

## **Reading between the lines**

*of “Overcoming Poverty Together –  
The New Brunswick Economic  
and Social Inclusion Plan”*

**By**

**The Common Front for Social Justice Inc.**



**March 2010**

## 1. Introduction

In 2006, the Common Front for Social Justice (CFSJ) felt that if the province of New Brunswick (NB) was to significantly reduce poverty, it would require strong political will. When the Newfoundland and Labrador Poverty Reduction Plan came out that year, members of the CFSJ studied it in detail and began reflecting on how they could encourage the government to adapt it to the needs of people living in poverty in NB. In 2007, the CFSJ started lobbying to convince the NB government to put in place a poverty reduction plan. Later on, the CFSJ recommended that a Working Group be put in place to develop such a plan (1).

The purpose of this document is to express the concerns that the CFSJ has regarding the released document entitled *Overcoming Poverty Together – The New Brunswick Economic and Social Inclusion Plan* (hereafter called the Plan). Our analysis will address the following issues: 1) Who was left out of the plan?; 2) Limits to employability not considered; 3) Delivery structure and possible consequences; 4) Financial support towards the Plan and 5) Missing elements.

### Brief historical background

In 2008, in the context of the CFSJ Poverty Summit, Minister Mary Schryer unveiled a provincial Poverty Reduction Plan. In November, the CFSJ, along with 12 other organizations, expressed their concern with this proposed Plan namely, the non-democratic approach taken for the selection of the participants for the Roundtable Phase and the Final Forum Phase (2).

In May 2009, the CFSJ felt that it was important to suggest concrete proposals essential to an efficient poverty reduction plan. Nineteen community organizations participated in the drafting and submission to the Minister of a document entitled “*Working Together to reduce Poverty*”(3).

In September 2009, the CFSJ felt that the *Options Document* prepared by the Roundtable participants should be made public . Twenty four NB organizations wrote an open letter to Premier Graham, asking that the *Options Document* be made public(4).

## 2. Who was left out of the plan?

Three major groups of poor persons were left out of the plan: 1) social assistance clients in the transitional and extended benefits programs ; 2) workers holding part-time jobs and 3) seniors, especially if they have medical problems.

The Plan states the global objectives are to reduce, by 2015, the income poverty by 25% and the deep income poverty by 50%. Based on the 2006 Census, 729,995 New Brunswickers were living in NB and approximately 100,740 of them were in poverty (as measured by the Low-Income Cut-off (LICO)). Therefore, in approximately five years, reaching the Plan’s global objective means that more than 25,000 NB citizens - adults and children - would have to be above LICO (5). People in “deep poverty” are those



Common Front member requesting a heating supplement

earning less than 50% of LICO. They may represent half of the 100,740 people, or approximately 50,000 individuals (6).

### a) Social assistance clients in the transitional and extended benefits programs

In November 2009, there were **30,582** individuals in the “Transitional” category and **6,740** in the “Extended benefits” category (disabled persons) receiving social assistance. Based on the CFSJ’s estimates, social assistance recipients only reach from 44% to 97% of LICO. In five years, rates of social assistance will need to be significantly increased if the Plan’s objective of a 25% reduction in poverty is to be achieved. The rate gaps now range from a high of over \$8,000 for single individuals in the *Transitional category* to a low of over \$1,000 for one parent and one child in the *Extended Benefits category*.

In the 2010-2011 budget, only 3.3% of social assistance clients (approximately 1,200) will benefit from the promises made by the Plan. All the others will have to wait until the 2011-2012 budget to see if there is any money earmarked for them. They may even have to wait until 2014 to see if the following statement become a reality: *Over five years...restructure and increase social assistance rates, including a new regime more appropriate for persons with disabilities.*

### b) Low-income workers

According to Statistics Canada, of the 369,400 New Brunswickers employed in October 2009, **57,400** were part-time workers (7). These represent a large proportion of New Brunswick’s poor. Raising the minimum wage for full time workers to the Atlantic average by 2011 will remove many of these from the poverty rank. However, for those part-time low-income workers offered less than 20 to 25 hours per week, they will remain below the poverty line. The Plan recommends that the minimum wage be raised to the Atlantic average by September 2011. However, this does not guarantee workers a living wage as the level of increase depends on what the other Atlantic provinces will do.



