

# A Province Left Behind...

*Where's our Poverty Eradication Plan,  
Prime Minister Harper, Premier Doer  
and Mayor Katz?*



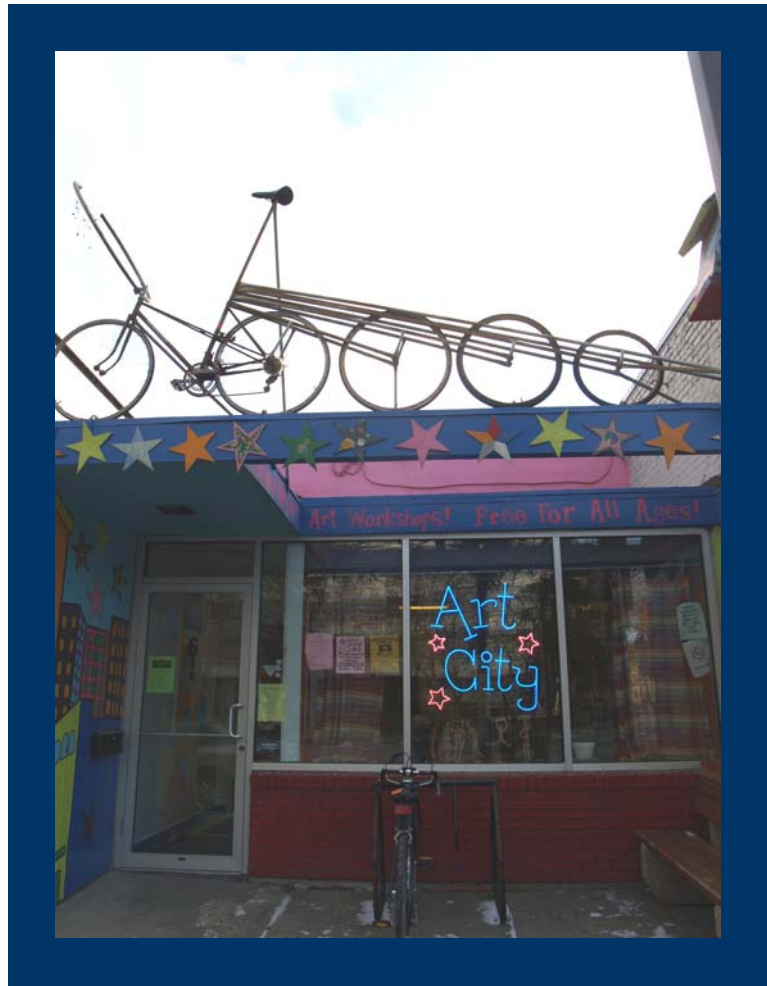
**2007 Manitoba Child and Family Poverty Report Card**  
A report on indicators of child and family poverty in Winnipeg



Social Council of Winnipeg, *est. 1919*

[www.spcw.mb.ca](http://www.spcw.mb.ca)





**Thank you to Art City and to the young artists who shared their artwork.**



# 2007 Manitoba Child and Family Report Card

## Acknowledgements

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## Data Sources

Most data were prepared by the Canadian Council on Social Development for Campaign 2000 using Statistics Canada's Survey of Labour and Income Dynamics (SLID) masterfile data and by the Social Planning and Research Council of BC using Statistics Canada's *Income Trends in Canada 1980-2005*. Other sources can be found in the endnotes.

## Definitions

**Census Metropolitan Area (CMA):** Statistics Canada defines as an area consisting of one or more adjacent municipalities situated around a major urban core. The urban core must have a population of at least 100,000. The Winnipeg CMA refers to the area that includes the City of Winnipeg and 10 surrounding municipalities of Springfield, Tache, Richot, Headingley, St. Francois-Xavier, Rosser, West St. Paul, East St. Paul, St. Clements and Brokenhead First Nation.

**Technical Note:** Statistics Canada has indicated that some of the data should be used with caution (e.g. duration of poverty and some after-tax measures). This is because the sample size for Manitoba is too small in the Survey of Labour and Income Dynamics. The Social Planning Council of Winnipeg believes that Statistics Canada should increase the sample size for Manitoba.

## Publication Data

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## **Social Planning Council of Winnipeg, est. 1919**

The Social Planning Council of Winnipeg (SPC) is a membership based organization in the voluntary sector committed to providing leadership in social planning and effecting social policy changes. This involves working with diverse communities in identifying and assessing community issues, needs and resources; and working with policy-makers, funding agencies, service providers, ethnocultural and Aboriginal groups, and the general public in Winnipeg to respond to socio-economic issues and needs.



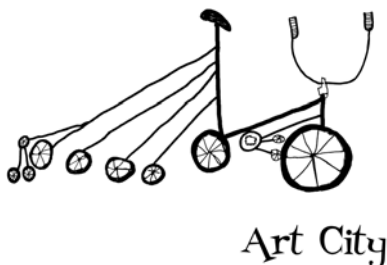
## **The Manitoba Campaign 2000 Network**

The Manitoba Campaign 2000 Network is a coalition of over 100 organizations, organized under the sponsorship of the Social Planning Council of Winnipeg, dedicated to the support of Campaign 2000 initiatives within Manitoba.

Campaign 2000 is a non-partisan, cross-Canada coalition of over 120 national, provincial and community organizations committed to working together to end child and family poverty in Canada. Campaign 2000 evolved out of a unanimous Resolution passed by the Canadian House of Commons in November, 1989, which called for the elimination of child poverty in Canada by the year 2000.

*“This House...seeks to achieve the goal of eliminating poverty among Canadian children by the year 2000.”*

- Unanimous all-party resolution, November 24, 1989



## **Art City**

Art City is a community art centre offering high quality art programs to people of all ages. The artwork within this document was produced by Art City participants.

# A Time for Action: Manitobans Calling for More

Manitoba has the capacity to move forward in saving our families and children from poverty, and Manitobans know it. Despite some short term improvements, child poverty rates continue to stagnate at unacceptably high levels. More than 50,000 children are living in families that are unable to secure a decent quality of life, even using a conservative measure of poverty. But there are new signs of hope.

There is growing public concern that poverty in our communities and province is much too prevalent. Manitobans want their governments to take courageous action on poverty and income inequality and are calling for far more than the incremental changes made to date.

The United Kingdom, and the provinces of Quebec and Newfoundland and Labrador have shown us that ambitious poverty eradication targets can be set and met. Our politicians are aware of the issues and they understand the devastating effects of poverty on our children, families, economy, and communities. There is broad support, including from business, education, health, social services, and labour to take action on poverty. The new Poverty Reduction Council, for which the United Way of Winnipeg is serving as a catalyst, is evidence of this. Finally, Manitoba has the fiscal capacity to take action with its growing labour force, steady economic growth, and lowest unemployment rate in decades.



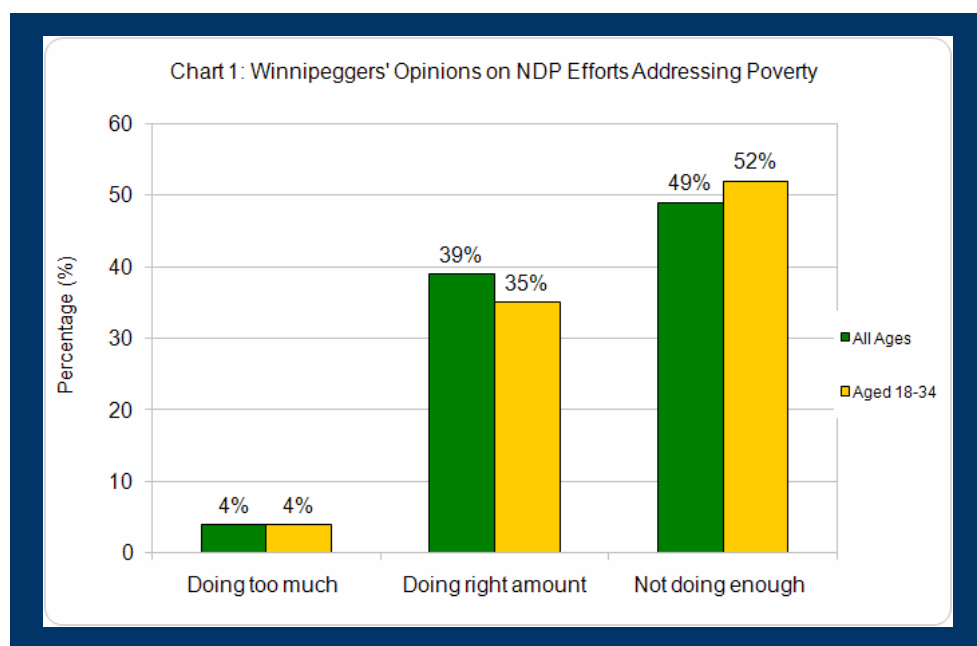
This is the time to finally make a move in Manitoba and commit to a comprehensive, integrated, and coordinated poverty reduction strategy with clear targets and timelines. We have what it takes to make a real difference.

## Strong Public Support for Government to Take Courageous Action on Poverty

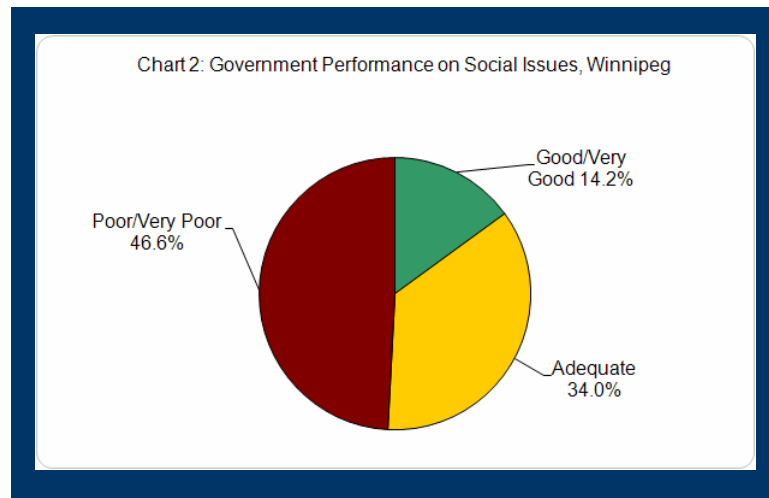
Winnipeggers are alarmed about poverty in their City and throughout our province. A September, 2007 survey conducted by Probe Research shows that Winnipeggers, particularly young adults, are asking the Provincial Government to do more to address poverty.

