



WINNIPEG CHAMBER OF COMMERCE

Submission to the Province of Manitoba on a new Poverty Reduction Strategy
As approved by the Board of Directors: March 22, 2018

ABOUT THE WINNIPEG CHAMBER

Founded in 1873, The Chamber is Winnipeg's largest business organization, dedicated to fostering an environment in which business, and all Manitobans, can prosper. The Chamber's vision is for Winnipeg to be a competitive, technologically innovative city with a skilled labour force and modern infrastructure to support existing and emerging industries, and a city with a bright future

Through its membership, The Chamber feels it can identify and provide valuable insight into currently held perceptions and concerns for Manitoba's future, as well as potential solutions. We are therefore pleased to present this submission on behalf of our 2,100 member companies that employ over 90,000 men and women in the City of Winnipeg.

INTRODUCTION

Ending poverty is an important issue to the business community. The most recent Manitoba Child and Family Report Card showed that 1 in 3.7 Manitoba children live in poverty. This is an improvement over 2016, however the child poverty rate still remains higher than it was in 1989.¹

Poverty reduction is an issue that requires a high level of coordination and collaboration between multiple stakeholders. The Winnipeg Chamber of Commerce has long been involved with the Winnipeg Poverty Reduction Council, a United Way initiative that brings together business, labour, non-profits, academia and government together to reduce poverty in the city. Inside government, reducing poverty will require significant inter-departmental collaboration and coordination.

The Winnipeg Chamber of Commerce is encouraged that the province is embarking on the development of a new poverty reduction strategy, and have structured our submission to consider the five key areas as outlined by the province.

¹ *Manitoba Child and Family Report Card 2017*. November 21, 2017. https://campaign2000.ca/wp-content/uploads/2017/11/2017-MB_ChildFamilyPovReportCard_FINAL.pdf

EMPLOYMENT

The Winnipeg Chamber of Commerce strongly believes that this should be the primary focus of the poverty reduction strategy, as a job is the best way out of poverty.

The Chamber is encouraged by the province's recent commitment to develop a new approach to economic growth. For too long economic development in Manitoba has been done in an ad-hoc manner. A coherent vision and strategy is urgently needed, and its development and rollout should be a top provincial priority. Economic growth pays for our social services, and getting Manitoba on a higher growth path is essential to our future prosperity.

The economic growth strategy needs to be tied to concrete metrics, so it can be measured to ensure it is delivering real results for Manitobans. These metrics should include some related to poverty reduction, such as labour force participation rate and household income.

The focus needs to be not only one creating more jobs, but on creating higher paying ones. Results from the 2016 Census showed median household income in Manitoba was \$68,147 in 2015, worst amongst all provinces west of Quebec. ² The best way of eliminating poverty in our province is the creation of more good, high-paying jobs.

Median Household Income 2015					
Manitoba	Saskatchewan	Alberta	British Columbia	Ontario	Canada
\$68,147	\$75,412	\$93,835	\$69,995	\$74,287	\$70,336

With almost 500,000 households in Manitoba, raising the median household income to the national average would constitute an income increase of over \$1 billion in Manitoba.

We encourage the provincial government as well to move forward with the next phase of the Manitoba Social Enterprise Strategy. Social enterprise has shown an ability in the past to help previously difficult to employ individuals enter the workforce.

In a February 27, 2017 *Winnipeg Free Press* editorial, local social enterprise pioneer Shaun Loney articulates the transformative power of social enterprise in the fight against poverty:

"The social enterprise sector receives \$6 million annually from Manitoba Housing to deliver programming and support, generating an economic return of \$1.70 for each dollar of public support...Manitoba's social enterprise community has offered to partner with the government to increase jobs fivefold, reaching 1,000 within just five years. This strategy would dramatically lower costs in many areas of government, most notably justice and social assistance."

