Newfoundland and Labrador Provincial
Poverty Profile

OVERVIEW

Newfoundland and Labrador was one of the first two provinces to introduce formal action plans aimed at poverty reduction, although it chose not to ground its plan in legislation. The government implemented a comprehensive Poverty Reduction Strategy in June 2006 – *Reducing Poverty: An Action plan for Newfoundland and Labrador* – with a clear and aspiring goal of transforming the province into the region with the lowest poverty rate in the country by 2014.¹ The Minister of Human Resources, Labour and Employment leads the government’s poverty reduction efforts and is required to submit a statement of progress every year as well as a report on the implementation of the strategy every two years.² The government’s budget plans consistently allocated resources to various initiatives to support the poverty strategy each year. While Newfoundland and Labrador has successfully reduced its poverty level, currently having the third lowest rate in Canada at 5.3%,³ many critics are doubtful that the strategy’s goal will be met in 2014, pointing to the province’s high child poverty rate and food bank usage as well as the overdue second progress report.⁴

Plan Components and Highlights

Newfoundland and Labrador’s Poverty Reduction Strategy includes five goals to guide its effort to prevent, reduce and alleviate poverty:¹

1. Improved coordination of services for those with low incomes
2. A stronger social safety net
3. Improved earned incomes
4. Increased emphasis on early childhood development
5. A better educated population

Community Engagement in Plan Development and Implementation

Public consultation has been made a defining aspect of Newfoundland and Labrador’s poverty reduction effort. In 2005, public consultations and focus groups were held, which led to the development and implementation of the province’s first poverty reduction action plan in 2006.⁵ The government committed to consult the public every two years to gather feedback on its anti-poverty efforts.⁶ The third – and the latest – set of consultations were held in the fall of 2010, during which more than 650 stakeholders provided input on the province’s strategy moving forward.⁷ Despite the government’s commitment, no further consultations have been held since then. However, the government has invited

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public submissions and comments on various individual initiatives and aspects of its Poverty Reduction Strategy. For instance, there was a minimum wage review in Fall 2012. Similarly, submissions were received from various stakeholders prior to every budget pertaining to investments on anti-poverty initiatives.

In addition, the government has initiated a review of the Child Care Services Act and Regulations as part of its 10-Year Child Care Strategy. Targeted consultations were held in June 2013, and further public engagement with parents, child care providers and operators, early childhood educators, and others commenced in January 2014 to inform the government on potential amendments to improve its child care legislation and regulations.

**MEASURING PROGRESS**

**Statistical Indicators of Poverty in Canada (unofficial measurement tools)**

<table>
<thead>
<tr>
<th>Year</th>
<th>LICO After-tax</th>
<th>LIM After-tax</th>
<th>MBM Market Basket Measure</th>
<th>Food Bank Usage</th>
<th>Welfare Caseloads</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>44,000, 8.6%</td>
<td>97,000, 19.1%</td>
<td>72,000, 14.2%</td>
<td>28,384, 5.5%</td>
<td>27,400, 5.2%</td>
</tr>
<tr>
<td>2009</td>
<td>36,000, 7.0%</td>
<td>79,000, 15.7%</td>
<td>67,000, 13.2%</td>
<td>30,014, 5.9%</td>
<td>24,500, 4.8%</td>
</tr>
<tr>
<td>2010</td>
<td>32,000, 6.4%</td>
<td>66,000, 13%</td>
<td>73,000, 14.4%</td>
<td>30,800, 6.0%</td>
<td>25,122, 4.9%</td>
</tr>
<tr>
<td>2011</td>
<td>27,000, 5.3%</td>
<td>59,000, 11.8%</td>
<td>69,000, 13.8%</td>
<td>28,642, 5.4%</td>
<td>38,676, 7.5%</td>
</tr>
<tr>
<td>2012</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,044, 5.1%</td>
<td>37,557, 7.1%</td>
</tr>
</tbody>
</table>

* 2006 – Poverty Reduction Strategy came into place
* – data not available

**The Newfoundland and Labrador Government’s Success Indicators**

1. **Overall indicators**
   - Low Income Cut-Off (LICO) After-tax (this is used as the predominant benchmark of success, with other indicators supplementing it), Market Basket Measure (MBM), Newfoundland and Labrador MBM\(^2\), Low-Income Measurement (LIM) After-tax, NLMBM of Affordable Housing

2. **Income indicators**
   - Median after tax family income, Personal after tax disposable income, Average earnings, Jobless family rate, Number of income support clients

3. **Child and youth indicators**
   - Healthy birth weights, Early Development Instrument Score, Educational scores, High school drop-out rates, Post-secondary educational attainment\(^16\)

\(^2\) The Newfoundland and Labrador MBM (NLMBM) is an innovative measure adapted from the national MBM. It is being developed to reflect the costs of living at a regional and community level. It also uses income tax data rather than survey data to estimate disposable income, making it a more reliable and accurate measure.
Progress to Date

Newfoundland and Labrador has achieved notable success in reducing its poverty rate since the implementation of its poverty strategy. Prior to 2006, Newfoundland and Labrador had the second highest poverty rate in Canada. In contrast, it currently has the third lowest rate in the country. The government consistently develops and funds various initiatives to support the goals of its provincial strategy. Most notably, having been previously criticized for the lack of child care support programs, the Newfoundland and Labrador government implemented a 10-year Child Care Strategy – Caring For Our Future: Provincial Strategy for Quality, Sufficient and Affordable Child Care in Newfoundland and Labrador in 2013. In addition, through its budget plans, the government also allocated specific funds to various important social programs such as housing supplements for adults with disabilities, health benefits for income support recipients, the Supportive Living Program which promotes housing stability, and the Kids Eat Smart Foundation.

