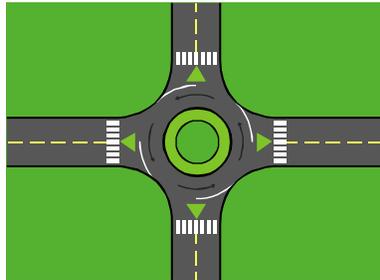


# Poverty Reduction

## Still a long way to go!

### 2013 Annual Review of David Alward's government



Common Front for Social Justice Inc.

December 2013

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

# **Poverty Reduction - Still a long way to go!**

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### **Introduction**

Today in New Brunswick, people living under the poverty line number between 88,000 and 100,000, depending on the method used to measure poverty. This is a disastrous situation not only for the people living in poverty but for all New Brunswickers, as will be shown below under various headings.

### **Cost of poverty**

According to a 2010 study by the Canadian Center for Policy Alternatives, the cost of poverty in New Brunswick then was \$2,000,000,000 or 7% of our Gross Domestic Product<sup>1</sup>. Considering that the economy has not improved since the study, we can assume that the current situation is similar.

### **Increases in inequality**

According to a study by the Organisation for Economic Co-operation and Development (OECD), income inequality and poverty have both increased significantly over the past 10 years in Canada. For a number of years we had made progress in reducing income inequality, but we have lost ground since the mid-1990s. Internationally, we dropped from 14<sup>th</sup> place to 22<sup>nd</sup>, and in 2010, 14.5% of adult Canadians (aged 18-64) had an income lower than the measure of poverty (after taxes). At the time, 51% of Canadians earned less than \$30,000, while the richest 1% of the population had 31.8% of all earnings<sup>2</sup>.

### **Longevity – People living in poverty don't live as long**

A paper submitted on April 25th, 2013, to the House of Commons' Standing Committee on Finance by the Canadian Medical Association, shows that individuals on low incomes are more frequently ill than those with high incomes. "Hundreds of research papers have confirmed that people in the lowest socio-economic groups carry the greatest burden of illness. In 2001, people in the neighbourhoods with the highest 20% income lived about three years longer than those in the poorest 20% neighbourhoods<sup>3</sup>."

### **Decrease in employment**

In New Brunswick, the employment situation has deteriorated. From 2008 to 2012, as shown in Table 1, the province lost 7,700 jobs, the number of workers without a job rose by 6,500 (in four short years). The unemployment rate has continued to rise, reaching 9.7% in November 2013<sup>4</sup>.

**Table 1. Statistics on N.B.'s active population - men and women**

Year	Jobs ( '000)	Unemployed ( '000)	Unemployment Rate (%)
2008	359,1	33,5	8,5
2009	359,5	34,6	8,8
2010	356,1	36,4	9,3
2011	352,0	37,1	9,5
2012	351,4	40,0	10,2
2013	-	-	10,1*

\*October 2013

**People don't earn enough to eat healthy foods**

One statistic that hints at the fact that people living in poverty don't have enough to eat is the use of food banks. (Table 2). In this province, the number of people being helped by food banks has consistently risen over the past six years, increasing from 15,638 to 19,989 persons, or 4,351 users. The number of children under 18 represents one third of users. We note that the number of households that use food banks has increased by 2,316. The percentage of food bank users receiving social assistance has consistently risen, from 60.0% in 2009 to 69.3% in 2013, or nearly 10% in five years (Table 3). Finally, the percentage of New Brunswick's population receiving help from food banks hasn't stopped rising over the past six years.

**Table 2. Food Banks in New Brunswick - 2008 to 2013**

Hunger Count - Highlights	2008	2009	2010	2011	2012	2013	Difference 2008-2013
Persons receiving help from food banks	15 638	17 889	18 517	18 539	19 524	19 989	+ 4 351
Food bank users under the age of 18 (%)	33,2 %	33,8 %	34,3 %	34,4 %	32,0 %	33,2 %	
Households receiving help from food banks	7 060	7 710	8 440	8 160	8 975	9 376	+ 2 316
Population in province receiving help (%)	2,09 %	2,39 %	2,46 %	2,46 %	2,58 %	2,65 %	+0,56 %

Source : <http://foodbankscanada.ca/getmedia/643f862f-f931-43c8-8e5c-3777cdf4c9ed/Bilan-Faim2013.pdf.aspx?ext=.pdf>**Table 3. Percentage of social assistance recipients using food banks in New Brunswick. Hunger Count 2009 to 2013**

Year	2009	2010	2011	2012	2013	Increase 2009 to 2013
Social assistance recipients (%)	60,0	61,0	65,6	65,9	69,3	+ 9,3

Source : <http://foodbankscanada.ca/getmedia/643f862f-f931-43c8-8e5c-3777cdf4c9ed/Bilan-Faim2013.pdf.aspx?ext=.pdf>

Has the year 2013 changed anything in the situation of the thousands of women, men and children living in poverty?

