

WORKING TOGETHER TO REDUCE POVERTY IN THE PROVINCE OF NEW BRUNSWICK

By

List of organizations endorsing this text:

- Association acadienne et francophone des aînées et aînés du Nouveau-Brunswick
- Association des bibliothécaires, professeures et professeurs de l'Université de Moncton
- Chignecto Presbytery: The United Church of Canada
- Council of Canadians – Moncton Chapter
- Canadian Union of Public Employees – NB Division
- New Brunswick Coalition for Pay Equity
- Comité des 12
- Common Front for Social Justice
- Fédération d'alphabétisation du Nouveau-Brunswick
- Moncton Diocese Group for Justice and Solidarity
- New Brunswick Association of Social Workers
- New Brunswick Child Care Coalition
- New Brunswick Federation of Labour
- New Brunswick Nurses' Union
- New Brunswick Union of Public and Private Employees
- Public Service Alliance of Canada – Atlantic Region
- Société des enseignantes et enseignants retraités francophones du Nouveau-Brunswick
- Société de l'Acadie du Nouveau-Brunswick
- Urban Core Support Network

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Introduction

“Poverty is rarely accidental or natural or inevitable. Rather it is often the outcome of policy choices”

– Louise Arbour, former UN High Commissioner for Human Rights

Charity and justice are two distinct components within our efforts to create better living conditions in this world. Both encompass an element of caring for the poor and the vulnerable, yet they differ in scope, in methods and in goals. Charity, or outreach, responds to an immediate need. It provides direct service such as food, clothing or shelter. Charity is a private act of caring and is directed toward the effects of what is often a social injustice. Charity is satisfying and is generally non-controversial. But charity alone is not enough! We must go deeper to forge fairer and healthier communities. We must ask more questions and apply the slogan “**Justice before charity**”. While charity deals with immediate needs, justice addresses long-term conditions which promote social change in institutions, policies and systems. Justice is public, political and oriented to collective action for change. It directs us toward the causes of social problems.

The importance of a gender-specific approach

The differences between the lives of men and women are such that gender must be taken into account to effectively address poverty. Societal roles, paid and unpaid responsibilities, income, access to power and resources, as well as health status are significantly related to gender. Often, the reason why more women live in poverty is related to gender. As the Advisory Council on the Status of Women points out "Women experience poverty differently and face different constraints than men in their struggle to leave poverty". We therefore recommend that the poverty reduction initiative be based on an inclusive analysis, using data broken down by sex and recognizing that some causes of poverty are related to gender and that paths out of poverty can be different for women and men.

Extent of poverty in NB

Persistent poverty is a reality in this province. Based on the 2006 Census, 100,740 NB citizens were living in poverty. Of the 93,000 single people in NB, 49.7% of them earned less than \$20,000 a year. Close to 45% of single mothers are poor and approximately 11% of seniors are living in poverty. In April 2009, there were 39,097 social assistance recipients. Approximately 65% of food banks users receive social assistance and 11% of them have a job. In 2005, the average income of 10% of the richest families with children was \$121,642 while the average income of the poorest 10% of families was only \$7,851.

The role of the NB government

We demand that the New Brunswick (NB) government play a key role in the fight against provincial poverty. A number of other Canadian provinces have taken their

social responsibilities seriously and put in place their own poverty reduction strategy. In October 2008, the province of NB launched a process in order to develop its Poverty Reduction Plan. Real political will is needed from within the NB Cabinet to reduce poverty as well as a buy-in by key departments, namely Social Development, Education, Justice, Health, and Post-Secondary Education, Training and Labour and others. Cabinet members have to be strongly behind the Poverty Reduction Plan if it is to bring about significant change.

In the following pages of **this document**, we will outline the major causes of poverty in NB and will recommend measures to alleviate it. This is our contribution toward the development of a NB Poverty Reduction Plan.

A coalition of NB organizations has cooperated in the formulation of the following recommendations. They believe that these measures are crucial to poverty reduction in NB.

1. Living Wage

At \$8.00 an hour, British Columbia and New Brunswick have the lowest minimum wage in Canada¹. An individual working throughout the year during 40 hours a week will gross \$16,640 a year. The Low Income Cut-off (poverty line) for an individual was \$18,544 per year in 2007².

