, and the more it will cost to fix them. Currently, however, there is not enough revenue to implement improvements.

Where is the revenue?

Manitoba's revenues are slipping away through the substantial tax cuts that have been a hallmark of the Doer government. For those who voted NDP in 1999, expecting new investments across government departments and real relief for the poor, the Doer government's record is disappointing.

Since 1999, the government — in its own budget papers — claims to have created cumulative personal and property tax cuts for Manitobans of around \$391 million. As cited in Budget 2003, the period between 2000 and 2003 was witness to “the largest four-year cut in personal income taxes in Manitoba history.” Between 2001 and 2003, the average Manitoban received an 11.5 per cent personal tax cut.

The corporate tax rate was 17% when the present government took office in 1999. It is currently

* The APB considers anyone living below the Low Income Cut Off (LICO), as set by Statistics Canada, to be poor.

14.5%. Budget 2004 noted that business tax cuts implemented annually since 1999 have escalated to savings of \$74 million/year for Manitoba businesses, so when new tax cuts in the 2005 budget of \$54 million are added to last year's corporate tax cuts, the province lost \$128 million in revenue.

The opportunity cost of tax cuts

Tax cuts are not a savings to Manitobans. For every dollar cut from taxes, an opportunity to invest in the province's future is lost. The following foregone investments provide an example of how last year's lost revenue *could have* been spent:

- 1000 new high-quality, affordable childcare spaces;
- 8000 additional hip/knee replacements for one year.
- additional spending for universities and colleges' human resources, increased course selection and continued operations;
- first year's investment in much needed new social-housing units;
- increases in EIA payments to cover excess rent paid by social-assistance recipients;

- the purchase of approximately 25–40 MRI machines;
- establishment of Adult Learning Centres in Winnipeg's inner city;
- development of a Source Water Assessment and Protection Plan;
- implementation of a province-wide food security program;

The policy papers in this budget will explain why it is crucial to begin reinvesting in these sorts of programs.

Investing in tomorrow — today

Manitoba's declining revenues and worrisome social indicators will lead to graver problems in the future. The APB stops the haemorrhaging of revenues, finds creative policy instruments to increase revenues and encourage conservation, and begins to re-invest in Manitoba's future through responsible, coherent public policy.

The need to stop the deterioration of key social indicators is so urgent that the APB has no choice but to run a small, one-time deficit. Money invested today will save money in the future. The longer we wait, the graver and more expensive our problems will become.

Women and the Budget

“If you want to see which way a country is headed, look at the country’s budget and how it allocates resources for women and children,” says Pregs Govender, a Member of Parliament from South Africa.¹ This year’s Manitoba Alternative Provincial Budget does just that. Women and children continue to be over-represented among the poorest groups in our province. Twenty per cent of Manitoba’s women and children live in poverty. Yet past provincial budgets have not provided enough relief to poor women and children. Examination of past budgets shows them to be gender-biased; and insufficiently aware of the importance of women and children. This year’s APB corrects this bias, and delivers more boldly towards restoring gender equality.

This year’s Alternative Provincial Budget examines both the expenditure and the revenue side of Manitoba’s provincial budget through a gender lens and makes recommendations on how the budget can work better for those whose needs are not being met. In other words, we have worked to build a budget that will create more equality, not inequality, for Manitoba women. A budget that works for women works to make life better for all.

How does the budget impact women differently than men?

Isabella Bakker of York University says:

At first glance, the budget appears to be a gender-neutral policy instrument. It deals with financial aggregates: expenditures and revenues, the surplus or deficit. There is no mention of people at this level of policy. Yet policy-makers should not assume that government expenditures and taxes impact equally on men and women, since men and women generally occupy different social and economic positions.²

Indeed. Women and men continue to have very different roles in our society. Most critically, women remain largely responsible for child rearing and other care-giving, as well as household work, and more than their fair share of community work. The market economy does not acknowledge these responsibilities and therefore women are not compensated in an equitable manner. Women, and those for whom they care, need an adequate safety net to protect them. A provincial budget that favours tax cuts over investing in social programs tends to benefit men most, as women — because of their unpaid and unrecognized responsibilities and lower earnings — are more dependant on government programs such as low-income housing, childcare, and social assistance.

Cuts to government services can have a substantial and negative impact on the quality of life of Manitoba women, especially the most vulnerable, including single mothers, women living with disabilities, senior women, rural women, Aboriginal women, and immigrant women. In contrast, cutting taxes can have an almost negligible impact on the quality of life for higher-earning Manitobans, of whom the majority are men.

What does gender analysis of the budget look like?

A gender-focus on the budget asks particular questions that uncover the different needs of females, including particular groups of marginalized women and girls, as compared with men and boys.

Some of the questions to ask include: What are women’s and men’s particular needs in terms of programs, benefits, and services? Do women and men have equal access to programs, benefits, and services? Who benefits most from programs, benefits, and services? How are particular groups

of women affected by such spending? Does the budget consider the realities of marginalized women? Who has control over decision-making on such spending? Are women and men consulted equally in the development and delivery of policy and programs? What are the long-term costs and consequences of not using gender analysis to address women's inequality?

Gender analysis demonstrates that, although there have been great strides taken by and for women in the past century, much work remains. Women's poverty remains alarmingly high; and within every marginalized group in our society, women are the most marginalized. For these reasons it is important that the Manitoba government create a budget that involves women more concretely in the budget-making process. Although the budget impacts everyday realities for women, women's voices are not yet adequately factored into the budgeting process.

Key budgetary concerns for women in Manitoba

Nearly two hundred Manitoba women's voices found their way into this year's Alternative Provincial Budget. Since the spring of 2004 the UN Platform for Action Committee (UNPAC) has been holding workshops for women throughout Manitoba on the provincial budget. The workshops serve to educate women about the budget process and provide an opportunity for women to voice creative and constructive input on government spending and revenue.

A significant investment in affordable housing, childcare, food security, health care and job creation would have an immediate beneficial impact on the lives of women in Manitoba. In fact, the need for quality, affordable housing was raised as the number one priority by women in every part of the province and from every demographic of the population.

Transportation was another key concern raised by women in all parts of the province, from women living with disabilities in Winnipeg, to students in Thompson to single mothers in Flin Flon. Women in small towns and rural areas are particularly disadvantaged by the lack of reliable public transportation. One woman attending school in Thompson walks 45 minutes with two young children each morning and afternoon to and from daycare because she is unable to afford a car or taxi and there is no bus. In smaller communities such as The Pas, Flin Flon, and Thompson, many women work in the "big box stores" like Wal-Mart and Xtra Foods which have popped up on the outskirts of town. When they get off work at 9pm, women have no way of returning home because public transportation ends at 6pm. Safety concerns, compounded with freezing winter temperatures, make walking home cold, frightening and dangerous.

Rural and Northern women face an additional challenge of isolation which again makes government services and programs all the more crucial. Need for childcare spaces, low-income housing units, employment and training programs, access to physicians, mental health services and a myriad of supports, that some of those living in urban areas may easily take for granted, are especially important for those who have reduced access. The provincial government should make special effort to meet rural and Northern women's needs and introduce new programs in these locations.

Women want to exercise their democratic rights

Women's increased involvement is critical in ensuring that the budget works for them. As managers of limited family budgets, women have much expertise to offer a government always looking for ways to do more with less.

We have found that single mothers on social assistance — a segment of the population that is most publicly criticized for not knowing how to budget — have some of the best ideas on how government spending and revenue could work to create more equality, and to do so more efficiently. As both users and providers of programs and services women have a wealth of knowledge. The Alternative Provincial Budget recommends that women and other vulnerable groups of the population be consulted much more meaning-

fully in both the development and implementation of government budgets.

In spite of being the most disadvantaged in all marginalized groups, women are often the leaders and innovators in their communities. Many of the positive initiatives in troubled communities are generated by women. As the following policy papers will show, a gender-sensitive budget would increase stability, health and growth for all.

I Childcare — Investing in Manitoba's future

The true value of childcare

Childcare is an essential social service. It simultaneously performs crucial functions for women, children, and the labour force. Childcare is a crucial reconciliation policy for parents (especially mothers) who are in paid labour. It enhances productivity and is a boon to employers, who see a more stable workforce and reduced absenteeism when parents have secure and reliable childcare. Childcare itself is an impressive economic sector, with spectacular returns on public investments — at least 2:1 and as high as 7:1 by some calculations.³ Childcare is also labour intensive, 'green,' and an excellent employment creator — every one childcare job creates or sustains 2.1 other jobs.⁴ By enabling parents to work or study, childcare contributes to women's earnings (immediate and life-long) and higher household income. High quality childcare supports children's social and cognitive development, improves both school readiness and educational outcomes and encourages social cohesion and social inclusion (particularly for children with special needs).⁵ Good-quality early child development can buffer the long-term negative effects of growing up in poverty. Childcare is a precondition for women's equality and is critical to any solution aimed at gender and class equality. Childcare, in short, is at the centre of economic development, social justice and equality and anti-poverty agendas.

Over 2005, the importance of childcare was recognized by the federal government, which began bilateral funding agreements with the provinces. Manitoba was the first province to sign. The bilateral agreement, titled *Moving Forward on Early Learning and Child Care*, will bring \$150 million new funds to Manitoba over

2006/07–2009/10. A total of \$26 million is budgeted for 2006–07 from the new agreement, in addition to other transfers of ECE funds from earlier programs. Since we anticipate the federal government of Prime Minister Harper will honour these current agreements, we include the funds in our plans.

Defining the problem: lack of universal accessibility

Despite increased interest, childcare remains severely under-developed in Manitoba. Manitoba's supply of regulated childcare (found in full and part-day centres and licensed family homes) is small, at 25,726 spaces as of March 31, 2005. This small supply serves a province with 179,400 children under the age of 12, of whom 118,100 have mothers in the paid labour force.⁶ Because of this mismatch, there is a licensed childcare space for just 14.3 percent of Manitoba's youngsters, and many neighbourhoods and parts of the province lack accessible services.⁷ Our regulated system can serve about 1 in 7 children; the remaining 6 in 7 children cannot access regulated full or part-day care. Some of these children may not need or want childcare. However, since nearly half of pre-school aged children and about three-quarters of school-age children have employed mothers, it is hard to avoid the conclusion that a large number of Manitoba's children are receiving care in unregulated settings — with neighbours, in the care of older siblings, or as 'latch-key' children, among other more troubling possibilities.

Manitoba's supply of licensed childcare is growing extremely slowly. Between 2003/04 and 2004/05, the system grew by just 90 spaces — a rate of 0.3%.⁸ The only source of childcare provision is the 'voluntary' sector of non-government services (mainly parent-run non-profit organizations, and a small number of workplace facilities). Manitoba relies on parents (and, rarely,

employers) to deliver and initiate childcare development. Unlike in other jurisdictions, there is no planning or public management of childcare services. This creates well-documented inequities in geographic distribution of services⁹, which will not change until a new planning and development model is introduced.

The issue of supply is matched by the problem of cost as the most urgent problem Manitobans face. Parents who use licensed childcare must pay fees ranging from \$3,138/year to \$7,280/year, depending on the age of their child. Very low-income parents may qualify for a fee subsidy. Subsidies are mainly available for children whose mothers work or study. However, fee subsidy eligibility was last set in 1991, and has not been adjusted since. As a result, parents must be well under the 'poverty line' (LICO) to qualify. Worse, even subsidized parents are surcharged \$2.40 per day, per child. Over \$7.8 million of surcharged childcare fees are paid by Manitoba's poorest parents.

Recognizing present strengths

On other fronts, the childcare system does fairly well. Although childcare is expensive, Manitoba has an innovative 'flat-fee' system of childcare fees (shared only with Quebec.) This uniform pricing structure means that there are few pressures to create boutique childcare for affluent families and cut-rate discount quality care in poorer parts of the province. Manitoba has long supported non-profit childcare, and as a result there is only a small commercial sector. One consequence is that quality standards have not been subjected to downward pressure from for-profit operators.

