

Province of Manitoba

Poverty Reduction Strategy Submission

— TO —

Hon. Scott Fielding
Minister of Families

Hon. Ian Wishart
Minister of Education and Training

— BY —



John Silver
Executive Director



Dorota Blumczyńska
Executive Director



Derek Day
Manager



Carinna Rosales &
Louise Simbandumwe
Co-Directors

MARCH 23, 2018

INTRODUCTION

This brief is being submitted by Supporting Employment and Economic Development (SEED) Winnipeg, the Immigrant and Refugee Community Organization of Manitoba (IRCOM), Community Financial Counselling Services (CFCS), and the Society for Manitobans with Disabilities (SMD) Self-Help Clearinghouse. We work in partnership to provide a continuum of financial empowerment initiatives that provide pathways for financially vulnerable community members to move from poverty to achieving economic security. These initiatives include financial literacy education, matched savings, tax filing, and consumer protection, as well as access to benefits, basic bank accounts, identification, and Registered Education Savings Plans (RESPs). Our agencies also provide a range of community development and community economic development initiatives to foster the social and economic inclusion of Manitobans living in poverty. Investments by the Province of Manitoba, Government of Canada, charitable foundations, and the corporate sector have led to development and expansion of innovative financial empowerment programs that have been replicated in other jurisdictions. The active engagement of the Province in cross-sectoral collaboratives such as the Manitoba Financial Empowerment Network has amplified these efforts by reducing institutional barriers to economic inclusion. The recommendations included in this submission emphasize the importance of enhancing partnerships with community-based organizations, expanding financial empowerment, and reducing barriers to economic inclusion.

ABOUT OUR ORGANIZATIONS

Community Financial Counselling Services (CFCS) works to strengthen Manitoba communities through the provision of accessible, affordable, respectful, responsive and effective counselling and advocacy services to meet the unique and complex needs of individuals, couples and families who are experiencing a variety of challenges in the areas of: personal/family finances, financial literacy, tax preparation, responsible gambling and financial empowerment.

Immigrant and Refugee Community Organization of Manitoba (IRCOM) operates two transitional housing complexes in downtown Winnipeg. IRCOM strives to empower newcomer families to integrate into the wider community through affordable transitional housing, programs, and services.

Society for Manitobans with Disabilities (SMD) Self-Help Clearinghouse supports a network of independent self-help organizations which in turn provide services to people with disabilities. Network organizations draw upon each other's strengths and develop new approaches to common challenges by pooling their knowledge, ideas and experience. SMD works to build a community that supports the independence, participation and empowerment of persons of all abilities.

Supporting Employment and Economic Development (SEED) Winnipeg envisions a world where opportunities exist for all people and communities to realize their hopes. SEED's mission is to build strong communities and increase opportunities for people through financial empowerment programs and services.

SUMMARY OF RECOMMENDATIONS

1. Continue to engage with umbrella organizations to further develop and refine Manitoba's poverty reduction strategy.
2. Support the development of collaborative solutions by actively engaging with cross-sectoral poverty reduction initiatives.
3. Implement multi-year funding agreements with community-based organizations engaged in poverty reduction initiatives.
4. Ensure that measurements of poverty include indicators of asset poverty in addition to income poverty.
5. Continue to integrate financial empowerment into programs delivered by government departments and provincially-funded service systems.
6. Implement legislative and regulatory changes to protect consumers who currently rely on high-cost, alternative financial services.
7. Streamline access to income-boosting benefits for low-income Manitobans by simplifying forms and leveraging Canada Revenue Agency infrastructure to administer provincial benefits.
8. Reinststate provincial funding for the provision of comprehensive business development supports for low-income Manitobans.
9. Implement and enhance the Accessibility for Manitobans Act.
10. Provide comprehensive and ongoing support for language training programs and other training programs aimed at newcomers to Manitoba.

ENHANCING PARTNERSHIPS WITH COMMUNITY-BASED ORGANIZATIONS

Community-based organizations play a critical role in the implementation of provincial poverty reduction initiatives. The Province of Manitoba can strengthen partnerships with community-based organizations through ongoing engagement in meaningful consultations, co-creating policy, actively participating in cross-sectoral collaboratives, and implementing multi-year funding agreements.