### c) Seniors

There are 107,640 seniors in New Brunswick and approximately **11,733** of them (10.9%) are living below the poverty line. There is nothing in the Plan for them. Unless the Federal government brings about significant increases in the Old Age Security Benefits and in the Guaranteed Income Supplement, they will remain below the LICO.

Based on the above information, New Brunswickers living below LICO who were left out of the Plan include **38,972** social assistance recipients, a good proportion of the **57,400** part-time NB workers and **11,733** seniors. Sadly, this leaves the CFSJ very sceptical regarding the ability of the NB government to achieve one of its objective, namely to move out of poverty 25,185 NB citizens. The CFSJ does not have the data to evaluate if raising 50% of those living in deep poverty is achievable by 2015.

## 3. Limits to employability not considered

The second portion of the Plan’s vision states: *“All New Brunswickers shall be included as full citizens through opportunities for employment, personal development and community engagement.”* If taken at face value, this sentence means that one is not considered a full citizen unless he or she is employed, enrolled in

personal development activities or engaged in volunteer work. Restated, it means that people only becomes full fledged citizens if:

- They are working - the emphasis here is placed on employability, without stating how many are employable and how many are not because of serious physical or mental limitations;
- They are actively involved in personal development activities - the emphasis is placed on education as a way of getting out of poverty;
- They are engaged in their community – the emphasis is placed on doing volunteer work and receiving some benefits from it.

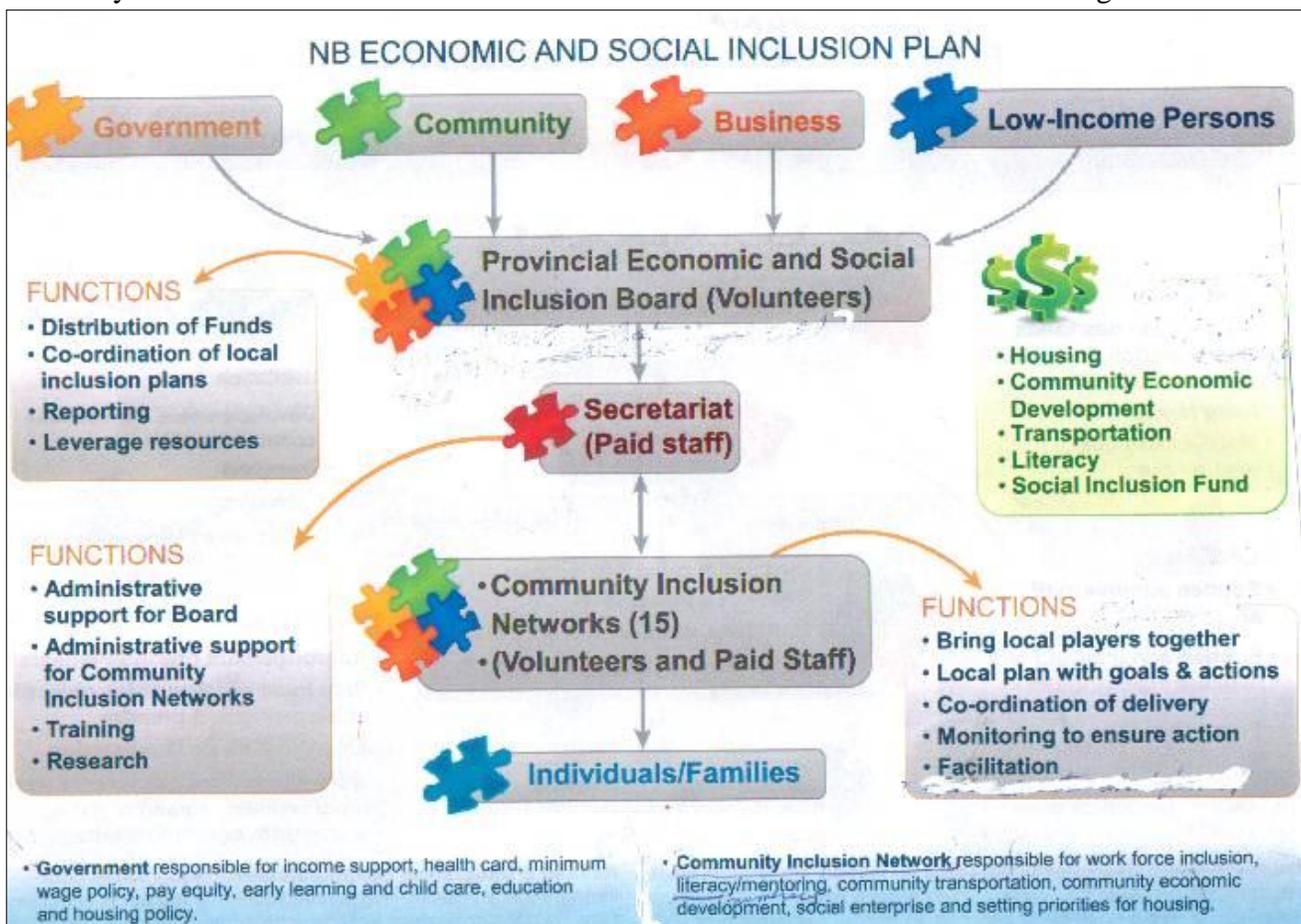
This vision insinuates that if one is receiving social assistance because of physical or mental limitations, that person needs to make some kind of contribution for the cheque that he or she is given. The Plan is limited in that it says nothing about social welfare recipients who are not employable. It has no concrete proposals to move them out of poverty. The CFSJ is concerned of the possible danger of creating a two-tier level of social assistance clients – those who are employable and receive added support and those who are not, and who will be left on their own.