Since 1999, the province has expended considerable energy to produce good results on labour force issues. Real wages of early childhood educators, almost all of whom are women,

have risen 18.9% since 1999, though wages are not yet adequate.¹⁰

Manitoba policy and funding integrates children with special needs into regulated childcare, and does so well in national comparison. Moreover, Manitoba is using new federal funds available under the bilateral agreement to support children aged 0–12, not just under-6, and it has voluntarily committed to spending all the new funds only on non-profit services.

The current plan

The long term objective of the APB for childcare in Manitoba is to replace the current user-fee, voluntary-sector market model. In its place, we shall build a publicly-funded system of high quality, universal and inclusive childcare services characterized by public management and community governance, while ensuring good wages for the women and men who care for our children. The APB will create 2,000 new childcare spaces per year between 2006/07–2011/12, and 3,000 new spaces a year over the following five years, for a total of 25,000 new spaces by 2016. We will create a total provincial capacity in 2016 of 50,000 spaces, or enough for about 1 in 3 children under the age of 12. Growth will be coordinated by a new non-profit, community-based Childcare Development Corporation, charged with the task of planning expansion and new development.

Concurrently, the APB will create and fund training opportunities in our post-secondary education system to expand the early childhood education labour force. We will ensure that all new and existing spaces will have 90% ECE II and ECE III staffing levels by 2016. Underpinning all policy and funding improvements is the overarching objective of enhancing the quality of care.

The Alternative Provincial Budget strategy for 2006/07

The immediate objectives of the Alternative Provincial Budget for 2006–2007 are:

- to maintain current services and to increase funding by 6%, to enable quality improvement and more worthy wages;
- to eliminate the \$2.40/day surcharge levied against low-income subsidized parents and to revise the eligibility income levels;
- to create 2,000 new childcare spaces (raising the ratio of children for whom there is a licensed space from 14.3% to 15.5% in 2006–07) ;
- to train 300 new ECE II and IIIs.

As of April 29, 2005 the total annual budget for Manitoba's Child Care Program, including the Children With Disabilities Program, is \$109.8 million (of which \$34.2 million is federal). This spending covers operating grants, children with disabilities staffing grants, subsidies to parents, salaries and benefits to workers, and administrative costs as well as initiatives to expand the early childhood education workforce.

Revenue

- 2006/07 additional revenue over 2005/06 from the federal government through the bilateral accord and other existing agreements
\$.8 million
- 1,400 new parents (representing 2,000 spaces) either begin education/ training or enter paid employment. Assuming they are women earning the average female Manitoba wage of

\$32,007, their share of Manitoba Income Tax will generate an additional

\$3.72 million

- 300 new early childhood educators are graduated, and move from minimum wage positions to better-remunerated Early Childhood Educator jobs, at an average salary of \$30,000. Their share of Manitoba Income Tax will generate an additional \$2,437 per person. \$

\$.731 million

- Construction of 2,000 new, fully-inclusive and barrier-free childcare spaces (at a cost of \$40 million) will create new employment in the construction/renovation sector, and multiplier effects of that spending. We assume that 50% of costs are labour and all materials are purchased in Manitoba (7% PST). The same is true for the \$5 million allocated to renovation of existing facilities.

7% of \$22.5 million = \$1.6 million

\$22.5 million / \$35,000 =

642 person jobs @ \$2,437 tax

\$1.6 million

\$3.2 million

Total new revenue

\$8.45 million

Expenditures

- 6% increase on current spending of \$109.8 million
\$6.6 million (estimated at \$86.3 million of provincial dollars budgeted for 2005/06 plus \$26 million under the federal-provincial bilateral "Moving Forward" agreement, for a total of \$109.8).
- New funds to replace surcharged fees paid by low-income parents
\$7.8 million

- Establishment of a community-based Child Care Development Corporation to plan and coordinate the development and renovation of new and existing spaces

\$1 million

- 2,000 new spaces (300 infant, 700 preschool, 1,000 school-age), built to universal design standards

Capital: \$20,000 per space

\$40 million

Unit funding

\$5.53 million (\$8,320/infant space; \$2,912/preschool space; \$993/school-age space)

Equipment and start up funds

\$8 million (for 40 new centres @ \$200,000/each)

Support for children with special needs

\$3 million

Additional administration

\$0.3 million

Total **\$57.83 million**

- Capital costs of renovation to improve quality and ensure barrier-free and inclusive design in existing licensed facilities

\$5 million

- New ECE training initiative, to graduate 300 new childcare staff (full tuition remission, book and living allowance, replacement grants)

\$4.5 million

Total spending changes **\$82.73 million**

Total revenue changes **\$8.45 million**

II Education (K–S4)

Overview of the current situation

Bill 13, enacted in Manitoba in 2005, was an historic and progressive commitment to the right to an appropriate education for every student in Manitoba. Fundamental to the realization of this right is equality of access to appropriate programming for K–S4 students across Manitoba. Yet this government's refusal to address fundamental issues in education finance and administration ensures that glaring inequities for Manitoba's students and taxpayers will continue to grow.

Equity among school divisions diminishes as each school board is forced to rely more and more on local taxation to meet its operating costs. Larger divisions have a much richer tax base and the quality and range of their services greatly exceeds that of less wealthy divisions. For example, larger divisions are able to offer a greater array of school programs and options to meet the special needs of groups such as Aboriginal, special education and learning disabled students.

As well, the capacity of small rural and northern divisions is limited by inadequate economies of scale in service delivery. Although the NDP government began the process of restoring economies of scale to the system with its effort to amalgamate some smaller school divisions, its insistence on a voluntary process for the remaining number of tiny divisions means that several jurisdictions continue to struggle with operating scale which is costly and not viable. In some cases this has been the result of internecine differences that have not been resolved. Some divisions have difficulties related to geography or tax base that make them unattractive as partners for other divisions. Provincial government action is essential to ensure viable operating scale for all divisions.

The inequality of access to public school programming has increased, not decreased, during the NDP's term in office, in spite of substantial new funding arranged by this government. In 1981 the Manitoba Government provided close to full provincial funding of the annual program and service costs of public schools (82.4% via funding model plus approximately 10% via residential tax credit). However that ratio of provincial dollars to school board generated dollars has changed considerably in recent years. The direct contribution of operating dollars by the Manitoba government via the funding model has fallen to 56.0% in 2005–2006.¹¹ The residential tax credit adds another 6.9% in indirect provincial funding. By 2010 it is projected that the direct annual contribution of the provincial funding model will fall below 50% of annual public school program and service costs.

This imbalance in financial responsibility is the direct outcome of the Schools Finance Program (SFP) imposed by the Conservative government in 1991. Although the Tory SFP cited student and taxpayer equity among its goals, its effect was to promote inequity, because it allowed the province to significantly reduce its contribution to funding for public schools while downloading responsibility to school boards.¹² Despite introducing a new funding model in 2002, the Funding of Schools Program (FSP), the Doer government has continued to allow the gap between necessary program expenditures and provincial funding to grow wider. The FSP requires school boards to shoulder increasing responsibility for filling the gaps in the funding of education programs and services.

The NDP's refusal to both provide viable operating scale for all divisions and to apply an equitable model of public school finance has significantly stymied its efforts to repair the damage to the public system that resulted from the Conservative's massive withdrawal of funding

for public schools. In addition, the NDP's mis-directed political commitment to eliminate the Provincial Education Levy on residential property by 2007 has removed an important tool for creating an equal resource base for schools across the province, and for generating property taxes on an equal basis across the province.

This government's policy approach to public school finance feeds public discontent with paying continually escalating property taxes for schools, and panders to the right-wing agenda of lowering taxes at the cost of diminished public services. The fragility of support for public schools is further threatened by changing population demographics that will see the number of seniors in the province outnumber students in the K–S4 school system within the next ten years.

There is a need for immediate and bold action by the provincial government to secure the future of a quality K–S4 school system equally accessible to all students in the province.

Identify the gaps

The gaps in access to educational opportunities faced by many students, largely related to where they live in this province, include:

- access to nursery programs, a significant issue for families with limited formal education or for whom English is their second language;
- appropriate support for students with special needs, including timely access to specialized resource and special education teachers, psychologists, reading clinicians and school social workers;
- appropriate support for Aboriginal students, including access to curriculum specialists, special resources and alternative programs;

- and access to music, library and physical education programs which have often been the first programs lost to cutbacks imposed by the withdrawal of provincial funding and the pressure on local school boards to limit increases in local property taxes.

Policy options

1. Align Manitoba with the eight Canadian provinces which have de-linked public school funding from property taxation by school divisions. This link makes the funding of public schools vulnerable to taxpayer discontent and creates particular difficulties in smaller rural and northern communities. This linkage will become more problematic as the competition for public dollars between schools and healthcare intensifies with projected demographic changes. This fundamental issue requires immediate action. If unwilling to act, this government will be held responsible by generations to come for the erosion of Manitoba's public schools.

2. Re-tool the Funding of Schools Program to reverse the off-loading of provincial responsibility for K–S4 education onto school boards. Set a workable goal for the elimination of locally-generated property taxes. Replace these with a revenue neutral provincial levy on property that is applied to the province's general operating fund. The taxation of property by the provincial government is an accepted practice in most Canadian provinces. Taxpayer antipathy to it is related in part to the inequity and inconsistency with which community-based taxation is applied. When the mill rate is locally set the rate varies significantly across the province. A provincially set mill rate that is put into the general operating fund of the government will provide equity to taxpayers and replace what is now the school board share of program and operations expen-

ditures for K–S4 education. Action is required to restore equity of access to quality education for Manitoba’s K–S4 students.

3. Complete the process of amalgamation of small rural and northern divisions so that true efficiencies of scale are achieved. Until that process is completed, inequity of opportunity for students will prevail in parts of the province where the size of some school divisions remains too small to insure both equity and sustainability. This move will require boldness on the part of the Doer Government, since there were many mistakes made with the initial process. But Manitoba can look to Saskatchewan as a model for leadership in the amalgamation process.

Saskatchewan began the process of rationalizing its school division boundaries in 2004 with the establishment of an Education Equity Taskforce. Saskatchewan then acted immediately on its recommendations for boundary revisions, reducing the number of divisions from 81 to 34, with the new divisions coming into effect on January 1, 2006, and providing significant support in the form of both transition funding and detailed guidelines to direct the transition process. In contrast, Manitoba largely ignored

the report of its task force and combined only some small school divisions with very limited support for the transition process. As a result there remain several rural and northern divisions whose operating scale is too small to insure either equity or sustainability.

Suggested dollars and potential sources

The school board contribution from property taxation to the 2005–2006 operating fund for K–S4 education was \$586.9 million.¹³ A move to eliminate property taxation by school boards and de-link K–S4 education from the provincial property tax would require Manitoba public schools to be funded from the province’s general operating fund. Without replacement of these property tax dollars, enormous pressure would be imposed on the provincial treasury. Therefore we call for the provincial levy on property to absorb existing school board taxation. No extra revenue would be generated but the taxes would be equalized across the province. Over a transitional period, this would result in a net gain for some taxpayers and a net loss for others.

III Advanced Education and Training

Overview

Manitoba stands out for its investment in students. Tuition fees are frozen at 1999 levels, and the operating budgets of universities and colleges in Manitoba have grown by about 20%. Enrolment has increased by over 33% since 2000. However, there is persistently low participation of students from low-income backgrounds.

Manitoba is one of the few provinces in Canada to prioritize a combined fee reduction and grant increase strategy to make university and college more accessible. Given two decades of federal funding cutbacks, it is remarkable that the Doer government has invested considerable resources and public relations effort in post-secondary education. It is now time to determine what has been achieved and what resources are required to maintain and improve access and quality.

In order to improve on existing work, and adequately fund university and college operations, Advanced Education and Training expenditures for fiscal 2006–2007 should be increased by 5% overall.

