

Standing in the Shadows

Understanding Poverty in New Brunswick

presented by



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It is time for New Brunswickers to talk to each other. Our province and our region face some challenges, which means both must confront some difficult questions. Just as our nation seeks to redefine its role in the world economically, militarily and diplomatically, so too must New Brunswick's citizens decide for themselves their place in Canada.

Next NB/Avenir N-B will do that through a series of discussion papers it will release between February 2004 and June 2005. These papers will be supported by public forums held throughout New Brunswick and will culminate with a conference in Saint John.

Next NB/Avenir N-B will be a bilingual project to reflect New Brunswick's nature and its distinction as the only officially bilingual province in Canada.

***Next NB/Avenir N-B* is a unique opportunity to explore what New Brunswickers think about themselves, their province and its place in Canada and the world.**

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From Max Aitken's vantage point, you can just make out a glimpse of the Miramichi River. Look across the square and between the two storefronts in what was once the centre of Newcastle and there it is, the familiar bluish gray of a river that defines a region. As the story goes, Aitken, who began life as a preacher's son and died Lord Beaverbrook, wanted a permanent view of his childhood river and so when he died, a bust of Miramichi's most famous son was erected in the Newcastle town square, facing the river. It is a wonderful piece of Miramichi lore; the story of a young man who started out selling insurance to local businesses and ended up selling the Commonwealth on a war. The Canadian-made millionaire made even more in Great Britain as the publisher of the Daily Express and the Evening Standard and became the confidante of Prime Minister Winston Churchill and other influential men. Back home, here in this square, they remember him as a New Brunswicker who attained great stature but who never rose above them.

That is a particular trait of the New Brunswick psyche, a key element of the provincial myth – the story of the common-man millionaire. New Brunswickers like their stories of success but they reserve their respect for those who made their fortune without forgetting to enjoy the first day of hunting season, to relish the taste of poutine râpée and to know instinctively which way the Miramichi River flows. Perhaps it is because, in this province, wealth and poverty are never that far apart.

New Brunswick's economic history is about the concentration of wealth in the hands of those who were able to capitalize on the province's natural resources. There was Alexander 'Boss' Gibson, who started a cotton mill in the mid-1800s across the river from Fredericton and then built a town around it, christening it Marysville after his wife and daughter. Up north,

there was Donald Fraser who built his first mill outside Perth-Andover in the late 1800s and whose family went on to define Edmunston's economy. In the 1920s civil engineer Alton D. Taylor brought New York money back to Grand Lake, built two mines and fed the world's hunger for coal. More recently, there are the crab lords of the Acadian Peninsula. In the 1970s, following the collapse of Alaska king crab stocks, a group of captains, led by Basile Roussel, began catching, processing and marketing the lowly snow crab, a shellfish that fishermen had long discarded from their nets. And of course, there are the Irvings and the McCains, two families whose holdings and wealth reach far beyond the boundaries of this province but who remain rooted here. All of these people built fortunes, molded communities and left their mark on places where prosperity is not easy to find.

Beyond that struggle lies the other side of New Brunswick's economic story – the fate of those who labour in the shadows of success, who chase after prosperity in vain or who, out of frustration, despair or disregard never join the race at all. In the last century there was one easy answer to alleviate poverty – a job. Full employment was the rallying cry and for those who fell on hard times, western governments devised an insurance plan to help tide people over until they found that next job. Now, seven decades later, the world's economy is changing again and with it, life in New Brunswick. Mechanization has reduced the number of people needed to harvest and mine the province's natural resources, developing countries, particularly in Asia, are aggressively staking a claim to manufacturing jobs courtesy of lower wages, and here in North America, companies are placing a great emphasis on knowledge when they go looking for employees.

New Brunswick's next economic story will be based on brains rather than brawn. This does not mean success will only come to those with a university or community college degree but it does suggest that the quality of a job – its salary, benefits and security – will be increasingly tied to an individual's level of ingenuity. Which means if we are to reduce the level of poverty in New

Brunswick it must be about more than just creating jobs; it must also be about lowering barriers to opportunities and knowledge.

Who are we?

For all our talk about poverty, we really don't know how many New Brunswickers are poor. Generally speaking, a person is considered poor if they lack adequate money, resources, choices and power to allow them to acquire and then maintain economic self-sufficiency. Canada does not have an official poverty line to help define who is or isn't living in poverty, which has left researchers, policy makers and those who work with people in poverty debating how best to define it.

There are two main poverty measurements in Canada. One is called the low income cutoff and it's produced by Statistics Canada using a complicated formula that takes into consideration the amount of money an average family spends on food, clothing and shelter. Both before taxes and after taxes statistics are gathered. The low income cutoff is measured based on the size of a community and does not take into consideration the varying costs of living in different parts of Canada.

The market basket measure does. This is a new measurement, introduced in 2003 by Human Resources Development Canada. It considers how much a family would spend on a basket of specific goods and services based on the size of the family and the community where they live. For instance the same basket of goods and services costs more in Vancouver than it does in Saint John.

These are the estimated poverty cutoffs for a family of four living in New Brunswick in 2000.

	Low Income Cutoff After taxes	Market Basket Measure
Rural NB	\$19,120	\$24,299
Under 30,000	\$22,101	\$24,632
Fredericton	\$24,186	\$23,940
Moncton	\$24,585	\$22,940
Saint John	\$24,585	\$22,233

Who does this include? Certainly everyone living on social assistance in New Brunswick falls below these figures but they are just the poorest of the poor. Families that have at least one adult working but whose salary hovers below \$10/hour are New Brunswick's working poor. They also struggle to provide the necessities of life. New Brunswick's minimum wage will rise 10 cents to \$6.30/hour as of Jan. 1, 2005, for an annual salary of \$14,414. If that is the only income coming into a family, that family, despite having someone working, is still living in poverty.

