



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

March 9, 2019

Palliser Blaming, Punishing the Poor

First published CBC online Saturday March 7, 2020

This past week saw a new low with our provincial government singling out and imposing shame and burden on lower income families in Manitoba. Most significant was the proposed introduction of the new carbon levy and PST cut, aimed at replacing the current federal backstop. The current federal scheme ensures by law that every dollar raised is returned to Manitoba, through the issuing of refundable tax credits directly to households. For the 2019 tax year these credits, based on household size, worked out to \$486 for a family of four, with a top-up for rural Manitobans. Low income people end up doing relatively well under the credit and end up getting more back than they pay in carbon levies. For those with high income, who spend more money on heating bigger houses, driving larger vehicles, etc. they end up paying more in carbon levies than they get back in credits.

The Pallister government's proposal to replace the federal backstop with its own levy, paid back through a PST cut, flips this all on its head. It replaces a progressive credit with a PST cut that rewards people based on how much money they are spending. Some rough initial estimates by my colleague Harvey Stevens, using the *Statistics Canada Social Policy Simulation Database and Model* suggest that those at or below the poverty line will be worse off by about \$100 per month, and overall at least the bottom 43% of the population will be worse off under the new system. Most

people in the top 43 per cent of income earners, on the other hand, are expected to see gains in the \$100-\$300 range. The 'Made in Manitoba' plan to replace the federal backstop is a reverse Robin Hood scheme: it takes from the poor and gives to the rich.

This past week also saw the Premier double-down on the government's insistence that feeding children breakfast in school, as a means to combat hunger, was a bad idea, pointing the finger at "parents [who] aren't fulfilling their responsibilities". He argued instead that children should eat breakfast with their families, and that we should be "addressing the reasons a child comes to school hungry". It is true, that breakfast programs alone will not solve poverty, but there is strong evidence that breakfast programs help children succeed in school. Importantly, they provide immediate help to hungry children who can't wait years for transformational policies to deliver results. We also know that challenges early in life often predict poor life outcomes later on, and that these type of interventions can make a difference.

It is deeply ironic however that the Premier says he wants to address the reasons why parents aren't feeding their children, while at the same time his government has been cutting benefits available to these families. Cuts to the provincial Rent Assist program reduced benefit levels for working poor families by

there is an alternative.

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hundreds of dollars per year. For example, a single mother working 25 hours a week at minimum wage, near the poverty line, saw Rent Assist benefits reduced by nearly \$900 due to program changes. Other actions undertaken by this government, including cuts to Access Programs that help marginalized populations access post-secondary education and the raising of rents and selling off of social housing have similarly hindered family stability and made escaping poverty more difficult.

Another measure this past week targeted at the poor was the mandate letter for the Minister of Family Services instructing her to “Transform... the Employment Income Assistance (EIA) Program from a benefit that encourages dependency on government to one that provides a short-term bridge to meaningful employment”. Again here the government’s past actions bring into question its sincerity in making this transition a positive one for these households, including cutting the \$25 per month job seeker’s allowance for single individuals aimed at helping them get jobs. The cuts to the Rent Assist program have been even more significant when it comes to supporting transitions into work for those with little connection to the labour market. Rent Assist arose as part of the previous government’s sustainable employment strategy, that aimed to bring down the ‘welfare wall’, allowing some benefits to go with people as they moved from welfare to work. The Rent Assist cuts however have significantly reduced support for the working poor. For example, a single person working 25 hours week at minimum wage has seen Rent Assist benefits fall by approximately \$1,600 per year. A full time single minimum wage earner now qualifies for zero Rent Assist benefits, despite still being below the poverty line. Under the previous rate system they would have received over \$2,400 per year, bringing them above the poverty line.

The Canadian Centre for Policy Alternatives Manitoba recently released its *Alternative Provincial Budget (APB)* – an alternative vision that aims to cut poverty rates in half while at the same time taking

steps to address Manitoba declining economic performance, the climate crisis and growing inequality. The APB would go beyond a school breakfast program by introducing a universal meals program (breakfast, snack and lunch) that would nourish thousands of children so they can concentrate and learn throughout the school day.

The APB speaks to the reality that the cuts to Manitoba’s social safety net and broader public service particularly hurt the most vulnerable in our communities, but impact us all. Blaming and punishing the poor will not help improve educational outcomes for children or move people out of poverty into good jobs. With meaningful evidence-based investments, the APB argues that through a renewal of support instead of cuts, we collectively can build a Manitoba where everyone has a fair chance to prosper.

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References available upon request.