1 Continue to engage with umbrella organizations to further develop and refine Manitoba's poverty reduction strategy.

Our agencies belong to umbrella organizations that have consulted with us and other members to develop recommendations on poverty reduction and social inclusion that reflect our joint policy priorities. We appreciate the consultation workshops and meetings which have been held with these umbrella organizations to inform Manitoba's poverty reduction strategy. We support the recommendations that have been put forward by our partner organizations, *Make Poverty History Manitoba*, the *Canadian Community Economic Development Network - Manitoba (CCEDNet Manitoba)*, *Barrier-Free Manitoba*, and the *Manitoba Association of Newcomer Serving Organizations (MANSO)*. We urge the Province to engage with these umbrella organizations to co-create indicators of poverty and monitor implementation of poverty reduction initiatives.

2 Support the development of collaborative solutions by actively engaging with cross-sectoral poverty reduction initiatives.

A growing number of cross-sectoral initiatives are seeking to address the complexities of poverty by bringing together representatives from community-based organizations, various levels of government, and the business sector. These initiatives have generated innovative solutions that have reduced bureaucratic barriers and enhanced service delivery for financially vulnerable Manitobans. We urge provincial government departments to strengthen their engagement with cross-sectoral initiatives such as the *Winnipeg Poverty*

Reduction Council, End Homelessness Winnipeg, the Manitoba Financial Empowerment Network, the Winnipeg Social Finance Working Group, and Immigration Partnership Winnipeg.

3 Implement multi-year funding agreements with community-based organizations engaged in poverty reduction initiatives.

Implementing longer term funding agreements of up to five years with community-based organizations will increase the efficiency of service delivery by improving the retention of experienced employees, enhancing continuity of service delivery, and allowing agencies to engage in long-term strategic planning.

EXPANDING FINANCIAL EMPOWERMENT

The field of financial literacy in Canada is expanding to encompass a broader financial empowerment approach. Financial empowerment is an integrated set of interventions proven to measurably improve financial outcomes for people living in poverty:

- Financial information, education, and coaching to build financial capability
- Tax filing and benefits assistance to increase incomes
- Help accessing safe and affordable financial products and services to enhance financial inclusion
- Connection to saving and asset building opportunities to build financial security
- Consumer protection and education to reduce financial risk

Financial empowerment solutions enable people with low incomes to build their financial stability and measurably improve their financial outcomes such as credit scores and income, savings, and debt levels. This, in turn, enhances their access to proven routes out of poverty — education/training, employment, entrepreneurship, and asset and homeownership.¹

The Province of Manitoba has been recognized as a leader in Canada for supporting the provision of financial empowerment interventions to low-income Manitobans, including: financial literacy education; matched savings and asset building programs; income tax filing; access to benefits, identification, and RESPs; and one-to-one financial coaching. The Province has also supported this work at a systems level by participating in cross-sectoral collaboratives and implementing regulatory changes that have reduced bureaucratic barriers and increased economic inclusion for Manitobans living in poverty. In addition to encouraging the Province's continued investment in these initiatives, we offer the following recommendations for incorporating financial empowerment into Manitoba's poverty reduction strategy.

4 Ensure that measurements of poverty include indicators of asset poverty in addition to income poverty.

Liquid asset poverty compounds the experience of income poverty by exposing households to increased financial stress due to their inability to manage any unexpected expense or income interruption. Conversely, assets are key gateways to opportunity — enabling people living in poverty to access proven paths to prosperity: education, training, employment, entrepreneurship, and homeownership. Finally, savings and assets help prevent poverty by building the financial resilience of modest and middle-income households and enabling them to weather financial shocks that might otherwise trigger the onset of poverty.

5 Continue to integrate financial empowerment into programs delivered by government departments and provincially-funded service systems.

There is strong evidence from the United States and a growing body of evidence in Canada that building financial empowerment interventions into housing, employment, and social assistance programs targeted to people with low incomes has a “supervitamin” effect – improving program outcomes, as well as the financial outcomes of participants.² Employment and Income Assistance (EIA), settlement services, housing, homelessness, employment, health care, and public education programs all offer important opportunities to further help low-income Manitobans build their financial wellbeing. Integration should include, where relevant, investment in sustainable community capacity to deliver financial empowerment supports.

6 Implement legislative and regulatory changes to protect consumers who currently rely on high-cost, alternative financial services.

