

Failing Grade: Manitoba Poverty Reduction Strategy and Budget 2019

Michael Barkman and Molly McCracken

Michael Barkman is the Chair of Make Poverty History Manitoba and Molly McCracken is the director of the Canadian Centre for Policy Alternatives - Manitoba

“I grew up poor. I appreciate the reality that many Manitobans face. It’s very difficult for many Manitobans right now. The month runs out a lot of times after the money has run out.... I want to work with anyone who wants to address the issues of poverty effectively.... We need to focus on this issue ...I believe (poverty) is the number one issue for us in this province.”

- Brian Pallister, CBC leaders debate 2016 provincial election (minute 35)

Despite Brian Pallister’s expression of concern in the 2016 provincial election, the provincial government lacks any serious vision to address poverty in Manitoba while in government. Instead, the government is hardly taking any significant, comprehensive action, while simultaneously cutting key services that would improve the lives of Manitobans.

In March 2019, the Province of Manitoba released its renewed poverty reduction strategy, *Pathways to a Better Future: Manitoba’s Poverty Reduction Strategy*, followed by a provincial budget. The renewed poverty reduction strategy and the 2019 budget did not live up to expectations. For this reason Make Poverty History Manitoba gives the Province a failing grade on poverty reduction.



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For over ten years, Make Poverty History Manitoba has called on governments to implement comprehensive, systemic action to address poverty. Make Poverty History Manitoba is a “big tent” coalition with many effective, evidence-based ideas to address poverty but our requests to meet with the Minister of Families, Heather Stefanson have been declined.

Failing to address poverty through comprehensive measures comes with many costs. Unable to access affordable housing, education, training, jobs that pay a decent wage and a host of other supports, many people living in poverty find themselves trapped in a downward spiral, trying just to survive from day to day.

We are calling for comprehensive action through key government policies and programs to end poverty in Manitoba. This is rooted in a deep concern for the pervasiveness of poverty in this province, and its resulting social issues: addictions, lower quality of life, poor health outcomes, barriers to participation in education and the workforce, incarceration and criminalization, family separation, and more. It is driven by a strong hope that our province can end poverty by setting bold targets and timelines supported by financial commitments outlined in its budgets.

The action most often cited by the current government to address poverty are changes to the Basic Personal Amount (BPA), the floor at which we start paying taxes and indexing the tax brackets to inflation. These yearly, incremental changes will cumulatively save those in the lowest tax bracket \$53 on their taxes in 2019. The changes to the BPA are regressive as they result in higher earners getting more of a break: the upper tax bracket saves \$253 in taxes in 2019. This lost revenue to the province has not been replaced with other sources and as a result, programs and services we all rely on are being cut.

Below, we will analyze and review *Pathways to a Better Future* in the context of our more than 10 years of advocacy for the provincial government to take ending poverty seriously, including our 2015 community report, *The View from Here: Manitobans Call for a Renewed Poverty Reduction Strategy*.

After *The View From Here* was launched in 2015, community members identified six priority areas for action that the province of Manitoba should take. During the 2016 provincial election all provincial parties were asked to commit to action on these six areas, including a comprehensive poverty plan. Below we also have included a report card on the other five priority areas as they align with *Pathways to a Better Future* and Budget 2019: minimum wage, housing, income/social assistance, childcare, and

mental health. Working together, we believe that action in these key areas would be essential in reducing poverty and create stronger, more inclusive communities.

- 1. Manitoba's Poverty Reduction Legislation and Strategy**
- 2. Increase the Minimum Wage to \$15.53 per hour (in 2014 dollars)**
- 3. Invest in 300 units per year of social housing**
- 4. Livable Basic Needs Benefit to replace EIA**
- 5. Eliminate the waitlist for affordable child care spaces**
- 6. Double funding for mental health services**

1. Manitoba's Poverty Reduction Legislation and Strategy

In 2009, Make Poverty History Manitoba released *The View From Here: Manitoba Calls for a Poverty Reduction Plan*. Five years later the community came together to give input into an updated poverty reduction strategy and the second edition of *The View from Here 2015: Manitobans Call for a Renewed Poverty Reduction Strategy* was published and endorsed by over 100 community groups.

This widely supported document included recommendations as well as timelines and targets. As a result of this community advocacy, Manitoba implemented its first poverty reduction plan in 2009. In 2011, it enacted the *Poverty Reduction Strategy Act*, legislating the government to create and report on a provincial poverty reduction strategy.