Programs and Policy

Administration and finance: focus on the policy deficit

The universities' 2005 budget shenanigans expose the policy, consultation, and management deficit coming from the Ministry of Advanced Education and Training, not to mention the role of the provincial Treasury Board and Cabinet in micro-managing the post-secondary education sector. In the absence of "made in Manitoba" ideas, the backward proposals announced in the Rae Review of post-secondary educa-

tion in Ontario and promoted by the Canada Millennium Scholarship Foundation will continue to seep into Manitoba's policy environment. For example, we will continue to experience higher user fees, higher student debt, more privatization, narrowly targeted assistance for only a few low-income students and downsizing tenured faculty. Already, the Presidents of Manitoba's universities are campaigning to raise fees and make university boards of regents and governors simply rubber-stamping entities with no ability to change the direction of priorities and programs. As the provincial government moves ahead with plans for multi-year university and college financing commitments, an in-depth debate about priorities and direction becomes even more important.

Although the departure of the Executive Director of the Council on Post-Secondary Education (COPSE) has left a major void, filling it provides a not-to-be-missed opportunity to focus on COPSE's policy, consultation, and research mandates. Despite much publicity around grants and Access programs for Aboriginal students and hotly-debated policy discussions about the mandate and structure of the recently-named University College of the North, little attention has been paid to accommodating new waves of Aboriginal students in colleges and universities. The young Aboriginal population in the province is growing rapidly, and more and more Aboriginal youth have expectations of attending university or college.

COPSE and the Ministry of Advanced Education and Training have championed prior learning assessment, which provides new opportunities for admission for Aboriginal people, immigrants, and many others. Also, curriculum changes are constant and new centres and programmes for Aboriginal people, including the new Wii Chiiwaakanak Learning Centre at the University of Winnipeg, are being integrated

into the core area and Northern communities. Yet these will not alleviate poverty: lower tuition fees and greater financial supports for students and their families are still needed. Further, centres like Wii Chiiwaakanak have a limited mandate. While the Learning Centre may provide an important link to the surrounding community, its success in improving access to post-secondary education remains to be demonstrated.

On the gender front, important policy questions are also emerging. Now that women outnumber men at all levels of post-secondary education, the challenge is to ensure better access to universities and colleges for students of modest means, and to work towards curricula and faculty and staff complements that are as diverse as the general population. Although little research has been conducted on the reasons for which fewer men are entering universities and colleges, it is possible that they are more likely to find decently-paid jobs, at least in the short-term, straight out of high school. Also, there may not be as much focus in the school system on encouraging boys to pursue post-secondary education. On the flip side, despite the abundance of women in universities and colleges, certain areas of study remain highly gendered and the curriculum and senior administration and faculty remain male-centered. Provincial and federal governments provide supports for women in non-traditional fields of study, but the challenges of addressing gender in education are complex. The recent phenomenon of women's prevalence over men in universities and colleges requires further consideration.

The Policy questions raised here deserve more attention. In addition to a 4% increase to reflect annual growth in salaries and operations, the Alternative Provincial Budget proposes **an increase to the administration and finance budget of \$200,000**. This should be dedicated to a consultation and policy review in the sec-

tor, including a making the university budgeting process more accountable to the government and transparent to the public.

Support for universities and colleges

The Presidents of Manitoba's universities have been particularly vocal in their criticisms of Manitoba's operational funding increases compared to other Western provinces. While Manitoba is beginning to fall behind as other provinces bulk up spending on higher education, the ten-year pattern for funding provides a more useful indication of trends. From 1993–1994 to 2003–2004, Manitoba's universities and colleges saw a 4% decline in funding (notwithstanding consistent increases since the late 1990s), while nearly all other provinces saw double-digit declines.

In 2005–2006, opponents of the tuition-fee freeze ramped up their media campaign with unsupported arguments linking the freeze to declining educational quality. They then manufactured a budget crisis in the spring and summer of 2005 that justified tuition-fee increases (disguised as project-oriented ancillary fees) and provided most universities with "special grants" as part of the secretly-negotiated resolution. For 2006–2007, the universities and colleges have presented generally alarmist scenarios in their expenditure requests to COPSE. They have made inflated requests for funding and user-fee increases. Without a more detailed investigation into university and college finances, it is difficult to assess the real needs and priorities of the institutions. One thing is certain: lifting the tuition-fee freeze would not only have a negative impact on access, it would likely result in declining or stagnant enrolment, costing the universities and colleges millions in direct tuition-fee revenues and indirect revenues through book stores, cafeterias and ancillary services. Red River College

estimates that losing 824 students would result in revenues losses of \$1.19 million.

Human resource costs account for two-thirds to three-quarters of university and college operations, faculty and staff renewal. Creating more class sections should be a priority over creating new programs and special projects in 2006–2007.

The Alternative Provincial Budget recommends maintaining current levels of support for the College Expansion Initiative. The scope of the Initiative should be expanded to give more support to rural and northern colleges, and should include concrete action to create a campus of Assiniboine Community College at the Brandon Mental Health Centre site, as hinted at in the 2005 provincial budget. As well, policy focus should be placed on shortening wait lists for programs and reviewing options for transfer credits between colleges and universities.

University expenses rise faster than the general consumer price index. In order to avoid compounding federal funding cuts, Manitoba must continue to invest in advanced education. The Alternative Provincial Budget proposes an **increase of 4% in support for universities and colleges. This additional amount of about \$15 million** is dedicated especially towards human resources, increasing course sections, and continued operations.

Manitoba Student Aid: focus on fees and grants

In the debate about “unmet need” (whether to support universal access to post-secondary education or targeted assistance to a system with high user fees), Manitobans’ preferences seem quite clear: the tuition-fee freeze is one of the Doer government’s most popular policies. Despite a concerted campaign by newspaper editorialists and the presidents of Manitoba’s universities to discredit the policy, public support remains

above 60%. Student debt in Manitoba is among the lowest in the country. Although the Doer government has regulated fees, it must be noted that students in most programs have seen user-fee increases, and inadequate federal funding and grants continue to menace access and quality. The Alternative Provincial Budget proposes an **increase of 6%** in student aid. This additional amount of about **\$3 million** is dedicated toward shoring up and expanding the tuition-fee freeze and modestly increasing provincial grants to students.

Training and Continuing Education

In cooperation with the Canada Millennium Scholarship Foundation, the Doer government is undertaking research on transitions from adult learning to university. However, much of this research is based on ineffective models for improving access that focus on individual confidence levels (pep talks), at the expense of eradicating poverty and making education more affordable. Nevertheless, this work reflects an overall government priority of improving access to education at all levels for low-income students, among which Aboriginal people and women are identified target groups.

The Alternative Provincial Budget **proposes a 4% increase in the Training and Continuing Education budget**, to allow this work to continue. In the future, a detailed review of Training should be undertaken. Nearly two decades of federal funding cuts and devolution have taken their toll on the effectiveness and coherence of training initiatives, and have probably contributed to provincial skills shortages.

Capital Grants: Focus on Deferred Maintenance

The Doer government has been creative in stretching a small capital budget as far as possible within the post-secondary education sec-

tor. However, using public funds to leverage private donations, attempting to secure donations from the Manitoba Public Insurance surplus, and other initiatives have not always provided the fairest or most reliable funding.

The College Expansion Initiative has begun the process of modernizing Manitoba's community college infrastructure. A similar investment in the capital needs of universities is required. Deferred maintenance projects must be addressed to avoid incurring greater costs later. The University of Manitoba, for example, estimates that it has over \$96 million in deferred maintenance costs that cannot be met within its existing budget.

Although the Alternative Provincial Budget proposes a reduction of \$3 million in the gen-

eral capital grants line, a **new deferred maintenance fund of \$10 million** is proposed. This fund should become a standing budget allocation.

Summary of expenditures

Operating expenditures	\$564,365,300
Capital grants (including capital fund)	\$20,720,600
Costs related to capital assets:	
General assets	\$1,272,900
Infrastructure assets	\$0
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Total spending changes	\$29,972,300
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IV Housing

Housing: a basic right

It is internationally recognized that shelter is a basic human right. Yet in Manitoba a growing number of people are homeless or deemed to be in core need, meaning that they are living in housing that is either in need of major repair, has an insufficient number of bedrooms for family size, or costs the family more than 30% of its income.

Community-based organizations (CBOs) working with low-income residents in Winnipeg have identified housing as one of the most critical issues. Consultations with women across the province have revealed that a lack of affordable quality housing is the number one concern of women from a variety of backgrounds, and statistics confirm that there is a growing problem. Women (particularly Aboriginal women, seniors, new immigrants and women trying to leave abusive relationships), people with disabilities and single parents are overrepresented among the poor and are most affected by the shortage of low-cost housing.

According to 2001 census data, 11.6% or 45,400 Manitoba households are in core housing need. The Manitoba Urban Native Housing Association estimates that there are currently 4,000 families with approximately 15,000 children on waiting lists for their housing. Thousands of households are on the Manitoba Housing Authority public housing waiting list. Wait lists have tripled since 1995 and instead of growing to meet the need, the number of Manitoba units is shrinking. The City of Thompson lost 5 units to fire in 2004, and these have yet to be replaced. While wait times depend on a number of variables, some will wait up to 4 years for housing.

There has been much research on the state of housing in Manitoba: the need is great and grow-

ing. The problem is exacerbated as the increasing price of gas and oil will continue to push up building and operating costs. Low-income households are the hardest hit.

All levels of government agree that there is a problem, but recent attempts to address the situation have been meagre and the situation continues to deteriorate. The provincial government rightly notes that it needs the federal government at the table. However, it is irresponsible for the Manitoba Government to continue to allow the situation to deteriorate.

Since 2000 the Province of Manitoba has re-entered the affordable housing business through its partnership with the federal government in the Affordable Housing Initiative (AHI), and through grants provided through the Neighbourhoods Alive! initiative. Recognizing the need for housing in the North, the Province introduced a Northern Housing Strategy in 2000. Unfortunately, virtually no new low-cost rental housing has been created because the strategy does not take the unique needs and challenges of the North into consideration. Quite simply, housing development costs more in the North and the grants available through the AHI are not sufficient to encourage investment.

The Affordable Housing Initiative, the primary tool currently available, is focused on providing capital grants for private sector or community-based development that is primarily geared toward home ownership. And while this intervention has helped address the housing needs of some moderate-income households in the south, it has not produced housing for the thousands of households living below the poverty line. Housing advocates are consistent in their analysis that capital programs targeted at the private sector are insufficient. Decent housing that is affordable to low-income households requires long-term government subsidies. Adding to the supply of moderately priced hous-

ing does not make more units available for low-income people.

The problem is that the interventions so far being used are not part of a comprehensive strategy. The Alternative Provincial Budget proposes a multi-layered intervention strategy to address both supply (new units) and demand (income).

A comprehensive strategy

The rate of production of new social housing in Manitoba has been but a trickle for several years. Low-income residents tell us that social housing is what they need. Public housing is inadequately maintained and many women report feeling unsafe. For these reasons the Alternative Provincial Budget makes revitalizing and expanding the public housing stock a priority.

In 2004, The Manitoba Housing Authority suggested a 5 year maintenance and improvement plan that would cost \$83.9 million over 5 years just to repair the declining supply. But they don't have the funds to meet their targets. In 2003/04, the Province spent \$9.2 million on maintenance and improvement and in 2004/05 this was reduced to \$7.1. This is less than half of what is required annually if they are to meet their targets.

We propose an investment in existing Manitoba public housing stock to be fashioned after the northern hydro development model. Combining the resources of Manitoba Hydro, Manitoba Housing and Renewal Corporation and the Department of Advanced Education and Training, the Province would have the capacity to begin to revitalize Manitoba's housing stock through a Community Economic Development (CED) approach.

Such a strategy would see multiple benefits. Local residents could be trained and hired to do urgently-needed work while at the same time

gaining valuable work experience and stimulating Manitoba's economy with their spending. The public stock would be renewed and energy savings from green retrofits would have a lasting financial benefit for MHRC. **We would increase the annual allocation** to revitalize existing public housing to meet the 2004 projected target of \$85 million. Using the 2005 investment as a base for following years, this will require an additional investment of **approximately \$10 million annually**. In addition, we would allocate \$3 million per year to train and employ 100 low-income local residents to work under the supervision of skilled trades people. This will be allocated from existing training resources.

