

## **The Manitoba Alternative: Fiscal Framework**

\$ MILLION	1999/2000 Actual	2000/2001 Estimates (based on 3rd-Q financial report)	%+/_ 2000/1	2001/2002 Estimates (adjusted)	% +/- 2000/1	2001/2002 APB
<b>EXPENDITURE</b>	6,432	6,643	1.89%	6,769	6.25%	7,058
of which are debt costs	480	519		475		475
TRANSFERS Govt of Canada	2,067	2,102	2.23%	2,149	2.23%	2,149
TAXES AND FEES Own source	4,265	4,662	2.38%	4,773	7.74%	5,023
FROM FISCAL STAB. FUND	185	0		0		0
<b>TOTAL REVENUE</b>	6,517	6,765	2.32%	6,922	6.01%	7,172
<b>DEBT/PENSION REDUCTION</b>	75	96		96		96
<b>SURPLUS</b>	10	26		57		18
<b>FISCAL STABILISATION FUND BALANCE (incl. interest)</b>	265	305		374		335
<b>GDP NOMINAL \$m</b>	31,212	32,866		34,411		34,411
<b>GDP GROWTH % p.a.</b>		5.30%		4.70%		4.70%
<b>GDP GROWTH (REAL)'% p.a.</b>	2.20%	2.90%		2.70%		2.70%
<b>SURPLUS AS % GDP</b>	0.03%	0.08%		0.17%		0.05%
<b>TAXES AND FEES AS % GDP</b>	13.66%	14.18%		13.87%		14.60%
<b>EXPENDITURE AS % GDP</b>	20.61%	20.21%		19.67%		20.51%
<b>Public Debt Costs AS % GDP</b>	480	519		475		475
	1.54%	1.58%		1.38%		1.38%
<b>DEBT SERVICING AS % EXPENDITURE</b>	7.46%	7.81%		7.02%		6.73%

### **Sources**

EXPENDITURE - Medium Term Fiscal Framework - Budget Paper B 2000

REVENUE - Medium Term Fiscal Framework - Budget Paper B 2000

TRANSFERS Govt of Canada - Revenue Estimates - Budget Paper B 2000

OWN SOURCE REVENUE - Revenue Estimates - Budget Paper B 2000.

FISCAL STABILISATION - Fiscal Stabilization Fund Projection - Third Quarter Financial Report

DEBT - General Government Programs - Statement of Valuation and Purpose of Direct Debt - Budget Paper B 2000

GDP GROWTH (REAL)'% p.a. - Province of Manitoba, survey of forecasters

### **A Note On the Numbers**

All of the numbers are from The 2000 Provincial Budget Paper B, adjusted for the increases in both revenues and expenditures in the Department of Finance's 3<sup>rd</sup> Quarter Financial Report. Estimates of provincial spending for the coming 2001/2002 fiscal year are based on the growth rates in both spending and revenue taken from the medium term fiscal framework of the 2000 Provincial Budget applied to the predicted revenue and spending numbers for the 2000/2001 fiscal year from the 3<sup>rd</sup> Quarter Financial Report. The APB 2001/2002 estimates apply the financial changes proposed in our budget to the base established by the estimates of provincial spending for 2001/2002.



## Part 1: Introduction and Economic Context

In recent years, governments across the country have rejected the notion that government can change society for the better. Many have come to believe that the need for fiscally responsible budgets precludes the possibility of their promoting creative, progressive social change. In *The Manitoba Alternative* we demonstrate otherwise.

This budget is a model of fiscal responsibility. But even within the constraints created by Manitoba's fiscal realities, we have advanced a host of creative policy alternatives that could realistically be achieved by any provincial government with the political will to act on them. This budget is the greenest ever advanced in Manitoba, and it promotes the social and economic equality that Canadians value. It would put more people to work, enable those who are working to enjoy life more, and provide more reasons for young Manitobans to build a life in this province. It focuses less on creating low-wage, unskilled jobs by attracting investment from outside the province or the country, and instead makes the kinds of investments needed to foster economic development from within. In short, this budget values responsible investment for the future over irresponsible tax cuts; it values the public good over private profit.

The popularity of certain ideas rises and falls like the tides. Over the past decade, a set of interconnected ideas has risen to the point of overwhelming influence. For example, the idea that government debt is too high and we have to pay it off at all costs; that the debt was caused by spending on social programs; that income taxes are simply bad. This set of ideas found a safe home in Manitoba under the Gary Filmon government. Some have even come to believe that there is no alternative to the kinds of policies advanced during the Filmon years. *The Manitoba Alternative* demonstrates otherwise.

To those who say that we have no choice but to let Alberta Premier Ralph Klein dictate taxation policy in Manitoba, we say, there is an alternative. To those who believe that equality and social investment are nice ideas, but they're simply luxuries we can no longer afford, we demonstrate that there is an alternative. To those who argue that all a modern government can do is get out of the way and let business take over, we prove that there is an alternative.

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## What Are Budgets All About?

Many people's eyes glaze over at the mere mention of budgets. The word conjures up images of rows of numbers and complex financial arrangements — the exclusive world of financial “experts.”

But in many ways budgets are much less complicated than all that. Budgets are an important way in which we consciously and deliberately shape the kind of society we want to have. Budgets are an expression of our values. Do we want to have a strong and effective public education system and public health system? If so, we need to tax ourselves and invest in education and health. Do we want to plan for the future by making our society more environmentally friendly? If so, we need to make the kinds of public investments that will contribute to the creation of an ecologically sustainable future. Do we want to have wide gaps between rich and poor, or do we want to create opportunities for all Manitobans to live secure and useful lives? The kinds of budgets our governments implement will play a significant role in determining the answer to that question.

We start our Alternative Provincial Budget process with a set of values, and then seek to build a budget that advances those values as much as possible within the fiscal constraints faced by the province.

We don't see our budget as the only answer, or as the “right” budget. It is simply an alternative, one model among many possible ones, that reflects our values, and contains measures that are realistically achievable.

## Principles

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### Equality

Unlike provincial budgets in the past decade, *The Manitoba Alternative* makes it a top priority to promote a greater degree of equality among Manitobans. In particular, this means beginning to take steps to reverse the shameful growth of poverty in the province. Poverty has grown dramatically in Manitoba in the past twenty years, and its results include the loss of the potentially productive contributions of many thousands of young people, who are denied the opportunities that they deserve. The direct added costs – for health and social services, among many others — that result from poverty are severe. Taking steps to create a more equal society is a productive investment in our future.

### Environmental Sustainability

Unlike provincial budgets in the past decade, our Alternative Provincial Budget seeks to create an ecologically sustainable future for Manitobans. In a host of ways that make both good ecological sense and good economic sense, the Alternative Pro-

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vincial Budget demonstrates that the kind of creativity needed to build a sustainable future is possible even within the context of tough fiscal constraints. Indeed, prudence is promoted only by designing a budget that begins to address the ecological challenges that will shape the 21st century. In this budget we begin that process.

### **Public Services for the Public Good**

Unlike provincial budgets over the past decade, *The Manitoba Alternative* recognizes the crucial role of public services, and of those who deliver those public services, in building a better future for all Manitobans. Health care is delivered most effectively and efficiently when it is publicly administered. Our interests as a society are best served when education is delivered publicly; as with medicare, our public education system, open to all, regardless of circumstances, is among the our country's most treasured inheritances. The public delivery of important services is a crucial means of enabling us to build a future that is economically and ecologically sustainable. Our province and our country have become productive and inclusive and globally admired societies in large part because of the creative role played by the public sector. The Alternative Provincial Budget recognizes and promotes the public delivery of services and the public investment in our future as the means by which a productive, caring and sustainable Manitoba can be created.

### **Community Economic Development**

Unlike provincial budgets in the past decade, the Alternative Provincial Budget promotes community-based economic development as a crucial ingredient in building a sustainable and equitable future for all Manitobans. The huge flaw in this province's strategy for economic development in the past decade has been its almost total dependence upon highly mobile, large-scale transnational corporations. The looming downturn in the US economy is all the reminder we need of the dangers of relying too heavily on exports.

Manitobans have been enlisted in the global race to the bottom in the interests of attracting to our province a handful of large, geographically mobile corporations. The logic of this economic strategy is such that provincial governments have touted as an advantage, and have promoted, Manitobans' low wages and our province's lax environmental and labour regulations.

*The Manitoba Alternative* contains measures that would develop our own, community-based capacity to create a viable and sustainable future.

### **Fair Taxation**

*The Manitoba Alternative* does not see lower taxes, and particularly lower taxes for well-to-do Manitobans, as the primary objective of the budgetary process. On the contrary, taxes are the means that enable us to make the public investments and

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deliver the public services that will create a healthy, productive and sustainable future for Manitobans. As long as a tax system is fair and equitable, and the tax revenues are being used wisely for the betterment of the lives of Manitobans now and in the future, we should look upon taxes as a positive and not a negative thing. This is not at all to argue that taxes ought to skyrocket. *The Manitoba Alternative* is built upon a solid base of fiscal responsibility, and it includes no increases in tax levels, with the exception of a small surtax on very high income earners.

In recent years Manitobans, and Canadians more generally, have been led to believe that all of our problems will be solved if only we reduce our levels of taxation. Indeed, a perverse sort of competition has emerged, with political parties and governments vying for the status of lowest tax jurisdiction. Our futures are best secured by a level of taxation sufficient to enable us to deliver high quality public services and make the public investments that alone can create an economically and ecologically viable future. A failure to maintain adequate tax levels will have the consequence of eroding the public health and education systems that we so value.

It is our view that the clamour for lower taxes is intended to erode public services so that private, for-profit corporations can move in and take them over. This is not at all in the public good. Taxation at a level sufficient to maintain and improve the public delivery of essential services and to make the public investments essential to our future are a positive, and not at all a negative thing. *The Manitoba Alternative* is built upon this kind of understanding of the value of paying taxes.

## **The Economic Context: Overview of the Manitoba Economy**

In the past few months there has been a startling turnaround in people's perceptions of the economy. Only six months ago analysts were still talking about how the "new economy" was impervious to recession, stock markets were reaching record highs and corporations continued to announce healthy profits. Now, many of those same analysts are busy drastically revising their GDP growth estimates as the stock market plunges by the day. Despite the recently discovered pessimism of the financial world, the broad indicators of Manitoba's economy are positive. However, despite many encouraging numbers, there is still real cause for concern due to our province's increasing reliance on trade with a US market that is cooling off quickly, and the precarious condition of much of Manitoba's workforce even in what is considered an economic boom.

### **Economic Growth**

While real provincial GDP growth for the year 2000 is below the Canadian average of 4.6%, it is still predicted to grow at 2.9%. While Manitoba lagged behind the rest of the country this year, it is much less prone to extreme booms and busts than provinces such as Alberta and Ontario which are tied more intimately to international export markets. When 2001 forecasts were made based on only a mild

economic slowdown in the US (as opposed to the much more pessimistic recent predictions) Canadian real growth was predicted to fall by 1.2 percentage points compared to this year, while Manitoba's was only supposed to fall by 0.2 points to 2.7%.

We are less tied to international markets than some other provinces, but much of Manitoba's recent growth has been due to increasing international trade, a trend actively encouraged by both provincial and federal economic policy. The table below shows that exports have become an increasingly large component of this province's GDP.

<b>International Trade as a Percent of Provincial GDP</b>		
	1995	1999
Total Exports	20%	25%
US Exports	15%	21%

While the increased exports were a crucial component of the economic growth of the last several years as the US economy boomed, it has certainly tied the fate of this province more closely to that of the US.

### **The Labour Market and Incomes**

The province's recent job creation record appears especially strong. The unemployment rate in 1999 was 5.6%, and it dropped to 5.0% this year, the lowest unemployment rate in the country. What makes this accomplishment especially noteworthy is that it coincides with a labour force participation rate (that is, the percentage of adults with working or actively looking for a job) of 67.5%, the second highest in the country.

Low unemployment rates are supposed to translate into higher wages as the shortage of workers pushes up the price of labour. There was little evidence of this in 1999 with average weekly earnings only rising at 0.5%. However, 2000 seems to be bearing out the economic predictions of supply and demand. Weekly earnings rose by 3.5%, above the Canadian average of 2.7%. However, it must be noted that this percentage rise comes after a decade of steadily declining real earnings. From 1983 to 1997 real average weekly earnings in Manitoba actually fell by \$50. What makes this number especially worrying is that this decline was not occurring for the country as a whole, as Canadian earnings remained virtually unchanged during this period. As a result, by 2000 average weekly earnings in Manitoba were \$50 lower than the Canadian average, a worrying decline from 1983 when they were virtually identical.

The poverty levels in this province also give cause for concern. The percentage of the population living below Statistics Canada's Low Income Cut Off (LICO) in Manitoba has historically been above the Canadian average and this trend continued

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through the last part of this decade. Between 1994 and 1997 19% of the population were living below the LICO in Manitoba compared to 17% for the country as a whole.