In 2014, the *Commission of Inquiry into the Circumstances Surrounding the Death of Phoenix Sinclair* agreed with the importance of a comprehensive approach to poverty. Included in its 62 recommendations was a call to implement all recommendations outlined in *The View From Here*, recognizing poverty as a root cause of many of the systemic failures that led to Phoenix Sinclair's tragic death.

According to the Poverty Reduction Strategy Act, a review and update to the strategy, required every five years, was due in 2017. The province finally released an updated strategy in March 2019, two years after the due date. The release of a provincial poverty strategy would not have occurred were it not for community advocacy to create the initial legislation. MPHM has been repeatedly calling for the current provincial government to release an updated strategy based on community priorities as outlined in *The View from Here*. It is extremely disappointing that little community wisdom around targets and evidence-based policy ideas was taken from *The View From Here* within Manitoba's new strategy, *Pathways to a Better Future*.

This government's plan to address the many challenges facing people living in poverty is woefully inadequate. There are no new initiatives introduced in the plan and no new funding in the budget to address poverty.

A poverty reduction strategy will be more effective if targets are bold and progress is measured. The targets and timelines set by the province for reducing poverty have already been achieved.

The new provincial poverty reduction strategy commits to the federal goal of reducing the national poverty rate by 20 percent by 2020 and 50 percent by 2030. Notably the federal government's baseline year starting place for this target is 2015, the year prior to the introduction of the Canada Child Benefit. This February, the federal government announced this target was met three years ahead of schedule. Setting a target that is easy to achieve reduces the urgency and pressure on the federal government to act to bring down poverty rates and the commiserate suffering experienced by low-income Canadians sooner.

In Manitoba's new strategy, the provincial government committed to reducing the child poverty rate by 25 percent by 2025 relative to the 2015 baseline, the year prior to the federal Canada Child Benefit and the Manitoba rent supplement program Rent Assist. Likely due to these two benefits, poverty rates declined in 2016 and 2017. Statistics Canada data from 2017 is available and could have been used a baseline to create an ambitious target for our province. Instead, Manitoba chose 2015 as the baseline year, perhaps to show progress since 2015 with numbers that make the province look more favourable.

Recommendation:

While MPM is pleased that governments are finally setting targets and timelines to reduce poverty, they must be more ambitiously focused on the future. There is still opportunity to heed the advice of community and adopt an ambitious, comprehensive plan to end poverty in the province, including the recommendations with *The View From Here 2015*.

2. Increase the Minimum Wage to \$15.53 per hour (in 2014 dollars)

Manitoba passed the Minimum Wage Indexation Act in 2017, which legislates an increase to the minimum wage to the rate of inflation every October 1. On March 27th, Manitoba announced the minimum wage is increasing to \$11.65/ hour on October 1, 2019.

The minimum wage is an arbitrary amount, not based on the cost of living. Incremental increases to minimum wage have not substantially reduced poverty in Manitoba and MPHM believes that a bolder increase is needed.

When lower income workers earn more money, they have more spending power to meet their basic needs and are less reliant on social services and assistance. Low-income earners spend virtually all of their money locally, boosting the local economy.

It is problematic that *Pathways to a Better Future* does not mention or discuss the minimum wage. The legal floor for the wages of the lowest income workers is set by the Province of Manitoba and should be of central concern to any poverty-reduction strategy.

Recommendation:

MPHM supports increasing the minimum wage to the Low Income Tax Cut Off (Before Tax) measure through a series of pre-announced steps and indexing it to the cost of living.

3. Invest in 300 units per year of social housing

Housing is the single biggest expense for people living in poverty. More than 46,000 Manitoba households experience core housing need: paying unaffordable rent, living in overcrowded or substandard housing and unable to afford suitable accommodations.

Manitoba's poverty reduction strategy consultations found that adequate, safe and affordable housing is a priority for people living in poverty. The province has been developing a new provincial housing framework for several years now but it has still not been released.

Manitoba has not yet signed a bilateral agreement with the federal government, which has \$40 billion dollars available through the *National Housing Strategy*. As noted by the The Right to Housing Coalition the Manitoba government:

* has not funded the creation of any new social housing since 2016. Winnipeg has 1,500 people who are homeless according to the 2018 street census. Homelessness is a concern across Manitoba in communities like Thompson and Brandon. The private market will not provide needed low-income housing, public investment is needed to build social housing for low-income Manitobans.

* has cut capital borrowing in half since 2015: repairs are not being done to maintain public housing stock in Manitoba.

* has raised the threshold low-income households pay of their income on shelter costs from 25 percent to 30 percent. This means a single minimum wage worker full time has had \$111 per month cut from Rent Assist. A single parent with two children receives \$151 less per month in Rent Assist.

