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FAST FACTS

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MANITOBA BUDGET 2008: Make Poverty Reduction a Priority

On April 9th the Manitoba government will announce its first budget since the Gary Doer- led NDP was elected to a third term in May 2007. We look forward to a budget that will show us that the NDP government’s social and economic justice aims are indeed a priority.

The economic debacle unfolding in the U.S. is beginning to have fallout for the Canadian economy and will create uncertainty for Manitoba. With The Conference Board of Canada predicting that Manitoba will lead all provinces in 2008 with a growth rate of 3.7%, the economy seems to be in good shape. However, recessionary pressures are likely to erode investor and consumer confidence, affecting short term economic prospects. A budget that looks to the longer term is the responsible thing to do. This must begin with a strategy to significantly reduce the economic drain that results from poverty.

Previous NDP government budgets have eliminated nearly \$800 million in revenue from provincial coffers while key public-policy areas have been neglected. We were told that tax cuts were necessary to keep Manitoba competitive with other provinces. While Manitoba has retained its relative position among provinces in the national economy since 1999, there is no evidence this outcome is attributable to tax cuts. Nor is there any evidence that

Manitobans have benefitted from the reduction in public-sector spending resulting from the tax cuts.

What we do know is that tax reductions, leading to decreased support for most people on social assistance, and a refusal to increase support for low-income housing has resulted in a marked deterioration in living conditions and economic prospects for those trapped at the bottom of the economic distribution. Tax cuts do nothing to help the 263,000 Manitobans with incomes so low that they don’t pay income tax

The 2007 Manitoba Child and Family Poverty Report Card prepared by the Social Planning Council of Winnipeg shows that Manitoba has made no appreciable gains in reducing child poverty since 1989. According to the report, the child poverty rate in Manitoba is 20%, the second highest in the country. Moreover, “60% of low-income children live in families with at least one parent working full time all year.” The plight of all low-income families has been accentuated by a shortage of low-income housing and relentless increases in rents.

All families and individuals on social assistance have seen their basic assistance rates decline in real terms by up to 35% over the past 15 years. Single unattached individuals in particular have been hard hit by mean-spirited government policies. They have had their shelter allowances (one-bedroom plus utilities) frozen at \$285 a month for individuals with



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disabilities and \$271 for single “employable” individuals. Over that same period, governments have mandated rent increases of 21%. This has created a vicious circle, especially in the latter groups who have also had their food and personal expenses allowance frozen at \$195 a month.

This deplorable situation has been widely condemned. In a media release dated February 27, 2008, for example, the City of Brandon Poverty Committee reported that as of December 2006, “122 single parents, 311 individuals with a disability and 79 individuals on general assistance, a total of 512 cases, and living in private accommodations were paying rents in excess of the government guidelines.” The Committee called on the government to raise social allowances in this budget to what they were in real terms in 1992 and index them to the rate of inflation.

As well, the province needs to further adjust earnings exemption levels above those established January 1, 2008. The length of time individuals can get support for educational and training programs should be increased to four years so that under-educated individuals can complete training, compete for decent-paying jobs and escape poverty.

Manitoba’s Right to Housing Coalition advocates for a minimum provincial investment of 1% of the budget for the development of 300 new rent-geared-to-income (RGI) units each year for the next ten years. In a recent meeting, provincial housing ministers stated that they were “unified in taking action to address housing needs” and called for the federal government to make housing a priority. Manitoba can take leadership by committing to a modest target and calling for the federal government to match it. In 2007 the Manitoba government stepped up to the plate with a commitment to upgrade the existing public housing stock, which has been neglected since the federal and provincial Conservative governments turned their backs on housing in the early 1990’s. These efforts will help, and are to be applauded. But they are not enough.

New RGI units are desperately needed. Since the signing of the Affordable Housing Agreement in 2000, fewer than 240 new RGI units have been created province wide. This is an average of 34 new units per year--a far cry from the minimum 300 units required.

A sensible strategy would be to tie together the need for housing and the need for skilled-trades people. A program to train low-income individuals and employ them in the construction of new units could help to sustain construction and offset the negative impact of future recessionary pressures.

The provincial government has made health a priority. However there are areas of neglect that are particularly pertinent for low-income Manitobans. For example, a child dental-health program based in public schools in Manitoba through the 1970s and 1980s was eliminated by a Conservative government in the 1990s as a ‘cost saving’ measure. This program served 60,000 children across the province and employed 61 people. Re-establishment of such a program would help to ensure that children have their teeth looked after as they mature, and would cut down on the demand for dental surgeries and extractions in their early adulthood. Not only would it reduce health care costs, it would generate well-paid jobs for trained personnel in rural and northern regions.

Finally, the Manitoba government should help cities with public-transit systems reduce the costs of public transit for individuals and families on low-income. This would increase utilization of the transit systems, and enhance the economic prospects and quality of life of the beneficiaries of such a program.

Manitobans are concerned with the negative effects of persistent and pervasive poverty and growing inequality. It is time for a budget that takes steps necessary to remedy these conditions.

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