Newfoundland and Labrador Poverty Progress Profile
CANADA WITHOUT POVERTY, 2015

OVERVIEW

In 2006 Newfoundland and Labrador became the second Canadian province to introduce a formal action plan to reduce poverty. The government implemented a comprehensive Poverty Reduction Strategy that June – Reducing Poverty: An Action plan for Newfoundland and Labrador – with the clear goal of transforming the province into the region with the lowest poverty rate in the country by 2014. The release of the first progress report in 2009 showed significant improvements, reducing the percentage of those living below the LICO by nearly half. The government’s goal was narrowly missed in 2014 when the province reached the second lowest poverty levels in Canada (tied with Saskatchewan), behind Prince Edward Island.

The Minister of Human Resources, Labour and Employment must lead the government’s poverty reduction efforts. The Minister is also required to submit a statement of progress every year as well as a report on the implementation of the strategy every two years. These duties are enshrined in the provincial poverty strategy, although unlike other provinces, Newfoundland and Labrador did not ground its plan in legislation. Provincial budgets consistently allocate resources to various initiatives in support of the poverty strategy each year.

Plan Components and Highlights

The 2006 poverty reduction strategy includes five goals to guide its effort to prevent, reduce and alleviate poverty.

- Improved access to, and coordination of services for those with low incomes
- Engaging those with lived experiences of poverty in creation of initiatives
- Improving access for low-income individuals
- Working with Aboriginal people to improve their quality of life
1. **A STRONGER SOCIAL SAFETY NET**
   - Supports for people with disabilities
   - Enhanced supports for the justice system
   - Increased social assistance rates and access to affordable housing

2. **IMPROVED EARNED INCOMES**
   - Remove financial disincentives for employment
   - Increase support for literacy and numeracy skills
   - Implement a provincial drug coverage plan

3. **INCREASED EMPHASIS ON EARLY CHILDHOOD DEVELOPMENT**
   - Strengthen early childhood education systems
   - Promote healthy development through family resource centres
   - Strengthen early intervention programs for children with disabilities

4. **A BETTER EDUCATED POPULATION**
   - Improve high school graduation rates
   - Improve access to post-secondary and adult education programs

**Community Engagement in Plan Development and Implementation**

Public consultation is a vital aspect of Newfoundland and Labrador’s poverty reduction effort. In 2005 public consultations and focus groups helped to develop the province’s first poverty reduction action plan. The government committed to consult the public every two years to gather feedback. The most recent engagement process collected submissions until January 15, 2015, but no updates are yet available.

The Citizen’s Voice Network is a solution-based discussion forum for people with low incomes and is funded through the Department of Advanced Education and Skills. The work of this organization is often cited in the 2014 progress report. A community review of the Child Care Services Act and Regulations in 2013 involved parents, childcare providers and operators to provide potential amendments for child care legislation.
MEASURING PROGRESS

Statistical Indicators of Poverty (Unofficial Measurement Tools)

<table>
<thead>
<tr>
<th>Year</th>
<th>LICO(^\text{16}) Low Income Cut-off After-tax</th>
<th>LIM(^\text{17}) Low-Income Measurement</th>
<th>MBM(^\text{18}) Market Basket Measure</th>
<th>Food Bank Usage(^\text{19})</th>
<th>Welfare Recipients(^\text{20})</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>48,905</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>39,265</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>39,167</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>39,507</td>
</tr>
<tr>
<td>2012</td>
<td>27,000, 5.4%</td>
<td>73,000, 14.6%</td>
<td>63,000, 12.6%</td>
<td>17,044, 5.1%</td>
<td>38,383</td>
</tr>
</tbody>
</table>

Note: poverty action plan introduced in 2006

* Data not available

** Please note that data from the 2013 calculation of Low Income Measure (LIM) is from the Canadian Income Survey (CIS) instead of the Survey of Labour and Income Dynamics (SLID)*.

The Newfoundland and Labrador Government’s Success Indicators

1. **OVERALL INDICATORS**
   - In addition to the LICO, MBM and LIM, there are the Newfoundland and Labrador MBM\(^1\) and 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\(^2\)

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\(^1\) 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

Prior to 2006, Newfoundland and Labrador had the second highest poverty rate in Canada; according to the most current progress report, its rate is now the second lowest. The government consistently funds various initiatives to support the goals of its provincial strategy. Criticized for its 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. The provincial budget prioritizes 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.

Available statistics show a mixture of success and shortcomings. Despite a small increase in 2012, the number of Income Support recipients has been slowly decreasing since 2010. Yet the provincial child poverty rate has been increasing. In 2013 it was estimated that over 20% of the province’s youth live in poverty, with St. John’s holding the highest child poverty level among Canadian cities at 15.8%. Youth aged 16-24 compose for 30% of the homeless population in St. John’s alone. The province still suffers from the highest rate of food bank usage in the country.

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 effort to frame the issue as protection and guarantee of basic human rights.