While the employment record in this province is very strong, we are still a low wage economy. What makes these numbers especially worrisome is that they come after a prolonged economic upswing. They certainly do not bode well for the incomes of Manitobans when the inevitable downswing arrives.

<u>Labour Market Statistics 2000</u>		
	<b>Manitoba</b>	<b>Canada</b>
Unemployment Rate	5.0%	6.8%
Real Average Weekly Wage	\$500	\$551
% Pop Below LICO (1997)	19%	17%

(Source E-stat)

### **Public Sector**

The provincial government is beginning to expand after the massive downsizing during the first half of this decade. Own-source revenue as a percent of provincial GDP has shown a slight upward trend since 1992 as provincial governments have attempted to compensate for the dramatic reduction in federal transfer payments. Program spending as a percent of GDP increased in the first NDP budget. However, it is important to point out that this merely continued a trend started by the previous government in 1996, and program spending is still a considerably lower percentage of GDP in 1999 than it was in 1992.

## Part 2: Responsible Social Investment

**T**his section contains the key new programming initiatives needed to move toward the goals described in Part 1. A summary of departmental spending is below.

Expenditures	2000/01 Est	2001/02 Est	APB 01/02 Changes	APB 01/02 Total
<b>Total</b>	<b>6643</b>	<b>6769</b>	<b>288.7</b>	<b>7057.7</b>
<b>o/w are debt costs</b>	<b>519</b>	<b>475</b>	<b>475</b>	
<b>APB Changes</b>				
Social Services				
Daycare			31	
National Child Tax Benefit			10	
Housing			30	
Social Assistance			50	
Education				
Post Secondary				
University Operating Grants			11.5	
Tuition Freeze			4	
Elimination of Learning Tax Credit			-14.4	
Maintain Tuition Freeze			8.2	
Increase to Man Stud Fin Assist			4	
Increase to ACCESS			3	
Increase in Capital Grants			25	
K-12				
Schools Finance Program			20.4	
Highways				
Reduction in Spending to Discourage Sprawl			-30	
Environmental Protection				
Energy Conservation Strategy			23	
Feebate			10	
Public Transportation Levy			20	
Clean Water Act			3	
Subsidies for Organic Agriculture			10	
Waste Management Program			50	
Niighborhoods Alive				
Democracy			5	
<b>Total</b>			<b>288.7</b>	
<b>Surplus/Deficit</b>			<b>-38.2</b>	<b>114.8</b>
Debt and Pension Repayment	96	96	0	96
<b>Surplus/Deficit</b>				<b>18.8</b>

## Economic Development / Job Creation

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*The Manitoba Alternative* maintains many of the programs currently funded through the Department of Industry, Trade, and Mines. However, the APB also builds for a strong future by investing in programs that will strengthen Manitoba's own economic potential from within.

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The huge flaw in Manitoba's economic development strategy throughout much of the 1990s was that it was based on attracting mobile private capital from outside the province. For example, by putting downward pressure on wages and work standards, loosening environmental standards, offering tax concessions and often large cash incentives, Manitoba attracted low-wage, low-skill industries such as call centres, hog production, or window manufacturing.

This approach is fundamentally flawed for a number of reasons. Other provinces and countries can always outbid Manitoba for cheap labour and low taxes. Large companies have no loyalty to the province or to their workers, and, if our strategy is simply putting the province up for auction to try to attract them, we will always lose in the long run.

At the same time, the mobility of most businesses is vastly overstated. Many private businesses—restaurants, retail stores, and housing development—are inherently local, and simply cannot be moved to Calgary or wherever else taxes are low. It is primarily those businesses that rely on low-skilled, low-wage workers that move around, and they are more likely to follow low average/minimum wages, or a highly trained workforce. Of those options, developing a highly trained workforce is more likely to lure the kinds of well-paying businesses the province would like to attract here; those businesses would be more interested in a skilled workforce than relatively small tax differences between provinces.

So, in *The Manitoba Alternative* we set out to re-orient Manitoba's economic development strategy so that the province is better positioned to take advantage of the greater loyalty that individuals have towards their communities than do corporations. This is a long-term project. It requires careful attention to the specific needs and potential of individual communities. And it works hand-in-glove with increased investment in people, such as strong spending in education and training.

*The Manitoba Alternative* creates a **Ministry of Community Economic Development and Cooperatives**, which allows the government to support the economy at its most grassroots level. It gives communities more power to shape their own futures, taking advantage of local strengths to address local needs.

*The Manitoba Alternative* supports community economic development (CED) enterprises that are based in and accountable to the community, and fosters the development of non-traditional, more democratic forms of workplace organization. It also keeps more resources within the community that generates them.

The Ministry of Community Economic Development and Cooperatives will develop, fund, and implement programs that:

- Encourage the development of a diversified and sustainable economy, which helps avoid boom and bust cycles;
- Encourage local control and ownership of industry, with a special commitment to worker-ownership and cooperative businesses;
- Create long-term, solid employment in communities where it is needed most.

Community economic development businesses are much more than simply “small businesses.” Small businesses of course vary a great deal from business to business. But, however much they may be an important part of our communities, on average, they have low productivity, low wages, and low levels of investment in real capital equipment. A community economic development approach targets support at certain kinds of small businesses: those that meet the needs of local communities; that employ local people; that support other CED businesses; that boast more democratic workplaces. *The Manitoba Alternative* shifts some funding away from current programs that provide private-sector consulting to individual entrepreneurs and small businesses, and toward community economic development business and cooperatives.

Specifically, the APB:

- Creates an innovative new **Cooperative and Community Economic Development Business Mentoring Program**, with a staff of 30, and an annual budget of \$3 million;
- Creates approximately 825 new jobs under a new **retrofitting program**;
- Dramatically expands funding for **Neighbourhoods Alive!**, from \$3 million to \$18 million;
- Creates a **tax credit program** as an incentive for individual and private sector investment in CED projects (\$5 million);
- Drops the provincial payroll tax rate from 2.15% to 1.6%, and places a tax on overtime hours (\$0.75/hour) (revenue neutral).

### **Cooperative and Community Economic Development Business Mentoring Program**

In order to promote the development of co-operative and other types of community businesses throughout the province, *The Manitoba Alternative* establishes a co-operative business development program. The goal of this program is to strengthen

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the co-op and community-based sectors of the provincial economy and to contribute to community economic development.

The three main components of the Cooperative and Community Economic Development Business Mentoring Program would be:

A system of helping co-ops and other community enterprises conduct self-assessments of their development needs and build solid management teams;

A co-operative business mentorship-apprenticeship system;

Systems of training and sharing technical services.

These three key components would be applicable to start-up businesses, new stages of business development, and crisis intervention situations.

There is already a Cooperative Development Services section within Industry, Trade and Mines Manitoba. However, it has only three Development Officers to cover the whole province and to deal with housing and community service co-ops as well as business co-ops. Moreover, it also is confined to an external business consultant approach and much of the assistance that is provided is focused on co-op legal structures and governance, rather than on comprehensive business development. In addition, Cooperative Development Services has been confined to co-operative legal entities, or projects intending to incorporate under the Cooperatives Act.

The co-operative business development program would be a solidarity model, based on mentor-apprentice mutual benefit. As such it would not involve traditional consultant-client relationships. Technical assistance, research capacity and financing would be anchored within the cooperative-community sector itself. The apprenticing businesses would become part of a family of co-operatives and other community businesses. Apprentice beneficiaries would evolve to inspire and help mentor other evolving community businesses. The mentoring businesses would benefit by the expansion of co-operative business networks and possibly immediate market opportunities, specialized services and equity options.

With customized mentorship support from the established co-op sector, co-ops and other struggling community businesses should be able to achieve their full potential. A formal business-to-business mentorship would normally stay in place for several years or more. An apprenticeship business would be required to form a solid management group before being twinned with a mentor business. The pairing of mentor and apprentice businesses would occur on the basis of mutual selection, facilitated by the Program Support Committee. In addition to established co-op businesses, the program would likely draw on other community-minded businesses and recruit experienced managers and other skilled personnel.

In addition to on-going general mentorships, co-operating businesses would be encouraged to make specialized training, staff and equipment available to other community-oriented businesses. As in the case of general mentorships, depending on

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circumstances, these supports could be provided for a direct fee, future payback into a development pool, or without a financial charge. In all cases, beneficiaries would assume some sort of reciprocal obligation to help build the co-op/community sector. An overall objective would be to build a more socially responsible economy.

The Co-operative and CED Business Development Mentoring Program would be facilitated by a program Support Committee made up of provincial government staff and representatives from established co-ops and other businesses. The main purpose of the Committee would be to help generate mentorship and apprenticeship contacts. This would be fundamental to the success of the project. The Program Support Committee could also help with the design and evaluation of the program and could help to ensure effective co-ordination with other government and non-government programs that are supportive of cooperative business development.

### **CED Tax Credit**

To facilitate the accessibility of equity capital for CED businesses, *The Manitoba Alternative* creates a tax incentive instrument in the form of a targeted tax credit that will offer advantages to individuals who invest financial capital in CED businesses. Under this initiative, any group of citizens planning to improve the economic viability of their community can organise a Community Economic Development Investment Fund. The funds would be administered by a Community Development Finance Authority (CDFA).

CEDIFs would obtain investment dollars from individual Manitoba residents buying shares in the Fund. The cost of such shares would be eligible for a 30 percent provincial personal tax credit. CED businesses that receive capital through CEDIFs would be required to participate in the Co-operative and CED Business Development Mentoring Program.

### **Communities in Need**

The benefits of economic growth over the past decade have been unevenly distributed, both socially and geographically. Certain neighbourhoods and municipalities have fallen terribly behind.

An examination of Manitoba's municipalities (or census subdivisions as Statistics Canada calls them) illustrates this problem. Average family incomes are not evenly spread across the province. Only 13 percent of Manitoba's 278 municipalities had average family incomes at the provincial level of \$50,236. Two hundred forty-one municipalities (87 percent) had incomes below this level. One hundred forty municipalities had incomes that were 80 percent of the provincial level, and 48 communities had average family incomes that were less than half the provincial.

Low unemployment, Manitoba's major economic achievement, is also a geographically uneven success story. Almost two thirds (63 percent) of municipalities had unemployment rates higher than the provincial rate. Fifty-eight communities

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had unemployment rates that were double the provincial rate, and 40 communities had unemployment that was triple the provincial rate.

This geographically unequal distribution of economic benefit is also seen within the city of Winnipeg. Unemployment in Winnipeg's core area was 175 percent higher than the city average. In six census tracts it was 300 percent higher. Family income in a number of census tracts was as low as \$23,482, and had declined substantially in real terms for five years. Housing in disrepair was over 10 percent of the stock in six Winnipeg census tracts in 1981. It was over 10 percent in 19 census tracts by 1996. A recent study of 22 inner cities across Canada found deprivation levels in Winnipeg the highest of all urban areas studied.

These data make it clear that geographically focused initiatives are needed in Manitoba.

In December, 1999 the province announced Neighbourhoods Alive! This program provides funds at the community level for economic and social development. The program was initially designed for urban distressed neighbourhoods in inner city Winnipeg, Brandon, and Thompson. It is well-designed to provide targeted resources to neighbourhoods and communities that need rebuilding. Neighbourhoods Alive! allows communities to identify and work on their own priorities. It focuses not only on physical infrastructure, such as housing and playgrounds, but also on human and social infrastructure, such as recreation and crime prevention. Recent literature has shown that such social capital can be as important for economic development as financial capital. Neighbourhoods Alive! also provides resources for communities that have not begun to address their needs, to initiate the process of organizing and planning.

We believe that Neighbourhoods Alive! is an appropriate vehicle for community economic development, but that it is substantially underfunded. In its current form it has an urban focus and a budget of only \$3 million. *The Manitoba Alternative* would broaden this program to meet the needs of vulnerable communities across the province. It would expand the resources of the fund by \$15 million and begin building economic strength and social infrastructure in more vulnerable communities.

### **Reduced Work Week**

Canadians are increasingly finding that in the choice between labour and leisure, it is their non-work activities that come second. This is quite understandable when choosing to work less will at the very least reduce income and will often have more serious consequences such as reduced opportunities for advancement or, even worse, being fired. However, there seems to be a growing amount of evidence that as Canadians increasingly transfer their time from non-work to work activities, they are not always better off for doing so.

Statistics Canada reports that time stress is on the rise for every age group of Canadians. One-third of Canadians aged 25 to 44, more than 3 million individuals, identified themselves as workaholics. More than half — 4.9 million people — worry

that they do not have enough time to spend with their family and friends. And almost half of the people in this age group reported that they felt trapped in a daily routine.

