Canadian Centre for Policy Alternatives - Manitoba

Alternative Provincial Budget 2002-2003

Alternative Provincial Budget Highlights

Public services over tax cuts

Creates a healthier Manitoba

Identifies and addresses Manitoba's revenue problem

Reflects the principles of equality and social justice

Reduces our vulnerability to US economic slumps

When the US economy sneezes, do we catch a cold?

The Alternative Budget would make Manitoba less vulnerable to a downturn in the US economy.

• Our Alternative Budget would make up for shrinking foreign demand by **putting more money into the provincial economy**. This is at the heart of our fiscal plan — to save money when economic times are good, *so that it can be spent* when times are bad.

• We create an innovative **fund designed to facilitate worker takeovers of businesses** whose owners are threatening to leave the province.

• We make **community economic development** a top priority, to increase economic self-sufficiency.

Services over tax cuts

Our Alternative Budget shows that Manitoba can compete by offering the services that make this province a better place to live.

• Unlike other western provinces, the Alternative Budget contains **no new or increased health care user fees**.

• **New investments in education, childcare, housing**, and more of the services that Manitobans rely on.

End Balanced Budget Legislation

The Balanced Budget Legislation is dangerous and arbitrary; it ties the hands of the provincial government, preventing it from doing a number of perfectly responsible things.

• The Alternative Budget eliminates the Balanced Budget Legislation.

• We end the practice — required by the Balanced Budget Legislation — of paying $75 million more than necessary on annual debt repayment. This money is much better spent elsewhere.

A government with a revenue problem

Even during good economic times, recent provincial government budgets have either run a very modest surplus, or else been balanced only thanks to a draw on the Fiscal Stabilization Fund. This suggests that Manitoba has something close to a structural deficit – in other words, deficits not caused merely by the fiscal cycle. We take the first steps toward ensuring long-term fiscal stability, by:

• Identifying new, progressive sources of revenue;

• Stopping the erosion of the already-existing revenue base;

• Running a modest deficit made up in large part of one-time spending initiatives.

Prescription for Healthy Manitoba

This year's APB puts special emphasis on Health, which is the province's largest and fastest-growing department.

We set out a plan for moving toward a health care system that is better and more sustainable in the long run, through:

• Ongoing efficiencies;
• Measures to control cost pressures over the medium term;
• Improvements to community care;
• Increased democracy in Health.

None of our changes would undermine the single payer, general revenues financed system we currently have, and none are amenable to the "solution" of privatization.

The context

In last year's Alternative Provincial Budget we argued that the then-booming US economy was a bubble that was certain to burst sooner or later. That prediction was proven correct in the second half of 2001.

Because Manitoba's economy is relatively diversified—we do not rely too heavily on any one sector, whether it be manufacturing or natural resources—the past year could have been worse. The province was somewhat sheltered from the most severe effects of the US downturn. Still, the longer term trend has been toward a provincial economy increasingly dependent upon exports to the US — for example, those exports rose from 15 percent of provincial GDP in 1995 to 21 percent in 1999. Manitoba benefited from the expanding US economy during that period, but was also left more vulnerable in the face of the inevitable slowdown.

In last year's Alternative Provincial Budget we ran a modest surplus. We believe that it is important during periods of strong economic growth to put money away *so that it can be spent during a slowdown*.

The provincial government can do little to fight shrinking foreign demand for Manitoba products. It can, however, make up for it with growth in the domestic market by employing counter-cyclical fiscal policy. In last year's Alternative Budget and this one, we have employed just such a strategy.

In western Canada, it's the economy, and it's stupid

The governments of the three other western provinces have already released their budgets for 2002-2003. All three provinces, to varying degrees, have cut income taxes in recent years, arguing that those tax cuts would lead to increased economic growth. Some people even claimed that income tax cuts pay for themselves in the form of more economic activity. That is simply false, as recent budgets across the prairies show.

Those provinces have now been forced to make up for the income lost through income tax cuts with major spending cuts, and/or other, regressive taxes and fees, such as health care premiums. We reject that approach.