2. **INCOME SUPPORT:** In 2013 the provincial budget earmarked $4.8 million to raise the basic rate of income support by 5%, with a projected investment of $32.3 million over the following five years. The provincial budget allocated another $7.3 million in 2014 to raise the rate by another 5%. The 2015-2016 provincial budget includes supports for low-income earners by increasing the HST credit and keeping personal taxes low. The budget allocates a total of $185 million for poverty reduction initiatives, including support for the Low Income Tax Reduction Program and a strategy to include people with disabilities in the workforce. The provincial government also continues to implement supports for people with low literacy and numeracy skills and limited or no direct work experience.

3. **HOUSING:** The NDP have been very active in calling for a provincial housing strategy since 2012. Other public interest groups have pointed to the negative impact of the high cost of housing on seniors. The call for a national strategy from many community groups
is equally as strong.\textsuperscript{38} The province launched a strategic plan in 2014; the strategy expires in 2017. The strategy includes clear goals with measurable objectives and assigned deadlines. The strategy can be accessed at http://www.nlhc.nf.ca/documents/publications/Sp2014-17.pdf for more details. The Newfoundland and Labrador Housing Corporation (NLHC), operating under the Housing Corporation Act, is committed to administering housing and homeless policy for the benefit of low-to-moderate income persons throughout the province. \textsuperscript{39} Current provincial and federal funding agreements include the Social Housing Agreement (expiring 2037) and the Investment in Affordable Housing Agreement (IAHA, expiring 2019). \textsuperscript{40} The 2015-2016 provincial budget includes generous investments in housing. These include $8.8 million for the Provincial Home Repair Program to assist low-income households to make repairs and $5.4 million toward new affordable units under the IAHA.\textsuperscript{41}

In 2014 the NLHC and the provincial government partnered with the federal government to extend the $68 million IAHA for five years.\textsuperscript{42} The 2014-2015 budget also allocated $350,000 to lower rental costs for all senior social housing tenants by adjusting the rent-gearered-to-income scale from a sliding scale to a flat 25\% of income; the scale was adjusted to use net income instead of gross for all other social housing tenants.\textsuperscript{43} Though the provincial government cites its “significant progress in social housing in 2014,”\textsuperscript{44} some MPs cite shortcomings. For example, NDP MP Gerry Rogers has openly criticized the government for continuing to sell off assets and land before developing a comprehensive housing strategy.\textsuperscript{45} She argues that there may be a better use for these assets, especially given the rates of homelessness and affordable housing problems within the province.\textsuperscript{46}

4. **EDUCATION:** In the 2014 budget, the government allocated $1.2 million to fund the adult basic education level at private training institutions.\textsuperscript{47} The government continues its commitment to the tuition freeze at Memorial University and the College of North Atlantic in the 2015-2016 provincial budget.\textsuperscript{48} The latest budget also allocates $95 million to support school infrastructure, including building new high schools and extension projects.\textsuperscript{49} The provincial government continues to prioritize affordability of post-secondary education, designating $12.6 million to help turn provincial loans into grants for students.\textsuperscript{50} $20 million has been allocated to support the apprenticeship system, promoting skilled trade development.\textsuperscript{51}

5. **EARLY CHILDHOOD EDUCATION AND CARE:** In February 2013 the government released its new 10-year Child Care Strategy, Caring for Our Future, to increase fiscal responsibility in regulating and improving child care services.\textsuperscript{52} This strategy focuses on three key areas: quality, sufficiency, and affordability.\textsuperscript{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
the licencing processes for child care services and operators. At the outset of the 10-year strategy, the provincial government invested over $329,000 to increase regulated child-care spaces. The strategy is also aimed to support labour force participation for working parents with young children. An additional $9.7 million has been invested in the Operating Grant Program, offsetting childcare costs by matching the rates for the Child Care Services Subsidy Program available to low-income families. The 2015-2016 budget allocates $45.7 million to continue Caring for Our Future initiatives. This includes a further $17.3 million for the Child Care Service Subsidy and $10.5 million to move ahead with implementing full-day kindergarten by September 2016.

6. HEALTHCARE: In 2014 healthcare spending accounted for approximately 36% of the total provincial budget. The 2015-2016 provincial budget has allocated $3 billion for healthcare. Over $1.1 million is designated to fund youth health initiatives, including a methadone treatment program and outreach programs for youth suffering from addictions and mental health issues. An additional $2.6 million has been set aside to fund the Newfoundland and Labrador Prescription Drug Program (NLPDP) and $180 million is said to fund home support for seniors. The NLPDP, created in response to the poverty strategy, is aimed at reducing or eliminating prescription costs for income support clients. A variety of flexible plans can help to subsidize costs for all plan eligible community members. The plan also helps to bring healthcare services closer for those in rural communities. Last year, the provincial government also allocated $6.1 million for further development of the adult dental health-care program, increasing access to dental services for people who are vulnerable to poverty. As of July 2015, the provincial government has increased the cap on dental services from $200 to $300 and $750 to $1,500 for dentures.