Long hours also appear to have adverse consequences on people's physical health. In a study of the connection between work hours and health problems, Margot Shields found that men who moved from a normal to a long work week (longer than 41 hours) were over two times as likely to experience "excessive" weight gain and were more likely to smoke. Women moving from normal to long hours were more likely to smoke, increase alcohol consumption and experience depression. (Margot Shields, "Long Working Hours and Health" in *Perspectives on Labour and Income*, Spring 2000)

Some might argue that while these costs are present, the mere fact that people are choosing to work more means that the benefits of the increased income must outweigh these costs of working longer hours. However, there are several problems with this assertion. The first is that many workers do not feel as though they actually "choose" their working hours. When asked to extend their hours they do not feel as though they are being merely asked whether they want to work 37 or 45 hours, but whether they want a promotion in the future, or in more extreme cases, whether they want to work 45 hours or none at all.

The second problem is rather more subtle. It is possible that there is no real connection between people's income, and therefore their ability to consume, and their quality of life. In part this is due to the very uncertain connection between increased consumption and increased quality of life (See Juliet Schor, *The Overspent American*). It also seems to be due to the fact that, after a certain level, absolute income seems to contribute little to people's perceptions about their quality of life. What does seem to make people happier is having a higher income relative to the rest of society. It may be, therefore, that each individual will work longer in an effort to make more income and become happier, but is doomed to failure when the rest of society follows suit.

Further, it appears that decreasing the number of hours each employee must work actually has positive effects on productivity. The general rule applied by studies in this area is that 50% of a reduction in work hours is compensated by increased productivity. In other words, a firm that reduces work time by 20% would only experience a 10% decline in output, even with no new hiring. (See Anders Hayden, *Sharing the Work, Sparing the Planet*, 1999)

Perhaps the most important benefit of a reduction of hours is that it would increase the number of jobs available in the economy. While increasing employment is seen as a less than pressing issue when the unemployment rate in this province looks low, it is certainly worth mentioning that the official unemployment statistics underestimate the extent of the unemployment problem as it does not count those underemployed or discouraged and that as the business cycle inevitably dips into its next recession, the province will be faced with a cyclical unemployment problem. In this context, attempting to expand employment does not seem like such an unneces-

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sary goal, even in good times. This policy would therefore go some direction not only to improving people's quality of life by increasing their leisure time, but also to creating a more equal distribution of income by dividing labour's share of provincial income between more people.

One possible method for employers to get around the incentive effects intended by this tax would be to switch employees from a wage to a salary position. This is especially worrying since salaried workers are the ones most likely to put in unpaid overtime by working more than a 40 hour week for a fixed wage per year. In order to prevent this labour market distortion, *The Manitoba Alternative* would eliminate the current distinction between salaried and hourly workers when it comes to payment for overtime. In the US, salaried employees who work more than the standard work week are entitled to overtime pay over their base salary in the exact same manner as hourly employees. Employers whose employees are working longer than the standard work week would have to top up their salary with overtime payments and pay the overtime tax to the province. By moving to a similar system in this province, the incentive to shift workers from hourly to salaried positions and the current practice of receiving free labour from salaried employees would be eliminated.

## **Education**

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### **K-S4**

Public education is a primary mechanism by which a democratic society passes its values to the next generation. In a society that values citizenship and equal opportunity for participation, education should be available to all, equitably and without regard to personal circumstance.

Both the current NDP government and the recently defeated Conservatives have offered much rhetoric about the role of education in securing the future of Manitoba. In the end, much of this rhetoric seems at odds with the realities in Manitoba's classrooms. To be sure, the NDP have not sustained the vicious attack on the province's teachers and educational institutions that were a hallmark of the Filmon government. Indeed, they have put some money back into the system, redirected money away from objectionable standards tests, and provided necessary monies to several long-neglected quarters of the educational system. The new government has failed, however, to acknowledge the real legacy of the Filmon decade: horizontal and vertical inequities for students and ratepayers alike that cleave the system to its core and that can only be remedied by fundamental changes to the way in which education is funded in Manitoba.

### **The Filmon Record: Shrinking Grants, Growing Inequity**

In 1992, Conservative Education Minister Clayton Manness proposed sweeping changes to the way in which education was funded. Mr. Manness' "fresh ap-

proach” comprised a series of changes to the calculations of grants to schools which would have the effect of triggering deep cuts to provincial funding for K-S4 education. The new funding formula would appear in many ways to be one more concerned with cost containment than education. Highly ideological in content and application, it did its job by narrowing the range of “recognized expenditures”—those expenditures by school boards to which the province would contribute through the Schools Finance Program. Moreover, the requirements of the model were so onerous that year after year millions of dollars allocated to education went unspent.

With this narrowed definition of core education, the purchasing power of total provincial contributions to public schools dropped by more than 15% between 1992 and 1999. To maintain basic programs, school divisions resorted to increases in their Special Levies, or school board taxes. Special Levies, originally conceived as a means for school divisions to raise funds for programs of local interest and importance, grew by more than 40% between 1992 and 1999, accounting by the end of the Filmon years for more than one-third of every dollar spent on education. Not even huge increases in regressive property taxes were able to fill the holes left by Mr. Manness’ new system. Between 1992 and 1999, per student spending on education went down by an average of 5%, and the province lost more than 650 skilled teachers, teacher-librarians and clinicians.

### **The Doer Record: Positive, but superficial change.**

Beginning with the funding announcement for the 2000-2001 school year, Manitoba’s new NDP government articulated a commitment to remedy some of the worst injuries done to the province’s education system. For this, the government deserves cautious praise. In its first budget, for example, it provided for meaningful increases to early intervention literacy programs and special needs education, and it provided necessary funds for libraries acquisition and school bus fleet replacement. Moreover, it significantly reduced spending on assessment, cutting by more than half the allocation to the Assessment Branch, whose budget had ballooned out of control for years as the Filmon government ploughed millions of dollars into standardized tests of questionable pedagogical value.

In general, however, the government has shied away from making any fundamental changes to the way that primary and secondary education is funded. The Doer government has made no commitment to critically re-examine Clayton Manness’ legacy, and the narrow definitions of recognized expenditures and onerous matching requirements that were so devastating in reducing the province’s expenditures remains substantially unaltered. Moreover, the province has failed to articulate a long term, sustainable plan for education funding. Rather than acknowledging the inherent problems of inequity and inadequacy in the current education funding structure, it has taken advantage of prosperous economic times by putting more money into a flawed system. While this has produced several impressive-looking increases, it pays heed neither to current needs nor to the expected rise in demand for education as

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*The requirements of the model were so onerous that year after year millions of dollars allocated to education went unspent.*

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Manitoba's schools adjust to accommodate a school-age population which is growing for the first time in decades.

### **Education Funding and the Growth Rate: A Questionable Link**

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It seems hard to argue with an overall spending increase of 2.6% in 2001/01, a promised increase of 2.8% for 2001-02, and the further promise that future education funding increases will match the real rate of economic growth. These are impressive numbers, and at a time when the government is pleading fiscal stringency, it would seem that its commitment to quality in education is very strong indeed. There are, however, a few wrinkles. The first is that, for the first time since the mid-1960s, there is an appreciable increase in enrolment in Manitoba schools. This means that in spite of the substantial increase in provincial education funding in both current and real dollar terms, there was still a net decrease in the per-student funding in 2000-01.

Moreover, the government's promise to match education funding increases to the rate of economic growth is a bit disingenuous. The province has chosen as its growth rate the real growth rate, not the nominal growth rate, a fact which introduces an element of intellectual dishonesty into an already questionable promise. The real rate of growth in the economy reflects changes in provincial gross domestic product after inflation is taken into account. Education increases, however, are reported in current dollar terms and are not adjusted for inflation. Under this scenario, it is quite possible that in a period of slow growth or recession with modest inflation, such education funding increases would in fact result in cuts to the purchasing power of education allocations.

In either instance, it is not intuitively obvious why funding for a basic social need should be tied to an economic indicator. Such a linkage does not address the basic problem of adequacy, since it considers only government revenues and tax capacity without any consideration of need. *The Manitoba Alternative* does away with the government's promise to index education funding to economic growth, and instead links education funding to need, making quality and equity the top priorities.

### **The Shift to Property Taxes**

Linking education spending to the rate of economic growth is not only inadequate, but it fails to take account of one of the most fundamental sources of inequity that was created by the Filmon government – the shift to non-equalized and regressive property taxes that was accelerated by the changes of 1992 and after.

This shift to property taxes has had huge equity implications for both students and ratepayers in the province. Declining provincial grants compensated through increases to the Education Special levies have meant not only that the burden for funding public education has been shifted from the provincial to the municipal tax base, but also that it has been shifted from more progressive, equalized forms of

taxation to less progressive, non-equalized forms of taxation. The consequence is that the funding base for education is determined increasingly not by a community's needs, but by its tax capacity.

The portion of the property tax base for education funding that is equalized dropped from 49 percent in 1989-90 to 33 percent in 2000/1. All Manitoba property owners pay two forms of school tax. The first, the Education Support Levy, is assessed at a uniform provincial mill rate, collected by the municipalities on behalf of the province, and passed to the Schools Finance Program for redistribution to school divisions. The second is the Education Special Levy, which is the portion of municipal property tax assessed at a rate determined by the school board and retained for local use. The Education Support Levy, because it is collected at a uniform mill rate and redistributed according to funding formulae established by the Schools Finance Branch, is essentially a fully equalized form of property tax. The Special Levy, on the other hand, is a truly local tax, and the return on tax effort depends on the assessed value of local property.

The growing reliance on Special Levies leads to greater inequity for ratepayers and students alike. In high tax capacity areas, south Winnipeg for example, comparably lower mill rates are required to produce the same revenue as in a low capacity area like a small rural school division. School boards in low tax capacity areas are therefore faced with a difficult political choice. Either they can tax at much higher rates than high capacity areas to reach the same base level of funding, or they can tax at comparable rates and attempt to get by with less. Almost without exception, the latter course is chosen, and students and teachers pay the price. Education Special Levy rates fall within a very narrow range, and there is little correlation between tax capacity and tax rate.

### **K-S4 Education: Mapping A Different Course**

*The Manitoba Alternative* will begin the process of putting the responsibility of funding K-S4 education back where it belongs: on the province.

This plan comprises two phases. The first is to increase education spending from provincial sources from the current level of 60.5% to 70%. This is a short term goal which will provide some immediate relief from some of the inequities that have been introduced by the shift to non-equalized property taxation. The second element is to revise the province's education funding formulae in such a way as to put students first.

### **First Steps: Shifting the Tax Base**

In the first phase, education funding from provincial sources will be brought up to 70% of all revenues over a period of five years. This will require annual increases of 3% in provincial contributions to the Schools Finance Program, adjusted for inflation. In 2001-2, we propose to increase operating grants to the Schools Finance

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*In spite of the substantial increase in provincial education funding in both current and real dollar terms, there was still a net decrease in per-student funding in 2000-01.*

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Program by 5.5%, or \$44.6 million. This additional funding will come from two sources.

### **Re-Balancing Property Taxes/Enhancing Property Tax Credits**

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*The Manitoba Alternative will begin the process of putting the responsibility of funding K-S4 education back where it belongs: on the province.*

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The Education Support Levy is mandated by the provincial government but collected by municipalities for the Public Schools Finance Board. Because all funds are collected centrally and then redistributed according to need, this is a fully equalized tax. It is much more equitable than the school board taxes, or Education Special Levies which also appear on municipal tax bills. In 2001-01, the Education Support Levy will be increased by 1.0 mills on residential properties and 2.2 mills on commercial properties. The same increase will be applied in the 2002 fiscal year. These increases may seem dramatic, amounting to 12.5%, or about \$40 on a typical family home, but it must be remembered that they are part of a bold plan to re-centre education funding on the provincial rather than municipal tax base. This shift will allow school board taxes to be reduced by one quarter on a province-wide basis over the next five years. These changes are expected to raise revenues for the Schools Finance Program by \$24.2 million for the 2001/2 school year.

To reduce the additional burden that this will place on homeowners, the Manitoba Property Tax Credit will be increased by \$50 to \$400. This credit will deliver the greatest benefit to low income Manitobans, especially seniors and lower-middle income families, those most likely to own their own house but enjoy a limited income. Indeed, the increase in the basic exemption amount will mean that most middle- and lower-middle-income homeowners will see a net reduction in their property taxes for 2001-02. The cost of this increase will be \$32.5 million in 2001/2.

### **Increase in Base Funding**

The proportion of the K-S4 education requirement which is met through provincial sources, including general revenues and the Education Special Levy, has dropped steadily from just over 70% in 1990/1 to a fraction over 60% in 2000/1. *The Manitoba Alternative* seeks to reverse this trend with its five year plan to bring education funding from provincial sources back up to this 70% threshold. This program will alleviate some of the pressure on school board to implement year over year increases in Special Levies and is an important component in re-centring the funding base for education on more equitable forms of taxation. Indeed, it will permit a tax shift whereby Special Levy rates can be reduced by twenty-five percent province-wide.

*The Manitoba Alternative* makes the commitment to increase the revenue base of the Schools Finance Program by a minimum of 3% (adjusted for inflation) in each of the next five years. In 2001, this translates to an estimated annual increase of 5.5%, or \$44.6 Million. \$20.4 million of this requirement will be met through increased funding from to the Schools Finance Program through Treasury Board.

