

Improving the lives of Manitobans living in deep poverty

Written submission for the Manitoba pre-budget consultations in advance of the 2023 provincial budget

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Introduction

At Maytree, we believe that the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are protected, respected, and fulfilled for everyone in Canada. Maytree's submission is focused on ensuring that the Manitoba government takes action to strengthen the province's social safety net so that those living in deep poverty can live a life with dignity.

To this end, Maytree recommends that the Manitoba government:

1. Increase benefit amounts for people receiving social assistance.
2. Index basic social assistance and other income support benefits and tax credits.
3. Increase and index earning exemption amounts for social assistance recipients.
4. Transform part of the Canada Workers Benefit (CWB) into the proposed Canada Working-Age Supplement (CWAS).

The following provides the evidence and context behind our recommendations.

Recommendations

1. Increase benefit amounts for people receiving social assistance in Manitoba.

Maytree's annual *Welfare in Canada* report¹ shows that in 2021 households in Manitoba had very low welfare incomes.² The following provides the total welfare incomes of four household types in Manitoba in 2021:

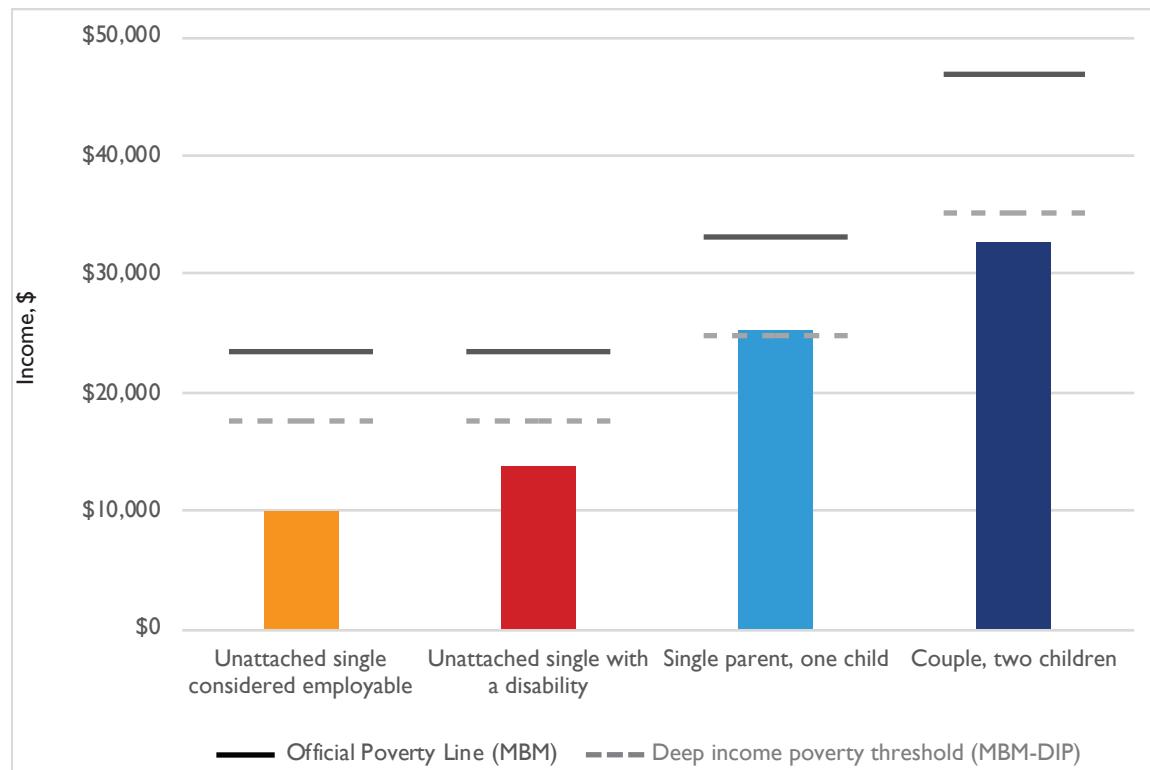
- Unattached singles considered employable had a total welfare income of \$9,922;
- Unattached singles with a disability had a total welfare income of \$13,685;
- Single parents with one child had a total welfare income of \$25,238; and
- Couples with two children had a total welfare income of \$32,621.

It is also important to assess the adequacy of welfare incomes. As such, we compare them to Canada's Official Poverty Line (the Market Basket Measure, or MBM), and the deep income poverty threshold (which is 75 per cent of the MBM). Because the MBM is regional, we use the threshold for Manitoba's largest city, Winnipeg.

¹ Laidley, Jennefer and Mohy Tabbara. (November 2022). "Welfare in Canada, 2021." *Maytree*. Accessed at: <https://maytree.com/welfare-in-canada/>

² Welfare incomes include social assistance amounts, benefits, and refundable tax credits.

Figure – Manitoba welfare incomes relative to two poverty thresholds, 2021



Note: All households are receiving social assistance for the first time in 2021 and are assumed to have received it for the entire 2021 calendar year. They are also assumed to not have employment income.

Living below 75 per cent of the Official Poverty Line means that a person can no longer cover the basic necessities of life such as food and shelter.

As can be seen in the figure above, unattached singles—whether they have a disability or not—lived in deep income poverty in 2021. Unattached singles with a disability had a welfare income that reached 58 per cent of the Official Poverty Line and 78 per cent of the deep income poverty threshold. Unattached singles considered employable had welfare income that reached only 42 per cent of the Official Poverty Line and 56 per cent of the deep income poverty threshold.