We also need to **expand** the social housing stock. The Canadian Housing Renewal Association calls for 25,000 new units for low-income families annually, giving a target of 1000 new units in Manitoba each year. We would contribute toward this target through a **new investment of \$20 million per year for 5 years**. The magnitude of cost will require a federal contribution of the same amount and we recognize that this will be increasingly difficult with the federal Conservative government in power. However, we maintain that this is a critical objective as it would allow for the development of approximately 300 much-needed new social housing units (with rent geared to income) each year to be spread out across the province. Initial focus will be on the growing urban centres: 10% to be located in Brandon, 10% in Thompson, 5% in the Pas and 5% in Flin Flon. 50% would be allocated to develop housing in Winnipeg and the remaining 20% would be allocated for Urban Aboriginal Housing. New units will be developed in partnership with community-based organizations in a manner that is consistent with community housing plans and in keeping with the general desire for mixed-housing communities. In addition to capital costs, these units would require

long-term operating subsidies and a minimum of **\$5 million annually will be set aside** for this purpose.

Rent Subsidies

In the 2005 Manitoba Budget the Province of Manitoba announced a new integrated shelter benefit for low-income earners. They allocated \$3 million per year for this initiative in 2005 but we have yet to see implementation. In principle we support this idea. We recommend that the new benefit be built around the following parameters:

1. Increase the income threshold to include all households with earnings under the Low Income Cut Off (LICO) living in private sector rental housing, not in receipt of Employment and Income Assistance, and paying more than 30% of their income on rent. We estimate that this includes approximately 4800 households.
2. Increase the maximum benefit by 25% from \$180 per month to \$225 per month to more accurately reflect increasing market rents.

Estimated cost for year 1 is \$5 million in addition to the \$3 million allocated for the integrated benefit and approximately \$6.5 million in subsidies already provided to low-income (non-EIA) households. The cost would be reduced each year as new social housing units became available.

Stimulate private sector investment

The AHI was designed to stimulate private sector investment in 'affordable' housing but it has not successfully increased the number of low-cost rental units. However, the province has identified rental housing for low-income households

as a priority for phase two of the Affordable Housing Initiative (AHI II). We would ensure that AHI funds be targeted toward non-profit and co-op development. But the Province would have to take a proactive role to make this happen. The APB recommends a government partnership with CBOs to build capacity — financial and organizational — to strengthen community-based ownership.

Many CBOs are committed to housing low-income families and the APB recommends increasing CBO's role in social housing. The APB supports greater involvement of CBOs in the ownership and property management of low-income housing. But they will need the support of Manitoba Housing and Renewal Corporation to assist them to acquire units currently in the hands of absentee and slum landlords. The Manitoba Housing and Renewal Corporation (MHRC) can and should use its expertise and lending capacity to pro-actively support CBOs in this regard. Further, senior level staff persons should be seconded to work directly with CBOs to assist them in meeting mutually agreed upon housing targets.

Northern housing

In collaboration with northern communities, the Province of Manitoba must redesign the Northern Housing Strategy to better meet the housing needs of the North. The current strategy has not resulted in new units for low-income northern households. According to 2001 census data, there are 2,170 northern households in core need. 54% of the need is in northern urban centres. While the on-reserve housing is not within the jurisdiction of the provincial government, it is important to note that in 2001, Indian and Northern Affairs Canada (INAC) estimated a need for 4,500 additional housing units on reserve annually for at least 10 years to meet the

needs of the growing population. On and off-reserve housing targets should be identified, and an implementation plan designed to ensure an increase in the number of units in the North. As stated, urban centres including Thompson, the Pas and Flin Flon should be the focus of provincial efforts to accommodate the growing number of residents emigrating from remote, locations. In many cases First Nation residents leave their communities because of housing shortages, putting increasing pressure on the supply off-reserve.

According to the Thompson Neighbourhood Renewal Corporation, Thompson has a higher rate of renters compared with other communities and the majority of these households are poor. Yet nothing is being done to address the shortage. A northern housing strategy must focus on meeting the needs of low-income households and this means more social housing.

Consultations with residents living in northern urban centres tell us that the current model has not worked for the North. For example, the

city of Thompson continues to see an increase in population, partly due to the establishment of the University College of the North, but there have been no new rental-housing units developed in several years and students are at risk of failure if they don't have the stability provided by having a home to live in.

A comprehensive housing strategy must be a central component of an overarching strategy to address poverty. The lack of safe, affordable housing places stress on households that can create instability and undermine social, education and labour market policies that might otherwise raise families out of poverty. The Province should work side by side with community organizations to continue to press the federal government to redirect Canada Mortgage and Housing Corporation's growing surpluses, to do what it is they are supposed to do — ensure that everyone has a decent affordable roof over her head.

Total spending changes	\$40 million
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V Income — a new deal for the poorest of the poor

Who are the poorest?

Among the poorest of the poor in Manitoba are those individuals and families who are dependent on social assistance for their daily needs.

Statistics on the numbers of persons on social assistance as of March 31, 2004 confirm that the vast majority of adults are persons with disabilities (53%), sole-support parents who are primarily women (29%), and the unemployed (17%) — people who are classified as “able-bodied” but are often otherwise disadvantaged or handicapped in the labour market to such an extent that they may be unemployable.

In recent years the number of cases of social assistance has averaged around 32,000, the number of recipients about 59,000. In 2004, 34,100 adults (18,900 single adults, 10,300 single parents, 2,900 couples with dependents and 1,900 couples with no dependents) and 24,300 children (84% living in single-parent households) received benefits.

People in receipt of Social Assistance are poor. Poverty has both life-long and intergenerational effects. Poor parents have poor children. Poor people are more likely to be sick and are over-represented in the costly justice system. Poverty is also self-perpetuating. Poor people are less likely to access post-secondary schooling and other training and less able to access childcare opportunities — services which might help to lift them out of poverty. As long as they remain poor, they contribute fewer taxes to the provincial revenue. Higher incomes mean more taxes paid to government. But more importantly, lifting people out of poverty means that there will be

more resources available to spend on programs such as health, education, culture etc.

There have been some recent improvements in the situation of individuals and families on social assistance through an end to the claw backs of child and other benefits (that were initiated by Progressive Conservative governments) and the introduction of special programs aimed at improving conditions for children in welfare-dependent families. These programs, however, do not benefit men and women who have no children.

The benefits received by individuals and families consist of: basic assistance (food, clothing, personal and household needs); shelter allowances (which are based on the number of persons); health services (including essential drugs, dentist services and optical supplies); and an allowance to cover the cost of school supplies for children. As well, for some purposes individuals receive transportation allowances.

For too long, shelter allowances for many social assistance recipients have been frozen while rents have been increasing and basic assistance has been subject to strict controls. A recent review of rent payments by social assistance recipients in Brandon in June 2005 revealed that 378 or 60.7% of the 623 renters in the private sector were paying rents greater than the Employment and Income Assistance (EIA) shelter allowance guidelines. Of the 378 involving excess rents, 167 (44.2%) were paying \$1–\$60 more, 89 (23.5%) were paying \$61–\$100 more, and 122 (32.3%) were paying \$100 or more. The last review was done in March 2000. At that time, 296 cases were paying rents in excess of the allowances, 56 of them excess rents greater than \$100. The increases in the number paying excess rents and the number paying excess rents greater than \$100 are 28% and 118% respectively.

Addressing the problem

To cover excess rent, social assistance recipients must divert resources from their allocations for necessities, particularly food. This situation must not be allowed to persist. We intend to adjust shelter allowances and basic assistance paid to social assistance recipients to bring them into line with the impact of inflation since 1998. Since inflation has increased by roughly 15% since 1998, these allowances would be adjusted by this amount at a **cost of approximately \$22 million** in 2006.

As well, we will expand the services available to permit social assistance recipients (adults and children) to use the public transit system and to provide individuals and families with basic phone services within their area of residence (that area for which there are no longer distance charges). These services are required to allow social assistance recipients to participate fully in community life including improving their capacity to seek and find work. The APB will allocate **\$4.5 million to provide EIA clients with basic phone service and \$1,000,000 per year for peak hour bus passes emulating the arrangement currently in place in Brandon.**

In addition to the upgrades in allowances, we would provide inducements for individuals to augment their incomes through employment, including self-employment, by increasing the base monthly exemption to 2 times the current rent and allowing retention of 50% of the net remainder. Under this structure a single parent without disabilities would be able to earn \$230 per month and retain 50 cents of each additional dollar earned.

Finally, we propose to undertake immediately a review of the obstacles that prevent social assistance recipients from finding jobs and/or other opportunities that will allow them to earn a living wage and improve the material conditions of their families. At the same time we will review the allowance structure for children attending school with a view to making whatever adjustments are required to allow them to participate fully in school activities — including band, athletics, etc.

These initiatives will help to create an inclusive society in which all members share in the benefits of economic progress.

Total spending changes	\$27.5 million
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VI Winnipeg's Inner City

Recognizing its strengths

Much of what we hear about Winnipeg's inner city comes from the media, and is negative — violence, crime, gangs, drugs. However, in November, 2005, the Canadian Centre for Policy Alternatives-Manitoba published the first ever *State of the Inner City Report*, and identified a great deal in the inner city that is very positive.

As the result of 25 years of public investment in Winnipeg's inner city — the Core Area Initiative I and II, the Winnipeg Development Agreement, and now the Winnipeg Partnership Agreement — a remarkable array of very effective community-based organizations (CBOs) has been created, and a stratum of community leaders — the majority of whom are women — has emerged who are knowledgeable, experienced and are playing a key role in creating positive social and economic change. These CBOs and community leaders constitute a major part of the infrastructure that is the basis for turning the inner city around.

The *State of the Inner City Report 2005* found that community-development corporations (CDCs) that secure the involvement of community members, and receive consistent core funding, allow communities to implement gradual and positive changes.

We know that positive change has occurred where such highly effective CDCs as the Spence Neighbourhood Association, the West Broadway Development Corporation and the North End Community Renewal Corporation — to name just three — have been working. We know too that remarkable CBOs and community leaders have emerged in the Aboriginal community, working through organizations such as the Urban Circle Training Centre, the Ma Mawi Wi Chi Itata Centre and the Native Women's Transition

Centre. It is important to highlight that many of these community leaders, in spite of the extra burdens they carry, are women.

Housing and neighbourhood revitalization

The *State of the Inner City Report 2005* also observed that CBOs are doing excellent work in promoting inner city housing, but identified a need for a policy shift toward more low-income rental housing, as opposed to the home ownership strategy that has dominated in the inner city in recent years. Good quality, low-income rental housing is particularly important because it can contribute to the neighbourhood stability that is a necessary condition for neighbourhood revitalization. When the production of good quality housing is achieved by the use of workers who are hired locally, in community economic development (CED) fashion, further important benefits are realized.

The *State of the Inner City Report 2005* called for a major initiative — initially identified in the Auditor General's Report of 2004 — to repair its aging portfolio of public housing stock, and to do so using locally hired labour. Such a CED approach would have multiple benefits: improved housing for low-income tenants; the creation of many jobs; and significant energy savings. In particular we propose that women be included amongst those to be trained in, and paid for, the work of inner-city housing revitalization so that they can build skills that will lead to well-paying jobs.

Education and poverty alleviation

Education can lift people out of poverty. Some positive steps have been taken in recent years in inner city education. For example, some inner city schools have become very closely linked

with the surrounding neighbourhoods, and are effectively community schools. Working with communities, and not just children, to raise children's levels of educational attainment is an effective strategy. And the establishment of Children of the Earth and Niji Mahkwa, the Aboriginal high school and elementary school in Winnipeg's inner city, have also been very positive initiatives. But much more is needed. The Canadian Centre for Policy Alternatives has previously reported on the drastic need for more Aboriginal teachers, and we note with approval the innovative Teacher Assistant training program sponsored by the Centennial Neighbourhood Project and run through the Urban Circle Training Centre and Dufferin School. Much, much more of this is needed. In particular, the Faculties of Education at the University of Winnipeg and the University of Manitoba need to be more aggressive and proactive in attracting Aboriginal people into teacher-training programs.

