

Economic justice for low-income residents



New Brunswick Common Front for Social Justice

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The Common Front for Social Justice fights to build a more humane society based on respect and dignity for all. We want a New Brunswick without poverty. We want a society where everyone can enjoy a decent life, including minimum wage and social assistance that allows citizens to live and not only exist. We believe that every citizen can develop his or her full potential which will allow them to fully participate in the social, economic, and cultural development of New Brunswick.

The Common Front for Social Justice is one of New Brunswick's largest democratic and well-known organizations. It brings together individuals as well as local, regional, and provincial organizations to work towards the eradication of poverty.

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PROPOSITIONS

EMPLOYMENT STANDARDS

1. Increase the minimum wage by \$1.00 per hour until it reaches \$15.00 per hour and then index it annually to the Consumer Price Index.
2. Provide financial assistance to community organizations that are subsidized by the government and that serve low-income people; the subsidy should cover the difference between the wage paid and the minimum wage, including the portion paid by the employer.

SOCIAL ASSISTANCE

3. Introduce a New Brunswick program for people with disabilities that provides them with sufficient income to cover their basic needs.
4. Provide additional funding to Social Development in the 2021-2022 provincial budget to allow them to increase basic rates.
5. That the government commit to continuing with the increases so that in ten years' time, the total annual income of all citizens relying on social assistance will equal the poverty level set by the Market Basket Measure.
6. That over this coming year, the government launches a provincial campaign to help combat the prejudices associated with poverty.

AFFORDABLE HOUSING

7. That the Government of NB develop a strategy that includes public construction, ownership, and delivery of affordable housing.
8. That the Government of NB create a special fund for non-profit organizations and the co-operative sector that focuses on the construction of affordable housing.
9. That the government set up a special fund to assist low-income people forced out of their homes for non-payment.

INTRODUCTION

How many low-income people are there in New-Brunswick?

New Brunswick has been declared the poorest province in Canada. In 2018, using the Market Basket Measure as an indicator of the poverty line (after-tax)¹, there were 74,000 people in New Brunswick living in poverty. However, using another measure of low income in 2018, using 50% of median adjusted household income², there were 129,390 poor citizens.

Who are the low-income people in New Brunswick?

According to the Low-Income Measure, in 2018, nearly 17% of the population was poor.

Among others, the poorest include people working for low wages, social assistance recipients, and people with disabilities.

This included 30,200 children from the ages of 0 to 17, 74,600 persons aged 18 to 65, and 24,590 persons aged 65 and over. Among these three age groups, which people are most likely to live in poverty in NB? They are mainly low-income working people and their families, people receiving social assistance, and individuals with disabilities³.

EMPLOYMENT STANDARDS

The COVID-19 pandemic has shed light on thousands of low-wage workers employed in services that are vital to our economy. Think of all the people who work in food chains like Sobeys, Superstore, COOP or Walmart, as well as those employed in hundreds of convenience stores and gas stations, transportation, and nursing.

In 2019, there were **20,300** New Brunswickers working in jobs paying only minimum wage or less⁴. In good times, these people are often invisible. Many of them and their children live either below the poverty line or in very difficult financial situations.

¹ https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110013501&request_locale=en

² 2018 Taxfiler data, CFLIM-AT, Table 11-10-0018-01 on Stat Can.

³ <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110001801>

⁴ Statistics Canada, Labour Force Survey, Table 0420_08

Table 1 provides an overview of the precarious financial situation of people working at minimum wage compared to the poverty line when estimated by the Market Basket Measure, defined as the basic standard of living that includes the cost of food, clothing, transportation, housing, and other vital expenses of an individual or family.

Table 1. Income of a person earning minimum wage compared to a person at the poverty line in NB. (Market Basket Measure)

Housing unit	Net annual income ^a	Poverty line ^b	Difference
Single	\$20 492	\$21 029	(-) \$ 537
Single parent with one child	\$31 668	\$29 735	+ \$1933
Couple, one child and one minimum salary	\$31 768	\$36 422	(-) \$4654
Couple, two children and two minimum salaries	\$50 260	\$42 058	+ \$8 202

^a Calculated by Leblanc et Maillet, certified professional accountants from Dieppe, NB.

^b Statistics Canada, Table 11-10-0066-01 – Line of poverty, published in 2018.

As a goal, the province of New Brunswick should aim to set the minimum wage at \$15 per hour, which would be close to the living wage of \$19.55 per hour that was calculated for the Saint John area in 2020⁵.

We realize that community organizations serving low-income people do not have the ability to increase staff salaries or the cost of their services. Correcting this situation will require additional funding from the province.

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1. Increase the minimum wage by \$1.00 per hour until it reaches \$15.00 per hour and then index it annually to the Consumer Price Index.
2. Provide financial assistance to community organizations that are subsidized by the government and that serve low-income people; the subsidy should cover the difference between the wage paid and the minimum wage, including the portion paid by the employer.