We are thus advocating the establishment of a living wage. A living wage permits workers not only to survive, but to live: attend social and cultural events, nurture and raise healthy successful children, etc³. According to Richards' (2008), the living wage is "one of the most powerful tools" to address poverty. It is based on the principle that full-time work should lead to economic security. Below is Richards' general formula for living wage:

$$\begin{array}{ccccccc} \boxed{\text{Annual family}} & = & \boxed{\text{Income from}} & + & \boxed{\text{Income from}} & - & \boxed{\text{EI and CPP}} \\ \boxed{\text{expenses}} & & \boxed{\text{employment}} & & \boxed{\text{government}} & & \boxed{\text{premiums,}} \\ & & \boxed{\text{(living wage)}} & & \boxed{\text{transfers}} & & \boxed{\text{federal and}} \\ & & & & & & \boxed{\text{provincial taxes}} \end{array}$$

Richards' calculation of annual family expenses is aptly inclusive, taking into consideration such familial needs as food, shelter, clothing and footwear, transportation, childcare, medical expenses, parent education, and room to

¹ <http://canadaonline.about.com/library/bl/blminwage.htm>. PEI's minimum wage is \$8.20 as of June 20th 2009.

² National Council of Welfare. 2008. *Welfare Incomes, 2006 and 2007*. Poverty Lines 2007, p. 137.

³ MacKenzie, H. and Standford, J. (2008). *A Living Wage for Toronto*.

<http://www.policyalternatives.ca/~ASSETS/DOCUMENT/Ontario_Office_Pubs/2008/A_Living_Wage_for_Toronto.pdf>.

maneuver. These numbers are calculated using the Consumer Price Index, the most recent Canada Housing and Mortgage Corporation's *Rental Market Statistics* report, the Market Basket Measure, and data on utilities costs, medical costs, transportation costs, etc. of the region.

The family expenses must be equal to the total of income from employment earned, minus deductions such as EI and federal and provincial income taxes, plus income from government transfers (such as the Universal Child Care Benefit and the GST rebate)⁴⁵. For Vancouver, British Columbia, Richards *et al.* have calculated that a family of four would be able to be lifted out of poverty and live with a "bare bones budget" but with a certain level of economic security if two parents worked 35 hours per week at an hourly wage of \$16.74.⁶

This formula for a living wage is adaptable to any province or community and promotes the recognition of the value of work and respect for the dignity of citizens and workers. Full time New Brunswick workers should not have to live in poverty.

That being said, increasing the living wage alone does not take into consideration job instability and part-time work, situations which are also conducive to poverty.

RECOMMENDATION 1

The government of NB must legislate a minimum living wage, calculated using reliable data on family expenses in our region and taking into consideration government transfers and deductions. This living wage must be indexed to the cost of living and adapted to inflation on a yearly basis.

2. Employment insurance

In the present tough times, the Employment Insurance (EI) program must be adequate to support laid-off workers and their families while they search for new jobs. They also need financial help for re-training in order to access other jobs.

RECOMMENDATION 2

The government of NB should engage into active discussions with the Federal government and push for the adoption of the following recommendations:

- a. Workers should be able to get regular benefits with 360 hours of work, no matter where they live or work in Canada.*
- b. Eliminate the two week waiting period.*
- c. Benefits should be increased to 60% of earnings, based on the best 12 weeks.*
- d. The period for receiving EI should go to 50 weeks.*

⁴ http://www.policyalternatives.ca/documents/BC_Office_Pubs/bc_2008/ccpa_bc_LW_calculation_sep_2008.pdf

⁵ A report on the use of the formula, and a detailed analysis of each individual components can be accessed at : http://www.policyalternatives.ca/documents/BC_Office_Pubs/bc_2008/ccpa_bc_LW_calculation_sep_2008.pdf

⁶ *Ibid.*, pp.7-8.

e. *A part of the EI surpluses should be used on better training and labour adjustment programs.*

3. Pay Equity

The wage gap between men and women is \$2.70 an hour. Lower wages for women keep many of them below the poverty line. A high percentage of this wage gap is due to discrimination.

RECOMMENDATION 3

The government of NB must immediately pass pay equity legislation for the public and private sectors, thus allowing many NB women to move out of poverty.