Only single parents with one child had a welfare income above the deep income poverty threshold and at 76 per cent of the Official Poverty Line. Couples with two children are at 93 per cent of the deep income poverty threshold and 70 per cent of the Official Poverty Line.

While welfare incomes in Manitoba had increased slightly in 2020, they decreased again in 2021 after pandemic-related payments were phased out. The November 2022 increases to the Basic Necessities amount for unattached singles considered

employable (\$50 per month) and unattached singles with a disability (\$25 per month) are a step in the right direction but remain insufficient to make welfare incomes adequate in Manitoba.

Given the depth of poverty people receiving social assistance experience, we strongly recommend that the government of Manitoba make significant increases to social assistance benefits for all recipients. This will reduce the depth of poverty in Manitoba and ensure that all Manitobans can live a life of dignity.

2. Index basic social assistance and other income support benefits and tax credits.

In conjunction with our recommendation to increase social assistance benefits in Manitoba, we also recommend that the government index them and other income support benefits and tax credits to inflation.

The significant increase to the cost of living in the last two years due to high inflation has reduced people's ability to pay for necessities, and this is especially so for people living in poverty.

While Manitoba's shelter benefits—delivered through Manitoba's Rent Assist program—are indexed to increases in median rents, the value of other income benefits will erode over time if they are not indexed.

In jurisdictions where social assistance and other income supports are indexed to inflation, the impact of high inflation on the quality life of people receiving social assistance has been mitigated. But in jurisdictions without indexation, recipients have been finding themselves even worse off.

Social assistance benefits in Quebec and the Yukon have been indexed to inflation for several years. Furthermore, high inflation in recent years has led Alberta, New Brunswick, and Ontario (for Ontario Disability Support Program recipients) to also index social assistance benefits.

We recommend that Manitoba follow suit and move to index basic social assistance benefits—along with other income supports—to inflation.

3. Increase and index earnings exemptions.

Currently, people receiving social assistance and working in Manitoba will have their social assistance benefits clawed back by 30 cents for every dollar of earnings, after a \$200/month threshold in net earnings is achieved.

While the intention of these earnings exemptions is to help people receiving social assistance keep more of what they earn, they are currently restrictive and can be improved. For example, while the phase-out rate is among the more generous in Canada (the 30 per cent claw-back), the \$200/month earnings exemption threshold (the net earnings level at which claw-backs begin) is reached with less than 15 hours of minimum wage work per month. Increases to the earnings exemption threshold will help people improve their overall incomes and reduce disincentives to employment.

To help ensure that the earnings exemption threshold maintains its value over time, we also recommend that Manitoba consider indexing it.

4. Transform part of the Canada Workers Benefit (CWB) into the proposed Canada Working-Age Supplement (CWAS).

Working-age singles without children face the highest and deepest rates of poverty in Canada. To address this, Maytree and Community Food Centres of Canada (CFCC) released a report proposing the development of the Canada Working-Age Supplement (CWAS).³ The report outlines how the federal government could enhance the Canada Workers Benefit (CWB) and transform it into the CWAS, so that the federal government could better support working-age singles without labour market attachment and living in deep poverty.

Advocacy from provincial and territorial governments, including Manitoba, is needed to encourage the federal government to implement the CWAS. At the same time, all provinces and territories have the option to enhance the CWB themselves to address their jurisdictions' own needs, and we recommend to not wait for federal leadership to better support working-age singles living in deep poverty.

The enhancement of the CWB into the CWAS would only impact the portion of the CWB targeted to unattached singles and would be further refined to target those who are of working age. Unattached working-age singles represented half of the

³ For more details on the proposal, see: Talwar Kapoor, Garima et al. (2022). “How to reduce the depth of single adult poverty in Canada: Proposal for a Canada Working-Age Supplement.” *Maytree and Community Food Centres Canada*. Accessed at: <https://maytree.com/wp-content/uploads/canada-working-age-supplement-report.pdf>

98,000 working-age people living in poverty in Manitoba⁴ in 2019, and the CWAS would reduce their depth of poverty.

Implementing the CWAS would require the following parameter changes to the CWB:

- Adding a floor benefit of \$3,000, which would be provided to those with very little or no employment income. This change is in contrast to the current CWB design, where people need \$3,000 or more in earnings to receive the benefit.
- An employment boost—that is, a benefit that is phased in as earnings increase—of up to \$1,000.
- A maximum benefit amount of up to \$4,000 per year, combining the floor benefit and the employment boost. This maximum is much higher compared to the current CWB maximum benefit of \$1,395 for single adults.
- A broader reach, meaning that benefits would continue to be provided to those with low and moderate earnings until adjusted family net income reaches \$49,611, compared to the current threshold of \$32,244.

The CWAS would largely mirror the current structure of the CWB—that is, the personal income tax system would be used for assessment and delivery, and the benefit would be indexed to inflation to protect its value over time.

Implementing the CWAS would markedly improve the quality of life of unattached working-age singles in Manitoba. Notably:

- Welfare incomes of social assistance recipients would increase by up to 30 per cent;
- Many part-time minimum wage workers would no longer live in deep poverty; and
- Many full-time minimum wage workers would live above the Official Poverty Line.

Maytree thanks you for the opportunity to provide input on the 2023 budget. We welcome any questions or comments you may have on our recommendations.

⁴ Statistics Canada. (March 2022). “Low income statistics by age, sex and economic family type.” Accessed at: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>