The survey asked Winnipeggers to assess the adequacy of Premier Gary Doer's NDP government's efforts to address poverty in Manitoba since coming to office in 1999. When asked whether they have put too much, the right amount, or not enough effort and resources into addressing poverty in Manitoba, almost half of Winnipeg adults (49%) believed they had not done enough. Among young adults aged 18-34, even more, just over half (52%) believed they were not doing enough. Only 4% of Winnipeggers thought government was doing too much, and 40% thought government was doing the right amount. These results are accurate within 4 percentage points, 95% of the time.

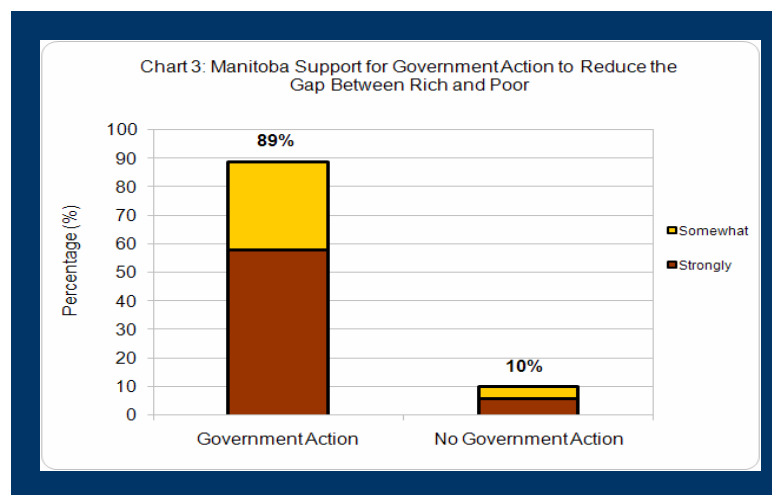
Winnipeggers also place poverty and homelessness above economic growth and taxes as the most important issue facing their community in this survey. These findings are not different than what Winnipeggers have said in the past. A 2005 poll conducted by Probe Research showed that 81% of Winnipeggers believed it was important for society to help children who are living in poverty.



A survey of residents in seven Canadian cities conducted by the Canada West Foundation in 2007<sup>1</sup> asked how good a job their governments were doing to address social issues like poverty in their cities. When compared to other cities, Winnipeggers were less likely to state that governments were doing a good (12.6%) or very good (1.6%) job and were more likely (with the exception of Vancouver) to say their governments were doing a poor (39.6%) or very poor (7.0%) job. In comparison, Regina residents were the most likely of the seven cities to say their governments were doing a very good (6.6%) or good (23.5%) job and the least likely to say they were doing poorly or very poorly (33.3%).



A national poll conducted by Environics Research for the Canadian Centre for Policy Alternatives in 2006 lends further support to the public call for action on poverty.<sup>2</sup> The findings demonstrate the overwhelming majority of Manitobans (89%) believe governments should take action to reduce the income gap between the rich and the poor. Support in Manitoba was the highest west of Quebec.



When asked what government actions would be most effective to reduce the gap between the rich and the poor, Manitobans responded with support for measures that increase incomes and make services like child care more accessible for families.

**Table 1: Government Action to Reduce the Gap**

Action to Reduce Gap	Effective
Increase the minimum wage to a level that will raise workers in full time minimum wage jobs out of poverty	87%
Affordable college and university tuition	89%
Create Affordable housing	89%
Affordable child care	82%
Closing tax loopholes	81%
Increase taxes on wealthier Canadians	66%

Source: Canadian Centre for Policy Alternatives (2007). *What Can Governments do About Canada's Growing Gap? Canadian Attitudes Toward Income Inequality.*



## We need plans and targets, not just declarations of concern

Our politicians say that poverty reduction is an important goal. Premier Gary Doer has expressed that child poverty is not acceptable in a country like Canada and has admitted there is more to do. Conservative Leader, Hugh McFadyen has expressed that our society should do whatever it can to deal with poverty and other factors related to crime. Manitoba Liberal Party Leader Jon Gerrard has called for a poverty reduction strategy with the objective of reducing child poverty by 50% over four years.

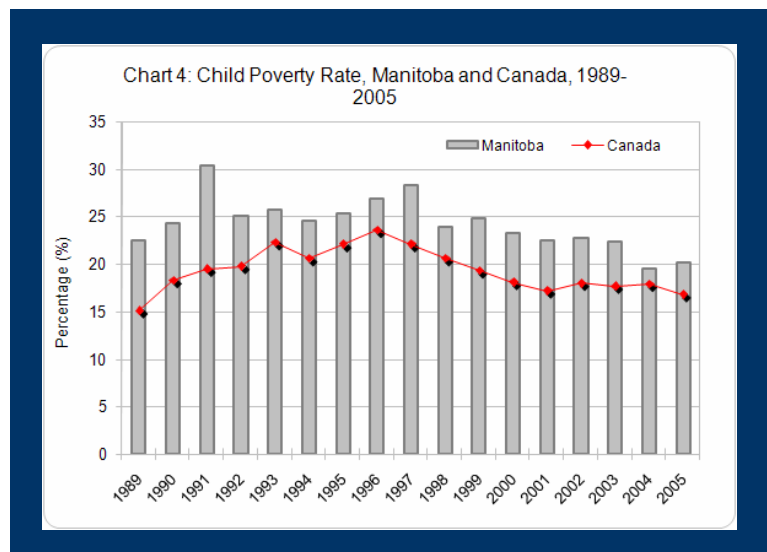
The public has said it will support more government action and political leaders have acknowledged the seriousness of the problem. Now is the time for the public to demand a child poverty eradication strategy with targets and timelines. The time for talk is over. The time for action is here.

## Child poverty rate

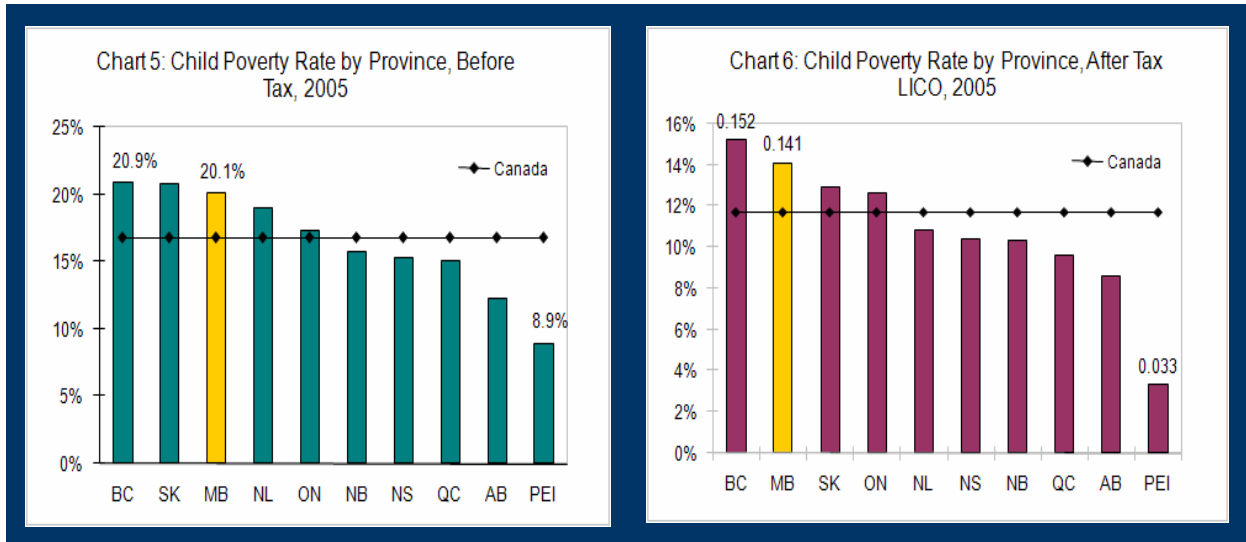
In 2005, there were 51,000 children under the age of 18 living in poverty in our province. This does not include the number of children living in First Nations communities. If it did, our rate would be higher given that there are approximately 25,000 children living in First Nations in Manitoba and rates of poverty are substantially higher. For example, in 2003, 43.9% of on-reserve populations were receiving income assistance, as opposed to 5.1% of the Manitoba population overall. <sup>3</sup>

## Limited progress on a chronic problem

Manitoba's child poverty rate increased from 19.5% in 2004 to 20.1% in 2005. Since the late 1990s there has been a trend of slight decline in Manitoba's rate, however gains have not been substantial and have not been maintained on a year to year basis. Further, since 1989, Manitoba has continued to be well above the national average and among the provinces with the highest rates of child poverty. This trend continued in 2005 with Manitoba ranking third highest among the provinces.