However, despite the government’s targeted efforts, available statistics illustrate a mixed picture of success and shortcomings. On the one hand, there was a 4.5% decrease in the number of Income Support recipients from 2012 to 2013, compared to an annual decrease of about 2% in previous years. On the other hand, the child poverty rate in the province has been increasing in recent years. The latest statistics indicate that over 20% of the youth in the province live in poverty, with St. John’s holding the highest child poverty level among Canadian cities at 15.8%. The province still suffers from the highest food bank usage and the second lowest income per capita in the country. Moreover, rural-urban disparity is also disturbingly great; for instance, many of the province’s fishing villages still lack access to broadband internet.

Views from Outside the Newfoundland and Labrador Government

Newfoundland and Labrador’s poverty action plan has been seen as an example of a provincial government’s successful effort to reduce poverty. For example, Manitoba’s Recommendations for Implementing the Poverty Reduction Strategy Act specifically pointed to Newfoundland and Labrador’s poverty reduction initiatives that are tied to economic development and have short, medium, and long term goals. Similarly, the B.C. Poverty Reduction Coalition also looks to Newfoundland and Labrador’s success in its call for a poverty plan in British Columbia.

In addition, particular aspects of the poverty strategy have received praise from civil society organizations, scholars, and experts. For instance, researchers have advocated for lowering the price of nutritious food as a public health goal and lamented that nearly four million Canadians struggle to put food on the table due to financial distress. In this regard, Newfoundland and Labrador’s poverty strategy has been commended for indexing its social assistance to inflation, although rates remain low. The statistics show that Newfoundland and Labrador had a below-national-average food insecurity rate at 13.4% in 2012, although this rate had increased from 10.6% from 2011. Furthermore, the province’s new 10-year Child Care Strategy was well received by civil society groups, including the Association of Early Childhood Educators Newfoundland & Labrador (“AECENL”). AECENL commends the
government’s demonstrated commitment to provide a high quality, accessible and affordable child care system, which is crucial for children’s development and the well-being of families.\textsuperscript{32}

In contrast, critics are skeptical that Newfoundland and Labrador will be able to achieve its goal of having the lowest poverty rate by 2014.\textsuperscript{33} Food bank usage in the province remains very high and recent cuts to crucial community programs would likely hinder progress.\textsuperscript{34} Moreover, while the Minister of Advanced Education and Skills is confident that the key goals of the poverty reduction strategy will be met, opposition parties have raised doubts and voiced concerns in the provincial legislature.\textsuperscript{35} In particular, they pointed to the province’s largest debt in history, as well as the overdue progress report.\textsuperscript{36} The NDP leader, Lorraine Michael, particularly questioned the government’s reduced efforts.

She noted there was scant discussion in the 2013 Annual Report of the Department of Advanced Education and Skills on the government’s plan for the poverty reduction strategy.\textsuperscript{37}

In addition, Newfoundland and Labrador’s Poverty Reduction Strategy has been criticized for the government’s ideological conception of “poverty.” Critics disapprove of the use of anti-poverty strategy as a pretext for reforming social welfare programs so they include a greater focus on the labour market.\textsuperscript{38} The government’s focus of incorporating the poor into paid employment as the best way to fight poverty unfairly distinguishes the “deserving poor” and “undeserving poor” based on a person’s ability to work.\textsuperscript{39} Moreover, it overlooks the fact that “the largest growing group of poor people in Canada today are the working poor.”\textsuperscript{40} Accordingly, the Newfoundland and Labrador government was under significant pressure and criticism for its delay and unsatisfactory responses to the 2012 Minimum Wage Review.\textsuperscript{41} Newfoundland and Labrador Federation of Labour decried the freeze of minimum wage since 2010 while the cost of living in the province has skyrocketed.\textsuperscript{42} The government finally announced a minimum wage increase effective in 2014; however, it is seen as inadequate in relation to the Consumer Price Index of inflation.\textsuperscript{43}

Notes on Critical Thematic Areas

1. Human Rights: Newfoundland and Labrador’s Poverty Reduction Strategy does not address poverty as a human rights issue. There does not appear to have been any further contemplation or action from the government to approach poverty reduction efforts as the protection and guarantee of basic human rights.