² *Household Income in Canada: Key results from the 2016 Census*. Statistics Canada. September 13, 2017. <https://www.statcan.gc.ca/daily-quotidien/170913/dq170913a-eng.htm>

Recent provincial announcements around modernizing our criminal justice system are encouraging, especially around “responsibly reintegrating offenders back into society”.³ Reducing recidivism not only saves money, but also increases economic output by having those individuals participate in the economy. Many offenders don’t have a driver’s license or social insurance number, things most of us take for granted. However a driver’s license and social insurance number are often pre-requisites for any job, and part of the provincial re-integration plan should include measures to help those offenders acquire those documents.

The social enterprise sector has experience in this area, and have helped many offenders reintegrate back into society and the economy. The social enterprise sector’s expertise and knowledge should be looked to as the government continues to reform the justice system. As the Macdonald-Laurier Institute has ranked our justice system as the worst amongst provinces for each of the past two years, there is definitely room for improvement and innovation with other partners.

In addition the provincial government should explore innovation in their procurement practices. As a large purchaser of goods and services, provincial procurement should place a greater focus on maximizing local benefits, instead of always defaulting to the lowest bid. A greater focus on quality and social based procurement will produce spin-off economic benefits that will help decrease unemployment and increase local knowledge and expertise.

EDUCATION AND TRAINING

A good education can help people climb out of poverty, and we have a long ways to go in Manitoba. The most recent Program for International Student Assessment showed Manitoba 15 year old students were a year behind top performing provinces when it comes to reading and science, and more than half a year behind when it comes to math. This problem exists for younger ages as well, where some data has shown 77% of kindergartners aren’t ready for Gr.1 literacy and numeracy criteria. Over 10% of our population hasn’t finished high school in Manitoba, above the Canadian average and the highest amongst all provinces west of Quebec. We also fall below the Canadian average when it comes to the percentage of the population with college and university degrees.⁴

The Winnipeg Chamber is pleased the province has started to take some steps to revamp things. In *Manitoba BOLD* The Chamber advocated to a curriculum review with a goal to have our students rank amongst the top three in Canada in regards to reading, math and science skills by 2021. The Summit on Literacy and Numeracy held in January 2018 was a positive first step towards revamping our curriculum. While our high school graduation rates have increased over the past several years, that means nothing if our students are still struggling to read and write.

Not only is an improved curriculum important, but it is also important that students have the tools necessary to succeed. One way to do this is through increasing breakfast and lunch programs at schools starting in lower income areas.

³ MANITOBA GOVERNMENT ANNOUNCES CRIMINAL JUSTICE SYSTEM MODERNIZATION STRATEGY. Government of Manitoba. March 9, 2018. <https://news.gov.mb.ca/news/index.html?item=43302&posted=2018-03-09>

⁴ Education Indicators in Canada: An International Perspective 2017. Statistics Canada. <http://www.statcan.gc.ca/pub/81-604-x/2017001/ch/cha-eng.htm>

A Toronto study of 6,000 students in a breakfast program in a high poverty showed that almost 80% of students who had breakfast most days were on track for graduation, as compared to 60% for those that didn't have breakfast.⁵ Schools in the poorest neighborhoods of our province should be the first focus of such programs.

In regards to preparedness for school, the current competition looking for inexpensive ideas to improve early childhood education on a wide scale is a step in the right direction. By partnering with the private sector and others, innovative solutions can be developed to address not only that issue, but other ones our province faces.

Education is usually seen as the means to a good job, instead of the possibility that students can create jobs for themselves and others through starting their own business. We have seen a marked decline in business starts over the past several decades in Canada, which is concerning.⁶ As 90% of all job creation comes from small businesses, less companies starting up should be of concern to all of us. The provincial government can help encourage entrepreneurship in our education system by:

- Establishing entrepreneurial education as required curriculum in Grades 7-8, equivalent to current mandatory subjects. Establish requirements to complete an entrepreneurial/start your own business course while in Grades 9-12.
- Implement bring your teacher to work day as part of teachers professional development. These would resemble take your kids to work days, but would be teachers going out and spending a day learning and meeting with local entrepreneurs and business owners.