4. Child care

Families in the province lack daycare spaces. Daycare is expensive and a real burden to working families. Salaries paid to day care workers remain low.

RECOMMENDATION 4

The government of NB must:

- *Invest funds towards creating and maintaining a publicly funded, non-profit, universally accessible, quality child care and education system.*
- *Offer early learning child care workers wages and working conditions, which reflect the level of training, responsibility and value of the work performed.*
- *Support and promote the implementation, by the Federal government, of a national day care plan.*

5. Housing

Shelter is a basic need in our climate. Wages are often too low for people to afford decent housing. In November 2008, there was a waiting list of 4,200 people asking for subsidized housing in NB.

What is more, many people living in a situation of poverty are home owners, but cannot afford to make vital repairs to their home.

RECOMMENDATION 5

The government of NB must:

- *Develop a comprehensive public social housing program which includes cooperative and non profit community housing.*
- *Coordinate programs at all levels to access funding for affordable housing projects, including apartments earmarked for homeless people.*
- *Utilize the practice of Community Land Trusts to ensure an affordable supply of land for housing in the up-coming years.*
- *Strengthen municipal legislation and enforcement pertaining to abandoned and unkempt buildings.*

- *Identify and improve legislation that undermines the development of affordable housing (this must be done at the municipal level as well).*
- *Amend the Provincial Tenancies Act to extend the same rights and protections to renters within rooming houses as those enjoyed by apartment renters.*
- *Increase the provincial funding allocated to the Home Repair Program so that homeowners living in poverty may make necessary repairs.*

6. Seniors

The Canada Pension Plan (CPP) is an employer-worker funded benefit which is under the stewardship of federal and provincial Ministers of Finance. The NB Minister of Finance has a say on how the CPP fund is administered. Changes should be made so that seniors who retire are in a better financial situation.

Seniors aged 65 years or older are eligible to receive the Old Age Security (OAS) pension. This pension allows recipients a maximum yearly income of \$6,203.52. Seniors presently earning less than \$19,061 are also eligible to receive the Guaranteed Income Supplement (GIS), the maximum rates of which allow for an additional \$7,830.12 yearly (when you qualify for the supplement, you receive other benefits through the province, such as deductions on property tax, low income senior's benefit (\$300 year 2009), with the provincial government and reduction in Blue Cross monthly fees). People who receive only the OAS and the GIS thus have an annual income of \$14,033.64, placing them below the poverty line. Poverty is more common among seniors living alone, especially women.

RECOMMENDATION 6

The government of NB must push for the following propositions with the federal Minister of Finance and the other provincial Finance Ministers:

- *Increase the CPP retirement pensions from 25% to 50% of the average industrial wage; this can be done by increasing the yearly maximum pensionable earnings that is presently \$46,300 and also by increasing the CPP contributions that would be phased over a period of seven years.*
- *Increase the Old Age Security pension by 15% so as to lift all seniors above the low income cut-off established by Statistics Canada. To finance this, the federal government should add \$1.2 billion each year to the OAS.*
- *Increase the threshold to qualify for the Guaranteed Income Supplement from the current \$19,061 to at least \$28,000.*

7. Literacy

Many New Brunswickers do not have the literacy skills necessary to function in today's society. Over 100,000 of those between 16 and 65 years of age do not have sufficient reading skills to fully grasp the information printed on a single page.

More emphasis should be placed on helping adults with low levels of education find quality work – with a living wage, benefits and good working conditions.

RECOMMENDATION 7

The government of NB must facilitate access to literacy programs by removing the bureaucracy which poses restrictions to participation. It must also take charge of the funding for the rent of literacy classrooms, budget for the promotion and publicity of classes being offered, offer literacy teachers wages and working conditions which reflect the level of training, responsibility and value of the work performed, increase global funding allotted to literacy programs and lobby the federal government to reverse its cuts to literacy programs.

8. Shortcomings in the Public Education System

While addressing policy barriers and income inadequacy, there is also a need for systemic changes that will break the cycle of poverty. Education is a primary pathway out of poverty, yet many children and youth fail to thrive in our current systems and cannot access postsecondary.