It is important during periods of strong economic growth to put money away *so that it can be spent during a slowdown*

This year we increase total government spending in excess of inflation, and we run a modest deficit. This spending, if properly targeted, will both buoy up the economy, and help protect the most vulnerable in the face of an economic slowdown.

The labour market

In recent years, Manitoba has, relative to other provinces, experienced strong growth in employment and low unemployment rates.

The rate of growth in employment slowed to 0.7 per cent in 2001, a rate below the national average. In contrast to the national situation, there was a solid rebound in job creation in Manitoba in the latter part of 2001. The overall rate again moved above the national average. Moreover, and more importantly, the rate of full-time job creation was almost twice the overall rate.

In Manitoba, the burden of adjustment to the deterioration in labour market conditions has fallen primarily on young people. Employment of individuals in the age group 15-24 has stagnated. The number of unemployed people in this age group, on the other hand, has increased by almost 36 per cent; indeed, people in this age group accounted for 91 per cent of the increase in the number of unemployed.

In Manitoba we need to be concerned about the impact of these conditions on younger people in the labour force, especially given the relative ease with which young people can migrate to other provinces. While not a budgetary issue, we believe that a serious problem is the weak commitment by the NDP to increasing the minimum wage. The province did increase it by a minimal $0.25 in early 2002 and promises to do the same in 2003 but the rate still remains at least one to two dollars below the wage necessary for a full-time worker to reach the poverty line.

Many of the fiscal constraints are problems of the government's own making

Public sector employment has increased in recent years as the government has attempted to repair the health and education sectors. However, as discussed in more detail below, this is threatened by the fiscal straitjacket of the balanced budget legislation. Cutbacks in these areas could be severely damaging to the provincial economy, not only to these areas themselves, but also to trade, service and other related service sectors industries.

A government with a revenue problem

We recognize that the province has a number of serious fiscal constraints that cannot be ignored. Yet many are problems of the government's own making. *Manitoba does not have a spending problem, it has a revenue problem*, a problem that was locked in when the NDP, in its first budget, announced tax cuts three years in advance.

After a quite significant withering away of the public sector under the Conservative government, the NDP has attempted to steer a very careful course through some turbulent fiscal waters. It has largely chosen to stay the course with a few tax cuts being the most dramatic budgetary move.

The province predicts that the net impact of its tax changes implemented in the 2001 budget will cost $187 million for a full fiscal year. From a budgetary standpoint, this decline in tax revenue was exacerbated by the recent reduction in real economic growth, which fell from 2.9% on 2000 to 1.5% in 2001. As a result, the provinces's second quarter financial report is predicting a $140 million decrease in own source revenues for 2001-02 from what it had anticipated in the budget, a 2.3% decrease over the revenues earned in 2000-01.

This, coupled with a quite modest 2.7% increase in total spending, will result in a $197 million deficit for the 2001-02 fiscal year. In order to meet the commitments of the balanced budget legislation the province plans to draw $200 million from the fiscal stabilization fund, thus being able to turn the deficit into a $3 million dollar surplus in the creative world of government accounting.

Economies must inevitably go through the boom and bust of the business cycle. Governments can play an important role in moderating the severity of these swings by running deficits in the bust period to compensate for declining private spending. Of course, this is only possible if they run surpluses in the boom period to balance the budget over the business cycle. Unfortunately, despite the balanced budget rhetoric of both the Conservative and NDP governments, in last several years, which were good ones for the economy, the budget has been almost exclusively in a deficit position. In fact, only in the 2000-01 budget was a surplus actually recorded. In all of the previous years, money was withdrawn from the FSF in order to finance deficits. In 1998-99 $155 million was removed and in 1999-00 another $174 million dollars was needed to transform a deficit into a surplus. The point is that under its current tax and spending structure, the province would appear to be incapable of running a budget that is balanced over the business cycle.

In fact, the only reason there is any money at all in the FSF is because the previous government, finding itself in a fiscal crunch much like the present one, sold the profitable Crown corporation MTS. At the end of this budget year the FSF will have been drawn down to a very meagre $130 million dollars or less. In the medium-term fiscal framework of the province's last budget, it anticipated that revenues and expenditures would grow about equally in 2002-03. This means that the sizeable real deficit coming up this year will be repeated next year unless either the economy takes a sudden upturn (growth is predicted to remain stable from this year at 1.5% - 1.7% for Manitoba) or the province takes some quite drastic fiscal measures. Of course, a deficit similar in size to that run this year will more than exhaust what remains of the FSF.