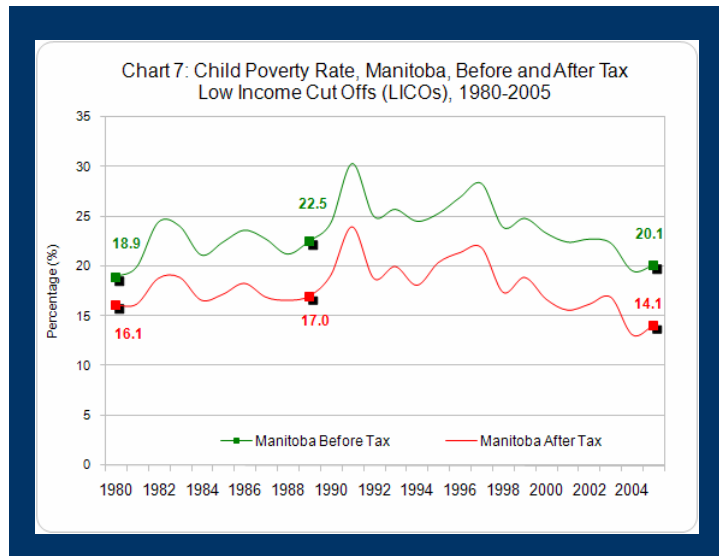
Between 2004 and 2005, Manitoba and Saskatchewan were the only two provinces to experience increases in their child poverty rate. All other provinces showed some improvement. As can be seen in the chart below, Manitoba ranked third highest among the provinces using the before-tax LICO and second highest using the after-tax.



The poverty rate for children in Manitoba differs depending which measure is used. Statistics Canada produces two types of Low Income Cut Offs: those based on before tax income and those based on after tax income. The before tax LICO is a measure of market and transfer payment income, based on expenditure of 20% more than the average family on food shelter and clothing. The after-tax LICO is an imperfect measure of disposable income because it does not account for all kinds of taxes (only income taxes) and does not discount the 20% add on for the portion paid on income taxes. Therefore the after-tax LICO underestimates poverty. It is used here only because governments have begun to report it.

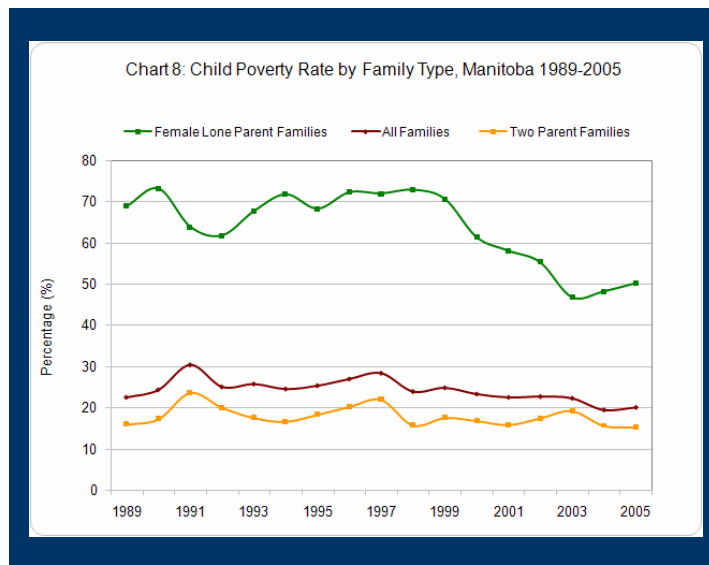
Because of this, after-tax rates are lower than before-tax rates with a difference of approximately 6 percentage points in Manitoba. For example, in 2005, Manitoba's rate of child poverty using the before-tax LICO was 20.1% compared to 14.1% using the after-tax LICO. It is important to note that for both the before and after tax measures, Manitoba's rate of child poverty has consistently been above the national average since 1989.

As can be seen in Chart 7, regardless of which measure is used, the long term trend is similar and indicates that there has not been much improvement in the circumstances for low income families with children.



## One in two female lone parent families lives in poverty in Manitoba

The poverty rates among female lone parent families with children under 18 have been the highest of any family type in every province across Canada. In Manitoba, the poverty rate for this family type had been falling between 1998 and 2003. Since 2003, however, the trend has reversed and the rate has been increasing, as can be seen in the chart below. While there has been significant progress in improving the circumstances for female lone parent families since 1989 when the rate was nearly 70%, in 2005 more than half of these families (50.2%) lived in poverty – a rate more than double that of other family types. Clearly, more is needed. It is not the time to congratulate ourselves, but to take further action.

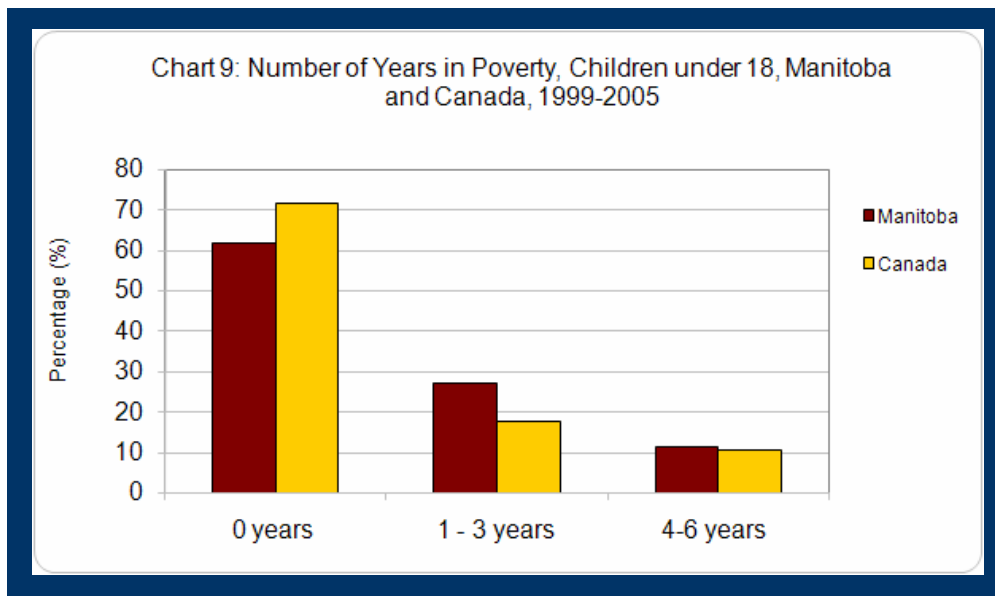


## How long must children in two parent families wait?

Among two parent families with children, the rate has remained relatively flat with few improvements to speak of. In 1989 the rate of poverty among this family type was 15.9% and in 2005 it was 15.2%. Between 2004 and 2005 there was a minor decrease of less than one percentage point (from 15.6% to 15.2%). Manitoba has the second highest rate of poverty among two parent families with children under 18 of all the provinces, after British Columbia (15.3%).

## Almost two in five children experience poverty in a six year span

The effects of even short episodes of poverty are often serious and long-lasting, but, in general, longer episodes of poverty are even more devastating to children. The duration of poverty refers to the number of years that children lived in poverty between 1999 and 2005. As the graph indicates, during these years, an alarming 38.3% of all Manitoba children lived in poverty for at least one year. While 27.0 % of Manitoba children lived in poverty for one to three years, 11.3% lived in poverty for four or more years.



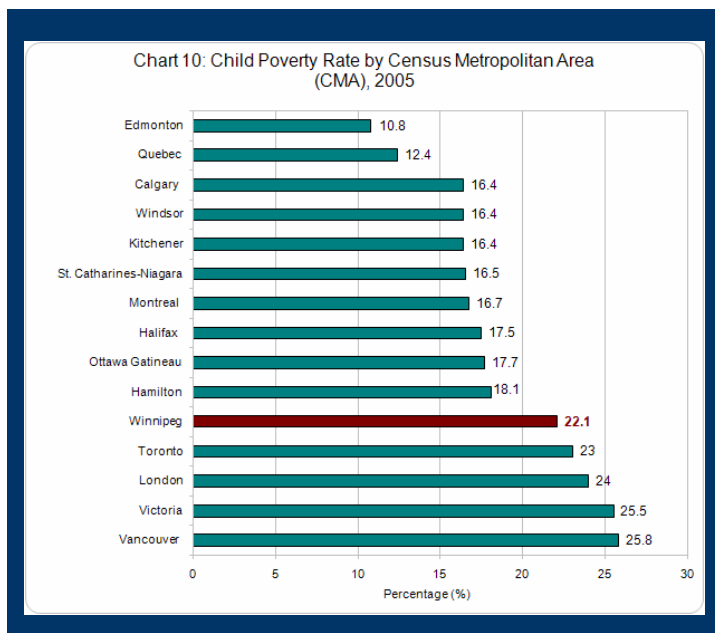
## Winnipeg's rate among the highest in Canada

Winnipeg has the fifth highest child poverty rate (22.1%) of 15 of the largest Canadian Census Metropolitan Areas (CMA). It should be noted that the poverty rate for the Winnipeg CMA tends to be lower than for the City of Winnipeg because it includes the city and ten surrounding municipalities (see page i, Definitions).

While it is an improvement from 2004 when Winnipeg had the second highest rate of child poverty among the CMAs, our improvement in the ranking is attributable to the increase in rates in Victoria, Toronto and London.

### Municipal action on poverty reduction essential

The City of Winnipeg should be doing a lot more to improve the quality of life for its residents. As the government closest to the people, there is a clear role for the city in poverty reduction. Other municipalities across Canada have taken a lead on poverty issues by supporting collaboration among sectors and enacting poverty committees at city council.



As just one example, in 2005 the City of Hamilton and the Hamilton Community Foundation partnered and co-convened a multi-sectoral group, known as the Hamilton Roundtable for Poverty Reduction, to create a community poverty reduction plan for their city. The four year plan was released in 2007 after extensive research and community consultation.

In 2006, the City of Winnipeg supported the United Way of Winnipeg in its role as catalyst for a Poverty Reduction Council for Winnipeg. This is positive, but the City does not seem to be considering poverty reduction in its decision-making. For example, the recent 12.5% increase in cash transit fares hits the poor hard as they are highly represented among transit users and often do not have the money to invest in bus passes. Why are they less important than Winnipeg businesses, which will enjoy a withdrawal of the business tax?