## Planning for the Long Term: Adequate, Equitable, Sustainable Funding

While increasing the proportion of the province's contribution to funding primary and secondary education will do much to stabilize the system and make it more equitable, this must be seen as only a first step. Manitoba remains one of only two jurisdictions left in Canada which rely heavily on property taxes to fund primary and secondary education. Most other jurisdictions have moved in the last decade to a system funded primarily from general revenues. Such a system offers the greatest possibility for student and ratepayer equity, so long as the funding is adequate. The 2001 Alternative Provincial Budget will not propose to affect the shift away from property taxes, but it will propose to begin this process. It will instruct the Minister of Education to begin the process of developing a new funding model which puts quality of education and adequacy of funding to the fore and which respects the autonomy of locally elected school boards.

Such a funding formula would be constructed from the following principles:

- Education funding should reflect a realistic assessment of the resources required. Governments should not require school boards to take on additional programs without recognizing that they will incur additional costs, and the government must acknowledge that program delivery costs will vary with geographic and socio-economic factors.

- Education funding should be equitable for students, school boards and ratepayers.

- All students should have equal access to educational resources, regardless of geography, socioeconomic status or the tax-capacity of their community. Students should have access to additional resources where additional services are required.

- Every school board in the province should have access to equal amounts of trustee-controlled revenue, despite differences in local tax capacity. The province should move towards a system where education is funded through general revenues, not local levies, and to the extent that property taxes are employed, they should be equalized such that an equal tax effort brings equal revenues.

- The tax burden for education should be more equitable. The province must turn away from school board levies as a principal source of education revenue. Property taxes, where they are employed, should be collected at a uniform mill rate and fully equalized.

- Education should be free of all fees or levies, and should be sustained exclusively by public funds.

- All students should have access to dedicated, suitably qualified and empowered teachers, clinicians and support workers. Teachers, librarians, guidance counsellors, clinicians, psychologists, special education teachers and support workers are the keystone of the education system. Every student should have access to trained workers as his or her needs dictate so as to provide equality of educational opportunity.

- All students should have access to learning materials like current textbooks,

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*A large part of the capital budget has been expended subsidizing urban sprawl through the construction of new schools in suburban and ex-urban areas.*

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modern laboratories, well-furnished libraries, and up-to-date learning technologies.

- Communities need to play a primary role in setting educational priorities. School boards should have the autonomy to manage schools in the interests of their communities. School Boards should not be required to buy into specific programs or provide matching funds in order to access provincial grants.

- Public money should be used to fund public schools before private ones.

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*Manitoba remains*

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## **Post-Secondary Education**

Throughout its ten-year mandate the Filmon Conservative government adopted a hostile position with respect to publicly funded post-secondary education. The result is a system forced by chronic under-funding into a state of perpetual crisis. Manitoba's institutions have suffered the loss of faculty and programs, deep cuts in library acquisitions, and an accumulated "infrastructure deficit" (the costs associated with neglect when the budgets of the university were insufficient to maintain capital infrastructure), declining enrolment, and so on.

The Doer government has shown what might be deemed a genuine commitment to accessibility and an affinity for expanded community college education, and for this should be commended. It has failed, however, to clarify what it imagines its future tuition policy to be, and it has not addressed the most basic concern of the post-secondary institutions themselves: that the base level of funding has dropped below the threshold of sustainability, and simply focusing on the consumption costs for students will not help to avert a crisis in quality of instruction and research.

In 2000, the government of Manitoba reduced the tuition burden on university and community college students by 10%. This was achieved by an "at the wicket" reduction in the amount of basic tuition payable by students, with the difference between the actual tuition assessed and the amount paid by the student made up by the province. Available information would suggest that this initiative sent a strong signal to potential university and community college students, and in the 2000/1 academic year, post-secondary enrolment was observed to increase by 3.4%, the largest single-year increase in two decades. *The Manitoba Alternative* maintains the tuition freeze, fully compensates the Universities for it, and rebates tuition by 10%.

*The Manitoba Alternative* would also:

- **Increase operating grants to Universities** by nominal 5% (\$11.55 million), plus an additional \$4 million to compensate for the tuition freeze.
- Eliminate the Manitoba Learning Tax Credit and shift these resources to bursaries and the ACCESS programs.

Since the mid-1990s, Manitoba has offered a "Learning Tax Credit" which is a refundable provincial income tax credit in the amount of 7% of tuition costs. In all but name, the Learning Tax Credit is a voucher, and it was invented by the previous

Manitoba government in part to offset tuition increases caused by cuts to core institutional funding. The effectiveness of the tax credit as an inducement to enrolment by low-income students is blunted by the fact that it arrives long after the student has had to raise the money to pay tuition. The 2001 Alternative Provincial Budget eliminates the Manitoba Learning Tax Credit and allocates these resources instead to the maintenance of the tuition freeze and 10% rebate, which will provide more timely relief for all students, and for the enhancement of bursary programs, which will assist those students with the greatest financial needs.

- Maintain of the tuition freeze at 1999/2000 levels, provide an offsetting increase to Universities to fund this freeze, and offer a 10% rebate to students (\$8.4 million).
- Priorise bursaries over student loans, and increase the grant to the Manitoba Student Financial Assistance Program from \$11 million to \$15 million. This money would be used to provide bursaries to students with high financial needs.
- Increase the budget for the ACCESS program by \$3 million.
- Remove the differential tuition fees charged to foreign students. The number of foreign students has declined since these fees were introduced. Foreign students make the culture of the university community, as well as that of the larger community, richer and stronger.
- Create a Post-Secondary Education Act that establishes the government's commitment to provide Manitobans to access to educational opportunities.

The Act would be based on four principles:

- All post-secondary institutions in Manitoba must be operated on a not-for-profit basis;
- Equal opportunity for all Manitobans who wish to acquire a post-secondary education;
- Establishment of a public system of post-secondary education providing students with a complete range of opportunities at and through post-secondary institutions and opportunities for adult education and vocational training;
- Transferability of course credits and individuals between institutions and programs in Manitoba.

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*The Manitoba Alternative maintains the tuition freeze, fully compensates the Universities for it, and rebates tuition by 10%.*

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## International Trade Agreements and Manitoba

Under the Canada-US Free Trade Agreement, the North American Free Trade Agreement, the attempted Multilateral Agreement on Investment (MAI), the powerful World Trade Organization and the Free Trade Area of the Americas (FTAA), currently being negotiated, there has been a shift in the balance of power.

“Free trade” agreements are primarily about reducing the ability of governments to legislate or regulate on behalf of their citizens. These free trade agreements systematically limit the role of governments by placing restrictions on the extent to which, and the ways in which our democratically elected governments may intervene in the economy. Trade agreements regulate domestic policy not just on tariffs, but in sectors like energy, investments, culture, drug pricing, water management and environmental regulations. Therefore the power of the free trade agreements is an issue the provincial government must not overlook

The following are just three brief examples to illustrate how vulnerable our provincial government, as well as all levels of

## Apprenticeship

Apprenticeship is the world’s oldest formal system of learning. This system provides workers with highly portable skills and trains them to keep pace with evolving technologies and changing workplaces. Manitoba currently recognizes more than fifty trades. Forty-four of these are also designated under the interprovincial “Red Seal” program which allows a qualified journey person to work anywhere in Canada without re-qualification. Apprentices with Red Seal qualification in Canada have one of the highest employment rates of any group, and more than 90 percent work in the trades in which they are qualified.

Manitoba currently suffers from a shortage of skilled tradespeople. This can be traced to several factors. These include a lack of information about trades and the trades system, the costs associated with study and apprenticeship, and inadequacies in the province’s prior learning assessment system. Moreover, the apprenticeship system in Manitoba suffers the lingering effects of the anti-labour policies of the Filmon government. The Filmon government dramatically increased fees and costs associated with apprenticeship programs, and it pursued training and worker adjustment strategies which favoured narrow, industry specific programs and short-term courses in private vocational schools over apprenticeships.

*The Manitoba Alternative* recognizes that the journeyed trades in Manitoba represent high standard employment. In the belief that the province of Manitoba must do more to encourage apprenticeship training, the Alternative Provincial Budget includes the following measures to improve the recruitment and retention of apprentices:

### Recruitment

Apprenticeship will be one of the options discussed as a part of a post-secondary recruitment initiative in the high schools. Research has shown that one of the most significant obstacles to recruitment of new apprentices is a lack of information about the trades in general and about apprenticeship systems in particular.

*The Manitoba Alternative* provides funds to develop pre-apprenticeship programs, delivered through publicly funded adult learning centres, which will assist potential apprentices in upgrading their literacy, numeracy and where applicable, English language skills to the levels required to enter apprenticeship study. To fund such programs, the Alternative Provincial Budget provides an additional \$250,000 for Adult Literacy and Continuing Education.

The Alternative provincial Budget will charge the Apprenticeships Board to develop a strategy for prior learning assessment. Such a program should be designed to assist workers with prior industrial experience or training who wish to challenge trades qualification examinations.

## Retention

A large number of apprentices fail to complete their apprenticeship and acquire their certification. There are several reasons for this, but one of the most significant relates to opportunity costs. Apprentices are often required to accept lower pay than they would receive in a less-skilled position in order to get into apprenticeship programs, and this can be a source of hardship for young families. Most apprentices in Manitoba are in their late twenties or early thirties, and many are primary income earners for families. *The Manitoba Alternative* would seek to reduce these hardships and make additional resources available to apprentices by making them eligible for special opportunity grants administered by the Manitoba Student Financial Assistance Program. Moreover, *The Manitoba Alternative* reallocates \$500,000 currently provided to employers through Employment and Training Services and Workforce 2000 to apprenticeship programs. This money will be used to reduce apprentice and employer costs associated with the registration and administration of apprenticeships.

## Social Services and Housing

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### Child Care

*The Manitoba Alternative* makes a significant investment in childcare. This is an investment in a service that is of crucial importance to our future.

Child care in Manitoba, as it is currently organized and funded, confronts many serious challenges. The most fundamental is that child care is organized as a private matter to be provided by the voluntary or non governmental sector. From this flows a host of associated obstacles: policy fragmentation, inadequate access, expensive services, lack of coordination and integration, a workforce crisis, and a persistent commercial sector offering poorer quality care. These systemic problems require fundamental policy redesign. In order to redress these problems, we support the following seven principles for a redesigned approach to child care.

Each of the seven principles is essential, and all are linked together. It would not be possible to implement any one of these in the absence of the whole. Systemic policy redesign requires that each principle be accepted by government, and be actualized in legislation, regulation, funding and service delivery.

1. Universality
2. Accessibility
3. High Quality
4. Public Responsibility
5. Comprehensiveness, Integration and Coordination
6. Entitlement
7. Democratic Administration and Public Accountability.

governments are to the power of the trade agreements and to show whose interests are protected:

#### 1) Energy

Under the energy provisions of the Free Trade Agreement (FTA), signed between Canada and the United States in 1989, Canada agreed to "proportional sharing" of resources, which means that, even in times of shortage, Canada must maintain supply to meet US demand. The FTA also eliminated the two-price system, which had allowed Canada to offer energy at a lower rate to its own citizens. Now, domestic and export prices must be equal. The result is that US policy and demand set Canadian prices. Later, Canada agreed to these same provisions in the North American Free Trade Agreement (NAFTA), signed in 1994 with the USA and Mexico. Interestingly, Mexico negotiated exclusion from these energy provisions. So no matter how high the level of demand in the US, the Mexican government can make sure the energy needs of Mexicans come first. Under NAFTA it can also offer its citizens lower rates, so they can have the advantage of benefiting from their own resources..

#### 2) Environment

Metalclad Corporation, a Texas-based toxic waste disposal company accused the Mexican government of violating Chapter 11 of NAFTA. The Mexican state of San Luis Potosi had refused to allow Metalclad to re-open a waste disposal site that was contaminating the local water supply. In response, Metalclad sought \$90 million in compensation. In August 2000, a NAFTA Tribunal ruled in

favour of Metalclad, ordering the Mexican government to pay \$16.7 million in compensation. The trial continues. Chapter 11 of NAFTA allows corporations to sue governments for compensation if they feel that a government action, including the enforcement of public health and safety laws, cuts into their profits. If our provincial government had been in a similar situation and chose to protect the environment and the citizens of Manitoba, Metalclad would be going after Canadian taxpayers, instead of Mexican taxpayers.

### 3) Essential Social Services Endangered

The latest and most deliberate attack on social services comes from two sources. The first is the World Trade Organization (WTO), created in 1994 replace the General Agreement on Trade and Tariffs (GATT). Under the WTO, there are twelve separate trade agreements, one of which is the General Agreement on Trade in Services (GATS). The GATS is extraordinarily broad, dealing with every service imaginable. Its purpose is to open up the delivery of services, including publicly funded services like health and education, to private, for-profit corporations.