⁵ Living wages in Nova Scotia and New Brunswick, 2020. CCPA/Nova Scotia, September 2020

SOCIAL ASSISTANCE

Number of social assistance recipients

In December 2020, the total number of social assistance recipients was 29,891, a downward trend from December 2015, when it was 36,994. Those in the "extended benefits" (certified disabled) category accounted for 6,727 people, while those classified as receiving transitional assistance comprised 23,164 people.

Large gap between social assistance rates and the poverty line

Table 2 represents the income corresponding to the Market Basket Measure for N.B. (2019), compared with the total annual income of a social assistance recipient in 2020.

Table 2. Market Basket Measure (MBM)⁶ and annual revenue on social assistance

	Employable person	Designated person	Disabled person	Single parent with one child	Two adults with two children
MBM : population of 30,000 - 99,999	\$21 029	\$21 029	\$21 029	\$36 422	\$42 058
Annual revenue with social assistance ⁷	\$7 455	\$7 947	\$10 251	\$20 111	\$26 723
Coverage of the MBM (%)	35.4%	37.7%	48.9%	55.2%	63.5%

In Table 2, the total annual income of the income assistant recipient categories includes their current income assistance rate plus two additional sources of income: (a) their HST credits (\$287 for a one- and two-person household, \$712 for a lone parent with one child, and \$876 for a couple with two children); and (b) the province of NB credits and benefits: \$400 for a single person as well as a person with a disability, \$700 for a lone parent, and \$1,100 for a couple with two children.

Three of the above categories of New Brunswickers live in extreme poverty and are unable to afford an apartment or adequate food. When there are children, Canada Child Benefit payments reduce their poverty, but these families never reach the poverty line.

The above table demonstrates the urgency for the Department of Social Development to significantly increase social assistance rates for all categories of income assistance recipients, particularly those living alone and those with disabilities. According to section 25 of the *Canadian Charter of Human Rights*, their rights are in fact being violated because their standard of living should be sufficient to provide health and well-being for

⁶ The Market Basket Measure used is from 2018. A more recent one was not available.

⁷ Maytree Welfare in Canada 2020, p.33. This data includes GST and NB tax credits/benefits.

them and their families, as well as food, clothing, housing, medical care and necessary social services, and the right to security of the person.⁸

People with disabilities living in poverty

People with a recognized disability living on income assistance are all well below the poverty line, as shown in Table 2. As of December 2020, there were 6,727 such cases. The vast majority of these were single people, classified as long-term recipients. **There are more recipients who should be identified as not being able to work and the current classification should be revised to reflect their actual condition.**

People living with a disability often require special equipment, a special diet, prostheses or adapted housing. They need better access to health care because of their physical or mental condition. They often do not have the financial means to afford private health insurance. More needs to be done and **we suggest that NB follow the example of some provinces that give them special assistance.**

Modification to the Employment Exemption Policy for social assistance recipients

The current wage exemption policy of the Department of Social Development only allows single employable people to keep their first \$150 earned. Thereafter, 70% of their wages are clawed back. This policy is punitive and discourages social assistance recipients from working more hours to improve their financial situation. It is often difficult for employers to hire these individuals on a part-time basis because of the bureaucracy required to confirm their income.

This policy must be amended by the provincial Cabinet to indicate that **for all social assistance recipients, the wage exemption allowance is \$500 per month before the 70% claw back is applied.** With more money in their pockets, income assistant recipients will have the opportunity to better meet their basic needs. They should be able to keep their wages until they gradually reach the income level corresponding to the Market Basket Measure. They will undoubtedly spend this extra money locally, which will only improve their community's economy.

N.B.'s situation in relation to the other Atlantic provinces

Because of regional differences in the cost of living, it is inappropriate to compare social assistance rates in New Brunswick with those in the wealthier provinces of Canada. However, comparisons can be made with provinces with relatively similar economies, such as the Atlantic provinces. It is therefore reasonable to compare New Brunswick's social assistance rates with those of the other three Atlantic provinces to see how each

⁸ https://www.ohchr.org/EN/UDHR/Documents/UDHR_Translations/eng.pdf

of these provinces helps their citizens who rely on income assistance; these comparisons are presented in Table 3.

Table 3. Total annual income of social assistance recipients in Atlantic Canada in 2019⁹

Province and city	Single employable person	Single person with handicap	Single parent with one child	Couple with 2 children
NB (Moncton)	\$7,131	\$9,843	\$20,111	\$26,723
NFLD (St. John's)	\$11,386	\$11,586	\$23,578	\$29,533
N.S. (Halifax)	\$7,442	\$10,270	\$18,372	\$27,974
PEI (Charlottetown)	\$10,245	\$13,058	\$22,158	\$34,938
NB represents this percentage of the Atlantic average	79%	88%	96%	90%

The need for a campaign to help combat prejudice against social assistance recipients

Prejudices against people living in poverty undermine their self-esteem and prevent many from moving ahead in life. To think of them as lazy, addicts or satisfied to remain on social assistance is untrue for most recipients. The provincial government must develop an effective awareness campaign to combat the prejudice against people living in poverty. The entire public must play a leading role in the development, implementation, and evaluation of such a campaign.