RECOMMENDATION 8

The government of NB must:

- *Revise curriculum that allows for only traditionally academic pathways in high school.*
- *Institute life skills, financial literacy, and essential skills training in high school.*
- *Review policies and practices and eliminate or modify those that exclude low-income students from our publicly funded education system.*
- *When considering investment and school closure, consider a per graduate calculation rather than a per student analyses. This approach encourages a system that supports students to succeed, the ultimate goal in education.*

9. Social Assistance Rates

Social assistance rates are unacceptably low and must be raised significantly.

RECOMMENDATION 9

The government of NB must immediately raise social assistance rates to the average of the other three Atlantic Provinces and not claw back other benefits. The rates should also be indexed to the cost of living.

10. Social assistance policies

Several social assistance policies need to be overhauled if poverty reduction is to occur in the province. The five following changes are amongst those that are the most urgent:

- a. Wage exemption.** A solid poverty reduction strategy must include mechanisms, whereby employment is encouraged and supported and will

ensure financial benefit to the individual and families. A wage exemption policy needs to encourage people by ensuring them that the more hours they work, the more money they earn. We need to implement a policy that is universally applied to all single individuals on income assistance that rewards work. A \$300 flat exemption rate, followed by a 50% variable exemption, with predetermined maximum allowable incomes as a percent of the Low Income Cut-off Measure should be put in place. For all other family types, a 50% variable rate would be applied.

- b. Household Income Policy.** By maintaining the household income policy in place, the New Brunswick government is causing additional hardships to social welfare recipients and prevents them from improving their economic condition.
- c. Policy to certify disability.** The present criteria applied by the Medical Advisory Board to grant the “Certified Disability” category are too restrictive and should be reviewed.
- d. Interim Assistance.** The group of people between 19 and 55 years old, and able to work but without a job, can access social assistance. They currently only receive \$294 per month, an amount insufficient for survival. Only 3.6% of social assistance recipients fall in the “Interim Assistance Program” so its abolition would not create a major problem for the government.
- e. Focus on the investigation of social assistance recipients.** Some people on social assistance feel they are constantly being watched. The surveillance of their activities is not only related to the pervasive societal prejudice against them, but also that the social welfare system encourages informers. Enquiries should be based on formal complaints.

RECOMMENDATION 10

- a. The government of NB should implement a wage exemption policy that is universally applied to all single individuals on income assistance to allow for a \$300 flat exemption rate, followed by a 50% variable exemption, with predetermined maximum allowable incomes as a percent of the Low Income Cut-off Measure. For all other family types, a 50% variable rate would be applied.*
- b. The government of NB must abolish the Household Income Policy*
- c. The government of NB must define the notion of disability more clearly; it must allow other qualified professionals to make recommendations based on their knowledge of disabled individuals and it must set up an appeal process.*
- e. The province of NB should eliminate the “Interim Assistance category” and transfer the social assistance recipients in the “Transitional Assistance Program”*
- f. The province of NB should ask the Department of Social Development to pay close attention to how its personnel deal with people on social assistance, to promote respect and dignity.*

11. Court Social Workers Program and Legal Aid Program

Court Social Workers helped clients navigate the difficult process of separation and divorce, custody, access to child support and/or spousal support, division of property, etc. The legal aid services provided the means for low-income people to receive proper representation by a lawyer during court proceedings.

RECOMMENDATION 11

The government of NB must:

- *Reverse its budgetary decision to cut the Court Social Workers/Mediation program immediately to allow the most vulnerable people in our society to receive the high quality and professional social work services available during difficult and challenging times in separation or Divorce.*
- *Reinstate the funding cuts made to Legal Aid Services immediately, and adequately increase funding to actually meet the demand of people who cannot afford proper legal representation in NB because they are low-income.*

Conclusion

The NB government should seize the opportunity associated with the drafting of a Poverty Reduction Plan to overhaul all of its policies and legislation as a first step to reduce poverty. Other Canadian provinces are proceeding along similar trends.

In such a plan, the principal actor is the government. It is the government that has the social responsibility and the funding necessary to ensure the common good. That being said, community organizations and non-profit organizations understand well the realities of poverty. They can greatly contribute to the Poverty Reduction Plan.

We are strongly committed to a “Justice” approach to solve the poverty issues in NB. The recommendations we are making here will bring about long-range societal changes. In order to “Bring the pieces together” to develop a poverty reduction plan, it is essential that all citizens, including poor people, have their voices heard.

For information:

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