

ANALYSIS | One budget to annoy them all

Brian Pallister's 2nd spending plan too meek for fiscal hawks, too stingy for social democrats

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Conservatives may be displeased with the size of the deficit in Brian Pallister's second budget. Social democrats may be equally displeased with a broad range of small nips and cuts. (CBC News)

About The Author

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Before joining CBC Manitoba, Bartley Kives spent most of his career in journalism at the Winnipeg Free Press, covering politics, music, food, the environment and outdoor recreation. He's the author of the Canadian bestseller *A Daytripper's Guide to Manitoba: Exploring Canada's Undiscovered Province* and co-author of *Stuck in the Middle: Dissenting Views of Winnipeg*. His work has also appeared in publications such as the *Guardian* and *Explore* magazine.

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If you're a red-blooded conservative who believes all deficits are irresponsible and taxation is tantamount to theft, you have reason to be annoyed with the Manitoba Progressive Conservatives right now.

If you're a Blundstone-buying New Democrat who believes all social spending is sacrosanct and arts funding is untouchable, you have reason to be annoyed with the Manitoba Progressive Conservatives right now.

The crusty right and musty left have equal reason to be disappointed with the second budget unveiled by Brian Pallister's Tories, a \$17-billion spending plan for the next 12 months in Manitoba.

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On one hand, Pallister's second budget fails to fulfil the cost-cutting wishes of the most bloodthirsty fiscal hawks who make up an influential chunk of the PC base.

Spending is up between \$282 million and \$520 million this year, depending on whether you consider only core government services or look at all public spending, including the costs incurred by Crown corporations, school boards and regional health authorities.

Another deficit is coming at the end of the year, and it will be another doozy at \$779 million for core government services — or \$840 million, if you count all of the red ink that will be spilled by public entities this year.

Worst of all to fiscal conservatives, Pallister will not be able to whittle down the deficit below \$500 million during the entirety of the Tories' first term in office.

If all goes well — which means no economic fallout from Brexit-induced bedlam, Donald Trump-related trade trouble, climate change or any other form chaos — the deficit is projected to be reduced to \$585 million in 2019-20, the final year of the Pallister government's first term.

Will Peter pay Paul for PST cut?

Given Pallister's promise to shave one percentage point off the provincial sales tax before the next election, coming in 2020, even that financial target may be optimistic.

The premier conceded Tuesday that Manitoba may have to put off deficit reduction in order to fulfil his PST-shaving election pledge, which will cost hundreds of millions every year.

"I think that may well be true," Pallister said when asked whether the province must borrow money in order for him to make good on that promise.

"But remember the solution in the past was to go to Manitobans and take money off their kitchen table to solve their problems ... we think the reward for Manitobans should be a reduction in PST."

■ Students, caregivers take tax hit but budget leaves most wallets unaffected

Given the mounting nature of Manitoba's debt, this may be no reward whatsoever. If taxpayers wind up paying more interest on the provincial debt just to fulfil a promise to reduce consumption taxes, Pallister could be accused of robbing economically sound Peter to pay ideologically minded Paul.

Barring an economic miracle, fiscal conservatives are bound to grow more annoyed with the PCs as time goes on. So will voters on the left who claim they don't care for any cost-cutting.

To appease the vast majority of voters who hug the centre in Manitoba, the Tories nicknamed this year's budget "responsible recovery."

This is not-so-subtle code for "we're making cuts, but not a lot of them." In fact, the cuts in this budget can be described accurately as very pervasive, if not especially deep.

■ Budget needed 'bold action,' didn't go far enough: Canadian Federation of Independent Business

■ Tuition tax credit cut slays deficit 'on the backs of students'

There are cuts to roughly half of the salary-and-benefits line items in the budget. Funding for another 20 per cent of these line items will flatline this year, which amounts to a cut when inflation is taken into account.

Finance Minister Cameron Friesen suggested many of these cuts could be achieved through vacancy management, which is bureaucratic doublespeak for failing to replace departed workers. But it's not clear that will happen, especially when the premier isn't ruling out actual layoffs.

"I would never guarantee no one in the civil service will lose their jobs," said Pallister, who nonetheless insisted layoffs are no solution to the province's fiscal woes.

"That wasn't the solution we chose and it wasn't the solution we ran on," he said.

Arts cuts coming, no word on WAG funding

The Tories also didn't campaign on cuts to the arts, but they're planning to whittle down arts funding by \$1.4 million when you combine reduced grants to cultural organizations with cuts to the Manitoba Arts Council, the music and film industries and grant assistance.

■ 2017 Manitoba budget: Arts, sports programs to see big cuts

There's an old joke in government circles that cuts to arts funding are never worth it, because every dollar you save garners you \$10 worth of whining. But the cultural-funding cuts appear to impact smaller non-profit organizations with low public profiles.

More significantly, the Tories put off a decision on the most contentious cultural question of all: whether or not to honour the former NDP government's \$15-million commitment toward the Winnipeg Art Gallery's Inuit Art Centre. A cost-benefit analysis is still underway, a spokeswoman for Pallister said.

The budget also leaves other areas unclear, such as what \$360 million for municipalities will pay for and how that pie will be divided up between Winnipeg and other areas of the province. The province insists a single basket of municipal funding will make the process of doling out money less prone to political interference, but the absence of clarity on budget day left a couple of municipal leaders unable to offer meaningful comment.

■ 2017 Manitoba budget: Numerous jabs but no death blows

The bottom line is that this is a budget few Manitobans could love, but the breadth of this lack of adulation is wide. If the Tories set out to annoy people of all ideological stripes, they've succeeded.

Good thing government is not a popularity contest, between elections.

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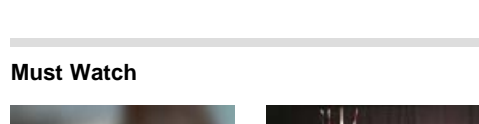
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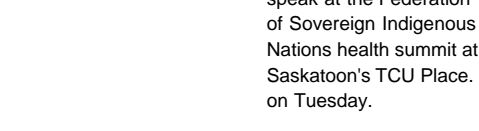
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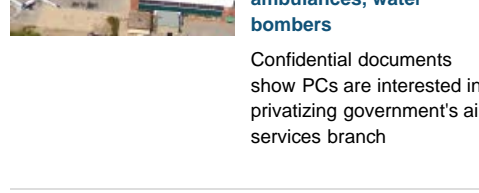
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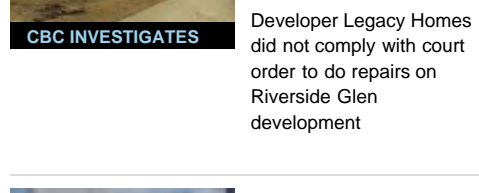
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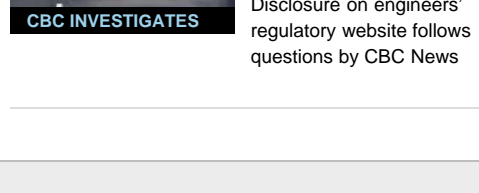
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