



2006

2006 MANITOBA
ALTERNATIVE PROVINCIAL
BUDGET

Investing in
Tomorrow, *Today*



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
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V Income — a new deal for the poorest of the poor

Who are the poorest?

Among the poorest of the poor in Manitoba are those individuals and families who are dependent on social assistance for their daily needs.

Statistics on the numbers of persons on social assistance as of March 31, 2004 confirm that the vast majority of adults are persons with disabilities (53%), sole-support parents who are primarily women (29%), and the unemployed (17%) — people who are classified as “able-bodied” but are often otherwise disadvantaged or handicapped in the labour market to such an extent that they may be unemployable.

In recent years the number of cases of social assistance has averaged around 32,000, the number of recipients about 59,000. In 2004, 34,100 adults (18,900 single adults, 10,300 single parents, 2,900 couples with dependents and 1,900 couples with no dependents) and 24,300 children (84% living in single-parent households) received benefits.

People in receipt of Social Assistance are poor. Poverty has both life-long and intergenerational effects. Poor parents have poor children. Poor people are more likely to be sick and are over-represented in the costly justice system. Poverty is also self-perpetuating. Poor people are less likely to access post-secondary schooling and other training and less able to access childcare opportunities — services which might help to lift them out of poverty. As long as they remain poor, they contribute fewer taxes to the provincial revenue. Higher incomes mean more taxes paid to government. But more importantly, lifting people out of poverty means that there will be

more resources available to spend on programs such as health, education, culture etc.

There have been some recent improvements in the situation of individuals and families on social assistance through an end to the claw backs of child and other benefits (that were initiated by Progressive Conservative governments) and the introduction of special programs aimed at improving conditions for children in welfare-dependent families. These programs, however, do not benefit men and women who have no children.

The benefits received by individuals and families consist of: basic assistance (food, clothing, personal and household needs); shelter allowances (which are based on the number of persons); health services (including essential drugs, dentist services and optical supplies); and an allowance to cover the cost of school supplies for children. As well, for some purposes individuals receive transportation allowances.

For too long, shelter allowances for many social assistance recipients have been frozen while rents have been increasing and basic assistance has been subject to strict controls. A recent review of rent payments by social assistance recipients in Brandon in June 2005 revealed that 378 or 60.7% of the 623 renters in the private sector were paying rents greater than the Employment and Income Assistance (EIA) shelter allowance guidelines. Of the 378 involving excess rents, 167 (44.2%) were paying \$1–\$60 more, 89 (23.5%) were paying \$61–\$100 more, and 122 (32.3%) were paying \$100 or more. The last review was done in March 2000. At that time, 296 cases were paying rents in excess of the allowances, 56 of them excess rents greater than \$100. The increases in the number paying excess rents and the number paying excess rents greater than \$100 are 28% and 118% respectively.

Addressing the problem

To cover excess rent, social assistance recipients must divert resources from their allocations for necessities, particularly food. This situation must not be allowed to persist. We intend to adjust shelter allowances and basic assistance paid to social assistance recipients to bring them into line with the impact of inflation since 1998. Since inflation has increased by roughly 15% since 1998, these allowances would be adjusted by this amount at a **cost of approximately \$22 million** in 2006.

As well, we will expand the services available to permit social assistance recipients (adults and children) to use the public transit system and to provide individuals and families with basic phone services within their area of residence (that area for which there are no longer distance charges). These services are required to allow social assistance recipients to participate fully in community life including improving their capacity to seek and find work. The APB will allocate **\$4.5 million to provide EIA clients with basic phone service and \$1,000,000 per year for peak hour bus passes emulating the arrangement currently in place in Brandon.**

In addition to the upgrades in allowances, we would provide inducements for individuals to augment their incomes through employment, including self-employment, by increasing the base monthly exemption to 2 times the current rent and allowing retention of 50% of the net remainder. Under this structure a single parent without disabilities would be able to earn \$230 per month and retain 50 cents of each additional dollar earned.

Finally, we propose to undertake immediately a review of the obstacles that prevent social assistance recipients from finding jobs and/or other opportunities that will allow them to earn a living wage and improve the material conditions of their families. At the same time we will review the allowance structure for children attending school with a view to making whatever adjustments are required to allow them to participate fully in school activities — including band, athletics, etc.

These initiatives will help to create an inclusive society in which all members share in the benefits of economic progress.

Total spending changes	\$27.5 million
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