Drawing down the FSF would not have overly severe consequences if the balanced budget legislation did not prevent the province from running a deficit in any one year. The province cannot hope to adhere to this legislation in the coming budget for the next year without making some very serious changes to either its revenues or expenses. Instead of adhering to this deterministic logic, imposed upon it by the previous government, we would instead eliminate the balanced budget legislation. Not only would this allow us to run a responsible deficit during a recession, it would also free up an extra $75 million that the balanced budget legislation mandates must be spent to pay down the debt each year.

The arbitrary nature of the balanced budget law is perhaps most clearly seen in this provision for $75 million in annual accelerated debt payments. Why $75 million? No reason. The figure was plucked out of the air back in 1995. Yet the government is now locked into spending that amount more than is necessary on debt servicing each year. This is the equivalent of a family deciding to make accelerated mortgage payments — a nice idea, but not if doing so means they can't afford to fix the roof.

While eliminating the balanced budget legislation allows the province to run a temporary deficit, it will do nothing to solve the structural problem with the province's current fiscal situation — that the province appears to be currently incapable of running balanced budgets over the economic cycle. Therefore the APB implements a few carefully targeted, socially useful taxes, as well as halting the erosion of the income tax base.

To ensure that the APB is cyclically balanced we have also spent in a responsible manner. Many of the spending items in this year's budget are once off items, that will not be incurred in future years. This will ensure that this year's deficit will not be repeated when the economy moves into recovery. In total, $177 million of this year's spending will not be carried over into future budgets.

One-Time Spending

CAPITAL SPENDING	
Health Care	$50 million
K-S4 Education	$7 million
Post Secondary Education	$25 million
OTHER	
Urban Futures Development Fund	$30 million
Local economic development fund	$25 million
Savings from	
Health Care Changes	$40 million
Total	**$177 million**

R E V E N U E

Rather than cutting provincial spending in crucial areas, the APB would generate increased tax revenue. Raising taxes has become something of a taboo in recent political discussions, however many taxes not only raise much needed revenue to provide important public programs, they can also help channel people's spending away from activities that are socially and environmentally harmful. Other provincial governments have increased revenues in a less progressive manner. For example, Alberta recently raised health care levies by $240 per year, to $1,056 per family. Such a move disproportionately hurts lower-income people. Rather than this regressive approach, the Alternative Budget would make the following changes to the tax structure in the province. These changes are equitable and would change the pricing incentive structure facing individuals and corporations to encourage a more environmentally and socially responsible pattern of consumption.

Environmental Protection $166 million

Energy conservation strategy $23 million
All energy utilities in Manitoba will be assessed a 2% conservation assessment to create an incentive to conserve scarce energy resources.

Fuel Efficiency Fees $10 million
Registered passenger vehicles in the province whose fuel efficiency is below a minimum benchmark will be assessed an additional levy as an incentive to purchase smaller, more fuel efficient cars.

Transportation Levy $60 million
An additional 3 cents/litre will be levied on gasoline and motive fuels in the province. Manitoba will still have lower gasoline taxes than either Ontario or Saskatchewan.

Tax on Pesticides and Fertilizers $10 million
This provides the Manitoba agriculture industry with an incentive to reduce the damaging effects of these products on the environment and encourages more environmentally sustainable farming practices. It will be combined with an aggressive campaign to encourage the expansion of organic farming.

Clean Water Act $13 million
A 10 cents per metre cubed tax on water above a certain threshold for heavy users to encourage conservation.

Irrigation - 25 million meters cubed = $2.5 million
Intensive Livestock Industry - 10 million metres cubed = $1 million
Industrial - 100 million metres cubed = $10 million

Waste Management Program $50 million
A pre-disposal levy on products that are heavily packaged with non-recyclable materials. This would encourage the purchase of products in packaging that can be recycled as well as encouraging the re-use of all containers.