We also believe that Adult Learning Centres (ALCs), which deliver the mature grade 12 diploma to adults, have been very effective and should be dramatically expanded. Additional ALCs strategically located in inner city neighbourhoods would allow inner city residents to improve their educational credentials. *The State of the Inner City Report 2005* noted, for example, that 343 adult learners graduated from inner city ALCs in 2004/05 with their mature grade 12 diplomas. Investment in ALCs will almost immediately pay for itself by enabling people to enter the paid labour force. Those in the paid labour force are able to contribute directly to our collective well-being via their contributions to tax revenues, and there is evidence that the children of such parents are likely to do better in school, and so be more likely to secure good jobs as adults.

Labour market intermediaries

The *State of the Inner City Report 2005* also identified the idea of labour market intermediaries as an exciting new strategy for bridging low-income inner-city residents into good jobs. A labour market intermediary is simply a formal means of drawing together the main players in employment development — community-based employment development agencies (of which Winnipeg's inner city has many), educational institutions of many kinds, governments, unions and especially employers — to develop strategies consciously aimed at getting low-income people into good jobs. The key to the success of labour market intermediaries is the active involvement of employers. If employers are involved in designing training strategies and committing to hiring those who complete the training, and if adequate supports are put in place to enable inner-city people to complete the training, then significant numbers of people now detached from the labour force can be brought into paid employment. We all benefit when this happens.¹⁴

These are all positive initiatives, and our budget invests in each. Investing in initiatives that we know work well is the basis of the alternative budget's Winnipeg inner city strategy.

There is still work to do

Despite our focus on what is positive in Winnipeg's inner city, it is important to add that conditions in the inner city remain a source of worry. Relative to the city as a whole, poverty levels in the inner city are very high: 44.1% of inner city households had incomes below the Statistics Canada low-income cut-offs in 2001. In some inner city neighbourhoods poverty rates are shockingly high. In Lord Selkirk Park, for example, 87.8 % — almost 9 in 10 — of households had incomes below the Statistics Canada

low-income cut-offs in 2001. The North End Community Renewal Corporation (NECRC) is proposing to coordinate a ten-year, comprehensive community initiative in Lord Selkirk Park, and some of the money that we are budgeting for core funding for community-based organizations would go to the NECRC for this purpose.

The Social Planning Council of Winnipeg recently reported that the child poverty rate in Manitoba in 2003 was 22.1%, the second-highest rate in Canada. The 2003 rate was virtually the same as that in 1989 (22.5%), the year the House of Commons passed a unanimous all-party resolution to eliminate child poverty in Canada by the year 2000. In every year since 1989 Manitoba has been one of the three worst provinces in Canada for child poverty, and in seven of those years Manitoba has been the worst. Contrary to popular perceptions, the majority of poor children in Manitoba live in two-parent families. Manitoba has Canada's highest rate of poverty in two-parent families at 18.8%. Also contrary to popular perception, 23,000 Manitoba households with poverty-level incomes had at least one family member working full-time, full-year — a reflection of low wage levels in the province.¹⁵ Most poor people in Manitoba live outside the inner city. However, the highest concentration of poverty is in Winnipeg's inner city, and the concentration of poverty adds to poverty-related problems.

These kinds of data are evidence that we need to act immediately to launch a ten-year strategy aimed at turning around Winnipeg's inner

city. To do otherwise is wasteful, and imprudent. It wastes the vast human potential that resides, largely untapped, in Winnipeg's inner city. It is imprudent because, without significant investment in solutions that we know will work, conditions in the inner city will worsen and spread, and the quality of life for *all* in Winnipeg will be adversely affected.

Spend now and save later

The 2006 Alternative Provincial Budget is calling for the creation of an annual **\$25 million inner-city investment fund** to be targeted at Winnipeg's inner city. The \$25 million inner-city fund will be replenished in full each subsequent budget, and invested annually for ten years. The principle that will guide the fund is to invest in community-based initiatives that have proven successful.

In the first year, 2006, we will invest the \$25 million in the following ways:

Additional core funding for community-based organizations **\$15 million***

The establishment of new Adult Learning Centres in the inner city **\$5 million****

The establishment of labour market intermediaries **\$5 million**

Total spending changes	\$25 million
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* At March 31, 2005, the total Neighbourhoods Alive! commitment was approximately \$26.5 million.

** In 2004/05 the province spent approximately \$4.4 million on ALCs in Winnipeg's inner city.

VII Health Care

What we have

Manitoba has the basis of a system which:

- Is **fairly funded** through general revenues without recourse to ineffective user fees and unfair, inefficient insurance premiums.
- Is **efficient** in its single-payer billing system.
- Has many of the major components of a **comprehensive** health care system in place beyond just doctor and hospital service, including home and extended care, and a pharmacare program.

From 1997 to 2005, health care expenditures in the Manitoba public system have increased. These increases have been used to lead us to believe that our health care system is in crisis, with the only solution being to privatize the system in a variety of ways. This is deliberate hyperbole originating with interests which seek to divert health care dollars into their own coffers. When adjusted for inflation and measured against our ability to pay, cost increases have been well within reason. From 2000/01 to 2004/05, expenditures rose only from 8.02% to 8.54% of GDP. In the same period, expenditures rose only 16% in real dollars. Apart from some ill-targeted pre-election spending from 1997–1999, increases are accounted for by attempts to restore some of the cuts of the mid '90s, with some increase in demand and rising technology and drug costs.

The need for reform

Our health care system is nevertheless in need of reform, although not the kind which would profit the privateers. The major deficits are:

Our system is inattentive to the determinants of population health. The Public Health Agency of Canada lists 13 such determinants of which the quality of the health care system is only one. Another determinant is socio-economic status. Poor health is strongly related, not so much to absolute poverty, but to the gaps between income classes. Canada's deregulated market economy has caused these gaps to grow nation wide in the last 15 years. Women (and their children) are more likely than men to suffer ill-health as a result of this determinant. Yet another determinant is the quality of our natural environment. The health of all depends, for example, upon the quality of our air and water. Nonetheless, in Manitoba expenditures in the two lead departments which ensure the quality of our water supply have been cut back in real dollar terms. Moreover, while we live in a toxic environment that makes us sick, our health care system is almost exclusively preoccupied with the search for the "cure" rather than the cause.

Access to health care is difficult and erratic. An unknown, but significant number of people do not have a family physician in Manitoba, while many others do not have geographically convenient access. In workshops for women recently conducted throughout Manitoba by UNPAC, access emerged as a leading health concern. Part of the evidence for this is the volume of people using hospital emergency rooms in lieu of a family physician (a national study showed less than 11% requiring hospital admission), thereby contributing to wait times for which the hospitals have been faulted, when actually the problem lies in the primary care system. The problem is not an absolute shortage of family physicians (although adequacy of numbers is always an issue), but with the way in which they organize themselves as private businesses, very often in solo practices in locations of their choosing, rather than in the

place of highest need. This way of organizing primary care is also inefficient because it fails to use other professionals to provide care — most notably pharmacists and nurses — and because it misses opportunities for the primary care system to respond on a neighbourhood level to some of the determinants of health. Once again, it concentrates almost solely on treatment rather than prevention.

Specific cost pressures. Although rising costs are not evidence of a crisis, there are some costs which need to be brought under control — most notably the cost of pharmaceuticals which is the single largest contributor to rising costs. Seniors, most of whom are women, are particularly vulnerable insofar as a proportion of the cost is born by the patient. The cost of reimbursements to patients from the Manitoba Pharmacare program, for example, tripled in the period 1997/8 to 2003/4, while the numbers of prescriptions rose only by 32%. It is again noteworthy that drugs belong to the privatized segment of health care, giving the lie to the ability of the private sector to contain costs.

A lack of democracy. While the privateers loudly and continuously chant the mantra of the quick fix through a greater role for profit, there are technical, ethical and operational questions about the system, the answers to which are not amenable to such glib responses. For example, the system will always be finite at any given time, and rationing will always be necessary. Manitobans have already determined that they would prefer rationing to be according to need not according to ability to pay, but large questions such as the size and scope of the system which is subject to public funding and public delivery are not yet settled. Should it include dental and eye care for example? These are questions far too important to be left to the providers and the politicians.

They need to be subject to sustained debate from an **informed** public.

Other measures include improvements to the Pharmacare Program and continued attention to maintaining the Long Term Care and the Home Care Program commensurate with increasing demand.

The Alternative Health Department Budget

Determinants of health

The departmental divisions of government create difficulties in translating knowledge about health determinants into policy, since so many determinants are beyond the mandate of the Department of Health. For example, tax measures designed to reduce inequalities are initiated in the Department of Finance. Nevertheless, the Department of Health could significantly improve on the mere 1.4% of its total budget currently devoted to prevention. As a start the Alternative Budget would:

Create a Population Health Commission, similar to the Clean Environment Commission (perhaps integrated with expanded staff and mandate) that would review all initiatives, public or private through a “health lens” that would determine what impact they might have on the health of Manitobans. To allow 20% of our children to live below the poverty line, to fail to build one single new affordable housing unit, and allow the rapid growth of a highly-polluting hog industry without such scrutiny is grossly negligent.

Cost **\$500,000**

Quadruple Manitoba’s health research capability. University-based research is increasingly being driven by chemical and pharmaceutical giants who are not about to fund a study of

the impact of herbicides on our health. The two other major Manitoba centres of health research receive, between them, a pittance of \$3 million, two-thirds of which comes from Energy, Science and Technology. Additional funds will be spread between these three centres and earmarked for epidemiological research and research into the promotion of good health — with special attention to environmental hazards, social class and gender as determinants.

Cost **\$9 million**

Primary health care

Community Health Organizations. The Alternative Provincial Budget commits funds to improving access to primary care, as well as responding to other flaws in the system, through moving towards a comprehensive network of Community Health Organizations (CHOs) throughout the province. CHOs are governed by a volunteer community board. They are funded on the basis of a formula, which would include the numbers and characteristics (e.g. preponderance of seniors or single mothers and their children) of the population of the neighbourhood served. **Patients are guaranteed access** and would normally attend the CHO as their first contact with the system. CHOs especially benefit vulnerable groups that are less likely to have access to primary care, such as immigrants, Aboriginal Peoples and inner-city populations. CHOs have responsibility for an array of public and preventive health care services, including attention to the determinants of health, as illustrated by the Riverdale Health Centre in Toronto, which was the catalyst for the ban on leaded gasoline. They are staffed by teams of **salaried** health care professionals. There are likely to be cost savings in the ability of the lower-paid professionals to carry much of the primary care now carried by physicians, and such things as midwifery. In the long run we can expect to see more savings because

CHOs are thought to be more efficient than the private practice model. CHOs are the main link to hospitals for admissions and discharges, to long term care and referrals to specialists. **The most important feature is that if CHOs prove to be cost effective, they would eventually replace the current physician private practices, including the walk-ins.**

Costs include:

Early start up (capital) costs. Funds to canvass the globe — including Manitoba and Quebec — for best practice models. Funds for a community development process to identify leader (prioritizing under-served low income) communities. Dialogue with, and evaluation of existing facilities. Funds for dialogue with present health care providers, but most especially family physicians around salaried reimbursement. Funds to improve current subsidies to medical (especially family physicians) and nursing students in return for contracts to remain for an extended period in this province and staff the emerging CHOs.

Total cost in this first year **\$20 million**

Controlling drug costs

Initiatives in the Alternative Budget include the establishment of a **Drug Review Agency** to:

- review **bulk buying** practices with a view to a comprehensive scheme that would include central purchase and distribution to all medical facilities and pharmacies in the province.
- evaluate cost-effectiveness. The entry into the market of new drugs, advertised as wonder drugs, but in fact containing marginal, if any, improvements over existing drugs, is a major factor in inflating drug costs. **Drugs found not cost effective will not be purchased in the central purchasing system or provided under the Pharmacare program.**

- operate a **drug information program** aimed at providers and consumers with the objective of alerting them to the problem of over-prescribing and the comparative merits of other drugs designed to treat the same condition.
- determine — by the end of the first year — the desirability of establishing a **Crown Corporation** to manufacture some generic drugs in Manitoba. The presence of a generic drug manufacturing capability is important to controlling runaway drug costs, despite the outrageously generous patent protections enjoyed by the “big five” drug companies. The private sector will not guarantee an ongoing Manitoba presence; thus a Crown Corporation may be needed.