Manitoba has been at the forefront with respect to setting rules and regulations to protect consumers who rely on payday loans and other high-cost, alternative financial services. To further protect vulnerable Manitobans, the Province of Manitoba should act upon the

Public Utilities Board of Manitoba's *2016 Payday Loans Review*, including recommendations by the Consumers' Coalition. Of particular importance are the following recommendations:

- Implement additional reporting requirements for payday lenders to ensure that sufficient data is available to provide evidence-based recommendations on the economic and social consequences of the use of high-cost alternative financial services
- Explore ways to work with mainstream financial institutions to improve the financial inclusion of vulnerable consumers
- Take steps to encourage the Government of Canada to find mechanisms to regulate high-cost credit products other than payday loans that have proliferated in Manitoba
- Implement a no-cost or low-cost form of universal identification that would replace the need for Social Insurance Numbers to be used as identification for payday lending

7 Streamline access to income-boosting benefits for low-income Manitobans by simplifying forms and leveraging Canada Revenue Agency infrastructure to administer provincial benefits.

Manitoba residents must file personal income tax returns with Canada Revenue Agency (CRA) to access provincial benefits and credits including the Manitoba Child Benefit, the 55 PLUS Program Manitoba Income Supplement, and refundable tax credits. The Department of Finance and the Department of Families can work with CRA to utilize income tax filing data to automatically assess eligibility and administer provincial benefits through the Government of Canada's existing infrastructure. These changes would enhance access to provincial benefits while reducing the administrative costs borne by the Department of Families to process benefit applications and administer benefits, and by provincial

departments, provincially-funded service systems, and community-based organizations that support low-income Manitobans to file taxes and apply for benefits.

Specifically, we recommend that:

- Eligibility for the 55 PLUS Program Manitoba Income Supplement should be automatically assessed by utilizing income tax filing data, and benefits paid quarterly through CRA alongside the GST/HST Credit.
- Eligibility for the Manitoba Child Benefit should be automatically assessed by utilizing income tax filing data, and benefits paid monthly through CRA as a supplement to the Canada Child Benefit.
- The social assistance fraction (box 14) should be eliminated from T5007 Statement of Benefits slips to simplify income tax filing for Manitoba residents.

The above recommendations match the practices of other provinces including Alberta, British Columbia, Ontario, and Saskatchewan.

REDUCING BARRIERS TO ECONOMIC INCLUSION

Many Manitobans face a greater risk of living in poverty due to multiple barriers to economic inclusion. The provision of comprehensive business development supports, enhancing accessibility for individuals living with disabilities, and investing in English language supports will reduce these risks for financially vulnerable Manitobans.

8 Reinstatement provincial funding for the provision of comprehensive business development supports for low-income Manitobans.

Access to comprehensive business development supports can provide a pathway to self-sufficiency for individuals who face multiple barriers to economic inclusion. SEED places an emphasis on working with low-income individuals who are newcomers to Canada, have recently exited the justice system, or are EIA recipients, single parents, inner-city residents, or people living with disabilities. SEED's Business & Entrepreneurship Support & Training (BEST) program has a proven track record of supporting individuals to achieve economic self-sufficiency through self-employment and the development of innovative social enterprises such as *Diversity Food Services*. Our most recent evaluation demonstrates the social return on investment that is generated through SEED's unique business development model.³

9 Implement and enhance the Accessibility for Manitobans Act.

Manitobans with disabilities are at a higher risk of living in poverty. The timely implementation of the Accessibility for Manitobans Act will reduce barriers to economic inclusion for individuals living with disabilities. We also urge the government to implement the enhancements to the act recommended by *Barrier-Free Manitoba*.

10 Provide comprehensive and ongoing support for language training programs and other training programs aimed at newcomers to Manitoba.

Immigrants and refugees who settle in Manitoba often face barriers to economic inclusion, including a limited ability to speak English or French. There is a gap in higher-level language training (at Canadian Language Benchmarks 5-8) for newcomers, which limits their access to meaningful employment, credential recognition processes, and participation in post-secondary education. This can have a particularly significant impact on newcomers who face other barriers and Francophone immigrants who are selected for their French language ability, but often need strong English language skills to thrive in the workplace.

NOTES

1. The Appendix outlines how each financial empowerment intervention helps to prevent, alleviate, and/or reduce poverty.

2. *Municipal Financial Empowerment: A Supervitamin for Public Programs*

This report series builds the case that fully integrating financial empowerment and asset building strategies into public programs will lead to more effective service delivery, improving outcomes while potentially saving money.

- *Strategy #1: Integrating Professional Financial Counseling*
- *Strategy #2: Professionalizing the Field of Financial Education and Counseling*
- *Strategy #3: Integrating Safe and Affordable Bank Accounts*
- *Strategy #4: Targeting Consumer Financial Protection Powers*
- *Strategy #5: Integrating Asset Building*

3. Proactive Information Services. (2018). *Evaluation and Economic Value Report: Business Enterprise Support and Training (BEST)*.