Commuter Tax $10 million
As an incentive to eliminate the growing problem of flight to bedroom communities outside the city of Winnipeg, the APB would implement a $500 commuter tax per person on those who live outside the City of Winnipeg and work within the city limits. This works out to about a $2 charge per round trip in and out of the city.

Housing Subdivision Tax $17 million
Winnipeg is rapidly becoming the shape of a donut, with people leaving the centre of the city and moving to new subdivisions that are increasingly far flung (although many still within the perimeter). This imposes considerable infrastructure costs as new houses and schools must be built to service these areas. This is in addition to the environmental costs of urban sprawl and a dedication to the automobile. As a means of reducing urban sprawl we would levy a tax of $10,000 on new housing construction. This would not apply to replacement or alteration of existing structures.

High Income Surtax $15 million
A tax of 2% will be applied on those Manitobans with an income of over $200,000 (approximately 5,000 taxpayers).

Tobacco Tax Increase $20 million
The tax on tobacco products will be increased by two cents to 11.6 cents.

Elimination of personal Income tax reductions from 2001/02 $144 million
The income tax reductions implemented in 2001-02 contributed to the province's revenue crunch. Rolling them back would save $144 million per year.

Total Revenue Increase $372 million

HEALTH CARE

The Diagnosis

Canadians and Manitobans have been led to believe in recent years that their health care system is in crisis, and the only salvation is immediate and radical changes in the way in which the system is delivered and financed – namely to privatize. Much of this clamour is financed by insurance and other interests, which seek to divert health care funds into their own coffers. A spokesperson for these interests recently described Canada's health care system as "the last unopened oyster." In fact, the single payer system, financed out of general revenues, and delivered by government or non-profit organizations, is the most efficient, and the most effective of all known possibilities for financing and delivering health care; not to be bested for price or quality. As a case in point, the health care system in Manitoba, contrary to the endless bad news stories reported in the media, is in good shape. A recent study conducted by the independent Manitoba Centre for Health Policy and Evaluation, found that the health of Manitobans improved dramatically in the period 1985-1998. Other studies have shown that the issue of waiting lists has been highly exaggerated, and that they get worse when private facilities are added to the mix of service. As for costs, the fairly sharp rise in the past four years is partly due to serious under spending in the six-year period 1991 to 1997, with the consequent expectation that they will level off after the catch up period. Moreover, costs have not risen sharply in relation to our ability to pay. Over the last 10 years they have risen from 7.4% of GDP to 7.8% of GDP.

There are some changes required. None arise from the single payer, general revenues financed system we currently have, and none are amenable to the "solution" of privatization. They include:

• Increasing efficiencies within the system including the implementation of best practices, and restoration of nursing capacity.

• The need to control specific costs which include: pharmaceutical costs (the doubling of Pharmacare budget in five years); rising demand for surgeries, pharmaceuticals and higher technologies (e.g. MRI scans tripling in five years); and higher costs of physician billings (a 40% increase in past four years).

• A need to shift the system to much greater emphasis on public health, health promotion, preventive health measures, primary care, community care and the management of chronic conditions, as opposed to acute care. This also holds out the promise of dealing with some of the upward cost pressures.

• The need for greater democracy in the system, supported by better health information systems.

The Alternative Provincial Budget therefore plans for very modest increases in Health spending, very carefully targeted to respond to **real** rather than **imagined** problems. The general direction is towards improved community care, while holding the line on the more expensive and intrusive acute care. These measures, along with measures to cap some of the current upward cost pressures, require additional expenditures now, which hold the promise of cost savings in the medium to long term.

The Prescriptions

1. Ongoing efficiencies as a means to service improvement.

• The implementation of the best practices recommended in the Rachlis Report, the most important of which is to coordinate waiting lists for procedures for which there are currently sporadic difficulties. They also include better coordination or amalgamation of the administration of Long Term Care, and Home Care. **No cost.**

• Sufficient trained nurses are key to the efficient and effective operation of the health care system. Proposals to ensure that the need is met include: (a) Remuneration increases already negotiated **$40 million**; (b) A **$10 million** fund to ensure another 300 entry level full time nursing positions for those wanting full time.