*Emphasis placed on going back to work*

#### 4. Delivery structure and possible consequences

The delivery structure for the *NB Economic and Social Inclusion Plan* is shown in the Figure below.



The CFSJ has five concerns regarding this delivery model: a) Urban-rural divide; b) Implementation of the Official Language Act; c) Funding process exposed to political lobbying; d) Challenges posed by programs being delivered by the community non-profit sector; e) Involvement of the private sector at major decision-making steps.

### a) Urban-rural divide

The delivery of services aiming at poverty reduction and social inclusion will be done by 15 Community Inclusion Networks. They will be responsible for work force inclusion, literacy/ mentoring, community transportation, community economic development, social enterprise, and setting priorities for housing. The reality is that NB has three large urban centres, namely Saint John, Moncton and Fredericton. These centres have well developed non-profit organizations compared to the rural areas of the province.

The CFSJ foresees that there will be an imbalance in the number and quality of services deliverable by the Networks in the rural areas compared to the urban ones.



### b) Implementation of the Official Language Act

Traditionally, English has been the working language in a large number of community non-profit organisations. This means that currently, many of the services provided are not delivered in both official languages. If the NB government was the delivering agent, clients would have the right of be served in the language of their choice. In spite of the intent stated in the Plan, the CFSJ is concerned that the services provided by the networks may not follow the Official Language Act. This concern is based on past experiences such as the “Warm Heart, Warm Home” program, as well as CFSJ’s past experiences during meetings, working lunches or annual general meetings with the community non-profit sector. Simultaneous translation or consecutive translation is rarely available at such events.

### c) Funding process exposed to political lobbying

Money will have to be invested by government in the areas under the responsibility of the *Provincial Economic and Social Inclusion Board*. From the beginning, Minister Mary Schryer made it made clear that this process would be different because it included three stakeholders: government, business and the community non-profit organizations. The reality is that the funding for the whole Plan will be borne by the government, that is, by us the taxpayers. Little or no money will be coming from the business sector or from community non-profit organizations.

As indicated in the Plan, the 15 Networks will develop local projects to deliver the required services. They will need funds and consequently, they will ask for money from the *Provincial Economic and Social Inclusion Board*. This opens the door to political lobbying with members of the provincial board.

The CFSJ is concerned that the decisions on the granting of money for programs may not always be based on needs, quality and deliverability of programs. On the contrary, decisions could be made in favour of those with the strongest political ties.