The second is the Free Trade Area of the Americas (FTAA), being negotiated by the 34 countries of North America, South America, Central America and the Caribbean, excluding Cuba. If passed it will be the most sweeping trade agreement in history. Based on the model of the NAFTA, it goes far beyond and would combine the aspects of the proposed GATS, along with the comprehensive

Each of these principles supports and depends on the others. Each is a necessary but not sufficient condition for the systemic redesign which is required.

*The Manitoba Alternative* contains a 50% increase in spending on childcare, made up of the following programs:

- Immediately eliminate the punitive \$2.40/day/child charged to low-income subsidized parents. (Total cost to province, given approximately 10,000 parents, is about \$6.4 million.)
- Re-index the subsidy eligibility rate by at least CPI (never done since 1991), making more parents eligible for subsidy. Enable about 3,000 parents who will now be eligible for subsidy, as well as parents who had previously been eligible but unable to find a space, to get a child care space, by adding \$18 million to the subsidy budget.
- For the remaining \$5.5 million, ask the newly formed group reviewing childcare in Manitoba to choose a specific age group as the target for the first stage of a publicly-funded daycare system, similar to that in Quebec.

## Housing

The housing situation in the inner city of Winnipeg and for low income Manitobans has been neglected for over a decade. Much of Winnipeg's inner-city housing stock and much throughout the north and remote and rural areas is among the oldest in Canada.

For example, the Canada Mortgage and Housing Corporation defines unacceptable housing as that found "in need of major repair." In the last census 10.7 percent of Manitoba housing was in this category. This is the third highest rate in Canada. But 70 percent of Manitoba's municipalities had rates that were higher than this. Seventy-eight municipalities had rates twice as high, and 48 municipalities had rates triple this level.

*The Manitoba Alternative* will improve housing conditions for low-income people by allocating an additional 0.5% of its annual provincial budget for affordable housing. This will amount to \$30 million in new spending. The program details are as follows:

### **Social Assistance Rental Allowance Investment Protection Initiative (\$550,000)**

In the 1998/99 fiscal year the provincial government spent \$55 million on social assistance rental allowance payments to private sector landlords. This significant subsidy to the private sector needs to be monitored more carefully in order that it is

being used to supply decent housing, not slum housing. *The Manitoba Alternative* will allocate 1% of the existing expenditure on social assistance rental allowance payments now going to the private sector, which amounts to \$550,000, to establish a planning and inspection secretariat to monitor this annual subsidy to the private sector. The secretariat will have staff resources to inspect the houses of private sector landlords that are receiving this subsidy; will work with tenants to ensure they have adequate housing accommodations; will coordinate with existing renovation grant programs to secure resources for housing upgrades and energy efficiency upgrades; and will provide research and planning capacity to address the issue of ensuring this existing subsidy to the private sector is being used to provide decent and affordable housing for low income individuals and families.

#### **Social Assistance Rental Allowance Enhancement Initiative (\$15 million)**

The social assistance rental allowance has not been increased in Manitoba since 1993. The consumer price has increased by 18.5% since 1993. Allowable rent regulation increases have been 9%. The basic monthly social assistance rent allowance for a family of 3 is \$310. In 2000, the average monthly market rent for a two-bedroom apartment was \$588. Families are forced to take funds from their food budget in order to cover this rent allowance gap. The province of Saskatchewan has a much higher social assistance rental allowance. The average monthly market rent for a 2 bedroom apartment in the two provinces is comparable—in Saskatoon it is \$541 and in Winnipeg it is \$582.

It is estimated that it will cost the Manitoba provincial government \$1 million for every 1% increase in the monthly social assistance rental allowance. *The Manitoba Alternative* will increase the social assistance rental allowance through a shelter allowance enhancement initiative that will target a rent supplement allowance to private sector landlords and non-profit housing groups who want to make improvements to their rental properties. This approach will ensure that any additional funds for social assistance rental allowances will be used to upgrade the rental properties and not used by landlords to simply exact a greater return from their properties. As well, the provincial government will raise the shelter allowance subsidies for the Shelter Allowance For Family Renters and the Shelter Allowance for Elderly Renters. These programs for low income families and senior citizens have not been adjusted since 1992.

#### **Federal Government Partnership Initiative (\$6 million)**

*The Manitoba Alternative* will work in partnership with urban Aboriginal housing organizations to negotiate cost shared funding programs with the federal government for: upgrading of existing housing stock owned by urban Aboriginal housing organizations (\$1.25 million); a renovation and construction program that will enable urban Aboriginal housing organizations to acquire additional housing units (\$2.5 million); and a sustainable, ongoing maintenance program of existing housing stock

investors' rights provisions of the failed 1998 Multilateral Agreement on Investment (MAI).

The purpose of the GATS and of the FTAA is to constrain all levels of government in their delivery of services, and to facilitate access to government contracts by transnational corporations in a multitude of areas. These include; health care; hospital care; dental care; child care; elder care; education – primary, secondary and post secondary; museums, libraries; law; social assistance; architecture; energy; water services; environmental protections services; real estate; insurance; tourism; postal services; transportation; prisons; publishing and broadcasting; and many others. Note that many of these services are not just federal responsibilities but also fall under provincial and municipal jurisdiction. The purpose of the GATS and the FTAA is to open each of these services to for-profit corporations.

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*The Canada Mortgage and Housing Corporation defines unacceptable housing as that found "in need of major repair." In the last census 10.7 percent of Manitoba housing was in this category.*

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owned by Aboriginal housing organizations ( \$1.25 million).

In addition, we would negotiate with the federal government to fund a cost shared inner city housing renewal program as a component of the tri-level agreement to succeed the Winnipeg Development Agreement. (\$1 million/year for 5 years)

#### **Core Neighbourhood Housing Strategy (\$5 million)**

*The Manitoba Alternative* will provide capital grants to community non-profit housing groups for housing renovation and new home construction; infrastructure grants for strategic site development; grants to acquire property for land banking; operating grants for community housing groups; and operating contributions to renovation training programs.

#### **Older Urban Neighbourhood Housing Strategy (\$2.5 million)**

*The Manitoba Alternative* will invest in older urban neighbourhoods that are adjacent to high need inner city neighbourhoods. These neighbourhoods, commonly known as shoulder neighbourhoods, require housing investment in order to stem the spread of decline of the adjacent high needs inner city neighbourhoods. This preventative measure will be funded through an expanded mandate of the existing Manitoba Winnipeg Community Revitalization Program (MWCRP) – a jointly funded program of the provincial and municipal governments. Previously, MWCRP focused on capital infrastructure replacement. The new mandate of the program will include funding for housing and community development. One of the housing programs that will be offered to shoulder neighbourhoods will be a home renovation loan program that will be repayable over 10 years at 0% and administered by credit unions.

#### **Urban Housing Foundation Initiative (\$1 million a year for 5 years)**

The 1990s have been a decade of neglect for housing for low income individuals and families. *The Manitoba Alternative* will ensure the provincial government plays a leadership role so that a long term, sustainable resource strategy is developed based on a voluntary, private and public sector partnership to address the housing issues faced by low income people and communities. The provincial government should work with partners from the other two levels of government, the private sector and the philanthropic sector to capitalize an Urban Housing Foundation which will have the mandate to acquire and distribute funds for the housing needs of low income individuals, families and communities. The provincial government should also develop a provincial tax credit program for low income housing that will be used as a tool to raise capital for the Foundation. And, legislation should be put in place to charge fees on new housing developments in suburban and ex-urban areas that will be used as tool for a sustainable capital contribution source for the Urban Housing Foundation.

## Social Assistance

Social Assistance rates have fallen in real terms in Manitoba from the levels of a decade ago. Poverty has continued to climb. *The Manitoba Alternative* would take the following measures to redress these issues:

- An immediate 20% increase in social assistance rates, and a commitment to review rates to bring them in line with an Acceptable Living Level (\$50 million);
- Recipients of social assistance would be allowed to retain the first \$200 and 25% thereafter of earnings from paid employment, until their earnings reach the level of social assistance;
- Low wage earners would qualify for social assistance using the same formula. This measure would be combined with a strong increase in the minimum wage so that employers would not use it simply to subsidize their labour costs.
- The clawback of the child tax credit will be ended (\$10 million).
- While not technically a budgetary item, we would raise the minimum wage to \$7.00/hour, and index it to the Consumer Price Index. A strong minimum wage is a crucial part of any effective anti-poverty program.

## Environmental Initiatives

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A strong investment in the environment is a long-term preventative strategy for reducing overall health care costs in our community. The environmental initiatives featured in *The Manitoba Alternative* are based on a foundation made up of the following:

- Use economic instruments in the form of up-front fees or charges placed at the beginning of any sequence of development in order to encourage better use of resources. These instruments will provide funds for environmental protection, pollution prevention, monitoring, research and environmental assessment.
- Shift taxes to promote investments in environmentally friendly development. Conversely, ecological tax reform will also involve placing taxes or charges on activities and substances that cause or result in environmental damage.
- Review and remove "perverse subsidies" specific to the resource sectors in Manitoba, including Mining, Oil and Gas, Forestry and Agricul-

## Democracy

Democracy is not just about electing people to a narrowly representative form of government and the ritualized debates which occur in the Legislature. It is about governments nourishing and supporting an informed, active and vocal citizenry; able individually and collectively to form opinions and positions and have those heard and incorporated into public policy. There are powerful interest groups within the province who are well able to exercise these rights and obligations, but they do not represent citizens. They represent corporations and corporate interests which are not citizens, but whose voices exercise disproportionate influence because of the considerable financial and human resources which are behind their preparation and expression. Citizens, on the other hand, lack influence in formulating public policy for precisely the opposite reason: namely, that most lack the resources to muster the organized and collective voice which democracy at its best and fullest requires. The least capability is to be found amongst those citizens who are most marginalized and impoverished where such capability is most needed. Many examples may be found in the communities of the elderly, the poor, the disabled, the minority where some capability to voice interests and concerns exists, but these voices, always muted, are becoming even more enfeebled. The existence of alternative organizations which provide informed input into the formation

of public policy is vital to nourishing democracy. Governments have a responsibility in promoting democracy to assist these voices to organize and be heard.

There are a host of creative and inexpensive ways to do this. One way is judicious funding to already existing organizations in the non-profit sector. For the most part these organizations are already overburdened with the task of providing a host of direct services to the disabled, the elderly, the mentally ill, to children and so forth. In the past there has been some modest subsidy from the provincial government to some of these groups in order for them to provide policy advice to governments and to advocate on behalf of the needs and interests of their constituencies. The previous government, in its distaste for any who challenged its ideology and policies, eliminated all of these subsidies, conveniently forgetting that this removed all opposition from an already uneven playing field, and also forgetting that the surviving powerful organizations are also publicly subsidized by way of business write-offs and tax relief for organizing to promote their interests. A program of support and funding to non-profit organizations for advocacy, research and policy formulation is a necessary ingredient for a democratic province.

Until we develop true participatory democracy we will not fundamentally change how governments govern. They will be

ture. And some attempt has been made to move towards full-cost pricing in the marketplace to reflect all costs, including environmental, social and health.

- Begin to develop new ways of accounting or keeping track of our progress. Traditional measures of economic activity, measured in the form of the Gross Domestic Product, do not account for the depletion and pollution of natural resources. We would move towards the development of a Genuine Progress Indicator (GPI).

Since the new NDP government has come into power, much of the focus and resources within the department have been spent on the reorganization of the new super ministry of Conservation. Consisting of the previous ministries of Natural Resources, Environment and Mines and Energy (Energy Section), this downsizing has created public confusion as to who is managing what. *The Manitoba Alternative* splits the Conservation Ministry and creates a new Ministry of Environmental Protection and a Ministry of Primary Resources.

### **Energy Conservation Strategy**

*The Manitoba Alternative* includes a comprehensive Energy Conservation Strategy, which will generate \$23 million dollars a year and create 825 new jobs through the implementation of a conservation assessment on domestic sales of energy.

In 1997 (the last year for which figures are available), Manitobans spent approximately \$2.8 billion to heat and light their homes, power business, industry and agriculture, and fuel their transportation needs. This figure represents close to a 10% share of Manitoba's Gross Domestic Product. This year, spending on energy is expected to soar, given the recent rate hikes in the petroleum and natural gas sectors. As a share of the total economy, energy surpasses health and social activity in Manitoba.

Manitoba has abundant water resources and, consequently, Manitoba Hydro has an immense capacity to generate electrical power. In 2000, Hydro's sales totalled over a billion dollars.

Given these facts, many Manitobans assume that we have all the energy we need right in our own back yard. But the reality is that each year roughly three quarters of Manitoba's energy demand is met by natural gas and refined petroleum products imported from Western Canada. The provincial departments of Energy and Mines measure the ratio of energy produced and used to total energy consumed. This figure, known as the net self-sufficiency ratio, stands at about 23%. In other words, for every unit of energy we produce and use in Manitoba, three must be imported from somewhere else. One way to think of this situation is to imagine two huge pipelines stretching between Manitoba and Alberta: one pumping energy into our province; the other pumping money out.