• One more step to secure the efficiencies of the single payer, publicly delivered system is the purchase of the Western Surgical Clinic at an estimated net **$4 million.** There is an immediate cost savings of $1.5 million and every year thereafter in facility fees now paid from public coffers to this private clinic.

2. Measures to control current cost pressures over the medium term. Some require very modest investment of new money in the next budget year. These measures include:

• Initiatives to control the cost of drugs. This is most effectively done at the Federal level, especially in the form of changes to the Drug Patents Act, which has been a major factor in increasing drug prices. In the absence of Federal leadership, the Province must take some initiative. These initiatives include:

• Review bulk buying practices with a view to a comprehensive scheme that would include central purchase and distribution to all medical facilities and pharmacies in the province. **No cost (with potential cost savings into later years)**

• Establish a drug review mechanism to evaluate cost-effectiveness. The entry into the market of new drugs, advertised as wonder drugs, but in fact containing marginal, if any, improvements over existing drugs, is a major factor in inflating drug costs. Drugs found not to be cost effective will not be purchased in the central purchasing system. Trends in the cost of drugs dispensed in medical facilities should also be monitored. **$2 Million in first year of operation – offset by an estimated $11 million savings in the pharmacare program alone by 2003/4.**

• The establishment of a drug information program aimed at providers and consumers with the objective of alerting them to the problem of over prescribing (another upward cost pressure on the Pharmacare program has been a huge increase in prescriptions), which would include comparative merits of drugs designed to treat the same condition. **No Cost (costs of administration offset in 2002/3 by immediate cost savings, growing to an estimated $4 million saving by 2003/4, with continued growth of savings into subsequent years).**

• A Health Technology Review Panel would be established to evaluate the safety and the effectiveness of new technologies, as well as monitor and evaluate usage. Once again this is best accomplished at the Federal level, but in the absence of Federal leadership, must be done at the Provincial level. This would be a provincial body (regional if other provinces, such as Saskatchewan would cooperate) established: either to assess studies on technologies conducted elsewhere, or to conduct its own randomized control trials (RCTs). **$2 million (net savings to be realized by 2003/4 & beyond).**

• Phasing in on a voluntary basis of salaried hospital based physicians to replace the current fee-for service system, which encourages inappropriate practice, and may fuel demand pressures on the system. **No cost (with possibly some cost savings in billings as well as in numbers of procedures).**

3. Improvements to community care.

• Pharmacare. A National Pharmacare program is the most equitable, cost effective way to provide prescription drug services as a vital and integral part of universal, accessible health care. It is also an important part of a comprehensive community care thrust. Once again the provinces are on their own until the federal government is ready to provide leadership. A beginning to restoring the Pharmacare program in Manitoba is to: (a) eliminate the 2% deductible on family incomes of $15,000 or less; (b) Raise the floor below which no deductibles are charged to $25,000; COST: **$10 million**

• Long Term Care. As the population continues to age gradually, the need for Long Term beds to relieve pressures on family on the one hand, and acute care hospitals on the other, will require modest annual growth. A 5% increase in operating and capital costs for Long Term Care would cost **$19 million.** This expenditure is mostly about improving quality, but cost savings in the hospital system should be monitored and documented.

• Home Care. Home care (another example of a Federal program promised but not delivered) is even more vital than Long Term Care in terms of improving quality of care. It enables faster discharges from hospital care and provides for speedier and more comfortable convalescence. Improvements to extend the limits placed on the amount of home care services for which a patient is eligible, as well as to assist those in need with the acquisition of appliances and prosthetics to make home care feasible (e.g. in-home hospital beds etc.). A 6% increase would cost **$10 million.**

• An additional **$2 million** for expanded community care for the mentally ill.

• Studies which have shown a steady improvement in the health of Manitobans also show one exception – Northern Manitoba. An additional **$2 million** is allocated to primary and community health care in Northern Manitoba.