2. Income Support: Newfoundland and Labrador’s 2012 Budget allocated new investments to enhance the benefits and services under the Income Support Program. In particular, Income Support recipients are no longer required to apply for Canada Pension Plan benefits at age 60, which results in an estimated increase of $500,000 available to seniors.\textsuperscript{44} In addition, a $195,000 investment is allocated to expand the Earned Income Supplement Project, which is aimed to assist working single parents on Income Support to achieve financial independence.\textsuperscript{45} Furthermore, the government continues to index Income Support rates to the increases in the cost-of-living, allocating an additional $5.1 million.\textsuperscript{46} The income support amounts reached the highest level in 2012 for the
various categories: $10,813 for single employable households; $10,846 for single persons with disabilities; $20,811 for single-parent families with one child; $24,051 for couples with two children.47

3. Housing: Budget 2012 also allocated funds to support various Newfoundland and Labrador Housing Corporation initiatives under the poverty strategy, including: $1 million to expand the Rent Supplement Program; $1.8 million to the Rent-Geared-to-Income Adjustment Program, which helps low-income tenants keep more of their disposable income; $892,000 to eight NL Housing Community Centres and 11 neighbourhood centres; $1 million to the Provincial Homelessness Fund; and $4 million in the Residential Energy Efficiency Program, which enables an average household to save 35% on energy costs.48

4. Education: The government continues its commitment to make post-secondary education more affordable and accessible by maintaining the tuition freeze at Memorial University and the College of North Atlantic.49 The 2013 Budget also provided financial support to students including $19 million for the up-front needs-based grants and interest-free student loans, as well as $3 million for debt-reduction grants.50 The government also allocated $95,000 to five community organizations to enhance educational resources for young people.51

5. Early Childhood Education and Care: On February 15, 2013, the government released its new 10-year Child Care Strategy aimed at creating a more fiscally responsible approach to regulating and improving child care services.52 This strategy focuses on three key areas: quality, sufficiency, and affordability.53 Some of the strategy’s components for the first year include a comprehensive review of the Child Care Services Act and Regulations (1999), revision of the post-secondary Early Childhood Education Program Standards, and the streamlining of the processes for child care services licensees and program operators.54 The government committed over $329,000 to provide developmental and operational funding to non-profit community-based organizations to create more regulated child care spaces.55

The government anticipates an increase of approximately 70% in regulated child care spaces throughout the province over the next 10 years.56 The strategy is also aimed to support labour force participation for working parents with young children.57 The Child Care Services Subsidy Program provides $14.3 million to assist eligible families.58 Furthermore, the government continues its early childhood learning strategy, Learning from the Start, with an allocation of nearly $1.3 million in its 2013 Budget.59 It is committed to provide early learning opportunities and support to children and to ensure the province maintains the best pupil-teacher ratio in Canada.60

6. Healthcare: The Newfoundland and Labrador government has invested $2.9 billion in health care budget in 2012, which accounted for 38.7% of the provincial spending.61 It has committed to bring health care services closer to the people in rural communities.62 The Newfoundland and Labrador Prescription Drug Program was implemented as part of the poverty strategy, which receives an
annual investment of $155 million from the government. The government also continues its efforts to reduce the cost of generic drugs and to enhance long-term care and community support services. Enhanced diagnostic and therapeutic dental services are continued to be offered to individuals in vulnerable circumstances, including seniors and income support recipients.

7. Employment Support: The government announced in late 2013 that the minimum wage in the province will increase by 25 cents to $10.25 per hour on October 1, 2014. There will be a further increase of 25 cents in October 2015. In addition, an investment of over $42 million was made in 2013 for the development of a skilled workforce, with particular focus on improving the employment prospects of the most vulnerable groups in society. The government aimed to improve the Adult Basic Education program to be more responsive to the labour market conditions and to provide a smooth transition to the workforce for adult learners. Moreover, the Income Support program will be modified to provide recipients with enhanced employment services.

8. Community Building/Investment: The government recognizes the contributions of community groups and consistently makes investments through its various departments. For instance, in 2013, the province invested $862,500 in its health and wellness grants to over 100 community groups and not-for-profit organizations which provide a variety of health initiatives that support the government’s priority areas.

THE BOTTOM LINE

The government of Newfoundland and Labrador has demonstrated consistent efforts to move forward with its poverty strategy since 2006. It has achieved notable success in many areas, particularly in the early years; however, progress may be losing momentum. Critics from both inside and outside the government are doubtful that the province will be able to achieve the stated goal of the lowest poverty rate in the country by 2014. Moreover, the second progress report has been long overdue, which may indicate a shift in the government’s priority away from addressing poverty in the province. In any event, Newfoundland and Labrador has certainly shown leadership among the provinces in combatting poverty through a comprehensive, long-term approach. Its progress demonstrates that poverty action plans with clear targets and timelines as well as coordinated efforts between government, business and civil society organizations are effective at alleviating poverty and promoting social inclusion.

FOR MORE INFORMATION

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ENDNOTES

2 Ibid, 10.
12 Ibid.
13 Ibid.
29 Ibid.
32 Ibid.
34 Ibid.
36 Ibid.
39 Ibid.
40 Ibid, 8.
45 Ibid.
46 Ibid.