Improving access to post-secondary education for students from low-income households. By re-profiling the Manitoba Scholarship and Bursary Initiative and increasing investment by \$14 million a year to meet the expected demand increase, Manitoba could offer significant tuition reductions to students from Manitoba families earning less than \$70,000 a year.⁷ This would make very significant tuition support available for more than half of Manitoba families, by re-profiling an existing program, and increase investments by *less than 0.1%* of all provincial spending.

College and university graduates have shown to experience much higher incomes throughout their lifetimes. A recent Statistics Canada study showed that over a 20 year period those with a bachelor's degree earned over 85% more than those with a high school education. Those with a college certificate earned over 30% more.⁸

Lowering barriers to accessing our post-secondary institutions will increase enrollment rates, and it is important that schools have the capacity to adjust to meet that demand.

⁵ *Feeding Our Future Program: Enhancing Student Success and Well-Being*. Easwaramoorthy Muthuswamy. Toronto District School Board, 2011.

<http://www.tdsb.on.ca/Portals/research/docs/reports/RTFeedingOurFuture13Dec11.pdf>

⁶ *Seeking Gazelles in Polar Bear Country*. Remarks by Bank of Canada Deputy Governor Sylvain Leduc. October 3, 2017. <https://www.bankofcanada.ca/wp-content/uploads/2017/10/remarks-031017.pdf>

⁷ *Post-Secondary Education in Manitoba: A Blueprint for Opportunity and Growth*. Usher, Alex. Higher Education Strategy Associates. January 31, 2017. <http://higheredstrategy.com/wp-content/uploads/2017/02/Post-Secondary-Education-in-Manitoba-WEB.pdf>

⁸ *The Cumulative Earnings of Postsecondary Graduates Over 20 Years: Results by Field of Study*. Marc Frenette and Yuri Ostrovsky. <https://www.statcan.gc.ca/pub/11-626-x/11-626-x2014040-eng.htm>

Demand exceeds capacity for many strong programs already, and too often young Manitoba students head elsewhere to study. Capacity issues in high demand courses with strong career outcomes need to be addressed.

In addition schools need to be given greater flexibility so they can adjust their courses and offerings to meet market demand for them. Training dollars need to be focused into areas of greatest need for our economy. Labour market information exists which shows us the areas of greatest need, yet our educational offerings are not focused enough to meet those gaps. More graduates is a desirable outcome, however those graduates should be trained in areas of greatest need for our economy. In addition it is essential that students possess a good understanding of the job demands they are training for.

High paying jobs are being left unfilled as there aren't workers with the proper skills and aptitude to fill them. As well some may not even know those jobs are available. The provincial government should establish a user friendly online job bank that goes beyond just government jobs. British Columbia has one of these in place, as their job bank includes private sector jobs from across the province. Currently on the British Columbia job bank website there is information on over 20,000 jobs available in the province.

Our rapidly changing economy necessitates the need for a greater focus on worker retraining, and offering short term courses. If workers don't have access to quick job retraining and reskilling programs, they will get left behind. This will require shifts in our post-secondary offerings, as there will be increasing demand for more flexible, modular courses and leveraging technology.

The usage of automation and artificial intelligence is only going to increase in our economy and society. Our labour force needs to be equipped with the skills necessary to meet the demands of these higher-tech jobs. Companies are still going to need workers, but more and more those workers will be needed in more high-skilled technical areas, continuing trends we have seen over the past several decades.

EVERDAY LIVING

As defined in the consultation outline, everyday living refers to the basics to support a modest standard of living. One way government can approach this problem is through further study of a guaranteed annual income, or a minimum income.

While models vary, the basic premise is that cash benefits are given to lower income individuals, and are clawed back as incomes rise. This should provide everyone with at least some of income to cover the basic necessities.