• The main vehicle for reshaping the health care system towards improved primary and community care is the Community Health Organization (CHO). These provide complete geographic coverage and are neighbourhood based. They are governed by a volunteer community Board. They are much more than doctors offices, having responsibility for an array of public and preventive health care services. They would be staffed by teams of **salaried** health care professionals. There are likely to be cost savings in the ability of the lower paid professionals to carry much of the primary care now delivered by physicians, but more so in the long run simply by more effective care being provided than now is the case with the private practice model. They would be the main link to hospitals to admissions and discharges. They would also be the main referral link to long-term care arrangements. The most important feature if this is to be cost effective in the long run, is that they would **replace** the current physician private practices, including the walk-ins. They would be funded on the basis of annual budget negotiations and a formula, which would include the numbers and characteristics of the population of the catchment area.

The Alternative Budget sets aside **$45 million** to make a serious start on building on existing experience with community clinics, of which there are about a dozen already within the province. None of these, however provide what is potentially a full range of services for a CHO, and they have not yet begun to displace in large numbers the less effective private practice model of primary care which predominates. The costs include an estimate of $25 million in start up (capital) costs, and the plan would identify leader communities, maximize building on existing facilities, and build in rigorous evaluations before further expansion.

4. Democracy in Health. One of the difficulties with the current system is its lack of democracy and transparency. There are a number of compelling reasons to arrange for permanent, standing, funded structures for citizen input into, and guardianship of, the health care system. The most important of these is that health care is too important to be left in the hands of a few, and too complicated for the application of large scale quick fixes (such as privatization) without widespread public debate. The beginning would be a ***Health Advisory Council***, established at arms length from the government, acting as advisory to it, and promoting continuous public debate on issues related to health services. It would mostly rely on research and information generated elsewhere, but would have its own research capability as well. It would develop and implement strategies for dissemination of research on health services to the public; a mandate that would include health promotion. Related difficulties include the incompleteness of a health information system as well as inadequate funding to internal and external bodies (such as the excellent Manitoba Centre for Health Policy and Evaluation). Improvements in the evaluation and information systems which are a necessary support to governments in their policy making capacity, also support a greater democratization of the system which relies on an informed public. The Alternative budget sets aside **$4 million** for building democracy and improving health information and evaluation.

Summary of Health Expenditures

Total cost increases	$150 million
One time only costs	$ 50 million
Likely savings by f/y 2003/4	$ 40 million

The sky is not falling on our health care system, but there are some issues that need attention. They can be attended to with relatively modest increases in the health care budget, with the potential for both improvements to health care and cost savings in the system in years to come. The additional **$150 million**, (of which $40 million results from negotiated increases with the nurses), is approximately a 5.7% increase on estimated expenditures in health for 2001/2002.

Job Creation and Economic Development

Manufacturing is the most important goods-producing industry in Manitoba. It accounted for some two-thirds of the province's exports in 2000.

The immediate prospects for manufacturing, like the provincial economy and the economic climate in general, are somewhat uncertain at this time. The transportation equipment (MCI) and agricultural equipment (Versatile) industries have been the scene of major industrial disputes over attempts by employers to roll back the wages and benefits of their unionized workers. This has been done under the threat of moving the plants to non-union and/or low wage locations in the United States or where local governments promise large relocation subsidies. Although this has become a common employer tactic in the United States, particularly since the passage of the North American Free Trade Agreement (where Mexico is the usual threatened destination of American 'runaways'), it has not been that common, in Canada or in Manitoba, at least until recently.

While we don't pretend that this is an easy problem to solve, we believe that the government's options are not limited to either capitulating to companies like MCI or Versatile, or watching them leave. While the companies are mobile and have no loyalty to the province, the opposite is true of their workers. With sufficient creativity and support, the provincial government may be able to facilitate employee takeovers of profitable plants that threaten to leave. In our Alternative Budget we create a $25 million fund to facilitate future transitions to employee ownership.

Community Economic Development

A **Ministry of Community Economic Development and Cooperatives** would allow the government to support the economy at its most grassroots level. Such a ministry was successful in British Columbia in the 1990s, before being dismantled by the Campbell government.

The Ministry of Community Economic Development and Cooperatives would 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.

Other program expenditures

Many of the program initiatives included in last year's Alternative Budget are carried over into this year's. Highlights are below.