* has sold off 1,000 units of publicly owned housing since 2016.

The poverty reduction plan states the province has “engaged the services of KPMG to identify transformational opportunities to increase efficiencies, value for money and better allocation of financial resources in serving the housing needs of vulnerable Manitobans” (p. 41). Engaging the services of an auditor using only a financial framework may lead to more public housing units being sold.

Recommendation:

Instead, Manitoba should invest in the development of much needed new social and public housing and maintain existing public housing stock. MPH and the Right to Housing Coalition call for a provincial investment in a minimum of 300 net new units of rent-geared-to-income housing annually to meet the increasing need of social housing for low-income families.

4. Livable Basic Needs Benefit to replace EIA

Currently Employment and Income Assistance (EIA) rates are significantly below the poverty line. People all too often must choose between eating and paying the rent. Many rely on food banks and charity to survive.

EIA recipients receive Rent Assist in addition to a basic needs benefit. The Manitoba Poverty Reduction Plan conflates the improvements to Rent Assist as being an improvement overall for those on Social Assistance. It lumps Rent Assist together with the basic needs benefit to show increases to assistance rates. Rent Assist is meant for housing costs.

As shown in Table 1, the shelter benefit for those on EIA increased substantially when Rent Assist was introduced in 2014 and 2015.

Family type	Before RA (June 2014)	RA introduced (July 2014)	RA to 75% MMR (Dec 2015)
Single individual (General Assistance)	\$365	\$435	\$513
Single individual (disability):	\$365	\$435	\$513
Single Parent – One children (Ages 4)	\$430	\$480	\$742
Two Adults – Two Children (Ages 14 & 8)	\$471	\$521	\$742

As shown in Table 1, the shelter benefit for those on EIA increased substantially when Rent Assist was introduced in 2014 and 2015.

Although some gains have been made as a result of Rent Assist, the basic needs budget that EIA recipients receive for food, toiletries and basic household supplies has not increased for single individuals in over 20 years and has seen only nominal increases for the other household types.

Last winter, MPHM launched a campaign to transform EIA into a Livable Basic Needs Benefit to bring all of those on EIA up to the Market Basket Measure poverty line and eliminate the welfare wall by providing supports to those who transition to paid work.

Table 2 compares the EIA budget with the actual cost of food, demonstrating that the amount EIA recipients receive for basic needs is woefully insufficient. EIA basic needs rates have fallen far below the cost of basic goods in Manitoba, in part because they are not indexed to inflation. Note the food cost data below is from 2016, the province has not yet released its 2017 Nutritious Food Basket report and data.

Family type	Total Basic Needs budget	EIA food budget	Actual cost of food	Food budget as a % of food cost
Single individual (General Assistance)	\$195.00	\$117.00	\$295.70	40%
Single individual (disability):	\$274.80	\$164.88	\$295.70	56%
Single Parent – One children (Ages 4)	\$376.40	\$225.84	\$373.22	61%
Two Adults – Two Children (Ages 14 & 8)	\$800.40	\$480.24	\$880.08	55%

The Manitoba Poverty Reduction Plan fails to recognize EIA rates are woefully inadequate to meet basic needs, and has zero vision to help those living on social assistance to be lifted out of poverty. Manitobans on EIA will continue to fall deeper and deeper into poverty as the cost of living rises.

Recommendation:

The Livable Basic Needs Benefit campaign calls for the basic needs benefit to cover the actual costs of the basics: food, clothing, communications and transportation. The proposed benefit would be sufficient, when combined with other federal and provincial income supports and would lift all Manitobans to the poverty line.

In addition, the Livable Basic Needs Benefit campaign calls for an end to the dollar for dollar clawback of EIA on earned income through employment. This creates a disincentive to access meaningful employment, known as the welfare wall. A Livable Basic Needs Benefit would ease the transition for those who are able to work from welfare to employment.

5. Eliminate the waitlist for affordable child care spaces

Access to quality, affordable child care is key to decreasing poverty rates and a substantial body of literature explains it is good for child development. Access to childcare allows parents to participate in the labour market or further their education. Access to childcare is especially important for women, who continue to be the primary caregivers as well as the majority of those employed in the childcare sector.

The official provincial wait list for child care has risen from 12,000 in 2016 to 16,650 names as of June 2018. Parents wait an average of 15 months for child care, which has huge impacts on returning to work or school. Make Poverty History Manitoba supports eliminating the wait list with a priority on low-income families.