Minimum income supports the concept that all work has value, including non-paid work. Examples of non-paid work would be volunteering in the community or working in the home supporting family members. People have been taking on those roles without pay and some may think their work doesn't have or create any value. Yet without those volunteers and homemakers, our society would suffer greatly. Earning an income increases an individual's feeling of personal worth and value, which is invaluable.

The Winnipeg Chamber of Commerce recommends the Province of Manitoba conduct a new, five-year minimum income pilot project modelled after the one conducted in Dauphin from 1974-1979. While some may be tempted to look at the results from studies in other jurisdictions, it is important to do a “made-in-Manitoba” study first, to best capture the local realities of such a minimum income program. The study should evaluate social outcomes, workforce participation rates, and the possibility of reducing the administrative burden of current programming.

A minimum income could also help eliminate the “welfare wall”, the disincentives to work created by our social assistance and personal income tax system. A prime example is that the marginal effective tax rate for a dual-income family of four peaks at between \$35,000 and \$50,000 of income, at a rate of over 50%.⁹

Transportation is another important component. If people cannot get to work or to buy groceries in a safe and efficient manner, they will continue to experience poverty. While a municipal responsibility, we encourage the City of Winnipeg to undertake a review of our transit network. From 1999 to 2012, Houston Metro saw a 20% decrease in ridership. After reviewing and changing their routes, they recently saw an almost 7% increase in ridership.¹⁰ Such a review of routes is urgently needed in Winnipeg, as some routes are experiencing ridership as low as one rider a day. It is encouraging to see the City of Winnipeg start to study the potential of income-testing for transit passes. Ottawa and Calgary already do this, with cheaper fares for lower-income riders.

HEALTH AND WELL-BEING

Low-income individuals and those struggling in poverty have poorer health outcomes than the rest of the population. Data from the Winnipeg Regional Health Authority shows that people living in some areas of the city have an almost two decade shorter life expectancy than those in other areas of the city. Raising income levels will improve health outcomes for all.

It is encouraging to see that the Province of Manitoba is working on a new mental health and addictions strategy. Those living in poverty often suffer from mental health and various addictions issue. The new provincial strategy should ensure there are targeted supports and services for those living in poverty.

SENSE OF BELONGING

Many low-income Manitobans feel left out of that greater community, and sense of place. A lot of this is due to instability in their living situations. As a recent Mowat Centre report stated:

The inability to access stable, adequate, and affordable housing is a significant obstacle to the well-being of many Canadians. It has been linked to poor health, educational, and economic outcomes.

⁹ *Two-Parent Families with Children: How Effective Tax Rates Affect Work Decisions.* Alexandre Laurin. C.D Howe Institute. January 9, 2018.

https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/METRs%20for%20Families%20E-Brief.pdf

¹⁰ *Bus Network Redesigns Are the 'Hottest Trend in Transit.* Daniel C. Vock. September 18, 2017.

<http://www.govtech.com/fs/Bus-Network-Redesigns-are-the-Hottest-Trend-in-Transit.html>

Good housing policy is critical to supporting government investments in the labour market, education, and health care, and can decrease downstream costs in other program areas, such as the criminal justice system.¹¹

The Winnipeg Chamber encourages the Province of Manitoba to follow the goals and strategies outlined in the Winnipeg Poverty Reduction Council's Plan to End Homelessness in Winnipeg, but on a provincial scale. Essential to this is moving towards a housing first model, which will bring both economic and social benefits. The housing first model is based on the fact that permanent housing is an individual's primary need, and getting them safely housed first is the primary goal.