Child Care

Child care in Manitoba continues to suffer from the fact that it is not a public, universal system, and must instead be provided by the voluntary or non-governmental sector. The Alternative Provincial Budget is committed to moving as quickly as possible toward a publicly funded system. Funding is provided in our budget to move into the first stage of such a system, beginning with one age group.

We increase funding for childcare by $35 million—a nearly 50% increase. These funds would be used to:

• Immediately eliminate charges levied on low-income subsidized parents.
• Re-index the subsidy eligibility rate to allow thousands more families to have access to subsidized spaces.

Education

Post Secondary Education
Operating grants increase $24 million
Capital spending increase $25 million

K-12 Education
Operating grants increase $27 million
Capital spending increase $7 million

Urban Futures Development Fund

In last year's Alternative Budget we increased spending on housing directed at a number of specific programs, including a Social Assistance Rental Allowance Enhancement Initiative, and a Federal Government Partnership Initiative for housing for Aboriginal people. While we still support such programs, in this year's Alternative Budget we take a slightly different tack. We create the Urban Futures Development Fund, using $30 million in seed money. Based on (and named after) a model developed by the Urban Futures Group in consultation with representatives of one hundred inner-city organizations, this Fund would:

• Be used to lever additional development funding from the Federal government, the City of Winnipeg, and the private sector;

• Provide stable, long-term funding for inner-city renewal projects, including community development, housing, youth training; and

• Ensure the provincial government plays a leadership role in a long term housing strategy to address the housing issues faced by low income people and communities.

The defining principles by which this program would operate include a commitment to community-based organizations and community involvement, and in particular a commitment: to create a decision-making body with meaningful representation from the community; to use the program primarily to invest in community-based organizations in Winnipeg's inner city; to maximize the extent to which decisions about the allocation of funds be the product of genuine community involvement; and to promote and support community economic development.

Due regard would be given to ensure that Aboriginal organizations—organizations run by and for Aboriginal people—receive a substantial proportion of the funds allocated by the Urban Futures Fund.

Established inner city organizations with a track record of successful evaluations would be funded and evaluated on a more holistic and more long-term basis. There would be a shift in emphasis from project funding to longer-term, core funding.

Social Assistance

The Alternative Budget would increase spending on Social Assistance by $50 million. Social Assistance rates have fallen in real terms in Manitoba from the levels of a decade ago; an increasing disgrace. The Alternative Budget 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.

CCPA-MB Alternative Budget 2002-03
Estimated with 2nd Quarter Financial Report

(millions of dollars)		2000/01 Actual	2001/02 Budget	2001/02 2nd Q Est	% Change 00/01-01/02	2002/03 Est
Operating Fund Revenue						
Own Source		4643	4676	4536	-2.30%	4663
From Fiscal Stabilization		0	60	200		130
Fed Transfers		2091	2127	2153		2146
Total Revenue		6752	6803	6689	-0.93%	6809
Expenditure						
Total		6615	6757	6790	2.65%	6912
o/w	Debt Costs	511	458	410		410
	Debt and Pension Repayment	96	96	96		96
Surplus/Deficit		41	-50	-197		-199
Surplus After FSF Transfer			10	3		-69

2.8% growth rate in own source revenue for 02/03
based on inflation of 1.3% and growth of 1.5%
The $69 million dollar deficit for 2002/03 is projected after the remaining
$130 million is drawn from the FSF

APB Additional Revenue
Environmental Protection
Commuter Tax
Subdivision Tax
High Income Surtax
Tobacco Tax increase of 2 cent to 11.6
Elimination of personal Income tax reductions from 2001/02
Total APB Revenue Changes

APB Additional Expenditure
Health Care
Daycare
Urban Futures Fund
Social Assistance
Local Economic Development Fund
Post Secondary Education
    Operating Grants
    Capital Spending
K-S4 Education
    Operating Grants
    Capital Spending
Total APB Expenditure Changes
Surplus/Deficit of APB Changes

% Change 01/02-02/03	2002/3 APB
2.8	5035
	2146
1.8	7181
1.8	7285
	410
	21
	-125
	166
	10
	17
	15
	20
	144
	372
	150
	35
	30
	50
	25
	24
	25
	27
	7
	373
	-1