APPENDIX

How Financial Empowerment Interventions Prevent, Mitigate & Reduce Poverty

Prevents poverty	Mitigates poverty	Reduces poverty
Financial information, education and coaching		
N/A	<ul style="list-style-type: none"> • Increases disposable resources • Reduces financial stress and improves self-efficacy and wellness • Resolves immediate crises (e.g. threat of eviction) at lower cost and with fewer penalties • When integrated into relevant programs, can enhance employment, earnings, housing stability • Supports better outcomes with respect to: <ul style="list-style-type: none"> – Financial inclusion – Tax filing and access to benefits – Saving and asset building – Exercising consumer rights 	<ul style="list-style-type: none"> • Indirectly, when it leads to: <ul style="list-style-type: none"> – saving and asset building – increased income through tax filing and accessing benefits
Tax-filing and benefits assistance		
<ul style="list-style-type: none"> • Increases income • Supports saving and asset building: <ul style="list-style-type: none"> – by establishing eligibility for federal savings bonds and incentives – through tax-time savings schemes 	<ul style="list-style-type: none"> • Increases income • Reduces financial stress and improves self-efficacy • Helps resolve crises at lower cost and with fewer penalties (e.g. disputes over benefits eligibility) 	<ul style="list-style-type: none"> • Increases income • Supports inter-generational economic mobility (e.g. through child benefits) • Indirectly, when it enables savings and asset building (e.g. RDSP, RESP)

Prevents poverty	Mitigates poverty	Reduces poverty
------------------	-------------------	-----------------

Help accessing safe and affordable financial products and services		
--	--	--

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Appropriate savings and insurance products can enable people to protect against unexpected expenses, financial losses, or income interruptions. • Safe and affordable credit can help people to bridge unexpected costs and income interruptions. | <ul style="list-style-type: none"> • Lower financial costs leading to more disposable income • Reduced risk of high cost problem debt • Greater access to saving and asset building opportunities through appropriate financial products • Enhanced social inclusion and self-efficacy when financial institutions provide vulnerable consumers with products and services that meet their needs and preferences. | <ul style="list-style-type: none"> • Indirectly, to the extent people access saving and asset building opportunities |
|--|---|---|

Connection to saving and asset building opportunities		
---	--	--

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Enables households to smooth consumption and absorb financial shocks that can otherwise trigger onset of income poverty • When sufficient, can prevent asset poverty • Help households to self-insure against or manage risks that can trigger poverty (e.g. changes in family structure or employment, demand for unpaid care) • Enable productive risk-taking that can build future earnings or wealth – e.g. investments in education, training, self-employment or home ownership • Financial and real assets can generate earnings that increase income | <ul style="list-style-type: none"> • Provide important resource to manage “lumpy” expenses or emergencies that can’t be paid for out of regular income flow. • Stored income helps sustain consumption and wellbeing during income interruptions (e.g. benefit suspension) • Asset ownership can improve material wellbeing and/or earning opportunities (e.g. an inherited home in a high cost housing market, a car that enables access to employment where transit is lacking) • Assets can prevent financial stress and associated negative mental health/cognitive impacts, and promote self-efficacy and a hopeful, future orientation • Formal saving and asset building require a mainstream financial product and can, therefore, promote financial inclusion | <ul style="list-style-type: none"> • Use of savings/assets to support a productive risk or investment (e.g. education, training, entrepreneurship) can generate new household income • Use of savings assets for dependent offspring (e.g. education savings) can support an inter-generational exit from poverty • In rare cases, capital returns (e.g. sale of a house) or windfalls (e.g. a lump sum award or inheritance) may be enough to lift them out of poverty. |
|--|---|---|

Prevents poverty	Mitigates poverty	Reduces poverty
Consumer education and protection		
<ul style="list-style-type: none"> Consumer education and protection can reduce consumer exposure to and/or risk from title and payday loans that can lead to downward financial spiral (e.g. car repossessions leading to job loss) and promote financial inclusion. 	<ul style="list-style-type: none"> Consumer awareness and exercise of their rights can improve material well-being by: <ul style="list-style-type: none"> Lowering financial transaction costs Preventing/reducing financial losses due to fraud or wrongdoing Building self-efficacy and equipping consumers to take action in their own self-interest. 	N/A

Source: ABLE Financial Empowerment Network (2017). *Financial Empowerment: What it is and how it helps to reduce poverty.*