## Certain groups are overrepresented among the poor

Immigration levels in Manitoba have tripled since the late nineties. Between 1998 and 2005, the number of immigrants arriving in Manitoba grew by 168% from 3,014 individuals in 1998 to 8,097 in 2005.<sup>4</sup> It is expected that over the next decade, 1,000 immigrants will be coming to Manitoba each year.

While immigration is essential for our labour market and economic growth, immigrants face many challenges when settling in Canada. Recent immigrants, for example, are two to three times more likely than those born in Canada to experience poverty and to experience it repeatedly regardless of their education level, family type, sex, or province of residence.<sup>5</sup> According to the last Census, the most recent available, the poverty rate among recent immigrant children in Manitoba was 51.2% in 2001; more than double the rate for the province as a whole! It has already been noted that the poverty rate among Aboriginal and First Nations families and children is higher than the provincial average – a continuing cause for immediate action to Make Aboriginal Poverty History.

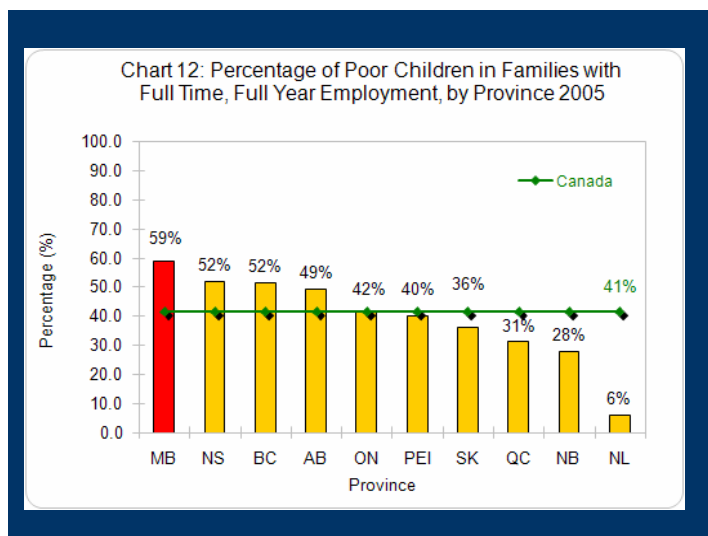
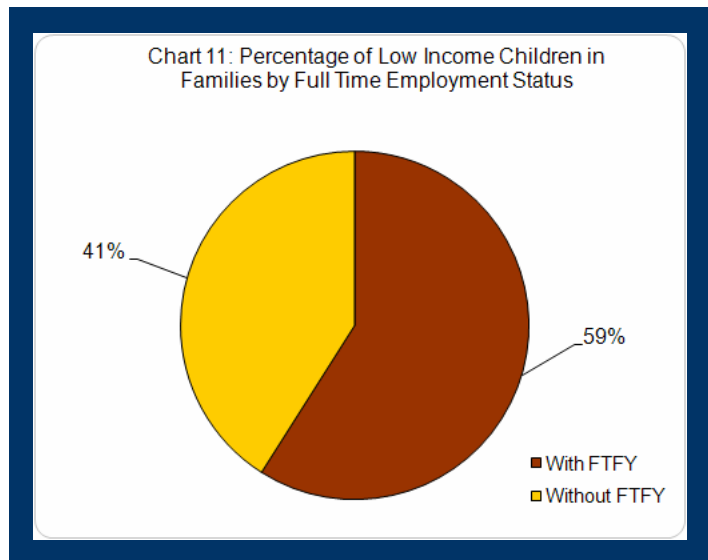


# Rewarding work misses the mark

The provincial response to poverty in Manitoba has been to introduce initiatives that help to move people into the labour market or strengthens their attachment to it through a mix of training, work incentives, and incentives to employers. Termed “Rewarding Work”, these initiatives, announced in 2007, have been mainly targeted to people receiving income assistance through the provincial welfare program and are intended “to address poverty by giving people hope and dignity through employment”.<sup>6</sup>

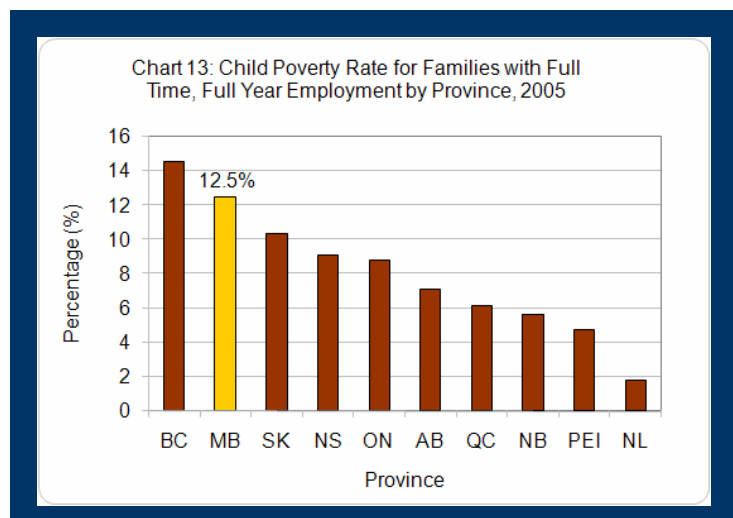
One of the serious problems with Rewarding Work is that it misses the mark on who is poor in Manitoba and why they are poor. Rewarding Work is based on the assumption that poverty in Manitoba is a consequence of not having employment or not having enough employment. It is based on the belief that if parents are working, their children would not be living in poverty.

In reality, most low income children in Manitoba live in families that are working and in the majority of cases, these families have a strong attachment to the labour market (i.e. have full time, full year employment). In 2005, 83% of all poor children lived in families that worked. What is more concerning is that nearly 60% lived in families where the combination of workers in the household had a full time job for the full year. When compared to other provinces, Manitoba has the highest proportion of poor children in families with a full time worker.



In most other provinces, having a full time job is a good defense against poverty. In Newfoundland and Labrador, for example, less than 2% of children in families working full time fall below the poverty line. In Manitoba, this proportion is much higher with 12.5% of these families living in poverty. Only British Columbia is higher at 14.5%.

These data tell us that much of the poverty experienced by Manitoba's children is created in the labour market and is not the result of exclusion from it. It also suggests that Rewarding Work would have more success if it actually rewarded the efforts of working individuals and families in the labour market through focusing on creating good jobs, raising the minimum wage, requiring more comprehensive benefits, and providing more generous supplementation for working poor families.

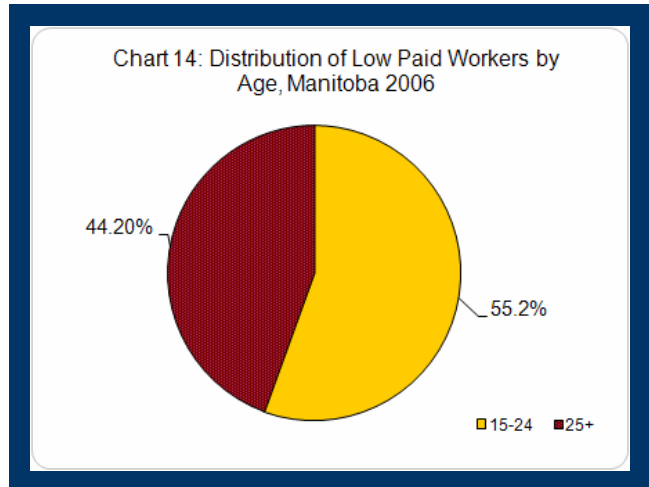


## Too many families are paid to be poor. Having a job is not an escape from poverty

In Manitoba, low wages continue to be a major factor in the high rate of poverty among families with children. Low wages are defined here as less than \$10/hour as it is also commonly defined by Statistics Canada.

In 2008, Manitoba's minimum wage will be \$8.50/hour. At this level, a full time minimum wage job (37.5 hours/week) provides a worker with \$16,575/year. Based on the level of income required to reach the poverty line (\$20,778), a single full time worker in Winnipeg would need to earn \$10.65/hour. A single parent with one child earning the minimum wage will have to work 58.5 hours each week or earn \$13.27/hour to reach the poverty line.

In 2006, 19.4%, nearly one in five workers, earned low wages in Manitoba – the majority of whom are women (57.3%). <sup>7</sup> A common perception is that most low paid workers are youth working in part time jobs. While this is true, almost 45% are adults aged 25 years and over, as can be seen in the pie chart fourteen.