In order to make Manitoba more self-sufficient in the energy trade balance, the Alternative Provincial Budget's energy strategy includes integrated resource planning,

mandated demand-side management programs and investments in alternative renewable energies. (Note: “alternative renewable energy” in this report does not refer to large-scale hydroelectric projects which have long-term negative impacts on the environment, but does include appropriate scale micro-hydro development)

Some of these changes require legislative and regulatory, as well as policy, adjustments. Our program focuses for the most part on the residential, institutional and commercial space heating sectors, where few resources have been invested and little activity has taken place to date.

## **Demand Side Management and Renewable Energy**

Demand-side management simply means controlling and reducing the amount of energy used by consumers. This can be done by shifting hours of energy use, conservation, and improving efficiency. The benefits of demand-side management can be significant. They include: job creation; regional and local economic development; lower energy bills; environmental benefits such as a reduction in greenhouse gases and deferred costs for new energy sources; improved housing and building stock (“building recycling”); and addressing indoor air quality issues.

Investments in alternative renewable energy also decrease Manitoba’s reliance on imported energy, making it more energy self-sufficient. Renewable energy technologies are environmentally benign, can be implemented cost-effectively, have low operating costs and create jobs through their development.<sup>13</sup> Manitoba has an unlimited supply of widely available renewable energy resources, including hydrogen, wind, micro-hydro, solar, geothermal, biomass, and other wastes such as liquid manure pits, landfills and waste water treatment plants.

Even for the Manitoba government as an energy consumer alone, these benefits are attractive. By reducing government expenditures for energy use in their operations, financial resources from energy savings can be redirected to other priorities such as preventative health care initiatives, child and family services, education, training and environment. In the process, a highly trained work force would be expanded, mainly in the construction trades and environmental technology sector. This will only improve Manitoba’s economic competitiveness in the long term.

## **Taking Action**

Our budget would:

- Amend the Energy Act to allow for the creation of a **Manitoba Energy Bureau**, which would operate at arm’s length from the government. It would deliver and administer demand-side management programs in Manitoba. In partnership with community-based organizations, government, ESCOs and businesses, the Manitoba Energy Bureau would be responsible for implementing an energy strategy and action plan. The Manitoba Energy Bureau would eliminate duplication of programs, overlap, and inefficiencies.

subjected to responding to those with the most resources who if all else fails threaten them with economic blackmail. We should take a lesson from our neighbours to the south. The Partido de los Trabajadores - the Workers’ Party - has been elected in the state of Rio Grande do Sul, and its capital, Porto Alegre, for twelve years. There, it has practised a model of participatory democracy being watched around the world. The people of the city’s districts and surrounding rural communities directly decide and control their budgets for transport, hospitals, social housing, education, water management and garbage disposal through duly elected civil society councils that co-govern with elected government officials.

Public education; universal health care; reforestation; water reclamation; a recycling program; tree planting; all these and other major improvements to transport and public safety have made Porto Alegre the most livable city in Brazil. Even the business community is behind the government that was re-elected with a two-thirds majority last year. Porto Alegre was chosen for the first World Social Forum because of its symbolism of civil society democracy in action.

- Amend the Public Utilities Board Act to give the Public Utilities Board the power to apply a mandatory **conservation assessment** of 2% on domestic revenues on all energy utilities in Manitoba. These include Manitoba Hydro, Centra Gas, Winnipeg Hydro and agents, brokers and marketers. This fund would be administered by the Manitoba Energy Bureau for the sole purpose of establishing demand-side management programs and investing in alternative renewable energy.

The fund would also assist those people who have low and fixed incomes, who cannot afford to take out loans and are in need of an energy retrofit to reduce their heating costs. The assistance will be in the form of a one-time grant ranging up to a maximum of \$4,000.

The conservation assessment would generate \$23 million per year and create approximately 825 new jobs.

- Amend the Retail Sales Tax to remove provincial sales tax charged on energy conservation and energy efficiency devices.

- Amend the Oil and Gas Production Act to remove perverse subsidies in the oil field industry in Manitoba. The Manitoba Drilling Incentive Program currently offers a threshold amount of production exempt from Crown royalties or freehold production taxes.

- Regulate energy efficiency standards for energy-using products. The Energy Act currently allows for the development of these standards.

- Regulate building codes for the efficient use of energy in all buildings, whether public or private. The Energy Act allows for the development of these codes. As it stands now, commercial buildings currently do not have energy efficiency building codes.

The Climate Change Branch would also play the lead role in investigating, researching and assisting in the development of alternative renewable energy resources. The following needs would be addressed:

- Alternative renewable energy targets for future energy demand in Manitoba must be established.

- Targets for energy conservation and greenhouse gas reduction must be set and achieved through the Action Plan.

- The Provincial Government, Crown Corporations and Municipalities as defined within the Sustainable Development Act must move into action and meet these targets and standards established by the Energy Act.

- Department of Education and Training must provide resources to compliment conservation programs and partner with:

- a) Trade unions to establish apprenticeship programs
- b) Colleges to establish training programs
- c) Other agencies to establish certification programs

### **Sustainable Transportation Strategy**

This strategy will consist of a Vehicle Feebate Program, a Vehicle Inspection and

Maintenance program, a Public Transportation Levy and increased infrastructure investments to municipalities for public transportation.

A **Vehicle Feebate Program** will be introduced on all registered passenger vehicles in the province, which will offer rebates to vehicles whose fuel efficiency is under a benchmark standard. A \$20 fee will generate approximately \$10 million per year, which will be rebated back to those vehicle registrants that meet the benchmark standard. A portion of the collected fees will be allocated to a mandatory vehicle inspection and maintenance program.

A **Public Transportation Levy** will be placed on gasoline and motive fuel in the province to increase investments in public transportation to historical levels. An increase of 3 cents per litre will generate \$60 million annually. One third of this fuel tax increase will be earmarked for efficiency improvements and expansion of public transportation services in Manitoba. (Manitoba in the lower end of the pack of fuel taxes charged by all Canadian provinces, and will still charge a lower fuel tax than Ontario or Saskatchewan.)

## Water

Manitoba is now considered one of the least expensive locations in North America to raise livestock. It is also becoming the largest producer of potatoes in the country (next to PEI). With the newly announced potato processing plant proposed by US-based JR Simplot coming online within the year, water consumption by the agribusiness sector is continuing to increase substantially. Irrigation in Manitoba has nearly doubled in the last 10 years. Both the intensive livestock industry and potato processing industry have direct effects on the quality and quantity of water used in the province. Even back in 1991 (latest figures available), according to the *Manitoba State of the Environment Report* of 1997, Manitobans used more water per capita than any other jurisdiction in Canada. This was before the rapid expansion of the intensive livestock and potato industries in the Province.

The Alternative Provincial Budget supports the new NDP governments' election promise to introduce a "Clean Water Act" with enforceable water quality standards.

To help fund pollution prevention initiatives within the Clean Water Act, a water royalty will be placed on activities that use a certain threshold of water. This royalty will be dedicated to assist conservation district programs and to expand the number of districts throughout the province. A portion of the new revenue will also be used to increase staffing levels within the Environmental Protection Department to increase water quality monitoring, research and enforcement. Municipal water services will be exempt from this royalty, but will be encouraged (required) to implement cost of service charges to users within their water utilities. (Industrial charges will be increased on par with irrigation and ILO's)

Irrigation - 10 cents per m<sup>3</sup> X 25 million m<sup>3</sup> = \$2.5 million

Intensive Livestock Industry - 10 cents per m<sup>3</sup> X 10 million m<sup>3</sup> = \$1 million

## Crown Corporations

In the summer of 2000, when the Manitoba Public Insurance Corporation announced that it had a large, non-recurring surplus and that this surplus was to be spent on consumer rebates, improvements to MPI's computer infrastructure and a capital grant to Manitoba's crumbling universities, the response was shrill. Critics charged that MPIC was robbing Manitobans of their due by failing to refund the entirety of the surplus to consumers. Thousands of Manitobans apparently agreed, and after a few days the government abandoned its defense of MPIC and ordered it to retract its offer to the universities.

The debate over the disposition of the MPIC surplus was instructive. This decision could have been the starting point for an important public debate about the role of crown corporations as instruments of public policy. Instead, the poor handling of this issue by the government, coupled with the stridency MPIC's critics, closed the door on such a debate.

How did things go so badly wrong? Part of the problem is that while most Manitobans understand how they benefit from crown corporations as consumers, they do not share a similar understanding of how they benefit as owners. Most people realize that Autopac provides the lowest automobile insurance rates

in the country. Most Manitobans also know that as customers of Manitoba Hydro, they pay the lowest basic power rates in North America. Similarly, most Manitobans are acutely aware of the costs of privatization, having experienced dramatic rate increases since the sale of the Manitoba Telephone System by the Filmon government. Fewer Manitobans, it would seem, understand that crown corporations can and do play important roles as instruments of social investment.

Manitoba's crown corporations, for example, hold in their investment portfolios a large proportion of the debt of the province's public institutions. In this way, the crowns deliver a direct benefit to the people of Manitoba by lending money at below market interest rates to fund institutions that serve the public good. Were it not for MPIC debentures, for example, the costs of building new schools in Manitoba would rise, and this rise would likely be reflected in some combination of increases in property taxation and reductions in the quality of education.

We believe that there is much more that Manitoba's crowns can do to improve the lives of Manitobans. *The Manitoba Alternative* calls on Manitoba Hydro not only to deliver benefits to the province in terms of low power rates, but to take specific steps in the direction of demand-side management and resource

Industrial - 10 cents per m<sup>3</sup> X 100 million m<sup>3</sup> = \$10 million

## Land / Regional Integrated Waste Management Program

As it stands today, Manitoba's more than 300 landfills spread across the province give us the distinction as having the second highest per capita of landfills in the continent. While much has been accomplished over the last decade in expanding recycling programs, the fact remains that the majority of waste ends up being buried under ground, sometimes in precarious locations that have an impact on our groundwater. Land fill pricing (usually in the form of tipping fees) are counterproductive in that they are so low and unregulated that they encourage municipalities to compete with each other for garbage.

As it stands now, pre-disposal levies are collected on beverage containers, tires and oil containers to fund recycling programs throughout the province.

*The Manitoba Alternative* would expand pre-disposal levies implemented through the Waste Reduction Act to fund all waste management activities in the province, including waste reduction, recycling, composting, land filling and landfill post-closure costs.

- 150 landfills will be phased out over the decade with the creation of 15-20 regional waste management authorities, whose membership consists of municipal governments.
- All waste management costs will be removed from municipal tax bases and subsequently funded through regional waste management authorities via pre-disposal levies.
- The Manitoba Stewardship Program and Board will be created in order to amalgamate all existing stewardship programs and boards (Tire Stewardship, Used Oil and Multi-material) into a single management and regulatory regime.
- Pay-outs from the Manitoba Stewardship Program to regional waste management authorities will cover 100% of all waste management costs (waste reduction, recycling, composting, land filling and post closure costs) on a per tonne basis and provide incentives based on the 4 R hierarchy of waste management.

*The Manitoba Alternative* will generate \$50 million dollars in pre-disposal levies on products on the principle that roughly 65% of the waste in Manitoba is generated from the industrial, commercial and institutional sectors. Some waste streams are more environmentally damaging than others.

## Mining

All dispositions and permits for exploration could carry an environmental fee to cover restoration costs or damage to landscape and decommissioning of roads. Environmental Performance Bonds will be placed on leases and licenses. These performance bonds will be held in a fund for rehabilitation, orphan sites, litigation for failure to fulfil legal obligations and compensation to property owners. *The Manitoba Alternative* would begin an analysis of all subsidies to the mining industry.

## Forestry

A review of stumpage fees will be implemented. The view that Canadian stumpage fees are too low has been expressed by the Softwood Lumber Coalition in the United States. A move to a market-based system for stumpage will be explored. Forest Fire Suppression costs will be increased and incentives will be created to promote a local appropriate scale forestry industry.

## Health

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*The Manitoba Alternative* increases health care spending at the real rate of GDP growth. Spending on health care is the largest and fastest-growing sector of the provincial economy. While we can't increase spending on health care forever, tightly squeezing such spending is even worse. During most of the 1990s, health care spending was tightly restricted or cut, and then wildly ramped up in election years. The results of this irresponsible approach included a problem recruiting nurses that continues to this day.

*The Manitoba Alternative* would carefully analyse needs in the acute care system so that increases in funding can be strategically targeted. It would also really pursue—as opposed to doing so in name only—the provincial government's early-'90s pledge to place more emphasis on community care, in the form of community clinics and public and preventative health measures. We would make Manitoba a leader in developing a new approach to health needs that recognizes that removes the boundaries between “health services” and “family or social services.”

