

**REQUEST FOR A HEATING SUPPLEMENT  
FOR PEOPLE ON LOW INCOME**

**Presentation made to the New Brunswick Government**

**By**

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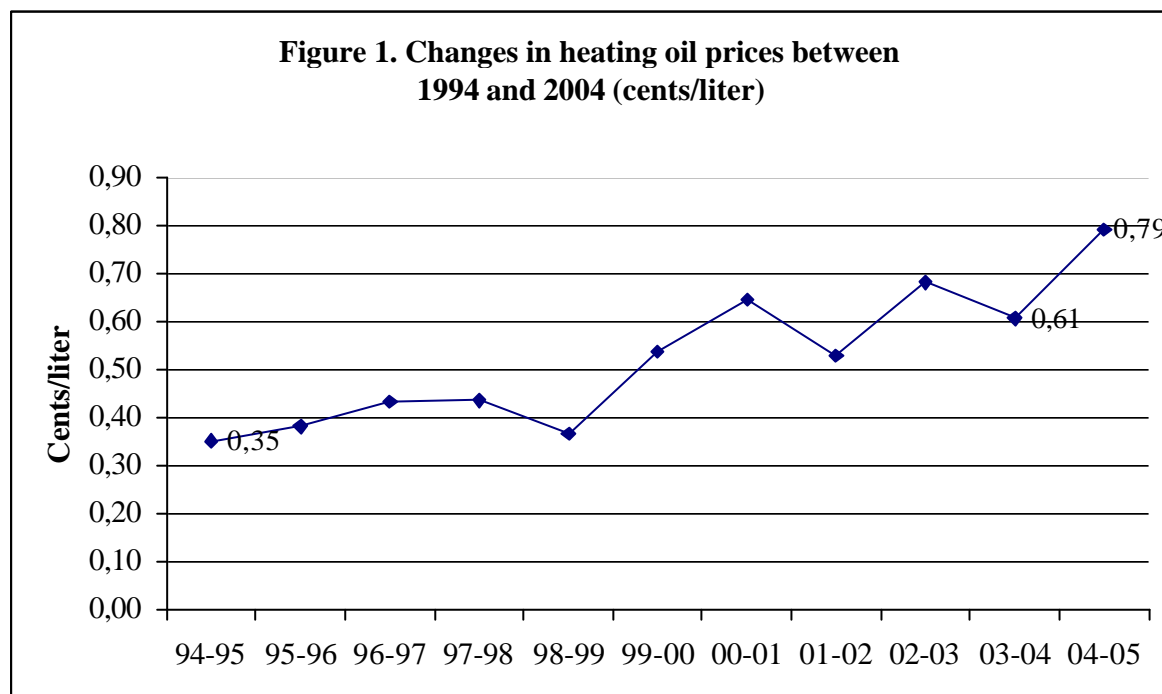
## REQUEST FOR A HEATING SUPPLEMENT FOR PEOPLE ON LOW INCOME

### I. Background information

Ever since the 1980s and 1990s, the Government of New Brunswick has given a supplement of \$70 per month, from November to April, to people on social assistance, thus recognizing that living at a reasonable room temperature is a basic need for every citizen.

Ten years ago, a basket of goods which costed \$100 has reached a value of \$122.93 in 2004<sup>1</sup>. Based on the Bank of Canada inflation calculator, the per cent change between 1994 and 2004 is 22.93%.

The price of fuel between 1994 and 2004 has been documented by a reliable Moncton area consumer<sup>2</sup>. This trend is illustrated in Figure 1.



As indicated above, in 1994-1995, the price of heating oil for a specific Moncton consumer was \$0.35/liter. It has risen to \$0.79 in 2004-2005, which represents a 225% increase.

On November 16, 2004, the Times and Transcript<sup>3</sup> published an article entitled "Oil prices unlikely to drop." It is reported that the average provincial price for heating oil was \$0.531 cents on November 4, 2003. On November 2, 2004, it had risen to \$0.772 cents. This one-year change corresponds to a 145.4% increase.

<sup>1</sup> Inflation calculator – Bank of Canada. [www.bankofcanada.ca/en/inflation\\_calc.htm](http://www.bankofcanada.ca/en/inflation_calc.htm).

<sup>2</sup> Wery, A. October 28, 2004. Personal communications.

