

Budget Paper D: Poverty

This document mirrors the Manitoba Budget Poverty paper as mandated annually by the Social Inclusion and Poverty Reduction Act. It uses comprehensive approach to summarize the various aspects of the APB poverty reduction initiatives.

Introduction: Some Key Aspects of Poverty in Manitoba

Poverty creates a cycle whereby people cannot participate in normal social, cultural or economic activities. As Amrita Sen explains, poverty results in the “(in)ability to be treated as a dignified being whose worth is equal to that of others”.¹ Poverty causes worse health outcomes and shorter lives: people in Winnipeg’s poorest neighbourhoods live 8–15 fewer years than those in its richest neighbourhoods.² Child poverty in Manitoba has been some of the highest in Canada for the past 27 years of recorded Campaign 2000 reports.³

Income inequality in Manitoba is growing — the lowest 10 per cent of income earners in Manitoba earn 10 per cent less market income today than they did in the 1970s, whereas the wealthiest 10 per cent earn 44 per cent

more.⁴ The government of Manitoba found income inequality is on the rise: in 2016 the richest 10 per cent of Manitoban’s after tax income increased by 2.2 per cent more than the poorest 40 per cent.⁵ After government transfers are included, the lowest income groups are still below the poverty line.

The provincial government plays a key role in directing government transfers via Employment and Income Assistance (EIA) other transfers and tax expenditures that redistribute resources, so everyone can meet their basic needs.

Manitoba requires a comprehensive approach to poverty reduction to respond to complex poverty resulting from the impacts of colonization — including intergenerational trauma — and the genocide of Indigenous peoples and discrimination against women, racialized groups and people with disabilities. Such an approach must also ameliorate years of off-loading from federal to provincial governments in the forms of cuts to government transfers and social services.⁶

Manitoba launched *Pathways to a Better Future: Manitoba’s Poverty Reduction Strategy* in 2019. The province is required by the *Poverty Reduction Strategy Act* to update the provincial poverty reduction strategy every five years.



Make Poverty History Manitoba press conference in response to cuts to Rent Assist

The current government's update, Pathways to a Better Future was released in 2019, two years past its due. The update was criticized by anti-poverty advocates for failing to seriously address poverty in Manitoba while at the same time the provincial government cut EIA and Rent Assist rates.⁷

The View from Here: Manitobans Call for a Comprehensive Poverty Reduction Strategy outlines 13 policy areas with 50 recommendations to significantly bring down poverty rates developed by a broad group of 150 front-line service organizations, faith and labour groups.⁸ Since 2016 the provincial government has not acted on any of these recommendations and is backsliding by cutting benefits, services and failing to fund social housing, community mental health, public child care and other evidence-based approaches to reduce poverty.

A. Indicators and Trends

The following data give more detail on populations and poverty in Manitoba.

The annual report on poverty reduction in 2018–2019 notes progress on only four out of 13 indicators. The baseline year of 2015 for the strategy means that the province is including the effects of Rent Assist, which was fully implemented December 2015 (introduced by the previous government) and the introduction of the Canada Child Benefit in 2016 by the federal government to demonstrate great progress, particularly in child poverty. The target and timeline in the provincial strategy was to reduce child poverty by 25 per cent by 2025, according to 2015 levels. Due to significant investment by the federal government and the previous NDP administration, this target has already been met.

The report shows poverty remains worse for single adults, single parents/youth-led families,

TABLE 1 Market Basket Measure (MBM) for Males and Females, Those with Disabilities, Indigenous Peoples and Immigrants, Manitoba

	2006	2011	2016	2017
Male	14.2	11.0	9.8	8.3
Female	16.3	12.7	8.9	9.1
People with disabilities			13.2 ⁹	
Indigenous peoples			23.2 ¹⁰	
Immigrants				
Manitobans – total	15.3	11.8	9.4	8.7 ¹¹

* Rates from 2006–2017 are from the Canadian Income Survey unless specified otherwise. Rates for Indigenous people are off-reserve.

