



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

AUGUST 31, 2012

Looming increases to food prices will create more challenges to reducing poverty in Manitoba.

Early last year stories hit the news about the potential for food prices to rise throughout 2011. Commodities prices for wheat, corn, sugar, and others were all on the rise which ultimately resulted in a 4.4% rise in the cost of food to December 2011. Since then, commodity prices have continued to rise and have recently been spurred on by severe drought in the mid-western United States that has all but destroyed corn and soybean crops over a wide area. These conditions have created concerns that price volatility could adversely affect the world's nearly one billion citizens who already face barriers to accessing adequate food.

Food prices are also expected to rise in North America as increasing corn and soybean prices drive up the cost of everything from raw ingredients to processed foods and meat products. Some current predictions for the United States suggest possible increases of 4-5% on average. However, the ultimate impact is still uncertain and could yet be influenced by other factors, such as crops in other locations around the globe. Resulting price increases likely won't hit actual grocery stores for several months as commodity prices take time to trickle down to consumers.

Here in Canada, the impact on food costs is uncertain but it has been predicted that we can expect increases between 2.5-3.5% this year, and 3-4% in 2013. While potential

increases at the grocery store mean that average Canadians will be spending more of their income on food.

Lower-income Canadians will be hit the hardest. Families receiving Employment and Income Assistance (EIA), the working poor, and seniors with fixed incomes already spend a larger percentage of their income on food than other Canadians. According to Winnipeg Harvest, families on EIA and families with two members working full-time minimum-wage jobs do not have an adequate income to provide necessities in Winnipeg (Harvest Acceptable Living Level report). Families receiving EIA routinely dip into their food budgets to pay their rent because Provincial shelter allowances have not kept pace with market costs. Increasing food prices will make it even more difficult for households to meet their basic needs. This is also true for families who rely on low wage work. A 2009 study by CCPA titled *The view from here: How a living wage can reduce poverty in Manitoba* showed each wage earner in a two-wage family of four would need to earn \$13.44 per hour to ensure basic needs are met. This rate will continue to increase as food costs rise, further growing the gap between the current minimum wage of \$10.00 and a living wage.

Given the difficult challenges that low-income Manitobans already have when it

there is an alternative.

CCPA-MB
309-323 Portage Ave.
Winnipeg, MB
R3B 2C1

phone

(204) 927-3200

email

ccpamb@policyalternatives.ca

website

www.policyalternatives.ca/
manitoba

blog

www.policyfix.ca

twitter

@ccpamb

Fast FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA



continued...

comes to budgeting for food and shelter, projected increases in food costs will further increase the growing problem of food insecurity. Food insecurity creates stress, has negative implications for mental and physical health, resulting in greater health care costs. Because of these far-reaching effects on communities, a multi-level community response is needed.

Wages:

The Manitoba Government can respond by continuing to increase the minimum hourly wage as it has regularly for the past ten years. A 25 cent increase is scheduled for October 2012 which will bring the rate to \$10.25. Future increases should reflect the increasing cost of food prices. Employers who do not already can show leadership toward improved food security by paying their employees a living wage. The community can respond by supporting businesses that pay a living wage.

Employment and Income Assistance (EIA):

Individuals relying on government assistance are those most vulnerable to rising costs. Because so many households use their food budgets to meet their housing needs, an increase in EIA rental allowance would go a long way to improve food insecurity by lessening the need for families to divert significant portions of their food budget toward rent. The Province of Manitoba can respond to Make Poverty History Manitoba's call for an increase in the EIA rental allowance

that better reflects costs. The EIA allowance has only marginally increased since 1992, remaining far below what is required to meet skyrocketing rents. Make Poverty History Manitoba is calling for an increase in the allowance to a more reasonable rate - 75% of the median market rent.

Affordable Housing:

The fact that families with two members working full-time minimum-wage jobs do not have an adequate income to provide necessities including food and shelter points not only to a need for increased wages, but also to a need for more affordable housing. It is nearly impossible for low income families to purchase a home and with a rental vacancy rate under 1%, it is increasingly difficult to find a decent home to rent. Building more affordable rental units would reduce the rent burden for low income households, freeing up more of their income for food.

Food insecurity is a problem that will likely worsen in the near future. Without quick attention to these issues, upcoming food price inflation will hurt many Manitoba families directly and will have broad implications for the rest of us. The price of food is the result of complex global environmental and economic factors that are beyond our control. Tackling local factors such as wages and housing will be the best ways to alleviate the impacts that rising food prices will have.

Brendan Mierau is a social work student interning at CCMPA-MB this summer.

Fast Facts are produced and distributed free via email. They can be reproduced as an OpEd or opinion piece without obtaining further permission, provided they are not edited, and full credit is given to both the author and the source, CCPA-MB. Please contact CCPA-MB today to begin your free subscription.

CCPA-MB
309-323 Portage Ave.
Winnipeg, MB
R3B 2C1

phone
(204) 927-3200

email
ccpamb@policyalternatives.ca

website
www.policyalternatives.ca/
manitoba

blog
www.policyfix.ca

twitter
@ccpamb