<sup>3</sup> Times and Transcript. 2004, Nov. 16, p. A4.

To alleviate the negative effect of the GST/HST on people with modest incomes, the Federal government allows poorer Canadians, aged 19 and older, to receive GST/HST credit. If in 2002, a person's net income was \$7,022 or less, he or she was eligible for a GST/HST credit of \$216 per year<sup>4</sup>. Once a 2002-family net income exceeded \$28,193, the GST/HST annual credit amount was reduced. This credit kept being reduced until the net family income exceeded \$36,833 for a couple, point at which it was eliminated. If individuals and families on such low income levels are judged by the Federal government to be in need of financial relief, they should also be eligible for the N. B. heating supplement. The Common Front for Social Justice (CFSJ) believes that a family of four, living on a net income of \$28,193 or less, is poor.

People living at minimum wage presently earn \$6.20 per hour. With a 40-hour week, they have a gross annual income of \$12,896. Data published by Statistics Canada state that the 2003 Low Income Cut-Off (the poverty line), for one person living in a rural area, is \$13,680<sup>5</sup>. The \$6.30 hourly wage coming into effect on January 1, 2005 still leaves 15,300 minimum wage New Brunswickers below the poverty line<sup>6</sup>.

## II. Impacts of increased home heating costs

Statistics are impersonal but personal stories told by people on very low income are easier to grasp. For example, a sick couple in their fifties and living on social assistance, receives only \$746 per month. In January 2003, they could not afford to pay for a tank of heating oil and went three days without any heat, until a compassionate person paid for 100 gallons of heating oil. They do not waste the oil as they keep their thermostat at 60°F and wrap up in warm clothes and blankets so that their fuel lasts longer. Another case is that of a single mother with two children. She was glowing with joy when someone offered her some money. She said "I will be able to buy some heating oil and my daughters and I will no longer need to keep our mittens in the house."

To offset the negative impacts of increased heating costs, the Province of **Newfoundland and Labrador** is offering a \$250 rebate for households which use home heating fuel, that is, furnace fuel, stove oil or propane as their primary source of heat. One person per household may apply for the rebate. The applicant must either be receiving the Newfoundland and Labrador Child Benefit, have received the Newfoundland and Labrador HST Credit or Seniors' Benefit since July 2004, or have received or will receive basic Income Support in either of the months of July, 2004 to March, 2005. An application form is available on the Web for applicants to claim this rebate<sup>7</sup>.

In **Nova Scotia**, the Provincial government has recently granted a \$200 fuel rebate to individuals earning \$13,400 or less annually<sup>8</sup>. The rebate amounts to \$200. The minimum wage in Nova Scotia, for a person working a 40-hours week, corresponds to a gross annual

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<sup>4</sup> [www.taxtips.ca/filing.htm#GSTCredit](http://www.taxtips.ca/filing.htm#GSTCredit).

<sup>5</sup> Statistique Canada. 75F0002M-2004002.

<sup>6</sup> L'Acadie Nouvelle, 2004, 8 sept., p. 2. Légère hausse du salaire minimum en N.-B. en janvier.

<sup>7</sup> [www.gov.nf.ca/fin/homeheating](http://www.gov.nf.ca/fin/homeheating).

<sup>8</sup> Telegraph Journal. Nov. 16. N.S. giving poor \$200 fuel rebate.

income of \$13,420, the figure used by this province as a cut-off point. The Nova Scotia government also decided that families earning less than a gross income of \$22,200 per year would also be eligible for the \$200-rebate.

There would be other ways of reducing fuel costs for consumers. Removing the tax from such necessities as **heating oil** and **electricity bills** would strike a positive chord for many tax-weary low-income people. This was one of the suggestions put forth by Darrel Dexter, a former Halifax journalist and lawyer<sup>9</sup>. He said: "If you are successful in life, you may forget that there's a whole whack of people out there who, day after day, are wondering: How am I going to pay for my fuel bill? How am I going to pay for electricity?"

Some Canadian provinces give financial benefits to people on income support programs. One of these benefits is assistance for heating. For example, in **Alberta**, social welfare clients residing in social housing can receive an allocation for actual electricity costs. However, this amount must not exceed private housing rates<sup>10</sup>.