The answer is that David Alward's government is dealing with poverty at a snail's pace. Overall, there is still an enormous effort to be made to fight significantly against poverty.

In this 2013 Review, we will scrutinize the performance of the Alward government in improving the condition of thousands of people who rely on social assistance for survival, as well as unemployed workers, low-wage earners, senior citizens, professional artists and postsecondary students.

The Common Front has given each item assessed a score between 1 and 10, 10 being the maximum score.

## 1. People living on social assistance. Score = 3.3

The latest information on income from welfare (basic income and total incomes) collected by social assistance recipients is provided by the National Council on Welfare in its Winter 2012 publication. According to their survey, this province was very near the bottom amongst Canadian provinces in providing for the most vulnerable members of our society. Since then, the Harper government has abolished the Council, so we have no means of comparison with other provinces; however, given the information above, we can assert that the situation has not improved more recently.

Looking at Table 6, we note that there are between 2,000 and 3,000 more women (annual average) than men receiving social assistance. Table 7 shows that for the same period the province had an annual average of between 5,600 and 6,000 single-parent households, a much greater annual average than two-person or two-parent units. It is common knowledge that a majority of single-parent households are headed by women and thus it can safely be stated that women are over-represented among social assistance recipients.

**Table 4. Social assistance recipients by gender. Annual average April 2008-March 2009 to April-September 2013**

Year	Women	Men
2008-2009	13,096	10,040
2009-2010	13,083	10,206
2010-2011	13,534	11,047
2011-2012	13,740	11,381
2012-2013	13,457	11,308
2013-2013	13,225	11,353

Source: Department of Social Development. Communications on September 5, 2013.

**Table 5. Social assistance recipients by unit type. Annual average April 2008-March 2009 to April-September 2013**

	2 parents	2 individuals	1 parent	1 individual
2008-2009	1,534	1,840	5,911	13,851
2009-2010	1,542	1,811	5,808	14,128
2010-2011	1,514	1,726	5,976	15,395
2011-2012	1,481	1,629	6,040	15,970
2012-2013	1,446	1,592	5,798	15,929
2013-2013	1,423	1,573	5,060	15,976

Source: Department of Social Development, Communications on September 5, 2013.

As we examine the actions and lack of action by the Alward government, we note that some actions were taken, but overall, they did not make much difference in the situation of this province's most disadvantaged citizens.

**Increasing basic rate of social assistance. *Score = 4***

In October 2013, the basic rate of social assistance rose by 4%, with an additional 3% increase scheduled for April 2014. These new rates apply to nearly 20,000 households. However they do not apply to single employable individuals. If a 7% increase seems generous, it must be remembered that between 2008 and August 2013, the Consumer Price Index (CPI) rose by 8.9% in New Brunswick. The rate increase translates into an additional \$60 for single parents with one child and a \$68 increase for couples with two children. The government's rate increase nevertheless leaves thousands of citizens with a buying power that is not keeping up with the rate of inflation.

**Combined social assistance schedules. *Score = 10***

The Department of Social Development has combined its former schedules A and B into a single schedule for over 4,500 clients, single-parent and two-parent households whose rental costs are too high. This action means that these families will receive a 2% increase in their rate of assistance.

**Single employable individuals. *Score = 0***

Before 2010, there were three categories of social assistance, one of which comprised nearly 1200 single employable individuals who were receiving a mere \$294 monthly, a hugely inadequate sum. After years of lobbying by the Common Front and community organizations, the provincial government upped the amount, raising it to \$537 per month, thus eliminating that specific category. Considering that the new rates of October 2013 do not apply to employable singles, government is in fact restoring this third category of welfare recipients. For single employable individuals, their personal situation and buying power will continue to deteriorate.

**Increases in wage exemptions. *Score = 4***

Socially assisted individuals receiving \$537 per month who manage to find part-time jobs, can only earn \$150 a month without affecting their benefits. Before October 2013, each dollar earned above the exempted amount was completely deducted from recipients' monthly benefits. Since October, their benefits are reduced by 70 cents for every dollar they earn above the exempted amount of \$150<sup>5</sup>. The Common Front for Social Justice considers this change in policy as a small step in the right direction.

**Inability to deal with increased cost of food. *Score = 0***

The CFSJ conducts an annual survey on the cost of food as recommended by Health Canada. Since 2006, the cost of food has increased by about 30%, which has had a major impact for people on fixed income, low-wage earners and pensioners whose benefits are lower than the poverty line. The CFSJ has proposed that a \$50 food supplement per household be granted monthly to people who depend on social assistance. Government has turned a deaf ear to this proposition.