TABLE 2 Low-income Measure, After Tax (LIM-AT) (%) for Males and Females, Those with Disabilities, Indigenous Peoples and Immigrants, Manitoba

	2006	2011	2016	2017
Male	14.6	13.2	13.0	13.5
Female	16.0	16.7	13.6	16.2
People with disabilities				
Indigenous peoples			29.8 ¹²	
Immigrants			17.5 ¹³	
Manitobans – all	15.3	14.9	13.3	14.8 ¹⁴

* Rates for 2006-2017 are from the Canadian Income Survey unless specified otherwise. Rates for Indigenous people are off-reserve.

off-reserve Indigenous peoples, people with disabilities, and women — with no target and timeline to address poverty for these groups. The following information is from the 2018-19 report. Of particular concern are the increasing numbers of youth not in the labour force or education. The indicator “Not in Employment, Education or Training” (NEET) is up from 10.7 per cent to 12 per cent in 2019/20, a 12.1 per cent increase.

Over a given two-year period, more Manitobans are entering poverty than are leaving. The poverty entry rate (the proportion of Manitobans who entered low income in the second year who were not in low income the first year) is up 2.6 per cent. The poverty exit rate (the proportion of Manitobans who exited low income in the second year and who were in low income the first year is up 1 per cent).

Also of concern is the change in the premature mortality rate (a measure of unfulfilled life

expectancy) which is up from 52.3 lost to 53.5 years of life lost.

B. Manitoba Government Response

The provincial government lacks any serious vision to address poverty and is not taking any significant, comprehensive action, while simultaneously cutting key services that would improve the lives of Manitobans. Notably the Manitoba government has reduced eligibility to Rent Assist (see housing chapter), cut the \$25/ month job seeker’s allowance for single individuals and the Portable Housing Benefit of \$200/ month for 550 Manitobans.¹⁵ As documented in other chapters, this government has also frozen funding to key files that impact poverty rates — child care, education, health care, funding for community-based groups and more.

The change 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.

The APB eliminates the Basic Personal Exemption and allocates this revenue to substantially reducing poverty rates in Manitoba. See the EIA chapter for more details.

C. APB's Comprehensive Approach to Poverty.

Poverty is costly to the public purse and leads to lost opportunities and productivity. A 2014 Saskatchewan study, a province comparable to Manitoba's population in many ways, found poverty costs Saskatchewan \$3.8 billion annually: \$420 million in heightened health care costs, \$50-\$120 million in increased spending on the criminal justice system, \$2.6 billion in lost contributions to GDP and \$720 million in increased social assistance spending.¹⁶ It is more costly to not address poverty than to use a comprehensive approach to address poverty. The APB invests to prevent poverty and substantially brings down poverty rates.

The following chapters in the APB are key to a comprehensive approach to substantially bring down poverty rates. Policies must include an equity lens to address the needs of Indigenous peoples, women, LGBTQ*, newcomers, racialized peoples and people with disabilities. They must also consider geographic equity related to urban, rural and northern peoples.

Climate change will also substantially impact low income people with increased risk of health problems, increased food costs and increased

cost of living. Action on poverty therefore must include strategies for climate resilience.

The Health chapter takes a social-determinants of health lens to provide resources to deal with upstream costs to our health care system. It provides funding for access centres to improve community-based care and mental health and addictions support.

The Child Welfare chapter of the APB includes key actions to prevent child apprehensions and support family reunifications. This includes a legislative review to establish a new approach rooted in prevention, early intervention and family restoration. The APB closes the gap on funding inequities between Indigenous child welfare agencies and brings child welfare workers on par with MGEU pay scale, supports youth aging out of care to age 25 from age 21, supports birth helpers for mothers at risk, increase funding to non-mandated agencies, provides supports for fathers, supports transitions to work or school for youth aging out of care.

The K-12 Education chapter is centred around poverty reduction as research shows that poverty hugely impacts educational outcomes. The APB establishes a Universal Meal Program in Manitoba schools to fight food insecurity. The APB also supports smaller class sizes for K-grade three and restores education funding

The Justice chapter reverses incarceration rates and introduces restorative justice approaches with wrap-around supports for those who are criminalized, helping them transition to education and work.

The Food Security chapter increases funding for the Northern Health Foods initiative to provide resources for communities to produce, harvest and process more foods locally and educational initiatives. The APB also contributes to programs and infrastructure that supports communities to grow, prepare, store and share traditional and country foods.