#### **d. Challenges posed by programs being delivered by the community non-profit sector**

Presently, there is a significant number of services delivered by the community non-profit sector. These represent millions of public dollars invested by the NB government (8). Take for example, the *Centre Bénévolat de la Péninsule Acadienne Inc.* received, in 2008, \$4,146,599 to deliver numerous community related non-profit programs. With the Plan, the government is proposing to shift even more services (workforce inclusion, literacy mentoring) to the community non-profit sector. Moreover, the community non-profit sector is given whole new areas of responsibility such as community transportation, community economic development, social enterprise and certain aspects of housing.



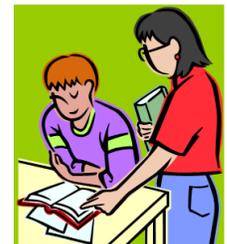
*Centre de bénévolat de la Péninsule Acadienne*

The CFSJ is concerned about three aspects related to major increases in program delivery being turned over to the community non-profit sector: (i) the challenge of coordinating a multiplicity of programs offered by the 15 different community inclusion networks; (ii) the demands related to the qualifications and the training of staff and volunteers; (iii) the need for transparency and accountability to the Minister and to the service users.

- i. Coordination of a multiplicity of programs.* The Plan proposes to use 15 different community inclusion networks to deliver present services as well as those included in the new proposed programs. These networks will be composed of local community non-profit organisations that have their own goals, objectives, list of programs and each of them are administered and guided by their respective board of directors.

The CFSJ foresees that the administration of a greater number and of more diversified programs will become a nightmare for the provincial government. This also means that there will be a greater need to increase the number of employees to oversee and coordinate all these programs, thus leaving less money in actual delivery of services.

- ii. Demands related to qualifications and training of staff and volunteers.* When various programs are delivered by government personnel, the qualification of the staff, their performance and inspection and the evaluation procedures can be standardized. Unless a contractual agreement between government and all non-profit community organizations is in place to accredit the providers of programs and services, it will become much more difficult to enforce quality control over their delivery.



The Premier's Community Non-Profit Task Force report (9) identified real concerns regarding wages, working conditions and benefits available for staff. It also pointed out to the high turnout level of staff because of the uncertainty of the funding. Another challenge identified by the Task Force was the fact that the number of volunteers was decreasing as the population ages and few young volunteers were willing to fill the gap left by the retirees. There were difficulties in recruiting and attracting new volunteers.

The CFSJ is very concerned that with the possible rapid expansion of the community non-profit sector, the hiring of staff and the recruitment of volunteers without adequate qualifications and training may occur. Problems may also arise because of the unavailability of staff and volunteers to deliver the services in the language of choice of the clients throughout the province.

iii. **Transparency and accountably.** In a properly functioning system, annual reports become accessible to the public, fee schedules are declared and proper administrative and financial practices are in place. Such is the situation when government programs are delivered by government personnel. This is often not the case when programs are turned over to non-profit community groups. Take the example of home care services to seniors. Even if the government operated extra-mural system exists, home care has been given to agencies such as the Red Cross and other community groups in the province. Home care workers are hired by these non-profit groups. They are ill-paid, their work-related expenses are not taken into consideration by the hiring agents and they have no retirement pension fund or collective health insurance. It would have been preferable to integrate home-care services to the extra-mural system where transparency and accountability would be easier to achieve.

The CFSJ considers that the provincial government is the entity finally responsible for its socio-economic programs. This includes budgetary allowances, development of norms and criteria for clients, general surveillance, inspections and evaluations as well as financial verification. The community non-profit organizations annual reports should be made public as well as all fee schedule if applicable. There should be a process in place for clients to appeal if they are dissatisfied with the services received or if they have a complain on how they were treated. It is important that there are processes in place to account for the interruption of service and a mechanism in place to deal with possible conflict between the service providers, clients and government.

The CFSJ believes that the community non-profit organizations administering the programs should be accredited by the NB government. The CFSJ also believes that programs which should be delivered and administered by the public system, but are now downloaded to the community non-profit sector, should have similar criteria as if they were in the public domain.

### e. Involvement of the private sector at the major decision-making steps of the Plan

The final version of the Plan states that there are four stakeholders: government, community, business and low-income persons. All four categories of stakeholders are part of the New Brunswick Economic and Social Inclusion Corporation Board.

