

MAKE POVERTY HISTORY MANITOBA

January 21, 2019

**Pre-Budget Submission to the Honourable Scott Fielding, M.L.A.
Minister of Finance
Province of Manitoba**

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Preamble:

Thank you for the opportunity to contribute to Budget 2019. Make Poverty History Manitoba (MPHM) is a multi-sectoral collaborative coalition representing business, education, student, youth, Indigenous, newcomer, labour, women's, LGBTTQ*, disability, urban, rural, and northern communities. The purpose of Make Poverty History Manitoba (MPHM) is to provide a central coalition of agencies and individuals working for the elimination of poverty in Manitoba.

The coalition is committed to changing public policy to achieve a Manitoba without poverty. The recommendations in our submission below are rooted in the priorities of people with lived experience of poverty as well as those who work directly with them.

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Recommendations:

1. Develop and implement a comprehensive poverty reduction plan with targets and timelines for reducing poverty.
2. Minimum Wage: Incrementally raise the minimum wage to a poverty line wage of \$15.53 per hour in 2014 dollars.
3. Social Housing: Build at least 300 net new social housing units annually for five years.
4. Income Benefits: Introduce a new basic needs benefit to lift all Manitobans up to or above the poverty line.
5. Child Care: Create at least 17,000 licensed and funded, non-profit childcare spaces with priority in low-income neighbourhoods.
6. Mental Health: Double the funding allotted to community-based mental health services for low-income Manitobans beginning with an increase in mental health spending by 40 per cent over three years with priority given to community-based mental health services.

Background:

- 1. Develop and implement a comprehensive poverty reduction plan with targets and timelines for reducing poverty**

We recognize that the causes of poverty and social exclusion go well beyond inadequate incomes and unemployment. They include the inability to access affordable and adequate housing, childcare, public transportation, health services, recreation, education and training. These causes are interconnected. Make Poverty History Manitoba believes that any effort to address them must adopt a comprehensive and systematic approach, within a legislated framework, if poverty reduction and social inclusion are to be achieved.

Make Poverty History Manitoba (MPHM) has long called for a comprehensive provincial poverty reduction plan with targets and timelines. This plan must be based on priorities identified by people living in poverty and those who work most closely with them. MPHM has joined with over 100 organizations in endorsing *The View from Here 2015: Manitobans Call for a Renewed Poverty Reduction Plan*, which provides a blueprint for such a plan. This report includes 50 public policy recommendations for reducing poverty in our province. The recommendations fall under the following areas that must be addressed and invested in through Manitoba's renewed poverty reduction plan:

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- Social and affordable housing
- Income security (including income benefits, wages, and jobs)
- Education (including early learning and child care, K-12, post-secondary education, and adult learning/training)
- Transportation
- Food security
- Health and mental health
- Child welfare
- Funding for community-based organizations working to reduce poverty and social exclusion.

Realistic targets and timelines for reducing poverty are needed to provide a vision and enable the development of and enable the development of strategic actions for achieving that vision. We need to know where we intend to go in order to determine the best way to get there. Indicators should be outcome-based and must include low-income measures.

MPHM consulted broadly with the community to prioritize the recommendations in *The View from Here* that will have the greatest impact on the depth of poverty, and the widest number of people experiencing poverty. While all the recommendations in the report fall under themes that must be included in a comprehensive plan, the following five modified priority recommendations should be acted on immediately:

2. Minimum Wage: Incrementally raise the minimum wage to a poverty line wage of \$15.53 per hour in 2014 dollars.

A job can be a key pathway out of poverty, but only if wages cover the basic cost of living. Regular incremental increases to minimum wage have not substantially reduced poverty in Manitoba.

The Manitoba minimum wage is \$11.35 per hour. The current minimum wage is not based on any estimate of the cost of living. A two-parent, two child family with both parents working full time on minimum wage has household earned income that falls \$2,800 below the poverty line. And for a single parent with one child, working full time at minimum wage earns them an income that falls \$9,600 below the poverty line.

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According to Statistics Canada 29,700 Manitobans worked for minimum wage in 2015, 69 per cent are over age 20. Another 42,700 Manitobans earned between minimum wage and 10 per cent above the minimum wage (\$12.10). This means that over 72,000 Manitobans, despite working, are living on or below poverty wages. Unfortunately, since disbanding the Labour Management Review Committee in 2017, the Government of Manitoba no longer provides data on the demographic make up of minimum wage earners, meaning 2015 is the last year this data is available. This should be rectified in order to better understand the economic and social impact of Manitoba's minimum wage policy.

Increasing the minimum wage to the Low Income Cut Off Before Tax (LICO-BT) measure for a single parent family with one child sets the minimum wage based on the actual cost of living. This should be done in a staged way to create predictability for employers so that minimum wage is indexed to the LICO-BT. Incremental increases to the minimum wage to a level that will ensure single parent households can live above the poverty line will also close the gap for households with two parents and two children and one-person households.