For children of families living in poverty, the Common Front had proposed that a province-wide in-school breakfast program be implemented. This proposition was not supported by the present government.

**Restructuring of plan for persons with a recognized disability. *Score = 0***

This restructuring was part of the Poverty Reduction Plan. Between 2006-2007 and 2011-2012, over 50% of requests for certification regarding disability, blindness and deafness were refused. The policy currently in place is a cruel one for many disabled persons.

**Single recipients with a disability living with a parent. *Score = 10***

In October 2013, deductions for housing expenses were eliminated for over 1,000 persons certified as disabled and living with their parents, when parents earn less than \$50,000. For parents earning over \$50,000, the deduction will amount to \$100. Before this, benefits could be amputated by as much as 25%, so this action will really help these recipients.

**Household Income Policy. *Score = 2***

As of October 2013, a new policy on Household Income was adopted for single recipients facing challenges in the areas of “education, health, housing, and social interaction”<sup>6</sup>. This is a change that will allow nearly 2,700 recipients to share a housing unit and therefore rental expenses. The Common Front for Social Justice has always deplored the Household Income Policy, as it is extremely discriminatory to penalize citizens who wish to share an apartment, a practice that is universally beneficial both economically and on the psychosocial level.

**Income Supplement. *Score = 7***

Approximately 3,300 households with children that spend more than 30% of their social assistance benefits on housing were granted a 20% increase in income supplement by the government. These families will receive an additional \$84 monthly between May and October, and \$120 monthly between November and April<sup>7</sup>. This is one step in the right direction.

**Forced deduction of the Canada Pension Plan at age 60. *Score = 0***

At age 60, citizens receiving social assistance and who have paid into the Canada Pension Plan are forced by the Department of Social Development to start receiving their pension, without waiting for age 65. This policy ensures the amount they receive is lower than if they could wait until age 65. These poor welfare recipients are simply being transformed into poor senior citizens.

**Campaign against prejudice. *Score = 0***

The Poverty Reduction Plan established that measures to reduce poverty could only be adopted by tackling the numerous biases that surround people living in poverty. The Plan proposed the launching of a province-wide awareness campaign. The Common Front for Social Justice has made a number of practical suggestions to the Department of Social Development but nothing has been implemented yet.

## 2. Low-wage workers. **Score = 1**

### **Increase in minimum wage. Score = 0**

In N.B., 11.1% of employed men and women are deemed to earn the minimum wage. The province has not increased the minimum wage in 2013, has not indexed it to the cost of living as had been promised in the Poverty Reduction Plan, and does not plan to increase it in 2014, all of which means that the buying power of thousands of workers will continue to diminish year after year. Wage conditions have thus deteriorated for these thousands of working men and women.

### **Workers receiving Employment Insurance. Score = 2**

Stephen Harper's federal government has made drastic cuts to the Employment Insurance Program. To be noted is the fact that this program serves about 40,000 men and women in our province, and brings 833.8 million \$ annually to our economy. The provincial government, together with the other Atlantic Provinces, has struck a committee to study the impact of these changes on workers themselves, their community and the provinces. However, this committee is mandated to hold private meetings with stakeholders instead of public meetings as formulated by groups opposed to the cutbacks. These meetings are not scheduled to take place until January 2014.

## 3. Economic situation of seniors. **Score = 2**

2013 saw the publication of the sixth edition of the province's *Seniors' Guide to Services and Programs* as well as the creation of a toll free number for information on programs for seniors. The Alward government also broadened the Ombudsman's mandate to include the authority to investigate long-term care services, but restricted it to those subsidized by government<sup>8</sup>. Also, in 2011, about 50% of women retirees and 40% of men retirees were receiving the Guaranteed Income Supplement. This percentage has not improved in 2013. These seniors, if they are single, receive a maximum amount of \$550 monthly from the Old Age Pension Plan and a maximum of \$747.11 monthly from the Guaranteed Income Supplement Program, for a maximum total of \$1,297.11 per month or \$15,577.20 annually, which is below the poverty line<sup>9</sup>. The Alward government is also pushing through to reform pensions into a shared-risk plan and, more recently, it has put an end to the debate on Bill 11<sup>10</sup>. We need a government that protects its senior citizens' pensions and makes sure they will live in dignity, above the poverty line.

## 4. Professional artists. **Score = 7**

In 2011, the average annual income of professional artists in N.B. was \$16,000. Funds allocated to arts and culture in the province have remained more or less the same since 2002. Despite this stagnation in funding directed to artists and artistic organizations, government has shown some progress in its policies dealing with the arts and artists. I has begun a review of its 2002 cultural policy and the new version should be part of a forthcoming announcement. In addition, it is currently developing, together with the parties involved, a linguistic and cultural management policy for the Acadian school community, in addition to a strategy for the development of a cultural industry and related businesses, which could have a positive impact on professional artists' income in this province, in the medium term. After funding the organization of a Forum on the status of professional artists in New Brunswick, in May and June of last year, the government, in its latest throne speech, has announced that it would put

in place a Premier's Task Force on the Status of the Artist, whose creation was requested by the province's artist associations, to "work towards recognizing and supporting the profession of artists in our province. This task force will provide recommendations that will improve the socio-economic status of professional artists<sup>11</sup>."