The CFSJ's view is that, historically, business does not have a very good record in promoting poverty reduction initiatives. One only has to remember the position of the business community in the areas of minimum wage, pay equity, public child care services, improvements in minimum standards, employment insurance,

workers' compensation and the private sector's demand for lower taxes. Moreover, the Plan included very little commitment on the part of business in specific areas of poverty reduction.



Business' vision of poverty reduction is based on the charity model, not on the justice model. For businesses, getting involved in poverty reduction means: 1) encouraging corporate contributions toward a cause they identified; 2) targeting certain issues such as tutoring deprived children, creating early learning sites, sponsoring turkey drives, etc.; 3) having their charitable actions be recognized publicly (10). On the other hand, the justice model brings the fight against poverty at the political level; this means providing public social programs with adequate funding to every citizen.

Given the minor contribution of the private sector to the Plan, the CFSJ wonders why it is involved in the distribution of funds, in the coordination of local inclusion plans and why it has so much authority.

## 5. Financial support toward the Plan

At the launching of the Plan, no budget was accompanying it. In the 2010-2011 budget, \$15 million were earmarked for the implementation of the Plan. Regarding this money, the Minister of Finance said: "In this first year of the plan, new investments will be made in early learning and child care, promoting community school and affordable housing, and increasing access to post secondary education" (11).

The CFSJ considers that the money allocated for these interventions areas is definitely insufficient. A significant part of the allocated funds will be dedicated to the setting-up of the Provincial Board, to salaries for the full time secretariat staff and the personnel of the 15 Community inclusion Networks. There will not be a lot of money left for new initiatives.



## 6. Missing elements

Important elements which are essential to poverty reduction are missing from the Plan. It is unfortunate that the following were not included or specified more clearly:

- Legislation to enforce *pay equity in the private sector*. This important element of poverty reduction had been requested by a growing number of New Brunswickers since the year 2000, as a way to move thousands of women out of poverty;
- Reform of the *certification process for disabled persons*. The current process is too restrictive and needs to be broadened so as to prevent very sick people from falling through the cracks. The Plan did include these words "*Include a new regime more appropriate for persons with disabilities*" but this sentence lacks precision and there is no time line.
- Complete overhaul of the *Social Assistance Policy Manual*. During the Dialogue Sessions, many participants commented on the numerous inadequacies in this Manual. In all fairness however, some of the policies which hurt social assistance recipients were addressed in the Plan (i.e. extension of the 12-month limit of the health card to 3 years for those finding a job, amendment to the household income policy, changes to the claw back of part-time wages, improvements in asset exemption, increases in payments for children attending day care, etc). However, many more changes need to be made to the *Social Assistance Policy Manual*. The CFSJ recommends that the NB government considers seriously a proposal to set up, as soon as possible, a working group composed of CFSJ representatives, of social assistance clients and of high level civil servants from the Department Social Development.



- Lack of a definition of “Poverty”. In the Plan released on November 13<sup>th</sup> 2009, poverty was not defined. The only wording in the released Plan is: “*The indicators and monitoring will be referred to the Board of the Economic and Social Inclusion Corporation*”. Currently, the general public does not know what are the indicators to measure progress toward reaching the poverty reduction targets nor does it know any of the details regarding the monitoring of the Plan’s unfolding and implementation.

The CFSJ hopes that these omissions will be rectified through the work of a transition team. Indeed, on November 30<sup>th</sup> 2009, six people have been designated (by government) to “*address outstanding issues such as terms of reference, accountability mechanism, consistency with official language requirements, etc.*” (12) It will be up to the governance structure to put in place actions such as a massive overhaul of the social assistance system, the introduction of a prescription drug plan for all uninsured residents by 2012, increase in the minimum wage to reach Atlantic average by the fall of 2011, initiatives in the area of community transportation, housing, early learning, community schools, elementary literacy, co-operative education and access to post-secondary education.

## 7. Conclusion

The CFSJ has been advocating for years for the development of a provincial poverty reduction plan. The NB government unveiled its plan on October 17<sup>th</sup> 2008. It presents a number of positive initiatives, namely the abolishment of the interim category, the extension of the medical card up to three years for social assistance recipients returning to work and some changes to the household income policy. Many other initiatives are scheduled to be implemented over a five-year period. However, the CFSJ found several problems which are of real concern.