PROPOSITIONS

1. Introduce a New Brunswick program for people with disabilities that provides them with sufficient income to cover their basic needs.
2. Provide additional funding to Social Development in the 2021-2022 provincial budget to allow them to increase basic rates.
3. That the government commit to continuing with the increases so that in ten years' time, the total annual income of all citizens relying on social assistance will equal the poverty level set by the Market Basket Measure.

⁹ Source: Maytree. Welfare in Canada. 2018. Anne Tweedle and Hannah Aldridge, November 2019.

SOCIAL HOUSING

When we talk about people living in poverty, one of the main items in their budget is the cost of housing. In the province, we are seeing more and more large corporations trying to corner the rental market, which is causing huge increases in the cost of rents.

One of the ways to facilitate access to housing for people living in poverty is the provision of social housing where people pay only 30% of their income. Unfortunately, there is an acute shortage of social housing. The waiting list stands at about 5,000 individuals or households and does not seem to be decreasing. The federal government has a ten-year plan in collaboration with the provinces, but New Brunswick must take the lead and make it a priority. Citizens cannot rely on the private sector to build affordable housing because the private sector is focused on condominiums and high-end apartment buildings. The province needs to provide more financial assistance to the non-profit and co-op sectors.

There is a direct link between income level, access to adequate housing and use of public health services. People living in poverty, especially those living in substandard housing, are in poorer health and so they consult doctors more often. They attend more health clinics and are hospitalized more often. According to a document from the Canadian Centre for Policy Alternatives, the economic cost of poverty in New Brunswick is estimated at \$196 million per year. Another study by At Home/Chez Soi showed that for every \$10 invested in housing services, an average of \$7.75 was saved. The main cost reductions were for visits to doctors or community health centers (\$8,473 per person per year), hospitalizations in general hospital medical units (\$4,220 per person per year) and detoxification center stays (\$2,731 per person per year).

PROPOSITIONS

1. That the NB government develops a strategy where the construction, ownership and the delivery of affordable housing would be public.
2. That the government of NB create a special fund for non-profit organizations and the co-operative sector that focuses on the construction of affordable housing.
3. That the government set up a special fund to assist low-income people forced out of their homes for non-payment.

HOW TO FINANCE THE NEEDS OF PEOPLE WITH LOW INCOME?

The provincial government must take the following actions, which are within its own areas of jurisdiction and urge the federal government to act within its areas of jurisdiction to:

- Introduce a tax on the wealth of the richest.
- Impose a tax on excessive profits related to the pandemic.
- End tax loopholes for big corporations and the rich.

For more information:

Canadians for tax fairness (November 2020). **It's time to tax extreme wealth inequality : How progressive tax reforms can help pay for the pandemic and build a better future,**

https://www.taxfairness.ca/sites/default/files/resource/canadian_for_tax_fairness_-_billionaires_report_2020_final.pdf

CONCLUSION

Poverty is very costly to the Government of New Brunswick. A study by the Canadian Centre for Policy Alternatives reports that the direct cost of poverty in New Brunswick is about half a billion dollars a year. This represented 6.5% of the provincial government's budget in the 2009-2010 fiscal year. This is a significant amount. Health-related spending alone accounted for \$196 million per year. This amount could have been saved or reallocated if poverty had been eliminated for the poorest 20% of New Brunswickers. Poverty reduction should be viewed not as an expense, but as an investment.

To achieve greater fiscal justice for the poorest people, the base rate for all income assistance recipients should be increased. This is the first step to be taken in this area. It is encouraging to note that in 2020, the province had the lowest number of people relying on social assistance (29,891) in the last 20 years. The savings from this decline need to be redistributed to current recipients who continue to be in high need of social assistance.

Given the difficult position the working poor are in, the minimum wage needs to be raised to \$15 per hour to improve the lives of these many low-income working people.

As this report also points out, more investment is needed in health care and affordable housing.

This report offers several suggestions for raising the additional funds that will cover the needs outlined in this report. Higher taxes could be imposed on estates, inheritances, and wealth. Higher taxes could be imposed on very wealthy corporations as well as on individuals with very high incomes.

New Brunswick has been ranked as the poorest province in Canada. That's why, between 2018 and 2019, it received an additional \$149 million in equalization payments. We will receive an additional \$187 million in equalization payments next year. The government needs to use the money in equalization payments to make a difference for New Brunswickers in need.