

New Brunswick Common Front for Social Justice inc.

2012 Annual Review of the Alward government

Poverty reduction at a snail's pace

Approximately 100,000 people in this province are living below the poverty line. These are mainly individuals and families on social assistance, workers at low wages, people with disabilities and the elderly who qualify for the Guaranteed Income Supplement. The question that comes to mind is the following: "Has the year 2012 changed their condition?"

The answer, basically, is that the progress under the government of David Alward has been at snail's pace in that regard. Overall there remains much to be done to tackle the poverty issue in a meaningful way.

We have taken stock of 2012 and analyzed the actions which have occurred in four different areas. We gave a score to each of them. The scores range from 1 to 10, 10 being the highest rating.

A- 40 000 people living on social assistance

When we analyze the actions of the Alward government, we see that little has been done to improve the lot of the poorest of our province.

1 - The basic assistance rates have remained unchanged. Score = 2

The basic assistance rates have remained the same since October 2008, i.e. over the last four years. The only ones who have had an increase are those who have a certified permanent disability. They received a small increase of \$ 8.34 per month. For the thousands of people whose basic rate has not changed, this means that their purchasing power has actually decreased since their income has not kept pace with the inflation.

2 - Increased wage exemption for those making the transition to employment. Score = 0

Those who receive social assistance at \$ 537 per month and manage to find a part-time job can earn currently up to \$ 150 per month without any claw-back. Any amount beyond that point is automatically deducted from their assistance. The amount is slightly higher for the person receiving extended benefits. The CFSJ has tried repeatedly to convince the provincial government to amend its policy to raise the \$ 150 per month wage exemption. This policy change was recommended in the Poverty Reduction Plan. It would be an incentive to find longer lasting jobs and put more income into the pockets of recipients. To date, the Alward government has not made any commitment in that respect, although it is obvious that it would be a win-win solution.

3 - Inaction concerning the high cost of food. Score = 0

The CFSJ has conducted an annual survey based on the cost of the food items recommended by Health Canada. Since 2006, the cost of food has increased by about 30%. CFSJ has recommended that an extra \$ 50 per month be granted to each household living on social assistance. The government has turned a deaf ear to this proposal.

4 - Improved plan for people with disabilities. Score = 0

The Poverty Reduction Plan included a restructuring and an improved plan for those with disabilities in view of reducing poverty. However, out of the 975 applications for the certification of disability in 2009-2010, only 401 were allowed. In most cases where the certification was denied, the physicians had stated that the claimants were unable to work. The current policy affects many disabled persons who would benefit from a higher assistance rate.

5 - Increase in the school supplies supplements. Score = 7

The provincial government has increased the school supplement for low-income families. The amount was raised from \$50 to \$100. This amount is not sufficient to cover the ever increasing costs of school supplies.

6 - Allowances for medical transportation insufficient. Score = 0

Social assistance recipients have more and more difficulty in finding a means of transportation to attend their medical appointments, given the meager allowance granted to them. Their neighbors or relatives cannot afford to assist them at that rate. The government refuses to allow the recipients the same rate per km as the one scheduled for its own staff.

7 - Recovery of overpayments. Score = 3

In order to replenish the coffers of the province, the government has established a system of recovery of the amounts which were allegedly overpaid to people on social assistance. The recovery system also includes the collection of unpaid fines to the province. The recipients are not fully informed concerning their alleged overpayments, and in some cases, the recovery is not justified. The overall process is provoking a lot of anxiety to those who are targeted.

8 - Campaign against prejudices. Score = 0

In the Poverty Reduction Plan, it was clear that the plan to reduce poverty would not be successful unless an effort was made to dispel the many prejudices against people living in poverty. The plan recommended a provincial awareness campaign. The Common Front for Social Justice has made concrete proposals to the Department of Social Development and the Commission on Human Rights in that respect, but so far none of the proposals have been implemented.