The Community Development (found in the Municipal Relations chapter), Community Eco-

conomic Development chapters and Social Procurement Budget Paper describe support the ecosystem of community-based supports for social inclusion, connect with programming, volunteer opportunities, training and meaningful work opportunities. The APB boosts funding to community based organizations that provide important community-based supports and breaks down funding barriers. It enables government to support social enterprises further through social procurement so that public dollars go further by supporting enterprises with a triple bottom line of social, economic and environmental justice.

The APB is in line with Make Poverty History Manitoba (MPHM)'s priority areas and to implement a comprehensive poverty reduction plan with targets and timelines to reduce poverty. The APB supports MPHM's following priority areas:

- Eliminating the \$2/ day fee for low income subsidized parents, increasing the number of parents who can access subsidized child care, reducing the wait list for child care spaces, ending the operating funding freeze for child care and improving wages for Early Learning Child Care workers
- Increasing funding for community-based mental health supports to the World Health Organization benchmark of 9 per cent of health spending
- Building 300 units of social housing, reversing the cuts to Rent Assist and investing in retrofits to maintain public housing
- The APB supports increasing the minimum wage to \$16.63/ hour over five years
- Introducing a Liveable Basic Needs Benefit to replace EIA and to support the working poor.

Liveable Basic Needs Benefit

In recognition of the inadequacy and punitive nature of Manitoba EIA system, Make Poverty History Manitoba has advocated for replacing the ba-

sic needs portion of EIA with a new Liveable Basic Needs Benefit (LBNB) that would be available for all low-income households, including those currently receiving EIA as well as low-income households not receiving EIA. The APB provides more detail for the first time on this benefit.

Guiding Principles

The following are some of the guiding principles used to design and create the Liveable Basic Needs Benefit (LBNB) and approach described below.

1. In fitting with the spirit of the *Manitoba Poverty Reduction and Social Inclusion Act*, public policy should work to end poverty in Manitoba
2. Income supports should improve quality of life for recipients and be integrated with comprehensive services such as, but not limited to, training & education, strong family leave policies, labour rights, universal quality public child care, affordable transportation, quality, accessible public health and mental health services and social housing
3. Income supports should promote dignity, fairness and put an end to punitive “hoop-jumping” rules and regulations of the current EIA system
4. The LBNB benefit will not replace other programs currently delivered through EIA, such as health or training supports
5. The province should support those who wish to transition into paid work of their choice, but work should not be a condition of financial support
6. Federal government support and leadership is needed to improve benefits across all provinces
7. Extended health, dental and pharmacare benefits should be available to Manitobans based on the level of their income

8. The provincial legislated minimum wage should be set at, and indexed to, a living wage
9. The Liveable Basic Needs Benefit will transform EIA in a manner consistent with principles of basic income including removing conditionality from assistance, increasing its universality and improving its adequacy.

The LBNB is a financial benefit that provides sufficient resources to allow all households in Manitoba to meet their basic needs. In combination with Rent Assist and federal financial benefits such as the Canada Child Benefit, raises incomes of all households in Manitoba to at least Canada's official poverty line, which is based on the Market Basket Measure. It would provide a floor for households to allow every Manitoban to meet her or his basic needs.

A LBNB differs from EIA in several respects. Unlike EIA, it would not be conditional on employment or job search requirements, thus removing workfare elements of EIA. Like Rent Assist it would be available for low-income households in the workforce, in education or unemployed.

However, in order to ensure that no one, particularly the most vulnerable individuals with specific health needs or barriers to employment are disadvantaged, the LBNB would not replace other benefits currently delivered through EIA, such as health or training supports.

This benefit should be matched by the federal government for Manitoba First Nations members. Federal on-reserve Income Assistance policy is to match provincial welfare rates, "amounts payable for income assistance will be equivalent to the rates of the reference province or territory."¹⁷ Currently Rent Assist does not apply to this matching scheme, but there is precedence in the federal policy to match Income Assistance with provincial assistance so a transition to a LBNB matching with First Nations benefit would need to be negotiated from the provincial government along with extending Rent Assist to those on reserve.

The APB is centred around social inclusion and equity. The above mentioned policy areas will substantially improve quality of life and dignity for low income Manitobans, and unleash human potential in our province.

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