

The Good, the Bad and the Ugly Reality of Poverty in 2010

Analysis conducted by the Common Front for Social Justice

With 2010 coming to an end, the Common Front for Social Justice (CFSJ) seizes the opportunity to take a close look at the actions and/or inactions of the government of NB with regard to the reduction of poverty during the past year. As a non-profit community organization composed of social, unions and religious groups, the CFSJ scrutinizes the various social policies in order to see how they affect low income people. It also aims at promoting more solidarity within our society.

The following outlines some areas which **had a direct impact on the financial situation of citizens** during the past year and where the CFSJ has noted some progress but also, unfortunately, some drawbacks.

1. Social assistance recipients

a-Where did the 2% raise go?

It was publicly announced that the budget for the implementation of the Plan would cost \$3.5 million each year for five years. If one divides this \$3.5 million by the number of caseloads (around 25,000), we come up with \$140 per case, which corresponds to a raise of around 2% for each household on social welfare. As we all know, the Liberal government did not include a 2% raise to the basic social assistance rates in their 2009 and 2010 budget as they had done the previous years. **Instead, this money was used to set up an administrative structure. What is almost criminal is that Shawn Graham's government made the option of not giving a raise to help 40,363 citizens depending on social assistance to better feed, clothe and house themselves. This indicates where his government's priorities lied. We hope the present conservative government will address this situation.**

b- New Brunswick: one of the least caring for social welfare recipients

The National Council of Welfare estimated the 2009 Annual Welfare Incomes by type of household for all Canadian provinces. Their report presented the incomes for four different scenarios (single employable, person with a disability, lone parent with one child and, a couple with two children).

The **annual welfare income** takes into account the basic social assistance, additional social assistance program benefits, Federal child tax benefits, provincial child benefit, Federal GST credit and provincial tax credits. The comparison between New Brunswick and the Canadian provinces and territories is startling!

In 2009, New Brunswick had the lowest annual welfare income for person with a disability (\$8,665) and for a couple with two children (\$19,775). The only category where the province of New Brunswick was not last was for lone parents with one child (\$16,171) where we

ranked tenth out of thirteen.

If we were comparing only the **basic social assistance rate**, New Brunswick would be at the back of the pack in the category, couples with two children. Only three provinces, Nova Scotia, Quebec and Manitoba, had lower rates compared to New Brunswick for the category of lone parents with one child and only Manitoba is lower than NB for persons with disabilities. (*National Council of Welfare, Welfare Incomes 2009, Winter 2010, Volume 129*)

In reality, the year 2010 was not a very good one for New Brunswickers living on Social Welfare. The former government did nothing to achieve rate parity with other provinces particularly the Atlantic provinces as promised in the Charter for Change in 2006. The present government must increase the basic rates to the average of the Atlantic provinces level.

2. Heating Assistance

Each year, many citizens must struggle with heating costs that are beyond their financial means. We are referring here to social assistance recipients, low-income earners, seniors having high medical expenses to pay, etc.

We are pleased that the present government has kept last year's program and has added a new one: the \$100 Home Energy Assistance Program.

3. Access to food

We live in a rich country where food is in abundance, but while this is the case, thousands of individuals and their families do not have enough income to feed themselves properly. In order not to suffer from hunger, they have to rely on food banks. Who do we find amongst the clients of these food banks? Children, people with disabilities, seniors, single parent families, income assistance recipients, but also low-wage earners.

The Common Front for Social Justice Inc. carried out a survey based on the National Nutritious Food Basket (NNFB) methodology developed by Health Canada. It measures the cost of healthy eating based on Canada's Food Guide to Healthy Eating but does not include foods that are not part of *Canada's Food Guide*.

Food cost represents an important percentage of the monthly budget of people living on limited means. The rising food cost is in strong contrast with the static social assistance rates of the past few years. For example, for one person in the "transitional category", the social assistance rate went from \$494 per month in 2005 to \$537 in 2010. This is an 8.7% increase. **Between 2005 and 2009, the Consumer Price Index for food in N.B. rose by 16%.**

To keep up with the rising cost of nutritious food, social welfare recipients need to invest an increasing proportion of their revenue to purchase healthy food. The same is

true for minimum wage-workers and seniors on old age security pension.

While the percentage of income expended on food by an average Canadian household is 10.4%, people living on limited means spend a lot more. Here is what five types of New Brunswick households spent in 2010:

- A 70-year old woman receiving the guaranteed income supplement 15.3%
- A 25-year old worker paid at the minimum wage 16.9%
- A single mother with one child and receiving social assistance 34.6%
- A 25-year old man, single, and receiving social assistances 47.7%
- A 40-year old worker at minimum wage, with a wife and two children 50.6%

(Common Front for Social Justice Food Survey, July-August 2010-www.frontnb.ca)

According to Hunger-Count 2010, 18,517 individuals in NB turned to food banks in March 2010. This meant an increase of more than 4% over the previous year. (There was a 14% increase in 2009). Thirty-four percent were children, 13% reported employment income, 9% were receiving employment insurance, close to two-thirds were receiving social assistance and 6% had disability-related income. Sixty-six percent of NB food banks saw an increase from the previous year. *(Hunger Count 2009 and 2010, Food Banks Canada).*

The cost of basic nutritious foods has gone up and the income of many New Brunswickers living in poverty has not followed. Each year, thousands individuals and families have no other choice but to go to food banks and soup kitchens to survive. The major consequence of such food insecurity is a poor nutritional status, leading to poor health. This has also increases the cost of our health care system.