### **III. Proposals put forth by the Common Front for Social Justice**

#### **1. Increase of the fuel allocation to \$125 per month**

To maintain the capacity to purchase fuel which was in effect ten years ago, the CFSJ recommends that the present \$70-monthly heating allocation be increased as follows to offset inflation and current increases in the cost of heating:

- a.  $\$70 \times 1.2293$  (% change in inflation between 1994 and 2004) = \$86.05/month
- b.  $\$86.05 \times 1.454$  (average % increase in heating oil between 2003-2004) = \$125.12/month

The above calculation is the basis for the CFSJ's recommended \$125 monthly fuel allowance. This amount should be granted to **all social assistance households presently eligible for a fuel allowance.**

#### **2. Extension of eligibility to other households**

The CFSJ also recommends that a specific amount of money be made available to the other vulnerable groups described hereafter.

##### **a. People receiving social assistance and who own their home**

Currently, homeowners receiving welfare are denied the monthly allowance for heating. These people are very poor and should be entitled to the supplement.

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<sup>9</sup> <http://cnews.canoe.ca/CNEWS/Politics/NS/2003/08/05/154125-cp.html>.

<sup>10</sup> [www3.gov.ab.ca/hre/ips/publications/pdf](http://www3.gov.ab.ca/hre/ips/publications/pdf).

**b. Individuals with a gross annual income of \$13,680 or less**

Individuals residing in rural areas are below the poverty line if their annual income is \$13,680 or less. Individuals **in all of N. B.** who have a gross income of \$13,680 or less should be included in the segment of the population which is eligible for a specific amount of assistance for fuel.

The monthly level of government assistance should partially compensate these low income households for their loss in buying power due to inflation as well as to the very recent increase in heating oil prices. This assistance should correspond to **\$125 minus \$70**, which is equal to **\$55 per month**<sup>11</sup>. These households should be eligible for such assistance during the months of November to April. This equals \$330 in heating assistance.

**c. Households with a gross income \$25,744 or less**

All N. B. families living in households with a gross income of \$25,744<sup>12</sup> or less should have access to a \$330 heating allowance.

**d. Seniors receiving the Old Age Security pension and the supplement**

All N. B. seniors receiving the Old Age Security Pension and the full supplement, and who live in a house-apartment, should be eligible for the \$330 heating allowance.

**3. Extension to include other types of heating fuel**

The CFSJ recommends that the following types of heating fuels be included in the list of those for which there is an allocation:

- Heating oil
- Propane
- Natural gas
- Stove oil
- Wood
- Electrical source

**IV. Format of delivery of the monthly heating allowance**

Decision makers within the New Brunswick government are best able to identify the most efficient way of delivering these fuel allocations.

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<sup>11</sup> The \$70 is subtracted because these low income households do not get the heating allowance given to social welfare recipients.

<sup>12</sup> An annual income of \$25,744 corresponds to the 2003 Low Income Cut-Off for a family of four in a rural area.

## **V. Reduction of minimum volume of fuel oil for delivery**

Currently, some heating oil companies refuse to deliver fuel unless the client requests 100 gallons, the cost of which is presently \$340. Many poor people are unable to save this amount of money and are thus denied fuel oil. The CFSJ is asking the Provincial government to contact the fuel oil companies to convince them to be good corporate citizens and to deliver heating oil, even if the request is only for 50 gallons.

## **V. Summary of Recommendations of the Common Front for Social Justice (CFSJ)**

The CFSJ recommends:

1. That the monthly heating allocation be increased from \$70 to \$125 per month, from November to April inclusively, for all households which depend on social assistance for their living.
2. That individuals living in a house and earning \$13,680 or less per year as gross income, get an allocation of \$55 per month during six months to offset increased heating costs.
3. That households earning \$25,744 or less annually be given a \$55-per month allocation for heating cost, for up to a 6-month period, to a maximum of \$330.
4. That seniors receiving the Old Age Security pension and the supplement and living in a house-apartment should get a \$55 per month allocation from November to April.
5. That the following types of fuel be eligible for the supplement: heating oil, propane, natural gas, wood and electrical source.
6. That these changes become in effect as soon as possible and that they be retroactive to November 1<sup>st</sup> 2004.
7. That the Government of New Brunswick contact fuel oil companies and convince them to deliver fuel oil to citizens who cannot afford to purchase more than 50 gallons at a time.