Alberta estimates that moving the 11,000 homeless individuals and families there into housing will cost \$3.316 billion over 10 years. While that is a significant number, that has to be compared to the cost of maintaining the status quo which would be \$6.65 billion. Without proper housing, it becomes much more difficult to deliver services, which increases delivery costs. The costs of providing services to a chronically homeless individuals can be over \$100,000 a year. If they are housed, those costs drop by around 70%.¹²

The provincial government should look at how to best align and collaborate with the federal National Housing Strategy. The federal strategy has a goal to lift over half a million Canadian families out of housing need, and to build 100,000 new affordable housing units. Based on Manitoba's population, our share would be around 3,000 housing units over the 10 year timeframe of the strategy. As the Manitoba Housing Renewal Corporation built just over 250 units last year, this could effectively double the affordable housing construction pace in Manitoba over the next decade.¹³

The development and homebuilding industries have the expertise and resources to build units at a faster pace than the public and non-profit sectors. However in order to do so the proper conditions need to be in place for them to make those investments. Through regulatory measures such as reducing permit wait timelines and re-evaluating zoning by-laws government can make these investments much more attractive. Tax amendments, further reducing or waiving fees for affordable housing, and streamlining the development process could all help further private sector involvement. In addition government should explore the possibility of pension plans, REIT's and the social enterprise sector becoming further involved in the funding and possible provision of affordable housing.¹⁴

Recent immigrants to Canada also experience higher levels of poverty. Less than half of recent immigrant youths are employed in Canada.¹⁵

¹¹ *Building Blocks The Case for Federal Investment in Social and Affordable Housing in Ontario*. Noah Zon, Melissa Molson and Matthias Oschinski. Mowat Centre. September 2014. https://mowatcentre.ca/wp-content/uploads/publications/98_building_blocks.pdf

¹² *A Plan for Alberta: Ending Homelessness in 10 Years*. The Alberta Secretariat For Action on Homelessness. October 2008. http://www.humanservices.alberta.ca/documents/PlanForAB_Secretariat_final.pdf

¹³ *Manitoba Families Annual Report 2016-2017*. September 2017. https://www.gov.mb.ca/fs/about/pubs/fsar_2016-17.pdf

¹⁴ *An Untapped Resource: Encouraging Private Sector Engagement In Affordable Housing*. Winter, Melissa. University of Calgary. December 2007. <https://www.ucalgary.ca/cities/files/cities/PrivateSectorEngagementAffordableHousing.pdf>

¹⁵ *Understanding the Realities of Youth Unemployment in Canada*. Government of Canada. 2016. [file://wccs03/users\\$/Redirected/mjuce/Downloads/Youth_Employment_Panel_-_Interim_Report_EN.pdf](file://wccs03/users$/Redirected/mjuce/Downloads/Youth_Employment_Panel_-_Interim_Report_EN.pdf)

With an aging labour force, it is imperative that we better integrate these young newcomers into the labour market. The Winnipeg Chamber of Commerce is a strong supporter of increased immigration levels, but it is imperative that all three levels of government work together to ensure new immigrants don't fall through the cracks. With immigration levels to Canada increasing over the next three years, it is imperative that resources and supports be in place for all immigrants, with a strong focus on improving employment and entrepreneurial outcomes.

INDIGENOUS

Recent 2016 Census Data shows almost 18% of Manitoba's population identifies as aboriginal, the highest rate amongst all provinces. Across Canada the aboriginal population is growing close to four times faster than the rest of Canada's population, and the average age of the aboriginal population is close to ten years younger than the Canadian average.

Unfortunately the median personal incomes for aboriginal people is over 25% less than that of other Canadians, equivalent to almost \$10,000 per person. Nearly one quarter of aboriginal Canadians have incomes below the poverty line, and the situation is even worse on reserve. Over 80% of reserves have median incomes below the poverty line in Canada.¹⁶

The large and rapidly growing indigenous population is overrepresented amongst those living in poverty, which is why it merits its own section in our submission. We recommend the provincial poverty reduction strategy also include a specific indigenous component as well. Similar to the employment section of this document, the best way to reduce aboriginal poverty rates is through improving employment and entrepreneurship outcomes. The Winnipeg Chamber of Commerce recommends several actions to support economic reconciliation via:

