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FAST FACTS

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Manitoba Budget 2007 A Budget Without Courage

This budget is something of a disappointment in that it is a sample of what this government has been about since 1999. On the one hand, it has resisted the worst of the “lets leave it all to the marketplace” mantra. At the same time it has lacked the courage of its own convictions.

A major illustration is the way in which this budget kowtows to the tax-cutting lobby. This year’s budget, according to Finance Minister Greg Selinger, “...builds on a multi-year plan of tax reductions that has resulted in the largest personal income tax cuts in Manitoba history.”

But let’s remember that the pooled funds we entrust to our governments in the form of taxes, can and do have an enormous positive impact on the quality of our lives in at least three respects.

First, they can encourage or discourage activities which we think are damaging to the common good. In this respect, there are no exciting initiatives in the 2007 budget. For example, it provides an ineffective \$2000 rebate to the handful who can afford a hybrid car, while ignoring the possibilities of deterrent taxes on the dangerous chemicals released

into the environment every minute of every day.

Second, the source of our taxes has a huge impact on the well-documented growing gap between the rich and the poor. While this government has targeted its tax cuts much more strategically than the previous Conservative government, it has not only failed to close the gap but has actually, increased it. For example, the net effect of the NDP’s tax breaks between 1999 – 2005 has saved a family of four earning \$20,000 \$150 per year while a family of four earning \$100,000 has saved \$1,700. This current budget continues in the same vein. Although the increase to the personal exemption will remove some poorer households from paying income taxes, this measure will more greatly advantage higher income households because of their higher marginal tax rate.

Other measures are even more clearly benefiting high-income families such as the carbon copy of the federal pension income splitting policy. This measure will cost the treasury \$11 million, and will greatly advantage a minority of high-income households while doing nothing for households struggling to survive on public pensions.



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Third, the value of maintaining a tax base buys us goods and services which are important to us all. This budget, combined with previous budgets, foregoes revenues of nearly \$800 million by 2008 with an additional \$100 million by 2010.

Aided by increasing federal transfers, and despite the provincial tax cuts, this government has maintained a commitment in some vital areas. For example, they have stepped up to the childcare plate in spite of the federal government reneging on its previous cost sharing agreement, although much more will need to be done to create spaces and attract and retain workers.

Spending increases in health care are somewhat strategically targeted, such as measures to decrease wait lists and increases to personal care homes.

There is a much needed increase in funding to universities and colleges as well as a \$30 million increase in support for public schools. Expansion to the popular Neighbourhoods Alive! program will be welcome news for the 5 additional communities.

But truly bold initiatives are lacking.

There is no new money in this budget for social housing initiatives. For low-income households, housing is fast becoming a top priority as vacancy rates shrink and governments shy away from long term investment in new and existing public housing. The Canada Housing and Renewal Corporation estimates that Manitoba needs a minimum of 1000 new social housing units (off reserve) annually for 10 years to address the growing need. Granted, the province can't meet these targets without the federal

government at the table over the long term, but they can begin to show a commitment by setting their own targets for new and rehabilitated social housing units.

In health, the home-care program still falls far short of meeting need and our Pharmacare program still applies deductibles to the poorest of Manitoba families. Dental and eye-care do not get a mention in this budget.

The poorest Manitobans continue to be neglected. Although there is a small, targeted increase in income assistance for persons with disabilities, it is very modest and the remaining approximately 30,000 recipients will receive no increase. The new Manitoba Child Benefit will provide low-income families with an additional \$35 per month. Families receiving EIA will also receive a benefit but it replaces an existing support program resulting in a meager net increase of \$5 per month. There are no increases in shelter allowances, in spite of soaring rent costs.

Manitoba budget 2007, like previous NDP budgets, is an improvement over those of their predecessors. It is less guilty of perpetuating the myth of the overtaxed Manitoban and more positively upholds the value of the services funded by taxes. But it falls far short of the NDP's own ideal.

- Shauna MacKinnon and Pete Hudson

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