- Ninety seven percent of NB individuals presently on social assistance were left out of the plan, at least until the 2010-2011 provincial budget. No recommendations were made for clients in the “Transition” category and in the “Extended” benefits category. The majority of these people have serious physical or mental limitations. The focus of the Plan is on the “Employable category”.
- The model of delivery of the Plan’s initiatives may pose serious challenges. There are more community non-profit organisations in urban areas compared to rural areas. Due to this urban-rural divide in NB, the number and quality of programs available may not be comparable. The language of delivery of these programs may also pose problems. Funding for the community initiatives will be funnelled through the Provincial Economic and Social Inclusion Board, where government, community groups, business and low-income persons will sit. The CFSJ is concerned that the decisions on granting money for some initiatives may not always be based on need, quality and deliverability of programs. On the contrary, decisions could be influenced by political ties.
- The Plan proposes a major expansion of the role of the community non-profit sector in the delivery of socio-economic programs. In the past, transferring government programs to community non-profit organisations has brought about reductions in quality and accessibility.
- The influence of the business sector on the entire Plan is disproportionate when one considers their present position on issues that would make a real difference in the lives of people living in poverty (minimum wage, pay equity, support of public child care, employment standards, etc.). Moreover, the business sector is not injecting any significant sum of money in the Plan, yet it has an important voice at the decision-making level.

The CFSJ is quite concerned that there was no budget accompanying the Plan. In the 2010-2011 provincial budget, only \$15 millions were earmarked for seven initiatives to implement the Plan and to put in place its governance structure. This is certainly insufficient, considering the investments made by other provinces for their poverty reduction plan.

Finally, major elements are missing from the Plan. Pay equity, which would help reduce women's poverty, was left out. An overhaul of the disability certification process was not addressed, yet it is of major importance for those who are currently being denied much needed financial assistance. Many members of the public who participated in the Dialogue sessions, as well as numerous community groups pointed out the urgent need to revise the Social Assistance Policy Manual. Unfortunately, this was not addressed in the Plan. Surprisingly, the Plan did not give a definition of poverty.

## 8. References

1. [www.frontnb.ca/en/Home\\_en.htm](http://www.frontnb.ca/en/Home_en.htm) under “Presentations” for the document *The Establishment of a Working Group to Arrive at a Poverty Reduction Strategy for New Brunswick*, Presentation made to Honourable Mary Schryer, Minister of Social Development, June 17, 2008.
2. [www.frontnb.ca/en/Home\\_en.htm](http://www.frontnb.ca/en/Home_en.htm) Under “News Release” and then, November 2008 – *Press Release in Reaction to “Poverty Reduction Plan”*.
3. [www.frontnb.ca/en/Home\\_en.htm](http://www.frontnb.ca/en/Home_en.htm) under *Analyses*. Working Together to Reduce Poverty in the Province of N. B.
4. [www.frontnb.ca/en/Home\\_en.htm](http://www.frontnb.ca/en/Home_en.htm) on Home page: Make Roundtable sessions document available to the public – Open letter to Shawn Graham, October 21, 2009.
5. Statistics Canada’s Poverty Lines (2007)-After-Tax Low Income Cut-off for one person is \$14,994; for two persons, it is \$18,250.
6. Statement made at the Final Forum on November 12<sup>th</sup> by Janet Thomas, Project Team, Department of Social Development.
7. <http://www.statcan.gc.ca/subjects-sujets/labour-travail/lfs-epa/t091106a3-eng.htm> (Page 2).
8. Department of Social Development Public Accounts 2008: Supplier Payments and Grants, p. 127-145.
9. Blueprint for Action. Premier’s Community Non-Profit Task Force.
10. [www.cyberpresse.ca/opinions/chroniqueurs/pierre-fogliia/200911/28/01-925991-des-asperges-en-novembre.php](http://www.cyberpresse.ca/opinions/chroniqueurs/pierre-fogliia/200911/28/01-925991-des-asperges-en-novembre.php).
11. Byrne, Greg, 2010-2011 Budget, p. 17.
12. Social Development Communiqué. November 30<sup>th</sup> 2009. New transition team to help implement the first New Brunswick poverty reduction plan.