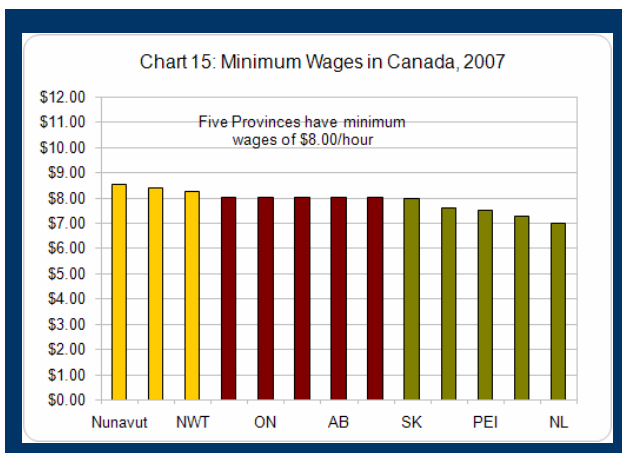


Most low paid workers in Manitoba are full time workers (51.9%) working for more than 30 hours per week. Nearly one third of low paid workers in Manitoba (31.0%) were full time adult workers. <sup>8</sup>

## Minimum wage is a poverty wage

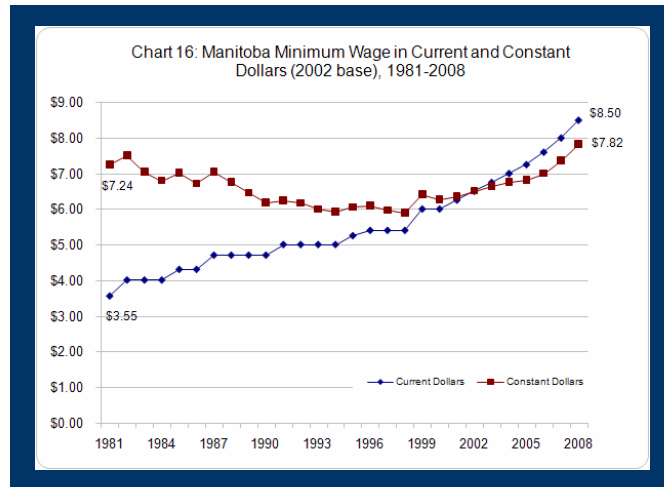
Minimum wage is an important tool in reducing poverty among working families. Yet not one province in Canada provides a minimum wage that reaches the poverty line. Minimum wages across Canada are quite uniform ranging from a low of \$7/hour in Newfoundland and Labrador to a high of \$8.50/hour in Nunavut. Five provinces in Canada, including Manitoba, have minimum wages set at \$8/hour.

While Manitoba continues to be among the middle of the pack, other provinces are moving to the front with plans for further increases or indexing the minimum wage on



an annual basis to either average wages or the Consumer Price Index. Ontario, for example, recently announced plans to bring its minimum wage to \$10.25/hour in the coming years. While this is a positive step, there is some caution that by the time this happens, the amount required by a full time minimum wage worker to reach the poverty line could be more than \$11/hour. <sup>9</sup> As can be seen in Winnipeg, in 2005 a single worker required \$10.65/hour to reach the poverty line.

Since 2000 there have been regular annual increases to the minimum wage in Manitoba, with positive effects. As can be seen in the graph below, since 2000 the minimum wage has increased by 11.7% in constant dollars (which controls for effects of inflation). To place this in perspective, the minimum wage, in constant dollars, however, continues to be worth less than it was in the early 1980s. If we are to maintain our recent progress, we need to continue to make annual increases and index to inflation.

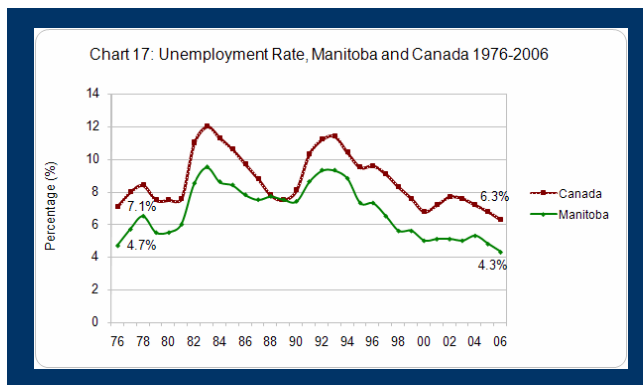


In November throne speech, the Province of Manitoba has announced its intentions for further increases, and recently announced it would raise the minimum wage by \$0.50 in 2008. While this is positive in that it is the largest annual increase since 1999, when the current government was first elected to power, it is concerning that there is no plan to raise the minimum wage to a level so that a full time worker is raised out of poverty and no plan to index it to increases in the cost of living to prevent its erosion over time.

## The rich get richer: but little trickles down to the poor

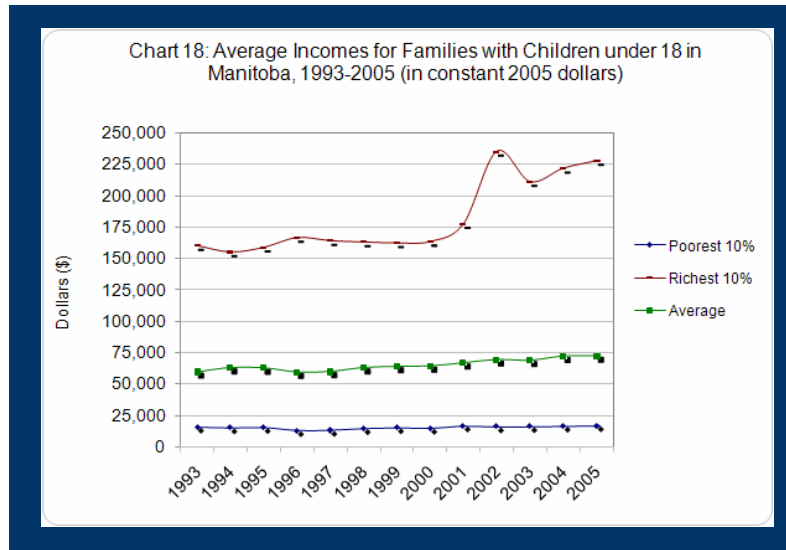
Manitoba's economy is in good shape. Between 1989 and 2007, Manitoba's economy, as measured by the GDP grew by 43.5%.<sup>10</sup> Unemployment in our province, at 4.3% in 2006, has reached its lowest level in more than 30 years and is well below the national average. The number of employed Manitobans has increased by 14.5% since 1989.

This is good as far as it goes, but certain groups, particularly the Aboriginal population and young adults (15-24 years of age) continue to experience higher rates

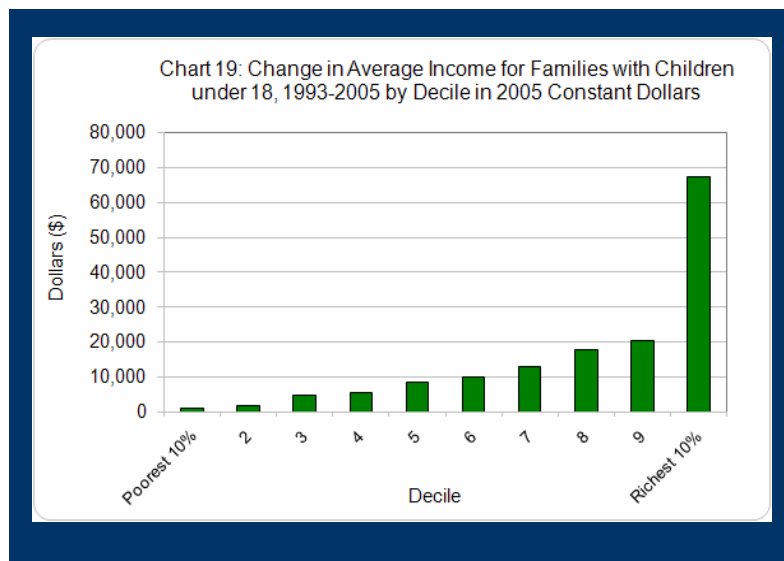


of unemployment than the general population. The unemployment rate for Manitoba's off-reserve Aboriginal population was 11.6% in 2006 - 2.5 times higher than the provincial rate.<sup>11</sup> The unemployment rate for young workers was 8.8%, more than twice that of the general population.

As reported in past years of the Child and Family Poverty Report Card, a strong and growing economy is not enough to reduce poverty because the benefits of economic growth are not distributed evenly across income groups. The average income for the poorest 10% of Manitoba's families with children has increased by \$1,128 in constant dollars between 1993 and 2005. During the same time period, the average income for the richest 10% of families increased by \$67,531.



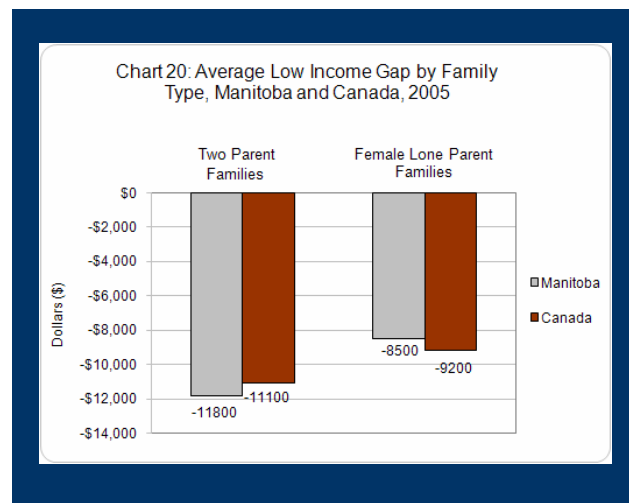
The gap between the richest and poorest families with children in Manitoba has been growing over the past decade. In 1993, the difference between the average income of the poorest 10% of families and the richest 10% of families was \$144,567. In 2005, this difference had increased to \$210,970 in constant dollars. To put it another way, in 1993 for every \$1 of income for the poorest families, the richest families had \$10.15. In 2005, for every \$1 for the poorest families, the richest families had \$13.46.



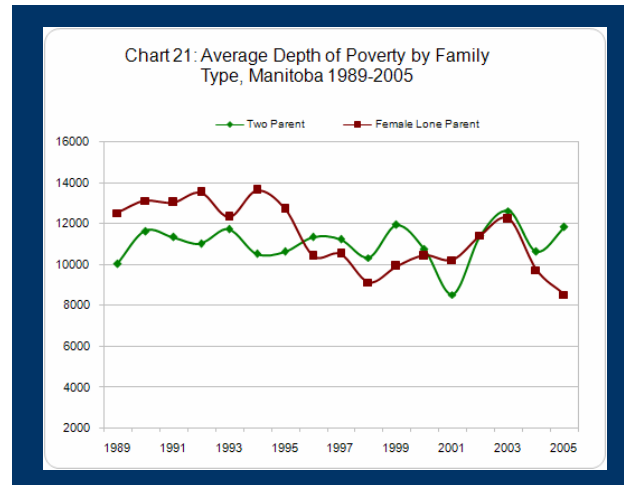
## Manitoba families live deep in poverty

Manitoba's poor families are, on average, living well below the poverty line and in the case of two parent families with children, have become poorer over time. In 2005, two parent families with children under 18 required an average of \$11,800 to reach the poverty line. This increased slightly from 2004 when the average depth of poverty for two parent families was \$10,600 and from 1989 when it was \$10,000. Since 1989, with the exception of one year (2001), the average depth of poverty for this family type has been above \$10,000, indicating continued material deprivation for many children.