- Working in collaboration with Treaty Land Entitlement (TLE) First Nations, the federal government and relevant municipal governments, support the creation of an urban economic development zone at Kapyong Barracks and fulfilment of all Treaty Land Entitlements in Manitoba.
- Create an Aboriginal business incubator where participants are mentored by other like-valued individuals to provide participants with structured supports. Such incubators exist in other countries such as Australia, and could be looked at as a potential model for a Manitoba one.
- Increase the availability of entrepreneurship training programs aimed specifically at indigenous entrepreneurs which support cultural needs, with the support of appropriately qualified indigenous mentors.
- Develop an investment seed fund for aboriginal entrepreneurs featuring part long-term loan and part grant options, which would need to be paid back into the fund for the future.
- Help facilitate indigenous business connections to foreign indigenous business communities through trade missions specifically focused on indigenous business development. These missions should be targeted at the US, Australia, New Zealand, Latin America and other regions with sizable indigenous populations.

¹⁶ 2016 Census topic: *Aboriginal peoples*. Statistics Canada. Last updated January 19, 2018. <http://www12.statcan.gc.ca/census-recensement/2016/rt-td/ap-pa-eng.cfm>

- Tailor existing provincial programming around promoting organizational capacity for businesses to incorporate human resource strategies that accommodate the integration of First Nations, Metis and Inuit populations into their workplace. These programming changes would require assessing what gaps exist, and identifying supports. A potential model could be mirroring work done with companies to accommodate new Canadians, but of course with different content.
- Continue in the development of a new Manitoba Indigenous Tourism Strategy. Tourism in general is a rapidly growing industry, but especially when it comes to aboriginal tourism. Our local industry has great potential, and the new strategy should be created in consultation with indigenous leaders from across Manitoba.
- Support opportunities for Aboriginal peoples to participate more fully in the economic benefits from resource development projects, such as:
 - Support prospector training initiatives in northern and First Nation communities; and
 - Support mineral exploration finance initiatives for First Nation companies and for companies operating in remote regions.

Those resource development components will hopefully be captured in the development of the new mineral development protocol, a process being co-chaired by Chief Ron Evans and Jim Downey. It is encouraging to see the province's commitment to develop a new duty to consult framework for required and meaningful consultation on Aboriginal and Treaty Rights. A new framework will lead to increased certainty for all parties involved in development projects.

The Winnipeg Chamber of Commerce also encourage the provincial government to continue to work with the federal government on improving on-reserve living conditions in Manitoba. There is a dire need to improve infrastructure in several areas, particularly housing and water and waste related infrastructure. The recent investments into improving broadband were welcome, but basic infrastructure investments into those communities is also desperately needed.

CONCLUSION

A poverty reduction strategy can't be done in isolation by the public sector. Delivering on the strategy can't be done in isolation, but should include the private and non-profit sectors to increase innovation. The strategy should be focused on increasing outcomes and results, not increasing inputs and outputs.

It is imperative that the new strategy remains focused, and not become amorphous. The Province has limited resources at its disposal, and they need to continue use them in an efficient manner. Only programs that deliver demonstrable results should be supported. Review mechanisms need to be in place to review program spending and effectiveness, to ensure that tax dollars go to where they can have the greatest beneficial impact.

In addition there should be significant synergies and linkages between this strategy the forthcoming economic development strategy. The best way out of poverty is a good job, and these strategies cannot be mutually exclusive of each other.

It is essential that this strategy be guided by concrete targets that are publicly reported and follow strict timelines. There are several poverty measures out there, we suggest going with the after-tax low-income measure as defined by Statistics Canada.

By this measure an individual with an after-tax income below \$22,133, and a household of four with an after-tax income below \$44,266 are defined as low-income. In Manitoba that would constitute 21.3% of all children, and 13.5% of all adults, the widest gap in Canada. Alberta conversely is 12.8% for children, and 8.2% for adults, both the lowest levels in the country.¹⁷

Why not be bold, and have the goal of the new poverty reduction strategy be for Manitoba to make the biggest improvement in reducing poverty rates amongst all provinces?

¹⁷ *Children Living in low-income households*. Statistics Canada, 2016 Census. September 13, 2017.
<http://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016012/98-200-x2016012-eng.cfm>