



April 16, 2012

It's Budget Time Again: A glimmer of hope and a healthy dose of skepticism

On April 17th Minister Stan Struthers will release details of how the Province will manage our money this year. Here is how the process will unfold.

A few pre-budget day announcements will be, or have been, made to manage expectations and set the tone for budget day. We've been warned for months that the budget will be tight and that "tough decisions" must be made. It's true that Manitoba is faced with significant unanticipated costs resulting from the 2011 flood and global economic uncertainties to which Manitoba is not immune.

Print and other media will publish some predictable commentaries pre- and post-budget day. We can expect those claiming to represent the business community and 'taxpayers' to call upon the government to 'create an environment for investor confidence' by "cutting taxes" and "removing red tape". Organizations pegged as 'left leaning', 'anti-poverty' or 'special interest' groups will call upon the government to make significant investments to prevent crime, reduce poverty, better care for the environment, and so on.

In keeping with the theme of 'predictable', my colleagues and I will make our pitch for a budget that prioritizes reducing poverty and inequality. Our pitch will be met with a mix of yawns, eye-rolls,

nods of agreement and indifference. What we say won't make much difference anyway because the budget is written; spending and revenue decisions have been made. But we will continue to say it anyway in an effort to raise awareness of how critical these problems have become for all Manitobans.

Whether we want to believe it or not, the effects of poverty are very real across our province, and they are taking a social and economic toll on us all. For example, in Winnipeg, pockets of poverty exist throughout the city, but it is most concentrated and deeply entrenched in the inner city and in the North End, and has been for many decades. This persistence of poverty has led many to feel hopeless; to turn to strategies of survival that sometimes include 'bad choices'. The effects of poverty include hopelessness and despair that often lead to ill health, violence, addictions, suicide, and the list goes on.

The Province and other funders invest in a number of excellent community initiatives that are doing exceptionally important work. These organizations provide opportunities for people, and this helps to minimize the despair and hopelessness. But it is also true that many people do not have the basic foundations to take full advantage of the opportunities that are provided.



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FAST FACTS continued ...

The poorest Manitobans are often forced to move, sometimes crowding in with family and friends. They often need most if not all of their household income to pay their rent, leaving little for food and other basics.

Poverty will not go away on its own and we cannot escape the damage it leaves behind. Our failure to invest what is required is creating insurmountable problems that affect us all. Most people living in poverty manage to overcome the obstacles but many do not. For example, many kids don't bother to go to school because they can't see past the immediate crisis in their lives, and it is hard to think about the future when you don't know where your next meal will come from or where you will sleep that night. It is not uncommon for these children to drop out of school, turn to drugs, have children when they are still children themselves, or succumb to the pressure and allure of street gang life. Sure, we can blame it on parents or somebody else, but what good does this do?

These problems will not be resolved by the good work of food banks, soup kitchens and after-school programs. These supports are important, but without adequately investing in the basics, we are spinning our wheels. There are many things that government can and must do. They all require considerable public investment and a rethinking of how we redistribute wealth.

Here is one thing that we would like to see in this year's budget.

Strong foundations begin with having a safe, stable, affordable home. The Province has been making progress in this area by creating more social housing, but they have yet to ensure that the poorest Manitoba households, most of whom live in private sector housing, have sufficient income to pay their rent. People receiving social assistance receive allowances far below the cost of housing. The Province should increase the

allowance so that the poorest Manitobans receive a housing allowance at 75% of the median market rent. Recent government estimates show that this would cost the government less than \$20 million annually. Sound like a lot? It's not, it's far less than 1% (approximately .14%) of the provincial budget and it goes directly back into the economy. The cost to government could be offset by a slight tax increase on the incomes of the highest earning Manitobans—the 1% earning over \$150,000 per year.

What can we expect on budget day?

We can expect to see a safe budget that will include a little something for everyone. It will include small measures to appease the middle class—just enough to make us feel that all is good in the world. A few concessions will be made to keep the business community from crying 'socialist'; and there will be a little bit left over to keep the pesky poor people from revolting. And just to make us all feel really safe, the Minister of Justice has already assured us that the Province will spend a ton on new jails—exactly the wrong kind of housing program.

On budget day we will gather at the Legislative Building, with a glimmer of hope and a healthy dose of skepticism. None of us are likely to be thrilled with what we see, but two things are for certain. We won't see a budget that will make a significant dent in poverty in 2012. And we'll be back next year doing this all over again.

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