## **5. Postsecondary Students. Score = 1**

### **University funding. Score = 0**

In 2013, the Alward government has frozen its grants to NB universities, instigating a rise in tuition fees. In addition, it signed a multi-year funding agreement with the province's universities that guarantees further tuition increases over the next three years.

### **Financial assistance to students. Score = 0**

The Department of Post-Secondary Education, Training and Labour promised reforms to the financial assistance program for post-secondary students by April 2013. Eight months later, we are still waiting for that reform.

### **Training programs. Score = 3**

In November 2013, the Alward government announced investments intended to reduce or eliminate costs associated with on-the-job apprenticeship. However, a large part of these amounts will be given out as incentives to businesses to hire apprentices, and not as a rebate on the actual costs of apprenticeship. This is another fine example of a gift to the private sector disguised as an investment.

## **6. Pay Equity. Score = 5**

On a positive note, the Alward government continues its public support of pay equity. The Women's Equality Branch is currently working with the N.B. Coalition for Pay Equity to improve the methodology for work places without masculine comparatives.

Field work is progressing very slowly however, but government has promised retroactivity to compensate for these delays. The initial pay equity adjustments for the year 2012-2013 were disbursed in the summer of 2013 to eligible female workers in the home support, child care and transition house sectors. On the other hand, home support workers have not received the full one-fifth of their annual adjustment (\$0.43/hour) but only \$0.37/hour, while the general practice is to make equal yearly payment over 5 years. Government insists that total adjustments will reach \$2.15/hour. For their part, workers in community residences are still awaiting a Pay Equity Report for their sector.

As for the public sector, to which the 2009 Pay Equity Act applies, assessment results for the majority of female-dominated employment categories are nearly 2 years late.

## **7. Prescription Drug Insurance Plan. Score = 5**

According to the Economic and Social Inclusion Corporation, 70,000 families have no drug insurance in the province, or 20% of the population. Every year these families spend between 120 and 150 million \$ on prescription drugs. A majority of these are lower income

households<sup>12</sup>. In December 2012, an Economic and Social Inclusion Corporation committee submitted a report on initiating a provincial prescription drug insurance plan for uninsured citizens. The Poverty Reduction Strategy targeted April 2013 to roll out the new plan, so we're much behind schedule. The provincial government introduced December 2013, legislation for a two-phased drug plan. It has some serious flaws, will cost too much for citizens, not compulsory in the first phase and the private sector contribution is absent.

## **8. Social Housing. Score = 2**

Social housing in this province is at risk, especially since annual federal subsidies for that sector will be entirely eliminated by 2034<sup>13</sup>. Last summer, Minister for Social Development Madeleine Dubé met with other provincial ministers responsible for housing to discuss the importance of social housing and the need for continued federal funding<sup>14</sup>. We have to go further in this effort to demand the maintenance of federal subsidies. At the provincial level, the housing strategy "Hope is a Home" has not been reviewed since it was published in 2009, four years ago<sup>15</sup>.

## **9. Income tax for individuals and corporations. Score = 7**

In 2008, Shawn Graham's government introduced major cutbacks in Income tax rates for individuals and corporations. Progressively rolled out between 2009 and 2011 by the Graham government and maintained by the Alward government, these measures have caused the province a major financial loss. In the 2013 budget, the Alward government has decided to move against these cutbacks that drained millions of dollars away from public coffers. He brought back the taxation rate for individuals to its 2006 level and increased the rate for corporations by 10% to 12%. The Common Front was asking for a return to 2008 taxation rates.

## **Conclusion**

The Common Front for Social Justice recognizes that the David Alward government has taken some actions that will be helpful to people living in poverty, However, our review clearly shows there's still a long way to go to significantly reduce poverty in the province and moreover, that poverty reduction is not a priority for this government.

Let's not forget that even after government's poverty reduction plan, launched a few years ago, we still have nearly 100,000 individuals living under the poverty line. Most of these are men and women working at low salaries, social assistance recipients, senior citizens, students and artists.

We have also noted the obvious, that the face of poverty is to a large degree that of women, be they low wage earners, social assistance recipients or single seniors.

We understand the province's difficult economic situation, but the fight against poverty has to be considered as a social investment, just like investments being made in the private sector. We must invest in poverty reduction. These investments will result in positive economic benefits, notably through cost reduction in our health care and justice systems, and a more productive population.

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