Provincial funding for licensed, not-for-profit child care programs has been frozen for three years. As described in this petition signed by 26,000 Manitobans, there is simply no money available to improve the wages of early child care educators, some of whom are paid less than a living wage.

Subsidized child care is hard to find in Manitoba. Only 18.5 percent of eligible Manitoba children have access to child care, the lowest coverage rate of all Canadian provinces. The income cut-off for maximum subsidy is substantially lower than poverty levels, and not indexed to inflation. Fewer and fewer parents qualify for a subsidized child care space. The absolute number of children receiving a subsidy has fallen from nearly half in 2000/01 (47.9 percent) to a fifth (20.5 percent) in 2017/18. If low-income parents do qualify, they are still charged \$2/ day per child.

Manitoba signed a bilateral agreement with the Federal government for \$47 million from 2017/18 to 2019/20. Manitoba has agreed to create only 1,400 newly funded spaces when 16,650 are needed. It is extremely concerning that during this child care crisis funding was CUT by \$1.4 million dollars from last year to this year, 2019/20.

Manitoba regulations ensure that commercial child care centres are ineligible for operating grants or payments for subsidized children. However, the Manitoba government recently moved to allocate \$2 million through tax credits to private businesses to start-up workplace childcare centres. When a similar tax credit was

introduced by the federal Harper government, few new spaces were created. Dr Susan Prentice has described this move as “irresponsible stewardship of the public purse”.

The Manitoba Poverty Reduction Strategy includes a global number of child care spaces but does not put this in the context of the child population in Manitoba or the wait list for child care.

Recommendation:

Manitoba should create enough new non-profit, public, quality, affordable, child care spaces with a priority given to low socioeconomic neighbourhoods to eliminate the wait list. In addition, Manitoba should immediately provide a full subsidy for families living below the poverty line.

6. Double funding for mental health services

Manitobans living in poverty have limited options to access mental health care. Most do not have privately funded mental health benefits, which can speed up access to psychologists by up to 24 months. People who live in poverty are more likely to encounter institutional discrimination in the healthcare system, and studies have shown they receive fewer referrals to specialist care and fewer treatment options than their wealthier counterparts.

For many people living in poverty, the public healthcare system is the main provider of mental health services. An increase in mental health funding targeted to people living in poverty is essential to promote equity within the underfunded mental healthcare system.

The rise of methamphetamine use in Manitoba can in part be attributed to persistent poverty, as described by MPHM Chair Michael Barkman and West Central Women’s Resource Centre Executive Director Lorie English in an op-ed published in the Winnipeg Free Press, “Meth is the symptom: poverty is the crisis”.

Manitoba only recently signed the bilateral health accord three years after it was tabled. Manitoba’s share of the mental health funding was \$205.5 million over 11 years. Manitoba could have benefited from this funding three years ago to deal with the methamphetamine crisis, instead it dragged its heels in negotiations. Now that the agreement is signed, the province should expedite this funding and target community-based responses for low-income and vulnerable people impacted by methamphetamine crisis.

Mental health spending in Manitoba remains below the standard set by international and national research which says it should be 9 percent of total health spending. In

2019/20 Manitoba budgeted \$6.1 billion on health care spending and \$340 million on community and mental health services - 5 percent of the health budget. In Budget 2019/20, there is no new money to support the government's Child and Youth Mental Health Strategy.

Recommendation:

Make Poverty History Manitoba urges the province to double spending for community-based mental health services that serve low-income Manitobans.

Much more to be said

There is more to be said about the *Manitoba Poverty Reduction Plan and Budget 2019*. The provincial government is failing low-income Manitobans in many policy areas including education, kindergarten to Grade 12, postsecondary education, training and and jobs. Analysis related to these areas can be found with the Manitoba Teachers' Society, the Canadian Federation of Students - Manitoba and the Canadian Community Economic Development Network, among others.

It is clear to Make Poverty History Manitoba that Manitoba's provincial poverty reduction strategy is seriously flawed. Funding for key community priorities is being cut when investments should be made. Vulnerable Manitobans and those who struggle to get by every day will continue to be left behind in Manitoba. This is unacceptable. Make Poverty History Manitoba urges the Province of Manitoba to implement *The View from Here*, reverse cuts, and allocate adequate resources to end poverty in Manitoba.

Please write to the co-chairs of the Manitoba Poverty Reduction Strategy (Heather Stefanson, Minister of Families [minfs@leg.gov.mb.ca] and Kelvin Goertzen, Minister of Education & Training [minedu@leg.gov.mb.ca]) to share your feedback and concerns.

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