When lower income workers earn more money, they have more spending power and the ability to meet their basic needs. Earning enough to meet basic needs means lower income workers and their families are healthier and don't have to rely on social services or other forms of assistance. Employers elsewhere have found that employee retention increases, which lowers hiring costs for business.

3. Social Housing: Build at least 300 net new social housing units annually for five years.

Manitoba must continue to build new social housing. Manitoba's social housing construction program should be sufficient to increase the net supply of social housing by at least 300 units per year.

Housing is the single biggest expense for people living in poverty and continues to be one of the highest priority areas for investments in pathways out of poverty. More than half of all households in Manitoba with incomes below \$30,000 per year pay more than 30 percent of their income on shelter costs (2015). According to the 2016 Census, more than 51,000 Manitoba households experience core housing need: paying unaffordable

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rent, living in overcrowded or substandard housing and unable to afford suitable accommodations elsewhere.

In 2009, the Manitoba government committed to building 1,500 units of affordable housing at median market rent. While these units filled a much-needed gap in the rental market for moderate income families, they remain unaffordable to families and individuals on Employment and Income Assistance and other households with very low incomes. Currently median market rent is \$1,149 per month for a two bedroom in Winnipeg, greater than the total income of many families.

Thanks to pressure from housing advocates, the Province also provided 1,500 units of rent-geared-to-income (RGI) social housing over five years (2009 to 2014). RGI housing provides a greater subsidy, making it affordable for households, regardless of their income.

Despite these important investments, more social housing is still needed. To meet existing demand, as well as the needs of a growing population, a renewed commitment to building social housing is needed.

As well as building new housing, Manitoba must ensure that its existing stock of social housing is maintained to ensure that new builds lead to a growing stock. This requires keeping public housing assets in the public realm. It also requires investments to preserve the existing stock and to ensure there is no net loss of social housing units due to the expiry of federal operating agreements, which will effectively de-fund 30,000 social housing units in Manitoba over twenty years.

Manitoba should also continue to fund existing housing support programs such as Rent Assist. Rent Assist was scaled back the last two years by changing the contribution formula for low income renters. These changes cost low income households anywhere from \$60 to over \$150 per month. The thresholds for applying for Rent Assist were also raised, removing eligibility for hundreds of households. Manitoba should reverse the changes to Rent Assist that were made since 2016 and reinstate the previous regulatory formula for calculating Rent Assist.

The federal government is making significant investments in social housing across Canada that the Province must leverage to facilitate local housing efforts.

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4. Income Benefits: Introduce a new basic needs benefit to lift all Manitobans up to or above the poverty line.

The Manitoba government should replace EIA's basic needs benefit with a new and enhanced basic needs benefit for which all low-income Manitobans would be eligible, regardless of if they receive other benefits through EIA. The maximum benefit would be high enough to ensure all Manitobans have an income at least as high as the poverty line.

The current EIA basic needs benefit level perpetuates reliance on EIA. The basic needs budget has barely increased in two decades while the cost of living has gone up by more than 40 percent. As a result, EIA incomes are so low that people are forced to focus all resources on acquiring basic needs. Living in an ongoing state of crisis makes it next to impossible to pursue training and jobs leading to financial independence. For people with disabilities who face barriers to employment, low EIA rates condemn them to a life of poverty.

Even with Rent Assist in place, single adults and persons with disabilities on EIA live in deep poverty with total incomes that are 47% and 33% below the poverty line, respectively. All families on EIA are hundreds of dollars below the market basket measure of poverty. Moreover, Manitoba's low minimum wage leaves many workers in poverty also.

Under our proposal, other benefits under EIA, aside from the basic needs benefit, including health and dental, job training and childcare subsidies would continue. The enhanced basic needs benefit when combined with other benefits such as Rent Assist and the federal Canada Child Benefit would form a platform on which to build a basic income for all Manitobans. Manitoba should also work with its federal counterparts to ensure equitable equivalent benefits are provided on reserve, according to federal standards that stipulate, "basic and special needs ... must be equivalent to those of the province or territory [in which a reserve is located]." (Indigenous and Northern Affairs Canada. 2017. Social Programs National Manual 2017-2018. aadnc-aandc.gc.ca/eng/1484941779222/1484941844596#sec2)

Currently, EIA recipients suffer punitive claw back rates on earned income. After the first \$200 of wage income, benefits are reduced by 70 cents for each dollar earned. Other income like child support payments are taken back dollar for dollar. This makes it hard for families to get ahead. It may create disincentives for labour participation, trapping EIA recipients behind a welfare wall. Our proposed benefit would alleviate this welfare wall by making benefits available to all low-income households, with a more reasonable ratio of

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reduced benefits to earned income, allowing for a smoother transition for workers entering the workforce.

An enhanced basic needs benefit also makes economic sense. Every penny spent supporting low income Manitobans goes right back into the economy. The Province is indexing tax brackets so Manitobans can keep up with the cost of living. The same logic must be applied to income supports.

5. Child Care: Create at least 17,000 licensed and funded, non-profit childcare spaces with priority in low-income neighbourhoods.