4. People with disabilities

People with physical and psychological handicaps are facing important financial challenges. In many cases, they cannot participate in the labour market or if they are employed, their earnings are minimal. When the handicap of a single individual is not recognized formally by the Department of Social Development, that person must live on the small allowance of \$537 per month. There are many such cases.

In 2010, the NB Economic and Social Inclusion Plan made no improvements to the lot of the handicapped, except for a commitment that during the forthcoming 5 years, there will be a restructuring and an increase in the social assistance rates, as well as an improved scheme for the handicapped.

However, with little pre-warning, in October 2010, the government changed the process of mailing out the \$1,000 lump sum to persons with disabilities. It was decided to mail out a monthly allocation of \$83.33 instead. The problem right now is that by December 2010, people with disabilities have only received \$250, namely their allocations for October, November and December. They are missing the balance \$750. because they have not received their allowance for the other nine months completing the yearly cycle.

The Commn Front for Social Justice Inc. is asking the present government to issue them a cheque for the \$750 which is owed to them.

5. Policies of the Department of Social Development

The policies of the Department of Social Development are vital to those who depend on social assistance for their income. The policies are important since they establish the conditions under which recipients will be able to get a pair of glasses, orthopedic shoes, heating assistance, etc. They also determine such things as how much social assistance recipients can earn without losing any of their benefits. Thus, these policies have a major impact on the everyday lives of people who depend on social assistance.

We have stated repeatedly that the Policy Manual needed to be completely reviewed.

The NB Economic and Social Inclusion Plan has struck a committee that is supposed to review the policy manual. From our understanding, this committee has not met yet. We hope this new government will soon bring major changes that are favorable to people on social assistance.

6. Income of low-earners

Minimum wage workers in NB now earn \$9.00 per hour. This will go up to \$9.50 in April 2011 and to \$10.00 in September 2011. Right now, if NB wanted to be at the Atlantic province average its minimum wage should be \$9.41.

Alberta, British Columbia and Yukon have a lower minimum wage than NB. PEI and the NWT have the same. All the other provinces are higher (Manitoba-\$9.50, NFL-\$10.00, Nova Scotia-\$9.65, Nunavut-\$10.00, Ontario-\$10.25, Quebec-\$9.50, Saskatchewan-\$9.25). (*Human Resources and Skills Development Canada-<http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx?lang=eng>*)

A single worker who works full-time, i.e. 40 hours per week all year round, earns \$18,720 and is above the 2009 Low Income Cut-off after tax of \$15,384. However, in 2009, a sole earner in a family with two children falls below the poverty line (\$29,089) if they live in a medium-size community (30,000 to 99,999). For these same families living in a community of less than 30,000, the Low Income Cut-off after tax was \$26,075. In NB, since 54,400 individuals are working only on a part-time basis, most of them unfortunately fall well below the poverty line.

In the Economic and Social Inclusion Plan, it is proposed that the minimum wage be increased to attain the Atlantic average by September 1, 2011, and to index it thereafter to the inflation rate. The Common Front for Social Justice Inc. considers the increases announced in January 2010 positive. However, there **are presently some employer groups lobbying government to put in place a two-tier minimum wage. Some are also suggesting that we should cancel the proposed increases for 2011. The Common Front for Social Justice Inc. is totally opposed to both of these suggestions.**

We are asking the present government to resist these pressures and to continue to increase the minimum wage. Workers have had their purchasing power reduced and these increases are barely helping them.

7- Pay Equity

Women in NB have been trying for years to convince the provincial government to adopt a legislation which would guarantee pay equity both in the private and public sectors. The last government, with the support of the opposition, finally adopted a *Pay Equity Act* in 2009, but for the public sector only. The Act came into effect in April 2010. Job evaluations - the first step towards pay equity - are underway in the public sector. Then, jobs mostly held by women will have to be compared with jobs mostly held by men. If the value is the same, the pay should be the same. We still have to see how quickly government will make the necessary pay adjustments that will result from this process. According to the Act, adjustments will begin in 2012.

Another initiative undertaken by the last government was to implement pay equity programs for four groups offering government-mandated services outside the public sector: home care, child care, group homes and transition houses. It had committed to pay the necessary adjustments beginning in 2010. **We still have no indication about the present government's intentions regarding these pay equity programs.** However, workers in these sectors have seriously been underpaid for years now, and are waiting anxiously for the pay equity results and payments.

Pay equity legislation for the private sector is the next logical step forward. Certainly, the business sector will lobby against it. Five years ago, it supported a voluntary approach to pay equity but we have seen no results. Pay equity legislation is necessary for all. In NB, 69% of working women are in the private sector. For them, pay equity means equality, economic independence and the reduction of poverty.

In 2011, we will watch for the payment of pay equity adjustments to workers in child care, home support agencies, group homes and transition houses. We will look at the evolution of the *Pay Equity Act, 2009* in the public sector and we will continue to ask for legislation in the private sector.

8. Employment Insurance

While this program falls under federal jurisdiction, it still has an important impact on the income of individuals and families in NB.

Workers who lose their jobs are entitled to employment insurance only if they have accumulated enough working hours to be eligible for benefits. In NB, the number of required hours vary from 455 to 665 (in 2010), depending on the place of residence. Benefits represent only 55 % of the salary and their duration depend on the number of weeks at work, as well as the place of residence.

No significant improvement has been made to the employment insurance program during the past year, which means that the unemployed are often forced to live in poverty, especially the low earners, those on part-time jobs (of whom many are women and youth), and those working in the seasonal industry.

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