## From Acute Care to Community Care

In the past decade, governments across Canada have made attempts to reduce the public's reliance on hospital-based care. This has resulted in earlier discharges from hospital, more reliance on day surgery and more patients recovering at home. What has been missing from the equation has been an increase of resources in the community. The programs in the community where they exist are underfunded. There continues to be a lack of coordination between hospitals and community health programs. One of the results of underfunding community programs is the much lower pay provided to people working in community care. The inability of community programs to retain staff is exacerbated by the current shortage of health care

conservation. In the private sector this would be impossible, but since Hydro is a crown, benefit can be returned to the shareholders of Hydro both in terms of cash revenues and in terms of the less tangible but far more important benefits of a healthier environment.

We believe that Manitoba's crown corporations must continue to deliver benefits to Manitobans in the form of efficient, affordable services. Moreover, the provincial government must find creative and positive ways in which crown corporations can be employed as instruments of social investment for the benefit of all Manitobans.

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*Low-income people disproportionately enter the health care system at the acute care stage. In other words, in the most expensive way possible.*

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professionals—they can work for a much higher rate of pay in the hospital sector or even more should they be recruited to another province.

Patients who are discharged from hospital often find it difficult to obtain the services they need in the community and are confused as to where to turn to request services. Another significant burden on patients being discharged from hospitals is the high costs of drugs. While an in-patient, drugs are provided free. Once the patient is discharged, the burden for drug costs is on the consumer. With the ever-increasing cost of drugs, this has become more and more of a burden. The current Pharmacare program is inadequate for many seniors or people with low to middle incomes who do not have the luxury of being covered by private drug plans.

The costs of integrating the acute care sector and community care must include bridge funding for the transition period. This is vital in order to create a true transition from the reliance on hospital care to more community-based care.

### **Personal Care Homes and Home Care**

Many families in this province rely on personal care homes to provide long-term care to the frail and the elderly. The funding levels for personal care homes has not increased in several years and personal care homes have been forced to do more with less. Just as in hospitals, residents in personal care homes are sicker than in previous years and have more serious behavioural problems including violence against staff.

Manitoba was the innovator with the introduction of Home Care decades ago. The Home Care program has seen increased pressure with the decreased reliance on hospital services. There must be assurances that this budget includes adequate funding from Home Care to ensure that people get Home Care when they need it, that citizens know how to access Home Care services and that Home Care staff have the flexibility of scheduling to allow for time to care for newly discharged patients.

#### **Doctors on Salary and Multi-Disciplinary Health Clinics**

Many Manitobans have had significant problems finding family practitioners. Some areas of the provinces have begun to recruit physicians who are paid a salary instead of using the fee-for-service model. We would carefully examine this model, and prudently begin to move more doctors onto salary.

We would also investigate health care centres with multi-disciplinary teams who treat not only the ill but have the resources for preventative health measures such as nutrition, smoking cessation and physical fitness would become a priority. The hours of service of health care centres must be flexible to recognize the reality of families who do not have the ability to seek medical service during the tradition nine to five hours of operation.

### **Staffing**

Manitoba needs not only to look at recruitment of staff, but how staff should be working in a new system. Administrators and physicians have a lot of power in the hierarchical structure of hospitals while the skills, contribution and knowledge of

nurses, technical, clerical and support staff are underused. Hospital staff need to be consulted to determine how they can be part of a program that includes preventative programs and monitoring of patients past the point of discharge.

We would work with the Regional Health Authorities to develop mechanisms for the true involvement of citizens in the planning, development and evaluation of health care structures, and the move toward increased community care. A strong community development approach would ensure that Manitobans do not just see health services as provision of a hospital bed when one becomes ill.

### **Preventative measures**

The Manitoba Centre for Health Policy and Evaluation, among many other researchers and organizations, has demonstrated that the richest people are healthier than people with middle incomes, and that those with middle incomes are healthier than those who are the poorest. Manitoba has one of the highest rates of child poverty in Canada. Babies born to poor families have twice the rate of infant mortality and disability as children living in affluent families. In Manitoba, the child mortality rate in the Aboriginal population is several times higher than in the population as a whole, reflecting their economic status.

Low-income people disproportionately enter the health care system at the acute care stage. In other words, in the most expensive way possible. *The Manitoba Alternative* contains expenditures across many departments that will improve the health of Manitobans now, and reduce health costs in the future. An increase in social assistance allowances, major new housing and job creation initiatives, increases in the availability of child care, conservation measures that improve environmental health—all of these measures are included in our budget, and all are at the heart of an effective, long-term strategy to reduce the stress on our health care system.

While the full benefits of these moves will not be felt overnight, we estimate that they will fund the following measures immediately:

- Funding for pilot projects in each of the 12 Regional Health Authorities to create new community health clinics or expand existing clinics. (\$12 million)
- Restore the child dental program for rural and northern Manitoba. (\$5 million)
- Increase funding for Public Health by 5% (\$0.9 million)
- Fund a provincial AIDS strategy. (\$0.5 million)

We would begin implementation of the recommendations of the 1996 Manitoba Provincial AIDS Strategy. This process would begin through the establishment of a new Implementation Advisory Committee, which would be chaired by someone

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*An increase in social assistance allowances, housing and job creation initiatives, increases in the availability of child care, conservation measures that improve environmental health—all of these measures are at the heart of an effective, long-term strategy to reduce the stress on our health care system.*

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who is aware of and sensitive to the issues of HIV/AIDS, and staffed by individuals who are rooted in the AIDS community. The Committee must also be given the mandate and support for immediate action and there must be a line of accountability from it to the Minister.

Funding for community-based AIDS service organizations engaged in providing prevention education, and/or care, treatment and support for people living with

## Part 3: Revenue

### ***The Manitoba Alternative: Revenue Statement***

<i>Revenue</i>	<i>2000/01 Est</i>	<i>2001/02 Est</i>	<i>% Change from 00/01</i>	<i>APB 01/02 Changes</i>	<i>APB 01/02 Total</i>	<i>% Change from 00/01</i>
<b>Own Source</b>	<b>4662</b>	<b>4773</b>	<b>2.38%</b>	<b>250.5</b>	<b>5023.5</b>	<b>7.75%</b>
<b>From Fiscal Stabilization</b>		<b>0</b>	<b>0</b>			<b>0</b>
<b>Total Revenue</b>	<b>6765</b>	<b>6922</b>	<b>2.32%</b>		<b>7172.5</b>	<b>6.02%</b>

#### **APB Changes**

Environmental Protection						
Energy Conservation Strategy					23	
Feebate					10	
Public Transportation Levy					20	
Clean Water Act					3	
Waste Management Program					50	
Economic Development						
Reduction in Payroll Tax					-58	
Tax on Overtime Hours					65	
Tax Credit to support investment in CED enterprises					-5	
Manitoba Property Tax Credit					-33	
Excise Taxes						
Tobacco Tax increase of 1 cent to 9.6					20	
Motive Fuel Tax increase of 3 cents					40	
Tax on pesticides and fertilizers					10	
Conservation						
Water Power Rentals					50	
Income Tax						
High Income Surtax (2% over 200,000)					14.5	
Manitoba Lotteries						
10% reduction in payout on VLTs					11	
Elimination of Corporate Tax Loopholes					30	
<b>Total Changes</b>					<b>250.5</b>	

## Equalization

A major concern that arises with respect to the Manitoba budget is the federal government's treatment of equalization payments for the fiscal year 2000-2001 and subsequent years.

Equalization payments are entrenched in Section 36(2) of the Canadian Constitution. They are intended "...to ensure that the provincial governments have sufficient revenues to provide reasonably comparable levels of public services at reasonably comparable levels of taxation."

Under existing arrangements all provinces except British Columbia, Alberta and Ontario receive equalization payments from the federal government. The basis for the calculation of equalization entitlements is the fiscal capacity of five provinces (British Columbia, Saskatchewan, Manitoba, Ontario and Quebec) in relation to 34 sources of revenue. Average tax rates for the 34 revenue sources are calculated for the five provinces to establish the five provinces' per capita revenue base. These rates are then applied to the per capita base of each province. Those provinces that end up with revenues below the five provinces' standard receive an equalization payment equal to the difference.

Currently the rate of increase in total equalization payment by Ottawa to recipient provinces is limited to the rate of increase in gross domestic product. So long as the rate of increase in entitlements is less than or equal to the rate of

HIV/AIDS has been inadequate. *The Manitoba Alternative* provides new funding in the amount of \$0.5 million to community-based organizations for education, prevention and community outreach and development.

Perhaps the most important constraint facing the provincial government is its capacity to generate revenue for much-needed social reinvestment. We believe that this constraint comes from two main sources. First, the perceived requirement that Manitoba's tax levels remain comparable to those in other provinces and even other countries. Second, the limits placed on the provincial government by the balanced budget legislation.

We are sensitive to the acute political pressures for tax cuts—pressures brought to bear by the business community and newspaper editorial writers. Yet we also recognize these ideologically-driven pressures for what they are.

### Tax Gap

The first perceived constraint is that Manitoba must be a low-tax environment to remain competitive with other provinces and even states in attracting and holding both corporations and highly skilled workers. There are two assumptions made in this argument that are open to question.

The first is that Manitoba needs a low-tax environment to remain competitive. In fact, even if this argument is basically sound—which we dispute—what it really means is that Manitoba needs a low tax gap with other jurisdictions, not low taxes in any absolute sense. The current gap is caused not by Manitoba's outrageously high tax rates (Manitoba's taxes are not high at all, and have not increased recently) but by other provinces drastically cutting their own rates. The "tax gap" is primarily a consequence of other provinces cutting taxes. Manitoba tax policy should be set by the government of Manitoba, not the ideologically extreme governments of oil-rich Alberta or manufacturing-rich Ontario.

The inevitable result of this process would be that tax decisions would be made by the wealthiest provinces; the rest will simply have to follow suit. There seems to be little recognition that the provinces are not actually creating a better overall economy for the country as a whole by lowering taxes, they are merely competing with each other. This is a strategy that is clearly in the best interest of the richest provinces, but which actually makes the provinces worse off collectively unless low-tax regimes are inherently superior to high tax regimes without a single person or corporation migrating—an idea that is rarely even voiced and has never been proven. It is possible that either a federal mandate or an agreement among the provinces about a common tax structure would benefit all the provinces. Therefore, we urge the government to make it a top priority to join with other provinces to speak out against the negative impacts of the devolution of power.

Of course, this raises the question of how to stop other provinces from lowering their taxes (or even getting them to raise them). While there is no easy way out of this

dilemma for one provincial government acting individually in an increasingly loose federal system, there are some efforts that should be made to recognize the interdependence of provincial tax systems. For example, while a devolution of powers from the federal government to the provinces may be popular with governments unhappy with “central” Canada, reducing the role of the federal government in province’s revenue and spending decisions simply reinforces the already pervasive belief that tax decisions should be made at the provincial level.

The second assumption behind the “tax gap” argument is that companies and individuals will readily relocate as a direct response to this tax differential. The evidence for this assumption is far from compelling. At best, it is usually anecdotal (along the lines of, “I know this guy who moved to Calgary ...”) and “surveys of business leaders” rather than hard data. In fact, there is evidence to show that taxes do not rank particularly highly in either corporate or personal decisions about where to live.

At the very minimum, the government should challenge the idea that people and businesses are moving like vagabonds across the country in pursuit of the lowest tax rates.

We don’t have to look far behind the newspaper headlines to find evidence that debunks the myth that Manitoba’s tax rates are scaring businesses away. A roundtable of business representatives who gathered the day after last year’s budget described it as a “non-event.” The *CGA Magazine*, the magazine of the professional accountants of Canada—hardly a radical progressive group—argues that “ultimately, overtaxation is largely a question of public perception.” (May 2000) And public perception is clearly in favour of maintaining strong services, even if this means no income tax cuts. Survey after survey shows this to be the case.

Do tax cuts really lead to growth? While there is no question that putting more money into the economy through tax cuts does have a stimulative effect, this effect is not nearly as efficient as government spending. In fact, the evidence for the growth-boosting properties of tax cuts is remarkably weak.

Macro-economic models show that in the short term, most forms of public spending have a greater impact on growth than tax cuts.

### **Balanced Budget Legislation**

The Balanced Budget, Debt Repayment and Taxpayer Protection Act of 1995 places Manitoba governments in a permanent fiscal straitjacket. The legislation requires that surpluses be generated each year to maintain the Fiscal Stabilization Fund (FSF), and to make fixed payments against the debt, and effectively prohibits any increase in the four major taxes by mandating a referendum on such increases. It does not require that any such referendum be called to reduce revenues by cutting those same taxes, which once reduced are almost impossible to restore under the terms of the legislation. The legislation has not been a significant problem in recent years of economic growth (not to mention the sale of MTS which topped up the FSF), but in

increase in gross domestic product there is no problem. However, this has not been the case in recent years. In 1999-2000 the limit dictated by the growth in gross domestic product was \$10 billion. Entitlements meanwhile stood at \$10.8 billion. For Manitoba the difference was \$77 million. The federal government waived the ceiling for one year so that recipient provinces were paid the full amount of entitlements.

For the year 2000-2001, however, application of the ceiling could result in a shortfall of \$100 million in Manitoba.