Total cost of agency for 2006/7 **\$1.5 million**

The development of **coordinated wait lists** for selected diagnostic and surgical procedures. Pilot projects elsewhere in Canada have shown this to be an effective, cost-neutral method of reducing wait lists in the public system. In contrast, for-profit clinics have been found to actually lengthen wait lists.

- Estimated **cost savings** to Pharmacare from the review of cost-effectiveness and the over-prescribing program by the year 2007/8 and subsequent years are:
\$12 million
- Unhealthy food choices create major health issues for Manitobans. According to Statistics Canada, the average prairie family spends over \$450 each year on junk food. In order to promote healthy lifestyle choices among Manitoba families, the APB is recommending a 2% tax on junk food. This will **generate revenue of:**
\$3 million

Democracy in health

The beginning would be a **Health Advisory Council**, established at arm’s length from the government, acting as advisory to it. It would differ from most such bodies in that **it would have a mandate to promote continuous public debate on issues related to health services, including health promotion and the determinants of health.** It would develop and implement strategies for dissemination of research findings to the public. For building democracy and improving health information and evaluation the Alternative Budget sets aside:

\$2 million

Other budgetary initiatives for improved health care:

While Manitoba’s **Pharmacare** program is one of the best in Canada, that damns with faint praise. There is a need to move back to the restoration of a more universal and accessible system of drug therapies as an important part of the publicly-funded, publicly-delivered health care system. A major first step would be to remove the deductible provision altogether from all whose family income is below \$30,000 and revert to the original 2% deductible for the remainder of the eligible population. The following year, the ceiling beyond which a patient is ineligible should be gradually raised until it no longer features.

Cost **\$10 million**

Long-term care. As the population ages, the need to relieve pressures on family, especially women who are most likely to assume the burden of care, grows commensurately. A 4% increase in operating and capital costs for public and non-profit facilities would cost:

\$18 million

The same is true of **Home Care**, once considered the best in the country, but now seriously eroded

in the quantity of care allocated for a particular level of need. A 4% increase in the Home Care Program budget would allow for the accommodation of more patients as well as extend benefits, at a cost of:

\$8.5 million

Improvements in Home Care and Long Term Care have the potential to save costs in the hospitals but it is difficult to place a dollar value on this.

Estimated cost of APB measures

\$69,500,000

Moreover, there is an immediate projected saving of **\$2 million** in Energy and Science (funding for research shifted back to Health), **\$12 million** in Pharmacare costs for the following and subsequent years, and possible longer term savings in primary and acute care — all for a very modest

net increase in new spending of \$57 million in Health, and \$55 million overall.

Costs of **M\$69.5**

The sky is not falling on our health care system, but there are some essential and immediate improvements needed. These emphasise a role for the Department of Health in **acknowledging the importance of factors and forces outside of the system itself** which influence the health of Manitobans, and a related commitment to **reforming primary care, improving access and viewing all practices through a “class” and “gender lens”**. These measures, along with attempts to cap some of the upward cost pressures, require additional expenditures now, which hold the promise of some cost savings in the medium to long-term future.

Total spending changes	\$55.5 million
Total revenue changes	\$3 million

VIII Justice

In the development of *The Promise of Community Led Renewal—State of the Inner City 2005*, CCPA — Manitoba interviewed numerous inner city residents and community development practitioners to better understand what is needed to build hope in their communities. Safety was consistently raised as a critical concern.

As well, UNPAC has conducted focus groups with women throughout the province of Manitoba. The concerns expressed include gang violence, implementing preventative approaches to build safer communities, and a need to address the sexual exploitation of women and children in a more supportive manner.

Gang violence

Provincially, and especially in Winnipeg, gang violence and the fear of crime are a growing concern. The recruitment of vulnerable young people worries families, social service agencies and schools. While the government has demonstrated a commitment to prevention programs such as the Choices Program and the Lighthouses initiative, there has been little growth in the development of a coordinated gang prevention strategy on a provincial basis.

Locally developed and operated programs to assist service providers and community organizations to intervene with youth at risk for gang involvement do exist. Although these programs have been shown to meet the needs of the community, they are not supported in any formal way by the province. This lack of government involvement puts programs at risk. In order to strengthen and protect successful initiatives, it is recommended that a point person be assigned by the government to coordinate existing programs, ensuring that communities and service provid-

ers receive the training they require to intervene with youth at risk.

Safer communities

Focus groups in Winnipeg identified a growing fear of crime as a main concern. Women stressed that there is a need for a stronger presence of **community police officers** especially in areas known to have higher rates of criminal incidents. The community policing approach has the potential for a more positive outcome than the current policing practices.

Community policing has been successful in other jurisdictions, allowing the public to feel more secure. Vulnerable populations such as women, children, the elderly and people living with special needs represent a significant proportion of Winnipeg's inner-city residents. The presence of a regular police presence in their neighbourhoods can contribute greatly to their quality of life and the development of the community.

As a first step, the APB will allocate resources to begin to create a community-based policing model to be developed in consultation with inner-city residents. In 2006 we will allocate resources to support eight additional community police officers and four community development social workers with the sole responsibility of working with the community to develop, promote and support a preventative policing model that is tailor-made to address the complexity of issues in Winnipeg's inner city.

Women in Conflict with the Law

In order to take a gender-sensitive approach to justice issues it is important to understand the issues faced by women in conflict with the law. The Aboriginal Justice Implementation Committee, among other groups, has document-

ed the plight of these women and their children. While there is sufficient evidence to demonstrate how the justice system can better address these issues, the Alternative Provincial Budget shows how approaching these women's issues differently can result in better outcomes and be more cost effective.

As of April, 2004, Correctional Service Canada cites the average annual cost of incarcerating a federally-sentenced woman to be \$150,867, whereas the average annual cost of incarcerating a male inmate is \$71,640 (under medium security — where most men are held). Alternatives to imprisonment — probation, bail supervision, community supervision work orders — range from \$5 to \$25 per day (\$1,825 to \$9,125/year).

Sexual Exploitation

Victims of sexual exploitation are most often women and children. Unfortunately, these women and children often have significant substance abuse issues. Currently, there is significant focus on suppressing the activities of these women. It is recommended that the Justice department take a “demand side” approach to the “sweeps” conducted by the Winnipeg City Police. The police need to focus their attention and resources on the men who exploit the women and children. This focus could result in significant revenue being collected in the form of fines and seized vehicles for those customers who are deemed as repeat offenders. These revenues could be used to support social programs currently in place to assist sexually-exploited women and children.

The Portage Women's Jail

While advocates applauded the 2002 announcement that the antiquated women's jail in Portage la Prairie will close its doors, 3 years later nothing has changed. Advocates strongly urge the govern-

ment to look at community-based models rather than simply replacing the existing institution with new bricks and mortar. Developing the right model will take time and will require meaningful collaboration with the Aboriginal community and advocates of women offenders.

The Court Process

Hollow Water is an example of a successful community-based approach to justice. Bringing offenders back to the community to be held accountable for their offence has been reported to be an effective way to reintegrate an offender back into the community. Manitoba Justice has an opportunity to support the growth of such programs in a way that saves the Department money.

Current practices involve offenders being held for extensive periods of time in remand facilities at a significant cost. The Hollow Water model might be re-created as a more appropriate and cost-efficient model to deal with offenders.

Such a model provides greater stability for offenders by providing them with supports and services on a local level, and reintegrating them back to their community.

APB Initiatives

- The APB will begin to shift resources to support community-based alternatives including a bail supervision program and healing lodges. To get this process underway, the APB will **allocate \$50,000 in 2006** to support the work of an implementation planning committee that will include representatives from the Aboriginal community and community organizations working with women offenders.

- **\$1 million dollars** would be allocated to establish a **Provincial Gang Prevention Program** (salary for coordinator, support staff and operational costs).
- **\$1 million dollars** would be dedicated to the cost of running a **community policing team**.

Total spending changes	\$2,050,000
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IX Water

An invaluable resource

As well as being necessary for all life, water fuels Manitoba's economy. It generates hydro-electric power for domestic use and export, and is a vital component in the agriculture, fishing, logging and tourism industries. As one of our most valuable resources, the Manitoba government must make water management a priority and deal with threats such as pollution and depletion. The NDP has already recognized the importance of water by creating the first Canadian Department of Water Stewardship. However, without the proper funding, staffing or scope, this initiative will not deliver the desired results.

Aboriginal Peoples are inextricably tied to our rivers and lakes; their cultural attitude towards water, along with properly-funded scientific research, should help guide Manitoba's policy towards responsible and sustainable water stewardship.

Manitoba's economic engine

Manitoba accounts for half of the value of Canada's freshwater fishery and Lake Winnipeg alone accounts for approximately 35% of that amount.^I Manitoba's commercial freshwater fishery generated \$26.9 million in 2004-05, of which \$17 million came from Lake Winnipeg. Commercial fishing employs over 3,300 annually with more than 30% of them on Lake Winnipeg.^{II} Of Manitoba's 43 fish packing plants, 14 are on Lake Winnipeg.

In Manitoba, anglers spend about \$120 million annually on expenses directly related to fishing (i.e. outfitters, food and lodging, transportation costs, fishing services, fishing supplies, and other expenses)¹⁶ and another \$178.6 million per year in major purchases and investments (fishing

equipment, boating equipment, camping equipment, special vehicles, land and buildings, and other purchases.¹⁷

Since 1906, 14 generating stations have been built on the Winnipeg, Saskatchewan, Nelson, and Laurie rivers, generating 98% of the province's electrical energy. Manitoba Hydro has identified potential generating sites on the Nelson, Churchill, and Burntwood rivers in the hopes of doubling existing capability.¹⁸

In 1999 the Inter-Lake Tourism Board, reported that tourism in the Interlake and eastern regions of Manitoba generated \$32 million .

Lake Winnipeg

According to the Lake Winnipeg Research Consortium, 2005, Lake Winnipeg is the tenth largest body of freshwater and the third largest hydroelectric reservoir in the world. Lake Winnipeg's watershed is the 2nd largest in Canada — with boundaries spanning 4 provinces and 4 U.S. states. The watershed is home to 5.5 million people and 20 million livestock.

Lake Winnipeg is also at risk of dying from too many nutrients. We now have more frequent and larger toxic algal blooms emerging in Lake Winnipeg than ever before. Water quality is diminishing and aquatic life, including fish, are dying.

Four fish species, and the snail, Lake Winnipeg Physa, believed to exist only in Lake Winnipeg, have been designated "at risk" by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC). Since its recent discovery, the Lake Winnipeg Physa snail has been in decline as a result of erosion, shoreline development, and increased pollution.¹⁹

The challenges

Manitoba's water is being assaulted on several fronts. Some of the most pressing issues are as follows:

- It is becoming increasingly difficult for water system managers to provide safe drinking water to consumers. Pressures to maintain and operate a deteriorating infrastructure while responding to increased demands for water are exacerbated by unstable subsidy and funding programs.
- Using the Province's own data, Brandon professor Bill Paton found that more than half the manure storage facilities with monitoring systems showed evidence of groundwater contamination. In addition to an increased risk of pollution to water, large-scale hog barns that use well water can lower water tables, affecting wells, ponds, and the vegetation in low-lying areas. The Manitoba government must implement its policies and conduct regular well testing, including private and semi-private, in areas around manure storage facilities, feedlots and landfill sites and inform residents of the risks.
- While government has heralded its Water Protection Act "to deal with water protection at its source, whether or not it is used for drinking water, to recognize the importance of preserving the ecological integrity of our rivers and lake", it has concomitantly welcomed intensive livestock operations throughout the province without proper assessment of the cumulative stress on water sources or the land.
- Climate change studies suggest that it may not be possible to depend on the continued availability of water quality and quantity that historical monitoring data might suggest. With glacial melt increasing, the sources of some of the largest rivers flowing into Manitoba are already disappearing. This water is *not* renewable. Lower water levels can affect the quality of freshwater as lower water levels tend to lead to higher pollution concentrations, whereas high-flow events and flooding increase turbidity and the flushing of contaminants into waterways.
- Canada is one of the highest users of water per capita in the world and within Canada, Manitobans are amongst the most wasteful.²⁰ We need much stronger public education regarding the costs and realities of water issues, and the best way to deliver that lesson is to have users to pay the full cost of the water they use. By global standards, Manitoba's water is greatly undervalued it is time we paid a fair price.
- It is imperative to recognize how hydro development affects Native Peoples lives, and to remember that Aboriginal communities hold rights to waters in their territories based on connections to traditional territories and culture. Hydroelectric energy is neither clean nor green. It floods huge tracts of land, decreases water quality, has poisoned lakes, fish and people and disrupts whole cultures and communities. While the benefits and profits of hydro development are largely reaped by those many miles away, Aboriginal Peoples bear the brunt of the negative consequences resulting from environmental destruction and cultural erosion of Hydro's operations. As culture breaks down, women are the first to lose their status and traditions. When water becomes polluted, women, as the primary caregivers of the family, face the threat of ill health for themselves and other family members, and risk economic loss and social iso-

lation when they have to care for a sick relative.