On the other hand, it is encouraging that the depth of poverty for female lone parents, who have remained among the poorest of families in Canada, is decreasing. Manitoba experienced an improvement in the average depth of poverty among this family type between 2004 and 2005 when it dropped from \$9,700 to \$8,500 – its lowest level in more than twenty years and much lower than the 1989 level of \$12,500. Yet, we should not be satisfied with this progress. Children living \$8,500 below the poverty line is nothing to celebrate.



While the improvement for female lone parent families is encouraging, there is no guarantee that the trend will continue. Two parent families experienced an improvement in 2001 when the average depth of poverty was a low of \$8,500. Two years later, however, the average depth fell to more than \$12,000 – an all time high. Investments must be sustained if the circumstances for female lone parent families – over half of whom live in poverty – are to continue to improve in coming years.

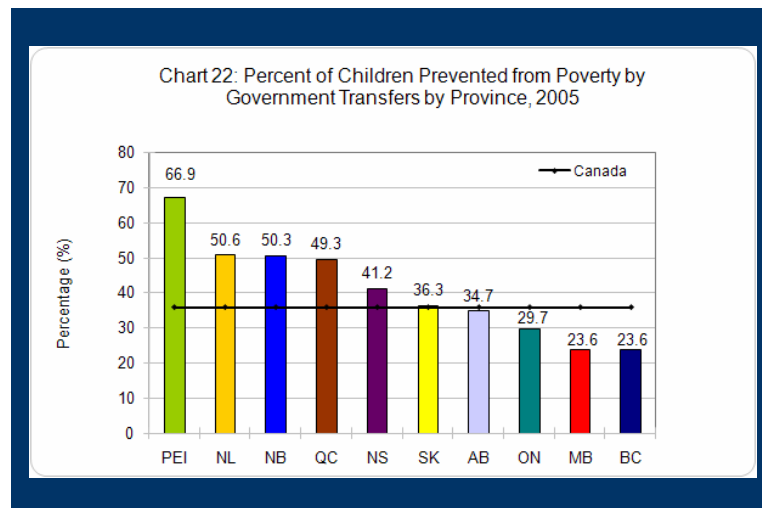


## Government transfers are essential for poverty reduction

Part of the reason why families live so deeply in poverty is because transfer payments in our province are too low. Government transfers play an important role not only in reducing the number of children and families that live in poverty, but also in reducing the depth of poverty that these families experience. Examples of government transfers include such payments as Employment Insurance, the Canada Child Tax Benefit, the Manitoba Shelter Benefit, and the GST credit.

For example, in 2005 without government transfers, Manitoba's child poverty rate would have been 26.3% instead of 20.1%. This means that government transfers in Manitoba helped to move almost 25% of children whose families were poor given their market income, above the poverty line.

As can be seen in chart 22, government transfers in all provinces, with the exception of British Columbia, do a much better job of preventing poverty than Manitoba. In Newfoundland and Labrador, for example, government transfers prevented 50.6% of market poor children from living in poverty. At 23.6%, Manitoba has more to do to prevent poverty among families.



## Too many families and children rely on food banks

Food bank use is an important indicator of the well being of a community. It is also an indicator of how severe poverty is in our communities. Food banks have emerged in response to a crisis: hunger and food insecurity. Manitoba has been among the worst offenders in keeping its families and children hungry and food banks have sprung up to fill the gaps. In 2007, 43,563 Manitobans relied on food banks. This is 3.7% of the provincial population, which puts Manitoba in second place nationally for highest rate of use of food banks. <sup>12</sup>

While Manitoba experienced a decline overall, 60% of food banks in our province reported an increase in the number of people assisted by their services. <sup>13</sup> Food bank use is driven by poverty and speaks to the inadequacy of both wages and

government transfers. In 2007, 43.1% of food bank users were receiving social assistance and 14% were part of the working poor. A further 15% reported having no income at all. <sup>14</sup>

Children continue to make up a large proportion of those relying on food banks. In 2007, 47% of food bank users in Manitoba were children. This was the second highest proportion in Canada after the Northwest Territories. Manitoba experienced the smallest decline in food bank use across Canada at 2%. Nova Scotia saw the highest at 21%. <sup>15</sup>

## “Raise the Rates” – low welfare rates impoverish

Welfare rates in Manitoba continue to be set far below the poverty line and have not been substantially increased in more than a decade. Manitoba’s rates are also among the lowest in Canada. There was a small increase of \$20/month in 2004 for single person households, couples without children, and people living with disabilities. This did not, however, make up for years of cuts and frozen benefits throughout the 1990s and 2000s. A further increase is planned for 2008; but this applies only to people living with disabilities.

As can be seen in the table below, welfare incomes in 2005 were substantially less than they were in 1992 constant dollars. Losses in welfare incomes ranged from 15% to 36% while the cost of living increased by 31.2% over this time frame.

**Table 2: Change in Welfare Incomes (constant dollars) by Category of Assistance, Manitoba 1992-2005**

Family Type	1992	2005	% of Change 1992-2005	\$ Change 1992-2005
Single Employable	\$9,036	\$5,818	-35.6%	\$3,218
Person with a disability	\$11,416	\$8,601	-24.7%	\$2,815
Lone parent, one child	\$15,630	\$13,282	-15.0%	\$2,348
Couple, two children	\$25,912	\$20,357	-21.4%	\$5,555

Source: National Council of Welfare (2006). *Welfare Incomes, 2005*.

Shelter allowances have been frozen since 1993 and have fallen out of step with the real cost of renting an apartment despite a 19% increase in the rent guideline set by the provincial government and a 26.2% increase in average rents in Winnipeg. A single parent with one child, for example, receives \$387 per month for shelter costs, whereas the average rental rate for a two bedroom apartment in Winnipeg was \$709 in 2006. A single person receives just \$271 per month for rent, whereas the average rental rate for a bachelor apartment in Winnipeg was \$420 in 2006 and \$557 for a one bedroom.

There is a public call to “Raise the Rates” in Manitoba by returning social assistance rates to their 1992 levels and indexing for inflation to maintain the benefits at a more acceptable level. Welfare rates should be set to the poverty line in Manitoba and should guarantee a basic adequate living level to maintain dignity and support efforts toward self-sufficiency.

## **Child benefits don’t go far enough**

Most provinces have an income support program for families with children, some of which are integrated with the federal Canada Child Tax Benefit and National Child Benefit Supplement and delivered as a joint payment. Manitoba’s program, the Child Related Income Support Program, was recently converted to the Manitoba Child Benefit program. With the change, the maximum benefit was increased for the first time in its more than 20 year history by a mere \$5 to \$35/child/month. While the Manitoba Child Benefit has the potential to be effective, there is room to raise the benefit and broaden eligibility levels to provide more assistance to working poor families.

## **Public and community services make a difference**

### ***Child care does a public good***

Child care is a public service that performs a public good. In a society and economy such as ours, it is essential for healthy child development with positive effects on a range of outcomes, such as health, education, socialization, and well being throughout life. One function of child care is to moderate the developmental and health effects of poverty. Child care is also critical for gender equity. It enables women to participate fully in the economy as it enables them to go to school or work. Child care also contributes substantially to the local and national economy, not only by allowing parents to earn money, but by creating jobs. In 2004, for example, for every \$1 invested in child care, there was a \$1.38 returned to the Winnipeg economy and \$1.45 to the national economy.<sup>16</sup>

While child care is a sound investment, it faces many challenges in Manitoba. Access to quality early childhood education and care is tenuous due to shortage of spaces, high fees, large waiting lists, a shortage of qualified Early Childhood Educators, and the lack of a coordinated and planned strategy to build a public child care system. <sup>17</sup>

Manitoba has approximately 180,000 children between the ages of 0-12 – most of whom have working parents, and in particular working mothers. Two thirds of mothers of young children and three quarters of mothers of older children are employed in Manitoba. Yet, there is a regulated child care space for only 14.3% of these children.<sup>18</sup> The 2,500 spaces promised in the most recent Throne Speech will help, but not nearly enough.

The cost of child care can be prohibitive, particularly for low income families. While close to half (45%) of children using child care in Winnipeg receive a full or partial subsidy from the province, <sup>19</sup> there is an additional surcharge that centres are permitted to levy beyond the regular fees. While this surcharge has recently been reduced from \$2.40/child/day to \$2.00 – even parents who are fully subsidized could be paying \$40/month for each child.

## ***No Place to Call Home – lack of housing remains a barrier to escaping poverty***

Adequate and affordable housing is essential for protecting Manitobans against poverty. A lack of adequate housing provides families and children with a diminished sense of security, decreased health and well-being and increased marginalization and social exclusion. It can also contribute to societal issues, such as crime, addictions, and violence. <sup>20</sup> Unaffordable housing can be a drain on limited budgets and can constrain funds available for food.