The existence of the ceiling, and the question of whether or not the federal government will apply it in any particular year, creates uncertainty for Manitoba and other recipient provinces in constructing their budgets to meet the needs of their populations. It is imperative that the federal government rescind the ceiling so that recipient provinces can plan their budgets with the knowledge that they will receive their full equalization entitlements.

Over the longer term, the federal government and the provinces must resolve to correct the inadequacies of the existing equalization arrangements. In recent years, the fiscal capacities of the richer provinces have been rising at a faster rate than is the case in the recipient provinces. This is contributing to a widening of fiscal disparities between have and have-not provinces which is not reflected in the five provinces’ standard.

Of particular concern is the exclusion of Alberta from the base against which the standard is calculated. Oil and gas revenues provide Alberta with a decisive fiscal advantage over most other provinces. In the past few years this advantage has been strengthened as a result of OPEC-engineered increases in the international price of crude oil and favourable market conditions for natural gas in North America. Alberta has used this advantage to cut taxes and dramatically increase the wages and salaries of employees in Health and Education as a means of poaching individuals with the requisite skills from other provinces. Needless to say, this situation has created tremendous pressure on the provinces of Saskatchewan and Manitoba to match Alberta's tax cuts. Such actions, of course, weaken the fiscal capacities of these provinces and compromise their ability to sustain important social programs.

The appropriate response in light of these conditions is to revert to a 10-province national standard (a model that was in effect until 1981-82) with full equalization of oil and gas revenues.

Elimination of the ceiling and a shift from the present five provinces' standard to a ten provinces' standard would not resolve all of the limitations in the existing equalization arrangements. However, these changes would significantly enhance equalization arrangements and establish a solid foundation for further improvements.

the inevitable economic downturn of the near future, the provincial government will be left with no choice but to slash public spending, thereby putting at risk services made even more vital in such times. Amendments to the legislation may be possible which would soften its predicted effects such as requiring balanced budgets over a longer term. However, the biggest difficulty with the legislation is that it stands as a permanent advertisement for those who wish to convey to all citizens that taxes are somehow bad and that all the goods and services purchased by taxes are of little importance to the citizenry. And this is precisely the intended goal of the corporate lobby which pressed for it in the first place, and precisely why it is unacceptable.

Of course balanced budgets are desirable over some reasonable term, and so is paying down the debt. But we cannot continue to live with legislation that so severely restricts the options of our elected governments as to how these goals are to be achieved. We are all more than just taxpayers. We are also citizens. If we are to be "protected" it is through a fair tax system, and above all wise management of taxes collected; not through legislation that confines itself to placing severe restraints on the revenue side of the ledger only. *The Manitoba Alternative* would repeal this legislation.

In addition to taking the lead in resisting competition among provinces for labour and capital and amending the balanced budget legislation, there are a few opportunities for the province to generate additional revenue for the provincial coffers. The first is to take advantage of the provincial Crown Corporations. The public relations disaster with MPIC's attempt to donate to the provinces universities demonstrates that there are political constraints to any outright use of crown corporations for spending purposes. However, it would be possible to use other mechanisms to generate revenue from these corporations. For example, taxing them, as any other corporation in the province is taxed, would raise revenue without it appearing to be favouring a particular spending decision at the expense of motorists or hydro users. Water rental rates to Manitoba Hydro could be increased.

The second is the potential use of green taxation as a means to generate revenue. Despite the city's current difficulties in applying the polluter pay principle to garbage collection, public surveys do show that people are more willing to accept environmental levies than other forms of taxation. The potential difficulty with many green taxes is that they tend to be regressive. It is, therefore, important from an equity standpoint that any green taxation measures include measures to shield lower income Manitobans from the negative income effect of taxes that rely on price increases to act as a deterrent to a specific activity.

## **Taxation Policy**

Equity among Manitoba taxpayers has eroded over the last decades. On a national level, we have seen the implementation of a national value added tax, the telescoping of tax brackets, and the multiplication of concessions and deductions for high income earners. At the provincial level, this trend has been replicated with respect to income tax, but the most glaring inequities arise from the transfer of the

burden of taxation from progressive taxes on personal income to more regressive forms of taxation on consumption and personal property.

Moreover, with respect to this last category of taxation, the last decade has seen a sharp increase in non-equalized forms of property taxation, adding to the regressive potential of such taxes the potential for creating regional inequities within the province.

*The Manitoba Alternative* takes steps to make the province's taxation system more equitable.

Our budget also addresses itself to the largest source of inequity within Manitoba's taxation system—burgeoning taxes on real property—by addressing the fundamental cause of this problem. By increasing funding to the Public Schools Finance Branch, the we would address the problem of adequacy which has since 1992 compelled large annual increases in Education Special Levies, school board taxes which are inequitable not only in the way in which they are levied, but which are a source of horizontal inequities within the public education system.

Finally, we reinstate a modest high income surtax on income over \$200,000. The proceeds of this will be used exclusively for anti-poverty measures. In so doing, we make a clear statement of the role of the state in the redistribution of wealth and the importance of a progressive taxation system.

### **De-Linking: An Opportunity for Equity**

The de-linking of the federal and provincial income tax structures has created an opening for Manitoba to make a clear statement of provincial independence with respect to taxation. The governments of Ontario and Alberta have signalled their preference for systems which are fundamentally inequitable by opting for a system of flat taxation, albeit with generous tax credits for low income people. Such an approach feeds on self interest, insecurity, and mistrust of government, and by creating an environment of tax "competition" between provinces, ultimately undermines the entire Canadian social framework. We do not accept the inevitability of a race to the bottom between the provinces.

We would instead recapture the agenda by talking openly about tax fairness and the importance of adequately funded services. Moreover, by asserting the importance of a progressive tax structure, the we would send an unambiguous message to the federal government in Ottawa that Manitoba is unwilling to participate in the creation of further regressivity in the income tax system.

Specifically, we will take advantage of the opportunities presented by the de-linking of federal and provincial income taxes to begin to develop and name five progressive provincial income tax brackets, to be implemented in the next fiscal year. These brackets would be constructed in such a way as to minimize or eliminate the personal income tax burden on low income individuals and families, and they will be annually reviewed with consideration to economic growth and changes in the cost of living so as to eliminate the punitive effects of "bracket creep."

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*We do not accept the inevitability of a race to the bottom between the provinces.*

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## **Property Tax Rebate**

*The Manitoba Alternative* includes a further \$75 property tax credit, a measure that would especially benefit low- and middle-income Manitobans.

We undertake these changes with confidence that they will not be the cause of capital flight and emigration. As the provincial government has demonstrated year after year in its “Manitoba Advantage” section of the Provincial Budget, Manitobans enjoy the lowest Annual Personal Costs and Taxes anywhere in the Dominion.

Inexpensive heating and lighting costs, publicly owned automobile insurance, and the absence of medicare premiums, all hallmarks of a strong state sector, combined with inexpensive housing and a low cost of living to mean that Manitoba need not make extraordinary efforts to compete with other provinces. Indeed, the imperative is to maintain the Manitoba Advantage through strong public services, equitably funded.

## **High-Income Surtax**

*The Manitoba Alternative* will re-implement a version of the high income surtax that was eliminated in the 2000 budget. The threshold level for this surtax will be set at annual earnings of \$200,000 (2001 index, adjusted for inflation) or more, and the amount of this tax will be 2% of earnings over the threshold level. This tax will affect less than 5,000 Manitobans, and will raise approximately \$14 million.

The effect of this high income surtax is intended to be redistributive. One hundred percent of the revenue generated by this surtax will be directed to anti-poverty measures.

Few could credibly argue that those earning over \$200,000 are not high-income earners. Moreover, there is strong evidence that the costs associated with such a tax are more than offset by the advantages conferred by Manitoba’s low aggregate tax and cost of living burden.

## **Other Provincial Revenue**

### **Manitoba Lotteries**

*The Manitoba Alternative* would reduce the payout on VLTs by 10 percent, thereby raising revenues from this source by \$11 million.

### **Water Rentals**

Water power rentals paid by Hydro to the province are very low and arbitrarily set. An increase of \$50 million is perfectly manageable without increasing user fees. At present these surpluses are simply placed into reserves. Since the Province guaran-

tees Hydro debt, this is not justifiable.

### **Foregone corporate income taxes**

It is estimated that \$30 million could be raised through reducing revenues foregone without changing the tax rate.

### **Cigarette tax**

Increase the cigarette tax by 1 cent/cigarette (\$20 million).

### **Reduced spending on highways and infrastructure that service ex-urban sprawl**

For more than twenty years, the province has failed to adequately regulate—indeed, has often encouraged—unsustainable, low-density sprawl in the bedroom communities around Winnipeg. There is strong evidence that provincial subsidies to extend sewer and water services within the Winnipeg Capital Region contribute directly to exurban sprawl. For example, a piped water system was built in the R.M. of MacDonald between 1989 and 1992. Since then, that Municipality has become the fastest-growing R.M. in Manitoba. From 1991 to 1996, its population grew by 22.5 percent.

We estimate that a reduction of \$30 million spending on such infrastructure projects, combined with better land-use management and a provincial “smart-growth” strategy for Winnipeg’s Capital Region, would limit the harmful effects of exurban sprawl.

## ***The Manitoba Alternative*** **Executive Summary**

*The Manitoba Alternative* is responsible, progressive, green, and fair.

### **Fiscal Highlights**

- We run a surplus of \$18 million, which we put into the Fiscal Stabilization Fund.
- No income tax cuts. No income tax increases, except for a small high-income surtax of 2% on income over \$200,000. This would affect fewer than 5,000 very wealthy Manitobans. It would generate \$14 million, which would be used for anti-poverty initiatives.
- A \$75 increase in the property tax credit.

### **Spending Highlights**

#### **Economic Development**

- An innovative new Cooperative and Community Economic Development Business Mentoring Program, with a staff of 30 and an annual budget of \$3 million.
- A retrofitting program that would create 800 new jobs.
- Expand funding for Neighbourhoods Alive! from \$3 million to \$18 million.
- A tax credit program as an incentive for individual investments into CED businesses.
- Drop the rate of provincial payroll taxes, and replace with a tax on overtime hours, to better distribute available jobs.

#### **Education**

- Freeze University tuition levels at 1999-2000 levels.
- Rebate tuition by 10%.
- Increase University operating grants by 5%.
- Eliminate Manitoba Learning Tax Credit, which students don't receive until months after tuition is due, and shift these resources to funding the tuition freeze and increased support for bursaries and the ACCESS programs.
- Begin to move funding for K-12 education off the property tax.
- A new initiative to encourage growth in apprenticeship training.

#### **Child Care**

- Immediately eliminate the punitive \$2.40/day/child charged to low-income subsidized parents.

- Re-index the subsidy eligibility rate by at least CPI (never done since 1991), making more parents eligible for subsidy. Enable about 3,000 more parents to get a child care space.
- Implement the first stage of a publicly-funded daycare system, similar to Quebec’s “five dollar a day” system.

### **Housing**

- We increase the housing budget by \$30 million to deal with one of Manitoba’s most pressing needs. Among other things, this level of investment would allow for:
  - A social assistance rental allowance increase of 15%. These allowances have not budged in eight years.
  - A core neighbourhood housing strategy that will support non-profit community groups to allow them to build and renovate housing in the inner city.
  - An urban housing foundation initiative to nurture voluntary partnerships between communities and the public, private, and non-profit sectors through a tax credit program and other means.

### **Social Assistance**

- An immediate 20% increase in social assistance rates, and a commitment to review rates to bring them in line with an Acceptable Living Level.
- Recipients of social assistance would be allowed to retain the first \$200 and 25% thereafter of earnings from paid employment.
- The clawback of the Child Tax Credit will be ended.

### **Conservation Measures**

- Amend the Energy Act to allow for the creation of a Manitoba Energy Bureau, which would operate at arm’s length from the government. It would deliver and administer demand-side management programs in Manitoba.
- Amend the Public Utilities Board Act to give the Public Utilities Board the power to apply a mandatory conservation assessment of 2% on domestic revenues on all energy utilities in Manitoba. This fund would be administered by the Manitoba Energy Bureau for the sole purpose of establishing demand-side management programs and investments into alternative renewable energy.

The fund would also provide assistance for home renovations in the form of one-time grants ranging up to a maximum of \$4,000.

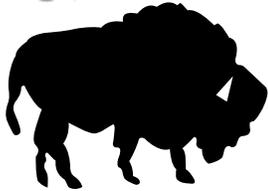
The conservation assessment would not be passed on to consumers.

- Amend the Oil and Gas Production Act to remove perverse subsidies in the oil field industry in Manitoba.
- Regulate energy efficiency standards for energy-using products. The Energy Act currently allows for the development of these standards.
- Regulate building codes for the efficient use of energy in all buildings, whether public or private.



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# The Manitoba Alternative

Alternative Provincial Budget, 2001-02

*prepared by*

Canadian Centre for Policy Alternatives-Manitoba  
Cholces: A Coalition for Social Justice