We must remember that the Canadian Constitution affirms Aboriginal treaty rights and recent treaty agreements recognize that water rights were never surrendered in past agreements. The courts have spoken strongly in favour of interpreting treaty rights in a 'liberal and generous' manner. Water belongs to the public and the fruits of its development must be spread equitably amongst Manitobans; it is only logical that those Manitobans who lose the most receive payment that is commensurate with their loss.

- Contaminants (such as flame retardants, heavy metals, pesticides, pharmaceuticals, endocrine disrupters, etc.) commonly found in our water have been linked to chronic diseases, developmental deficits, reproductive abnormalities, weakened immune systems, and cancer. While children are the most vulnerable to environmental hazards they are also the *least* protected by current standards. Protecting the integrity of our water sources is akin to preventative action for our children's health and well-being.
- The Devil's Lake Outlet threatens Manitoba's water quality, its aquatic populations and future economic prospects. North Dakota is in violation of the 1909 Boundary Water Treaty and Manitoba, along with the federal government, must take stronger action to ensure that this is not a precedent-setting project. More immediately we need to ensure that North Dakota funds and builds a proper filtering process. Manitobans should not be responsible for paying the costs of cleaning up unsolicited pollution. A gravel filter is grossly inadequate to protect from pollutants, foreign aquatic species and viruses.

- Many states in the U.S. are already facing water shortages and some predict that within the next 10 years more than half will. There are signs that the U.S. is eyeing Canada's water to help alleviate its thirst. With a new federal government that has said it supports bulk water exports to the U.S., we need to protect Canadian water from commodification, diversion, bulk exports and privatization.

APB initiatives to meet the challenges

The following policy instruments are recommended:

- Preserving the quality and integrity of the water in the north allows local communities to maintain their cultural heritage. As a cost of doing business, a portion of Hydro's revenues should flow back into the communities that were affected. This revenue flow must acknowledge all past projects and include an income supplement paid to those who wish to live a traditional lifestyle.

We would create a **Community Cultural Stewardship Fund** to compensate those who have been negatively affected by hydro development at a cost of **\$20 million**.

- Create a division of Aboriginal Relations at a cost of **\$1 million**.

The Division of Aboriginal Relations would provide three staff positions to:

- facilitate development and implementation of watershed plans with Aboriginal communities;
- Work with communities and the tourism industry to develop sustainable tourism strategies;

- Facilitate Aboriginal participation in consultations for resource development projects. Limited funding would be available before any other funding is provided under any relevant environmental assessment or regulatory process.
- Increase staffing for the **Water Stewardship Department**: Manitoba has a poor record for enforcing its own legislation, often due to a lack of human resources. We would increase staff to ensure regulations are enforced and to coordinate policy implementation with other departments.
\$1 million per year for 5 years.
- Develop a program to promote water conservation and the efficient use of water, with incentives targeting developers and homeowners who use or convert to water-saving devices:
\$10 million.
- Grants for improving drinking-water infrastructure:
\$50 million over 5 years — this year's cost: \$10 million.
- Watershed Planning and Implementation. We need to invest in the development of watershed plans across the province. Water quality management parameters would be broadened to include contaminants besides phosphorous and nitrogen (e.g. pesticides, pharmaceuticals, endocrine disrupters, heavy metals, household and industrial cleaners, flame retardants, clear cutting, mining waste, etc.)
Cost: \$10 million.
- The Water Stewardship Fund would also be used to finance environmental studies, public education and sustainable water projects.
Cost: \$25 million dollars over 5 years — this year's cost: \$5 million.

Increase revenue

The sooner Manitoba begins to invest in its water resources, the sooner it will avoid escalating problems and costs. The following increases in revenue would allow the Water Stewardship Department to begin to address the issues outlined above:

- Increase the water rental rates to \$5.00 to raise an additional **\$50 million dollars** which would be administered by the Water Stewardship Department.
- Implement a hydro export fee at 7%, and raise an additional **\$38 million dollars** for the province's coffers.
- Implement a water fee for irrigation at 10 cents/m³ to raise **\$2.5 million.**
- Implement a water fee for intensive livestock operations at 10 cents/m³ and raise **\$.5 million dollars.**
- Charge a 3% tax on synthetic fertilizers and pesticides used for agriculture. Based on 2003 sales this would raise an additional **\$20.4 million dollars.**
- Increase the debt guarantee fee charged to Manitoba Hydro by 5 basis points to increase revenues by **\$3.5 million.**

Total revenue changes	\$114.9 million
Total expenditure changes	\$57.0 million

X Agriculture

Destination 2010

In 2000, Manitoba's Minister of Agriculture and Food released *Destination 2010*, a "strategic road-map" and vision of the desired state of the province's farm and food sectors. *Destination 2010* laid out goals to "creat[e] an environment that results in greater prosperity for our farm families, other agriculture food partners, and rural communities."

Destination 2010 predicted that these goals would be achieved by farmers integrating production and financing, and applying improved risk-assessment information into their management decisions. Farmers would also access advanced technology and services at the same (or higher) rate as our out-of-province competitors, and would have increased access to foreign markets.

Today's reality

In 2004, government-program payments made to Manitoba farmers amounted to \$461 million. When these payments are taken into account, actual net farm income from the marketplace drops to *negative* \$93.7 million. Canadian farm debt has increased to a level at which interest payments on debt exceed farmers' total net incomes. These alarming statistics indicate that the admirable goals of *Destination 2010* will not be realized without major changes in the province's agriculture policy.

The problem: a systemic imbalance

Manitoba's agriculture policy ensures that public funds are filtered through the family farm and then collected *en masse* — through input sales — by agricultural corporations wielding

monopoly power. The failure to recognize the direct relationship between corporate power and farmers' financial failure is at the root of our farm crisis. This power imbalance between individual producers and monopoly suppliers cannot be addressed by tweaking existing policy; a complete overhaul is needed.

An agricultural policy for farmers

- Corporate dominance of Manitoba's agricultural industry has forced farmers into a production system that is increasingly reliant upon the use of purchased knowledge and rented technology. On average, farmers pay \$1.40 in input costs and corporate technology access fees for every dollar of net income gained from the use of this technology. The reduction of publicly-funded and controlled agricultural research in our universities is a proven contributor to the growth of the corporate-managed, exploitive system imposed upon farmers. We will **allocate \$5 million** in 2006 to establish an **Alternative Agriculture Research Fund**. The fund will support research to reduce farmer dependency on monopoly-controlled inputs such as seeds, fertilizers and pesticides, thereby reducing input costs. Patents and copyrights that result will be held by a publicly-funded body and used for the benefit of direct producers and the broader population.
- The 2006 APB will establish the **Renewable Energy Promotion Program**. The program will provide interest-free loans of up to \$5,000 to encourage rural households to convert natural gas, fuel oil, and propane-fuelled home heating systems to geothermal or exterior wood-fired heating systems. **We will allocate \$1 million dollars** to the program in 2006.

- Bank-financed land sales create interest-payment costs for the buyer and income tax problems for the seller. A system of interest-free, long-term financing between willing buyers and sellers, overseen and enforced by the province would be more economic. Interest-based land financing places a huge burden on new farmers, creates a barrier to intergenerational transfer, and siphons money out of the rural economy. There is no reason that a significant portion of Manitoba farmland must constantly be re-generating interest income for Canada's large and profitable banks. The 2006 Alternative Budget would **allocate \$2 million** to design and implement a land transfer financing system wherein willing buyers and sellers agree to pay for land over time. The province would take on the role of administering and enforcing the payments. A small, one-time fee on land transfers — perhaps 1% of total value — could cover program administration so that the long-run cost to the province could be zero. Eliminating interest payments on Manitoba farm land could help farmers quickly build equity, save farmers tens-of-millions of dollars per year, and keep those dollars working in rural communities.
- We will **allocate \$2 million** to establish a Manitoba Agricultural Land Trust. The Land

Trust will serve as a province-wide, arms-length umbrella organization for funding land acquisition for various local land trusts to help preserve the heritage of small family farming. The initial \$2 million allocation would allow for a Manitoba pilot program to launch several land trusts and construct a model umbrella organization.

- We will **allocate \$5 million** in start-up funds to assist farm families to invest in producer-owned food processing cooperatives. The government of Manitoba should — following a producer plebiscite indicating farmer support for a given co-operative processing venture — provide 25% of the money needed to build and operationalize a processing plant. The balance of the money should be raised from farmers and from local bank financing. The province's representation on any Boards of Directors could reflect its portion of financing.

These policies, together with concrete actions by the federal government to restore farm profitability, would begin to rebuild Manitoba's family farm agriculture sector and to reinforce the important linkages between the agricultural and other economic sectors.

Total spending changes	\$15 million
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XI Food Security

“Food Security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”.²¹ Food security affects economics, agriculture, the environment, health, and transportation. Nonetheless, North American governments have paid surprisingly little attention to food-security planning.²²

Food insecurity

When people do not have enough money to buy adequate amounts of healthy food, food insecurity ensues. Women are particularly affected as they are primarily responsible for feeding their children. Since 2000, food-bank reliance in Manitoba has increased 18.3%, bringing the number of people requiring emergency food to 46,161 per month — almost half of whom are children.²³ The ramifications of food insecurity are manifest in various ways; for example, a report by HRSDC found that when faced with a food shortage, mothers will sacrifice their own consumption in order to feed their children.²⁴ At the same time, ironically, Canada is part of a global obesity epidemic that, for the first time in our history, may cause children to live shorter lives than their parents. Despite all the advertising promoting healthy eating, many senior women’s incomes are too low to provide a healthy diet. This dire consequence of food insecurity is linked to inadequate nutrition education, a corporate-dominated food system motivated by profits instead of public health and a loss of cooking skills. Other concerns include high food prices and diabetes in northern Manitoba, and the declining number of Manitoba farms — which increases our reliance on imported foods. Increasing fuel costs are

driving up the financial and environmental costs of producing and transporting food.

Increasing food security reduces the need for social programs

Poor nutrition is a cause of poor health, and poor health is both a cause and consequence of poverty. By increasing food security, Manitoba can address several social problems at once. Health care accounts for more than 10% of Canada’s GDP, and health-care costs are growing faster than the economy.²⁵ One of the most efficient ways to decrease health-care costs is to reduce the incidence of poverty-related diseases, many of which — like the obesity epidemic — are linked to food insecurity. This strategy would have the added benefit of addressing the inequities suffered by women and persons with disabilities, both groups being over-represented in low-income groups.

The Ontario Healthy Communities Coalition indicates that a healthy, food-secure community enjoys a heightened sense of community, enhanced health, and more economic development and employment opportunities with increased social impact. It also sees a decline in service duplication, and improvements in environmental and economic sustainability and risk mitigation (OHHC, 1997). Manitoba’s provincial government has already taken some important first steps to realize these food-security benefits.