Currently, the rights of Manitobans to have an adequate standard of living are not being met because too many families do not have access to affordable and adequate housing. There is a lack of low income rental housing in Manitoba and in Winnipeg there has been an annual decline in rental units since 2003. While there have been improvements through a number of government housing initiatives, there remains a significant gap in social housing (rent geared to income) units due to limited supply and the poor condition of existing units. <sup>21</sup>



Housing is generally considered unaffordable if rent or mortgage payments utilize 30% or more of a household income. Using this measure, the 2001 Census, the most recent available, found that 53,785 or one-fifth (21.3%) of Winnipeg households lived in unaffordable housing. <sup>22</sup>

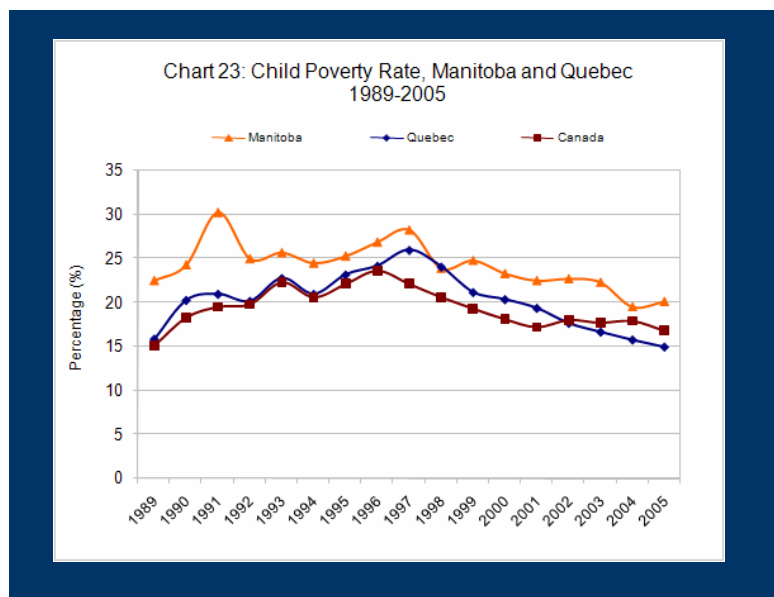
# Poverty reduction plans are essential

Poverty is a complex issue with no quick fix solutions. What we are learning is that the key to reducing poverty is having strong political leadership, a comprehensive plan with targets, timelines, monitoring, and budgetary measures, and involvement from a range of sectors such as government, business, community, labour, social services, education, health, and so on. We also know the path to poverty reduction is based on solid investments in the social safety net (including government transfers) and on public services like affordable housing and child care and not on tax cuts. As well, an adequate minimum wage must be set and labour standards must be effectively enforced.

Québec and Newfoundland and Labrador are the only two provinces in Canada with poverty reduction plans in place while Nova Scotia and Ontario are working on developing their strategies. With the United Way of Winnipeg serving as a catalyst for the Winnipeg Poverty Reduction Council and the three levels of government working jointly on developing plans to address homelessness, there is opportunity for Manitoba to follow the lead of the other provinces and create its own provincial poverty reduction plan in the 2008-09 provincial budget.

## Québec

Québec was the first province in Canada to develop a poverty reduction strategy. Its goal is for the province to achieve one of the lowest levels of poverty among industrialized societies by the year 2013. In 2002, their Anti-Poverty Law, Bill 112 The Act to Combat Poverty and Social Exclusion was unanimously adopted by their provincial Legislature. A five year Action Plan and budgetary measures were later announced in 2004. Key among these measures was a change to the provincial Income Assistance Act to emphasize incentives over coercion, implement indexation of benefits, and legislate increases to minimum wage. Since the Action Plan was released, the Province of Québec has issued two annual progress reports as part of their reporting requirements.



Historically, Québec's rate of child poverty has been below Manitoba's, but still above the national average. Québec has been demonstrating a clear trend of improvement with annual decreases in their child poverty rate since 1997. Since the Act was adopted in 2002, Québec has been below the national average every year (2003, 2004, and 2005).

## Newfoundland and Labrador

In 2006, Newfoundland and Labrador became the second province in Canada to release a poverty reduction strategy and action plan. After an election promise and a Speech from the Throne commitment, the Province undertook an extensive community consultation process to develop a comprehensive and integrated approach to reducing poverty and promoting social inclusion. The development of the plan was guided by the goal of changing Newfoundland and Labrador over a ten year period from the province with the highest poverty rate to the province with the lowest poverty rate.

The Poverty Reduction Plan was supported by the 2006/07 Budget which outlined 20 key initiatives in line with the objectives of the plan supported by an ongoing commitment of more than \$60 million annually to reduce poverty. This included a 5% increase to social assistance rates with indexation to the Consumer Price Index on a trial basis for six years and a significant increase to the minimum wage by in \$0.50 increments over two years to bring it to \$8.00/hour.



Historically, Newfoundland and Labrador and Manitoba have been the two provinces with the highest rates of child poverty in Canada. Since 1989 they have consistently been above the national average. While it is too early to comment on the full effects of the plan in Newfoundland and Labrador, future Report Cards will monitor this situation.

**Table 3: How does Manitoba Compare?**

<b>Child Poverty Indicators</b>	<b>Manitoba</b>	<b>Quebec</b>
Poverty Reduction Plan	No	Yes
<b>Highest Child Poverty Rate Provincial Ranking, 2005</b>		
Before Tax LICO	3rd	8th
After Tax LICO	2nd	8th
<b>Child Poverty Rate, 2005</b>		
Before Tax LICO	20.1%	15.0%
After Tax LICO	14.1%	9.6%
<b>Change in Child Poverty Rate as a Percentage of 2004 rate, 2004-2005</b>		
Before Tax	+3.0%	-5.1%
After Tax	+7.6%	-13.5%
<b>Change in Child Poverty Rate as a Percentage of 1980 rate, 1980-2005</b>		
Before Tax LICO	+6.4%	-23.9%
After Tax LICO	-12.4%	-13.5%
<b>Change in Child Poverty Rate as a Percentage of 2000 rate, 2000-2005</b>		
Before Tax LICO	-13.7%	-26.5%
After Tax LICO	-15.6%	-40.0%
<b>Average Depth of Poverty (Before Tax)</b>		
Two Parent Families	\$11,800	\$9,500
Female Lone Parent Families	\$8,500	\$8,000
<b>Government Transfers</b>		
Percentage of Children Prevented from Poverty as a result of Government Transfers	23.6%	49.3%

As can be seen from the table above, Québec outperforms Manitoba on a number of indicators related to child and family poverty. In particular, Quebec has been more successful than Manitoba in substantially reducing its rate of child poverty since 1980 and since 2000 on both the before tax and after-tax measures. A plan seems to be very worthwhile.

# Progress towards 2006 recommendations

**Table 4: City of Winnipeg Progress Toward 2006 Child and Family Poverty Report Card Recommendations**

Recommendations	Progress
Establish living wage by-laws to govern service contracting. This would legislate payment of a living wage as a criterion in selecting contractors.	NO ACTION
Ensure recreation is universally and locally available to children in low income families. High quality, accessible recreation can protect children against some effects of poverty.	DETERIORATION - Closure of Kelvin Community Centre in Elmwood despite strong community objection
Extend reduced fare transit passes to all low income residents.	DETERIORATION - Winnipeg Transit is set to increase regular cash fares to \$2.25 (a 12.5% increase) starting January 1, 2008, which will most significantly affect low income users of transit.

**Table 5: Province of Manitoba Progress Toward 2006 Child and Family Poverty Report Card Recommendations**

Recommendations	Progress
<b>Employment and Income Assistance</b>	
<p>Increase social assistance benefits immediately to at least the current value of 1992 levels and index to increases in the cost of living.</p> <p>Increase the shelter allowance component to reflect median rental rates in the local market.</p>	<p>VERY LIMITED PROGRESS - No increase to basic rates or shelter allowances and no indexation.</p> <p>Increase to the Income Assistance for Persons with Disabilities by \$25/month from \$80/month to \$105/month.</p> <p>Government introduced "Rewarding Work" initiative, which solely focuses on jobs and not on raising basic rates. Both are needed, not one or the other.</p>

Table 5 continued....

**Table 5: Province of Manitoba Progress Toward 2006 Child and Family Poverty Report Card Recommendations**

Recommendations	Progress
<b>Transit</b>	
Increase funding to municipal public transportation services to expand service, lower user fees, and extend reduced fares to all people with low incomes.	VERY LIMITED PROGRESS –Some investment under the Building Manitoba Fund.
Recommendations	Progress
<b>Labour Market Security</b>	
<p>Increase the minimum wage to a living wage of \$10 per hour in a predictable fashion over the next three years, and index it to the annual rate of inflation.</p> <p>Establish living wage legislation to govern service contracting. This would legislate payment of a living wage as a criterion in selecting contractors.</p> <p>As recommended by the Manitoba Community Low Wage Inquiry Panel in their 2005 report, Paid to be Poor, revise the Employment Standards Code to include: widening coverage, regulation of working hours for part time employees, requirement of supportive workplaces, increased use of company wide audits, and instituting meaningful penalties for employment standards violations.</p>	<p>SOME PROGRESS - Minimum wages were increased by \$0.40 in 2007 to \$8.00/hour. Not indexed to annual rate of inflation. Increase to \$8.50/hour in April 2008.</p> <p>NO ACTION</p> <p>NO ACTION - The Employment Standards Code Amendment Act went into effect in April 2007, but does not address concerns of the Manitoba Community Low Wage Inquiry Panel.</p>
Recommendations	Progress
<b>Affordable Housing</b>	
<p>Improve the condition of current social housing units.</p> <p>Support the creation of more social housing units.</p>	<p>NO PROGRESS</p> <p>NO PROGRESS</p>

Recommendations	Progress
<b>Income Supports</b>	
Convert the Child Related Income Supplement into an adequate income-tested subsidy for all low and moderate income families with children and coordinate it with the Canada Child Tax Benefit.	LIMITED PROGRESS - Manitoba Child Benefit to start in January 2008. Provides a maximum of \$35/month per child for low-income working families.
Recommendations	Progress
<b>Child Care</b>	
Eliminate the \$2.40 per child/day surcharge that centres are permitted to charge in addition to regular fees.	SOME PROGRESS - Reduction of the surcharge by 17% to \$2.00, but not a complete elimination of the surcharge.