7. EMPLOYMENT SUPPORT: The 2015 provincial unemployment rate sits at 13.8% which is more than double the national average. The province emphasizes the importance of employment in its poverty strategy. For example, income support clients are eligible for enhanced employment services. Reviews of minimum wage have prompted an increase set for October 1, 2015 from $10.25 to $10.50 per hour. In 2013 the provincial government invested over $42 million for the development of a skilled workforce, focused on improving employment prospects for the most vulnerable groups. The 2014 budget allocated $1.43 million to reduce barriers for persons with disabilities, including employment-related disability supports and school-to-work transition supports. The provincial government continues to partner with employers to promote job fairs and encourage recruitment. Provincial employment centres offer services such as resume writing clinics, training, and skills development. The provincial government has also released the 2015 Job Vacancy
Report with detailed labour market trends, helping recent graduates and young professionals identify requirements for in-demand occupations.\textsuperscript{76} The Department of Advanced Education and Skills offers online employment workshops, a Sector Skills Training Program and a wage subsidy program for employers.\textsuperscript{77} The 2015-2016 budget designates over $44 million for community growth and employment support for start-ups and community businesses.\textsuperscript{78}

8. **COMMUNITY BUILDING/INVESTMENT:** In the 2014 budget, the government allocated $5.3 million establish the Supportive Living Program, helping those with complex needs to overcome homelessness.\textsuperscript{79} The province recognizes the importance of inclusive communities. Later this year it will release a three-year action plan to improve accessibility for people with disabilities.\textsuperscript{80}

Views from Outside the Newfoundland and Labrador Government

Newfoundland and Labrador’s poverty action plan is praised as an example of success. Manitoba’s Recommendations for Implementing the Poverty Reduction Strategy Act cites Newfoundland and Labrador’s short, medium, and long term goals as contributing to overall economic development success.\textsuperscript{81} Similarly, the B.C. Poverty Reduction Coalition also cites these successes in its call for a provincial poverty plan.\textsuperscript{82}

The strategy has also received praise from civil society organizations, scholars, and experts. For instance, researchers have suggested lowering the price of nutritious food as a public health goal.\textsuperscript{83} The provincial government responded by indexing its social assistance rates to inflation, contributing to a below-national-average food insecurity rate at 13.4\% in 2012.\textsuperscript{84} The 10-year Child Care Strategy was well received by civil society groups, including the Association of Early Childhood Educators Newfoundland & Labrador (ECENL).\textsuperscript{85} AECENL commends the government’s commitment to the well-being of families by providing a high quality, affordable child-care system.\textsuperscript{86}

Critics were (correctly) sceptical that Newfoundland and Labrador would reach its goal of having the lowest poverty rate by 2014.\textsuperscript{87} While it maintains the second lowest overall poverty rate, food bank usage is still the highest in the country.\textsuperscript{88} Opposition parties have also raised doubts. NDP member Gerry Rogers has been vocal about the housing crisis and government responses.\textsuperscript{89} The strategy has also come under fire for its conception of “poverty;” critics disapprove of forcing a labour market focus onto social welfare programs.\textsuperscript{90} Critics argue that this unfairly distinguishes between “deserving” and “undeserving poor” based on ability to work.\textsuperscript{91} This overlooks the fact that “the largest growing group of poor people in Canada today are the working poor.”\textsuperscript{92} Ongoing changes to the minimum wage have been viewed as inadequate in
The Newfoundland and Labrador Federation of Labour (NLFL) has criticized the 2015-2016 provincial budget for making cuts to public spending without addressing root causes of unemployment. The Registered Nurses’ Union Newfoundland and Labrador (RNU) has also raised concerns about budget cuts, fearing that quality healthcare will be compromised and wait times increased. Both the RNU and the NLFL express concerns for the higher costs and lower quality associated with public-private partnerships (or P3s) within the public sector.

Critics have also pointed out that the poverty reduction numbers may be misrepresented. For example, a 46% decrease in the number of school-aged children since 1992 can lead to a drop in adults on income support. Other indicators such as child poverty also remain high – 18.9% as of 2012. Choices for Youth, an organization dedicated to helping homeless or addicted youth, is calling for a shift from response to prevention in government initiatives.

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 the early years, though progress may be losing momentum. Although the province was unable to reach its target for 2014, it came very close and achieved many goals along the way. The 2014 progress report details many of these successes. Newfoundland and Labrador has certainly shown leadership among the provinces in combating poverty through a comprehensive, long-term approach. Its progress demonstrates that poverty action plans with clear targets and timelines as well as coordinated efforts are effective at alleviating poverty and promoting social inclusion.

For More Information

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ENDNOTES


5 Ibid, p 7-16.


7 Ibid, p 28-40.

8 Ibid, p 40-45.

9 Ibid, p 45-49.


17 Ibid.

18 Ibid.


36 Rogers, Gerry, 2012: “Rogers has practical suggestions for alleviating housing crisis.” Retrieved from http://www.nlndpcaucus.ca/nr112712HousingSuggestions


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40 Ibid.


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45 Rogers, Gerry, 2015: “NL Housing selling assets without strategy or consultation.” Retrieved from http://www.nlndp-caucus.ca/nr052115HousingSelloff

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63 Ibid.


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98  Ibid.