Positive first steps

Programs such as Healthy Baby, Healthy Child, and Healthy Schools are positive initiatives. The Northern Healthy Food Prices Report, Northern Healthy Foods Initiative and an increase in social assistance rates for northern residents help address food security in northern Manitoba.

Manitoba Agriculture Food and Rural Initiatives (MAFRI) has provided food processing, safety, nutrition, and micro-enterprise development and technical support for Manitoba farmers. The Alternative Provincial Budget recommends additional spending to address food availability, accessibility, acceptability, adequacy and agency.²⁶

The five A's of food security — a comprehensive strategy

Availability: implement the following programs to create a secure supply of adequate and nutritious food:

- Develop a Manitoba “**made local**” **labelling program** for Manitoba food products. Use this as an incentive for food producers and processors catering to the local market.
\$300,000
- Provide consumer education on the **importance of buying Manitoba foods** in season and fund community non-profits working to increase consumer education.
\$250,000
- Community Gardens: work with municipalities to promote **community gardening**. Provide matching funding for an initial soil test for community gardens and public education. A good example is Winnipeg’s Spence Green Plan.
\$150,000
- Promote the option of **direct marketing** to producers and provide education, incentives and assistance (especially for young farmers) interested in developing direct marketing.
\$200,000

- Support the **Manitoba Farmers’ Markets** through matched funding.
\$250,000
- Examine production and health regulations that are currently perceived as a barrier to smaller producers wishing to direct market. In-house
- Develop a pilot to reduce freight costs on essential foods in Northern Manitoba (NFPR, 2003).
\$100,000
- Fund projects to increase knowledge of and access to new or traditional food sources, especially for Northern residents (NFPR, 2003).
\$60,000

Accessibility: these programs will improve how food is distributed, shared and accessed:

- Research the cost of **indexing social assistance** rates to cover the cost of obtaining food in each community as well as special medical diets.
- Pilot dedicated **healthy in-school meal programs** for all schools, particularly communities/neighbourhoods with a high percentage of low-income residents.
\$500,000
- Expand existing **congregate meal programs**.
\$500,000
- Fund province-wide **Good Food Box Programs** similar to Ontario (piloted in Winnipeg’s West Broadway neighbourhood).
\$400,000

- Pilot 4 Food Security related community economic development projects such as St Mathews Maryland Community Preserves.
\$240,000
- Pilot community **preserving programs** in northern Manitoba through education on preserving and providing access to community or individual freezers (NHFPR 2003).
\$200,000
- Expand and develop **6 Community Cupboard projects**, currently piloted by West Central Empowerment of Women Project, support bulk buying and group transportation to grocery stores, food buying cooperatives.
\$100,000
- Provincial coordination with federal programs such as the **Canadian Pre-Natal Nutrition Program**.
- Support for municipalities to plan to ensure availability of grocery stores and food-equity (**price monitoring**).

Acceptability: the following programs will ensure that food that is **culturally acceptable** and is distributed in a way that is respectful to all Manitobans.

- Matching funding for piloting 3 community cafes across the province so that low income residents can pay for meals in a dignified manner.
\$120,000
- Provide farmers market or direct marketing coupons to social assistance recipients.
\$200,000

Adequacy: the following projects would help ensure that our entire food system is adequate to meet the needs of Manitobans.

- **Cooking Skills:** Support community, public health and school initiatives to teach cooking skills and nutrition.
\$400,000
- Support the expansion of **province-wide composting** and farm composting programs
\$250,000

Agency: identify policies and processes from all levels of government that help or hinder food security:

- Identify food security as a policy issue.
- Fund a province-wide food policy council through groups such as the **Manitoba Food Charter**, working to address Manitoba food security.
\$80,000
- Work with municipalities to develop tax and zoning policies that encourage small-scale food processing industries and urban community gardens.
- Research the **true cost of a basic foods basket** for residents in the south and conduct ongoing food price surveys for northern residents.
\$60,000
- Ongoing consultations with communities and non profit groups.
\$60,000

Total spending changes	\$4,220,000
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XII Environment

Environmental degradation will eventually wreak havoc on our economy and on the wellbeing of all Manitobans. The following policy initiatives serve two purposes: they raise much needed revenue, and they discourage environmentally-harmful spending.

The provincial levy on gasoline would increase by 3 cents a litre, from 11.5 to 14.5 cents. This represents a 26% increase in the tax rate and brings it in line with gasoline taxes charged in Saskatchewan and Ontario. Since taxes on consumer goods tend to fall more heavily on the poor, individuals with incomes under \$15,000 and households with incomes under \$30,000 will receive a full rebate.

Gasoline Tax **\$28 million**

If every Manitoba adult uses an average of 5 plastic bags a week, this would result in 217 million bags over the course of a year in the province. In an effort to reduce the amount of plastic shopping bags used by Manitobans, the APB recommends a 10 cent tax per plastic bag.

Plastic Bag Tax **\$22 million**

There are 616,000 cars registered in this province. To encourage Manitobans to purchase more fuel-efficient vehicles a \$100 tax will be levied on vehicles that are above a minimum level of fuel efficiency. This tax will be assessed annually and collected at the time of vehicle registration.

Fuel Efficiency Fees **\$30 million**

For a city like Winnipeg, with low overall population growth, new housing starts come at the expense of existing neighbourhoods and infrastructure. To encourage Manitobans in the capital region to use the existing housing stock, a \$10,000 tax will be applied to new housing starts in and around Winnipeg. It will not apply to the replacement or renovation of existing homes.

New Housing Tax **\$15 million**

Winnipeg's share of housing starts in the Capital Region has been steadily declining over the last 15 years: from 83% in 1985 to 65% in 2000. Between 1991 and 2001 the population of the capital region outside Winnipeg increased by 10,500 while the population of Winnipeg grew by 4,330. Much of the reason for this is the differential tax rates between the City of Winnipeg and municipalities outside the perimeter. This migration is tax flight by people who use many City of Winnipeg services. In an effort to reduce the incentive for urban sprawl and property tax avoidance, the APB recommends a 1% point tax on those homes that are in the capital region, but outside the city limits. This will equalize the tax rates between the City of Winnipeg and the average of the other capital region municipalities. The revenue is based on an average assessed housing value of \$100,000 on approximately 40,000 dwellings in the capital region outside Winnipeg.

Capital Region Sprawl Levy **\$40 million**

Total revenue changes	\$135 million
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Investing in Tomorrow – *Today*

THE 2006 MANITOBA ALTERNATIVE PROVINCIAL BUDGET

Fiscal Framework

For years the CCPA-APB has been warning the NDP government about the potential dangers of the self-imposed fiscal straightjacket created by tax reductions and the balanced-budget legislation. The balanced-budget legislation prohibits running a deficit in any given year or increasing major taxes without a referendum. The province has only managed to implement tax cuts, without running a deficit, because of the federal Liberals' rediscovery of their commitment to provincial transfers. Federal transfers as a percent of total provincial revenues have increased from 31% in 200/01 to 36% in 2004/05.

The precariousness of the province's financial situation is well illustrated this year. After last year's generous one-time payments by the federal government, the province managed a sizeable \$405 million surplus, permitting it to replenish the Fiscal Stabilization Fund (FSF), which had been badly depleted by both Conservative and NDP governments. By contrast, this year the province is forecasting a \$110 million defi-

cit, which it will have to make up by yet another draw on the FSF.

The APB rejects both elements of the provincial fiscal straightjacket. Tax reductions have severely constrained the province's ability to offer crucial social programs. The balanced budget legislation offers the dual problem of forbidding deficits and making it virtually impossible to reinstate tax cuts. **This year, the APB is expressly rejecting two crucial elements of the balanced budget legislation.** It is reinstating the personal tax cuts that were made in the 2005/06 fiscal year, restoring the education support levy and the middle income personal tax bracket to its 2005 levels. This will generate \$54 million.

The APB is also deliberately running a deficit in the 2006-2007 fiscal year. The very modest \$119 million is a statement of principle that the provincial budget should be used as an economic policy lever. An annually balanced budget is an artificial constraint on the government's ability to deliver programs when needed. The APB recognizes the necessity of balancing the provincial budget. However, balancing the budget over a longer time period gives the province much

more flexibility about when to run surpluses or deficits.

Spending

The APB is making a strong commitment to the province's role in improving the lives of Manitobans through the provision of crucial social services. In order to fulfill this commitment the APB is recommending the investments outlined in the previous policy papers. These investments are in addition to the spending that has already been forecast by the province of Manitoba in its 2005–2006 budget, adjusted for recent conditions in the 2nd quarter financial report.

Revenue

Taxation is not merely a method to fund the public purse (although this is certainly a crucial function). Taxation can also be used for important public policy purposes in its own right. The APB recommends the following additional measures in order to improve the environment and health of Manitobans.

High Income Surtax

A tax of 2.5% will be applied on those Manitobans with an income of over \$200,000. This tax would affect approximately 5,000 taxpayers.

\$23 million

Reinstatement of 2005/06 Personal Tax Cuts

The reduction of the middle income tax bracket cost the province \$24 million. The reduction in the education support levy cost an additional \$30 million. The APB would reverse these cuts to maintain the revenue generating capability of the province. The APB recognizes the importance of increasing the after-tax incomes of the poorest members of the province and will, therefore, not reinstate the 2005/06 increase in the basic personal exemption by \$100.

\$54 million

Alternative Provincial Budget Total Revenues and Expenditures

	Total expenditures (millions of dollars)	Total Revenues
Childcare	\$82.7	\$8
Education	\$00	\$00
Post-secondary education	\$30	\$00
Housing	\$40	\$00
Income	\$27.5	\$00
Inner City	\$25	\$00
Food security	\$4.2	\$00
Health care	\$55.5	\$3
Water	\$57	\$115
Justice	\$2	\$00
Agriculture	\$15	\$00
Environment	\$00	\$135
High-income Surtax	\$00	\$23
Reinstatement of Personal Tax Cuts	\$00	\$54
Totals	\$339	\$338
<hr/> Net expenditures: \$1 million <hr/>		

Alternative Provincial Budget Fiscal Framework: 2006–2007

\$ MILLION	04/05 Actual	05/06 2Q Est.	% change from 05/06	06/07 Projected	% change from 05/06	06/07 APB
EXPENDITURE	7635.00	8338.00	3.06%	8593	7.13%	8932
of which are debt costs	237	269		294		294
TRANSFERS						
Govt of Canada	2854	2877	2.90%	2960	2.90%	2960
TAXES AND FEES						
Own source	5286.00	5466.00	2.90%	5625	9.08%	5963
TOTAL REVENUE	8140.00	8343.00	2.90%	8585	6.95%	8923
DEBT/PENSION REDUCTION	98	110		110		110
SURPLUS (Deficit)	407	-105		-118		-119
FROM (TO) FISCAL STAB FUND	-407	108		118		119
FISCAL STABILISATION						
FUND BALANCE (incl. interest)	486	395		289		288
GDP NOMINAL \$m	40,006	41,975		43,822		43,822
GDP GROWTH % p.a.	6%	4.90%		4.40%		4.40%
GDP GROWTH (REAL) % p.a.	2.5%	2.8%		2.9%		2.9%
SURPLUS AS % GDP	1.02%	-0.25%		-0.27%		-0.27%
TAXES AND FEES AS % GDP	13.21%	13.02%		12.83%		13.61%
EXPENDITURE AS % GDP	19.08%	19.86%		19.61%		20.38%
Public Debt Costs	237	269		294		294
AS % GDP	0.59%	0.64%		0.67%		0.67%
DEBT SERVICING AS % EXPENDITURE	3.10%	3.23%		3.42%		3.29%

Sources

EXPENDITURE: Growth rate from Medium Term Fiscal Framework — Budget Paper B 2005; REVENUE: Medium Term Fiscal Framework — Budget Paper B 2005; TRANSFERS: Budget Paper B 2005; OWN SOURCE REVENUE: Revenue Estimates — Budget Paper B 2005. These numbers are extrapolated to 06/07 to get estimates. FISCAL STABILISATION: Fiscal Stabilization Fund Projection — 2nd Quarter Financial Report; GDP GROWTH (REAL) % p.a.: Province of Manitoba, survey of forecasters

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