B-Workers earning low wages

1 - Increase of the minimum wage. Score = 7

The Province of New Brunswick has increased the minimum wage to \$ 10 an hour in September 2012, but only after having imposed a six-month delay. Finally, after all those years, our minimum wage is similar to that of the other Canadian provinces. The Alward government did not, however, index the minimum wage to inflation, as proposed in the Poverty Reduction Plan, which means that the purchasing power of thousands of workers will decrease each year. This government has not projected further increases in the minimum wage neither.

2 - Lower minimum wage for workers earning tips. Score = 10

The Alward government has not established a lower minimum wage for employees who earn tips, as was recommended by the Canadian Restaurant and Food Services Association. To our great satisfaction, on February 22, 2012, the Minister of Labour has rejected this idea.

3 - Dental and vision care for children in low income families. Score = 10

The Poverty Reduction Plan of 2009 had made the commitment that dental and vision care for the children of low-income families would be implemented in April 2011. It is only on August 8, 2012 that the government made public that it would establish a vision care program that would cover the basic services needed by children up to 18 years of age, such as annual exams, lenses and frames. It also announced a dental care program including annual exams, x-rays and tooth extraction, as well as some preventative treatments. This program will benefit the families with an annual income of less than \$ 22,020 for a two-person unit, the cap increasing according to the number of people in the family.

4 - Prescription drugs program. Score = 0

The Economic and Social Inclusion Committee has recommended in December 2012 the establishment of a provincial prescription drugs for uninsured citizens. The expectations under the Poverty Reduction Plan were that such a program would be in place in April 2012, hence there was a delay. We must now wait to see how the government of David Alward will be dealing with this recommendation.

C- Workers drawing Employment Insurance benefits. Score = 3

The federal government of Stephen Harper has made drastic cuts in the Employment Insurance program. This program, as we know, is serving some 40,000 people (monthly average) and brings \$ 833 8 million annually into our economy. The Alward government has established last spring a committee to study the impact on the province. The committee's report has been finalized for months but was only unveiled recently. The provincial government says it works hand in hand with the other Atlantic Provinces to convince the federal government to make changes, but has failed so far. David Alward and the members of his party have refused to sign a joint letter with the Liberals asking the federal government to make changes that would take into account that some regions are most affected than others due to the shortage of jobs.

D- Insufficient provincial fiscal revenues leading to increased deficit. Score = 0

In 2008, the Shawn Graham government has made major cuts in tax rates for individuals and corporations. These measures, which were phased in gradually between 2009 and 2011 by the Graham government and later maintained by the Alward government, have caused significant financial losses for the province. If the current scheme is kept up for another year, an almost 1,000 million dollar deficit will have been accumulated due to the tax rate reductions. The Common Front has always opposed these cuts. On December 14, 2012, twelve NB economists published an open letter addressed to the Finance Minister asking him to return to the 2008 tax rates. They believe that returning to the tax rates of 2008 in 2013-2014 would translate into an increase of \$ 230 million in provincial revenues, reducing by

almost two-thirds the anticipated deficit. David Alward's government has turned a deaf ear to this recommendation.

Conclusion

In the final analysis, we must conclude that the actions of the conservative government led by David Alward did not give priority to the reduction of poverty in the province.

Let us recall that there are approximately 100,000 people living below the poverty line in New Brunswick. The majority of them are workers earning low wages and social assistance recipients. Because the minimum wage has not been indexed and because no further increases are planned, these workers will end up remaining in poverty. The freeze which was imposed on the basic social assistance rates during the past four years has led to keeping over 40,000 individuals and their families in extreme poverty.

Admittedly, some programs have been established by the NB government to help people in poverty, but the Minister of Finance's refusal to return to the 2008 tax rates to ensure that the richer individuals and the corporations pay their just share of fiscal revenues shows that it is not giving itself the means to put in place a plan to reduce poverty in this province .

New Brunswick for Social Justice Inc.

For information: Linda McCaustlin, Co-Chair – 855-7046

Aur a Cormier, Provincial Councillor – 506-2-4-1134