Child care is a key pathway out of poverty for Manitoba's children, families and women. Children who access high quality early learning and child care programs benefit from improved health, lifelong learning, improved school readiness and performance. They also benefit because child care enables parents to access training and employment so they can increase their family income. Child care is particularly important for women because they are most likely to limit their participation in the labour market when child care is unavailable, limiting their lifetime earnings.

Early learning and child care programs are cost-effective ways to reduce poverty and promote economic growth. A 2004 study revealed that every dollar spent on child care in Manitoba generates \$1.58 of economic activity in rural and northern regions and returns \$1.38 to the Winnipeg economy through increased participation in the workforce and higher tax revenues, among other factors. Child care allows caregivers to work or study, and to earn an estimated \$715 million per year. Every job created in the child care sector creates or sustains another 2.15 jobs.

The provincial waitlist for child care has risen by approximately 4,000 names in the last 4 years to nearly 17,000 and it is expected to grow as Manitoba welcomes more newcomer families and our young Indigenous population continues to grow. A lack of child care is a tremendous barrier for student parents to overcome, since Manitoba post-secondary institutions have few child care services. While new childcare spaces opening at the University of Manitoba is a step in the right direction, the Université de Saint-Boniface has none at all.

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The Province of Manitoba will need to invest in capital funding to ensure there are enough purpose-built and accessible facilities to accommodate the 17,000 new spaces. New and existing spaces should be sufficiently funded to provide for a provincial salary scale that is at current market competitive rates and that applies to all child care professionals in order to attract and retain a diverse and qualified child care workforce. Approximately 30 percent of licensed child care centres are unable to recruit employees with the qualifications required by the Community Child Care Standards Act.

New and existing spaces should also include sufficient core operating funding to enable child care centres to deliver sustainable community-based and culturally-relevant early childhood programs that meet the needs of the families they serve. Indigenous people working in the child care sector have identified a need for funding to support community-based and culturally-relevant programming designed specifically to support Indigenous children and their parents.

While we should endeavor to ensure that all children can access early learning and child care, targeted supports are needed for those most at risk of marginalization. A portion of newly funded spaces should be prioritized in communities with high socio-economic needs to build upon other poverty reduction efforts targeting those communities. Financially disadvantaged areas have less licensed child care than more affluent communities. Elmwood and Point Douglas have spaces for approximately 20% or less of the child population, in spite of the high needs of both communities. In contrast, the wealthier communities of River Heights and Saint-James have spaces for 40% of their children.

6. Mental Health: Double the funding allotted to community-based mental health services for low-income Manitobans beginning with an increase in mental health spending by 40 per cent over three years with priority given to community-based mental health services.

Mental health care is estimated to be five per cent of Manitoba's healthcare budget. International and national research bodies say it should be at least nine per cent. Long term, a doubling of mental healthcare expenditures is needed. Federal commitments are essential to reaching this goal.

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In the meantime, the Province of Manitoba should commit to increasing the range and availability of mental health services that people living in poverty can access. Manitoba should increase funding for mental healthcare by 40 percent over three years, to reach seven per cent of the total healthcare budget. Of this increase, priority should be given to mental health services offered through community-based organizations.

The Mental Health Commission of Canada says 1 in 3 adults and as few as 1 in 4 children receive mental health treatment and support when they need it. This is a direct result of inadequate funding for mental health and addictions in the healthcare system.

All Manitobans need better mental healthcare, but Manitobans who live in poverty have fewer options for accessing care. As a result, many who require access to care end up facing lifelong barriers that make it difficult to escape poverty. Most Manitobans living in poverty do not have access to privately funded mental health services, which can speed up access to treatments provided by psychologists by up to 24 months. People who live in poverty are more likely to encounter institutional discrimination in the healthcare system, and 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.

Investments to increase the range and availability of mental health services for people living in poverty should be used to reduce health equity gaps and more efficiently spend healthcare dollars. Currently, people living in poverty often do not access mental health care until their needs are acute, leading to an unnecessary drain on health care resources. For instance, the Canadian Institute for Health Information reports that people living in poverty are more likely to use emergency and acute care services because they cannot easily access early intervention services for their mental health. In Winnipeg, people living in poverty are 3.9 times more likely to be hospitalized for anxiety disorders; 2.1 times more likely to be hospitalized for affective disorders; 3 times more likely to be hospitalized for mental health (acute care hospitalizations, not including psychiatric hospitalizations); and 5 times more likely to be hospitalized for substance-abuse disorders than people who have a higher incomes. Investments in community mental health organizations and other community-based organizations to

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deliver education, prevention, and early intervention services would stem the tide of services needed in acute care.

Indigenous Manitobans are disproportionately affected by poverty and impacted by intergenerational trauma. We advocate that investments in programs and services to serve this population also be prioritized. Successful strategies to improve mental health equity include funding community partners and staffing mental health workers directly in the community, increasing the number of Indigenous people working in health care and social services, and providing culturally relevant supports.