# Recommendations

On the basis of these findings the Social Planning Council of Winnipeg wishes to make the following recommendations to all levels of government.

## Recommendations to Provincial Government

- \* Develop a comprehensive provincial poverty reduction strategy with goals, targets, timelines, and reporting requirements that would encompass initiatives in the area of child care, housing, labour market development, and income security and that would involve other levels of government and sectors, including business, labour, and community;
- \* Adopt provincial legislation to reduce poverty and social exclusion in Manitoba; and
- \* Establish and adopt an official poverty line for Manitoba, based on a legitimate measure, through consultation with stakeholders.

## Employment and Income Assistance

The Social Planning Council's "Raise the Rates" Campaign is calling for five changes to the Employment and Income Assistance Program:

- \* Raise the basic allowance rates immediately to 1992 levels (in 2007 constant dollars) for all categories of assistance and index annually to inflation. There is precedent. Newfoundland and Labrador have increased rates by 5% and indexed on a trial basis for a six year period;
- \* Increase shelter rates to reflect average rents in local housing markets and increase annually according to the Manitoba Rent Increase Guideline, which is set by the Province of Manitoba;
- \* Increase the earnings exemption so people can keep enough of their earned income to reach the poverty line;
- \* Stop taking child maintenance (child support) payments from lone parents and their children in the Employment and Income Assistance program; and
- \* Create and support a community-government initiative to review the EIA program and implement recommendations for reform.

## Labour Market

- \* Increase the minimum wage to \$10.65/hour in 2005 dollars and index to inflation as measured by the Consumer Price Index as is the case in Yukon, or adjust annually to the average weekly wage increases, as in Alberta beginning April of 2008;
- \* Establish living wage legislation to govern service contracting by government, cities, municipalities, hospitals and universities so contracts can only be awarded to companies paying a living wage to workers;
- \* The Manitoba Child Benefit, to come into effect in 2008, should be structured so that: limited and moderate income families are eligible for benefits; turnaround points, i.e. the point at which families are no longer eligible for benefits, are indexed to increases in the cost of living; and It is integrated with the Canada Child Tax Benefit, as is the case in other provinces.

## Housing

- \* Increase the number of units of affordable housing by increasing funding for public and private housing infrastructure. The target should be to create 1,000 new units of social housing per year for ten years across the province;
- \* Improve conditions in available housing by repairing Manitoba Housing units as well as available units in the private rental market; and
- \* Broaden eligibility for the Manitoba Shelter Benefit to include all participants in the Employment and Income Assistance and to assist more working poor families obtain affordable housing.

## Child Care

- \* Increase and expand the supply of child care spaces throughout the province, particularly for infants and for non-traditional hours;
- \* Increase the subsidy eligibility levels and indexing on a yearly basis; and
- \* Eliminate the \$2.00/child/day surcharge.

## Recommendations to the City of Winnipeg

- \* Ensure that all low income Manitobans, including participants in the Employment and Income Assistance program, have access to public transportation through the provision of free bus passes during off-peak hours, as in Brandon, or work with municipalities to offer a special low income rate, as in Calgary;
- \* Ensure recreation is universally and locally available to children in low income families. High quality, accessible recreation can protect children against some effects of poverty; and
- \* Establish living wage by-laws to govern service contracting. This would legislate payment of a living wage as a criterion in selecting contractors.

## Recommendations to the Government of Canada

We echo National Campaign 2000's call for all federal parties to set minimum targets of a 25% reduction in child poverty over the next five years, and a 50% reduction over 10 years.

- \* Increase the National Child Benefit Supplement to create a full child benefit for low income families of \$5,100 per child per year;
- \* Increase federal work tax credits to \$2,400 per year;
- \* Establish a federal minimum wage of \$10 per hour (in 2007 dollars);
- \* Restore broad eligibility for Employment Insurance;
- \* Invest major federal funding in social housing;
- \* Invest major federal funding in early learning and child care;
- \* Establish a basic income system for persons with disabilities; and
- \* Adopt specific poverty reduction targets, timelines, indicators for Aboriginal families with intergovernmental coordination and accountability to First Nations on reserves.

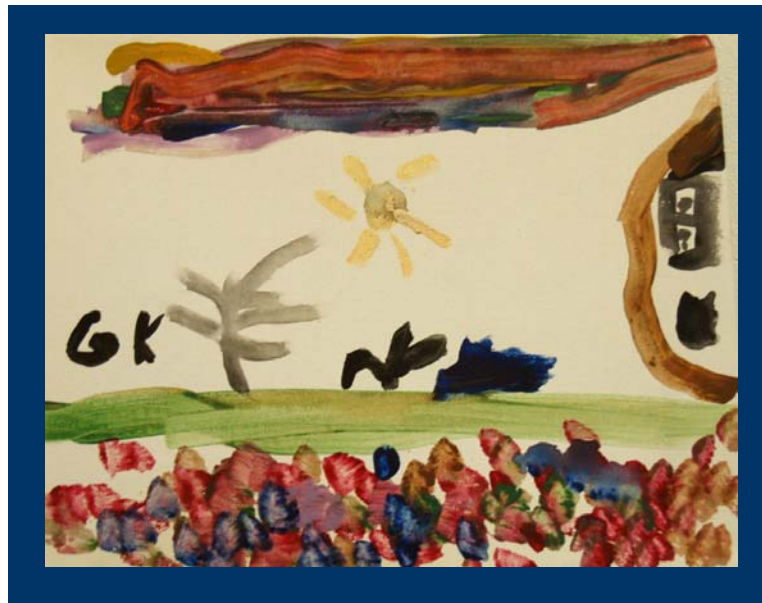
## APPENDIX: Measurement of Poverty in Canada

While there are a number of poverty measures, Canada does not have an official poverty line. In the absence of a definition, discussions about poverty in Canada too often become a debate about how it is measured or understood.

The Low Income Cut Off (LICO) is the measure most commonly used by those reporting on poverty in Canada. According to Statistics Canada, “a LICO is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family. The approach is essentially to estimate an income threshold at which families are expected to spend 20 percentage points more than the average family on food, shelter and clothing”. A family spending 20 percentage points more than the average would be in “straitened circumstances”.<sup>23</sup> There are thirty five low income cut offs in total, which vary by family and community size.

While Statistics Canada states that it is not a measure of poverty, but a measure of “straitened circumstances”, they do note that it is a consistent way of identifying those who are “substantially worse off than average”. Of all of Canada’s poverty measures, the LICO is available to capture and report on long term trends. As well as its availability, the LICO is clearly recommended by the fact that those children below it are more likely to suffer the known health, mental health, educational, occupational and social effects of poverty than those above it.

This report uses the Statistics Canada Pre-Tax Low Income Cut-Off (LICO) as opposed to the After Tax LICO, except where otherwise noted.

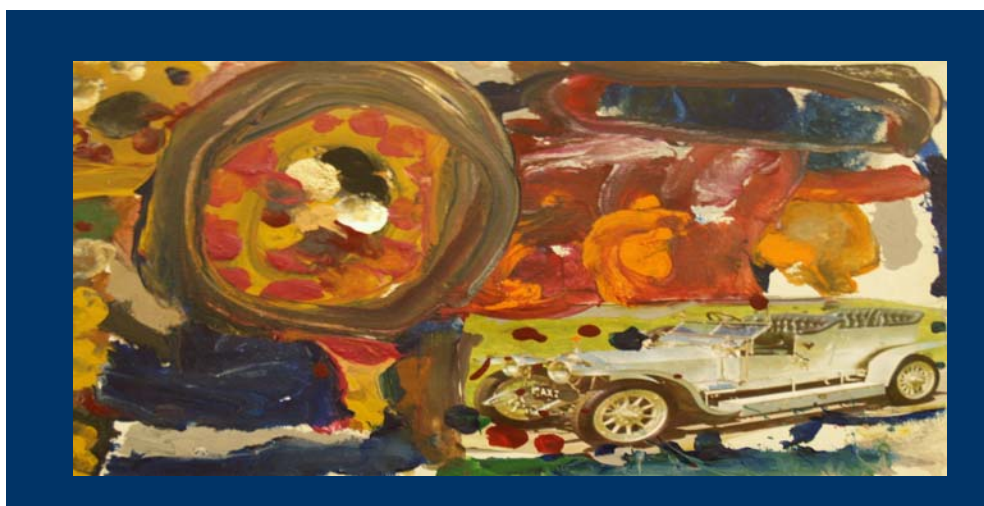


## Low Income Cut-Offs, 2005 Before Tax (1992 base)

Size of Family	Community Size				
	Rural Areas	Urban Areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
1 person	14,303	16,273	17,784	17,895	20,778
2 persons	17,807	20,257	22,139	22,276	25,867
3 persons	21,891	24,904	27,217	27,386	31,801
4 persons	26,579	30,238	33,046	33,251	38,610
5 persons	30,145	34,295	37,480	37,711	43,791
6 persons	33,999	38,679	42,271	42,533	49,389
7 or more persons	37,853	43,063	47,063	47,354	54,987

## Low Income Cut-Offs, 2005 After Tax (1992 base)

Size of Family	Community Size				
	Rural Areas	Urban Areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
1 person	11,264	12,890	14,380	14,562	17,219
2 persons	13,709	15,690	17,502	17,723	20,956
3 persons	17,071	19,535	21,794	22,069	26,095
4 persons	21,296	24,373	27,190	27,532	32,556
5 persons	24,251	27,754	30,962	31,351	37,071
6 persons	26,895	30,780	34,338	34,769	41,113
7 or more persons	29,539	33,806	37,713	38,187	45,155



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