New Brunswick, like the other Atlantic Canadian provinces, has a reputation for being poor. Certainly it doesn't have the collective wealth of other provinces or the ease of accessing capital that other jurisdictions enjoy. The evidence of this isn't hard to find. There are older cars on the highway, smaller homes in neighbourhoods and fewer retail chains to browse through. New Brunswickers, on average, earn less than other Canadians but the province is decidedly average in the number of its citizens who are considered poor.

In 2000, 15.7 per cent of New Brunswick's population was classified low income, below the Canadian average of 16.2 per cent. Out of all the provinces, New Brunswick had the fourth lowest percentage of low income residents, placing behind PEI, Alberta and Ontario.

For a province often labeled poor, New Brunswick is keeping pace with other provincial and national efforts to control the number of its citizens living in poverty.

There is one portion of the New Brunswick population that is significantly higher than the national average. Unilingual francophones have a low income rate of 23 per cent, the second highest in the country and well above the national rate of 17 per cent for unilingual people. In comparison 12.5 per cent of unilingual Anglophones are considered low income, roughly equal to the national average.

- What does it mean to be poor?
- Have you or any member of your family lived in poverty?
- What should the federal and provincial governments concentrate on as each tries to alleviate poverty levels?

Where does it start?

By breaking down the myths surrounding welfare in New Brunswick. Provincial welfare rates for individuals and for two-parent families with two children are the lowest in the country. New Brunswick has the second lowest rates for people with disabilities and the fourth lowest rates for single parents with one child.

In New Brunswick, social assistance recipients are divided into three categories: interim, transitional and extended benefits. The interim program is for highly employable single people who are not expected to stay on welfare for very long. This could be an 18-year-old living alone or a 50-year-old who is divorced and whose children no longer live at home. These people receive \$264 each month for a total of \$3,168 annually. In October 2004, 1,419 households received it.

The extended benefits program is for people with disabilities. Single people on extended benefits receive \$558/month for a total

of \$6,696 annually. In October 2004 5,742 households were on this program.

By far, the greatest number of people are in the transitional assistance program. In October 2004, it counted 18,435 cases. This category includes anyone with children, couples without children and single people with non-debilitating health issues such as drug and alcohol dependencies, an intellectual disability or mental health problems. The amount of money these people receives depends on the size of their family. The basic level for one person is \$485/month, which works out to \$5,820 annually. A single parent with one child receives \$731/month - \$8,772/year – while two adults with no kids receive \$746/month or \$8,952/year. There is a belief that young women on welfare get pregnant in order to collect more money from social assistance. That is highly unlikely in New Brunswick because parents with more than one child only receive an additional \$44/month for each child. So a parent with two children will receive \$775/month (\$9,300/year), a parent with three children will receive \$819/month (\$9,828/year) and on it goes.

New Brunswick does give additional benefits to families for shelter and provides a child tax benefit. The federal government provides the largest benefit through its National Child Benefit supplement. Introduced in 1998 alongside the Canada Child Tax Benefit, the supplement is given to low-income families with children. New Brunswick was the only province that didn't claw back this federal benefit from welfare recipients when it was introduced. In 2002, 43,800 New Brunswick families with 71,800 children received the supplement. It amounted to \$67.1 million. That year anyone with an income below \$21,744 was entitled to receive the full supplement while anyone between that amount and \$32,000 received a portion of it.

Even with these additional benefits, New Brunswick's welfare incomes remain the lowest in the country for individuals, people with disabilities and two-parent families. Only single parents with one child do all right, relatively speaking, fifth out of the 10 provinces. But that isn't likely to bring much comfort to parents trying to live on just over \$13,000 a year. Undoubtedly it is

difficult for people to afford adequate housing, nutritional food and warm clothing if their only source of income is New Brunswick's welfare program.

- How much of your monthly income do you think you spend on shelter, food and clothing?
- What are the necessities for raising a child?
- What do you want New Brunswick's social assistance program to accomplish?
- Is there a role for the federal government?

How do we get there?

Something odd is beginning to happen in New Brunswick. Economists warn that a labour shortage is looming courtesy of two population trends. The first is the aging of the baby boom generation, that large group of people now between the ages of 38 and 57. Within the next decade a large proportion of them are going to retire, a North American-wide trend that New Brunswick will not escape. Sadly, what is unique to New Brunswick is the higher-than-average proportion of young people, particularly those under the age of 30, who are leaving the province. No doubt they are leaving to find work and/or higher salaries elsewhere. However, the impending retirement of the baby boomers coupled with the exodus of young people means New Brunswick will not have enough people to fill the jobs that will be here. This at a time when businesses are going through a period of transition that will require employees with specialized skills and higher education.

People living in poverty could potentially fill that void. This is particularly true for Aboriginal people. The incidence of low income within the Mi'kmaq and Maliseet communities in New Brunswick sits at 34 per cent, double the non-Aboriginal average. The Aboriginal community is also younger than the province as a whole. Its median age is 28.2 years, a full decade younger than the median non-Aboriginal age. Reducing poverty isn't easy in any community and sadly, Aboriginal people,

especially those living on-reserve, have some very specific hurdles to overcome if a greater percentage of them are to participate in the New Brunswick economy. Those issues include: housing, which is woefully inadequate; health care, which has determinants that are routinely below those of the non-Aboriginal community; education, which has lower outcomes than the rest of the province; and, economic development, which is tied to the Indian Act and ongoing negotiations over resource allocation and land claims. All of these issues are connected to the larger themes of self-reliance and self-government. Reducing the number of Aboriginal people living in poverty and increasing their numbers within the New Brunswick labour force will depend on how effectively governments – both Aboriginal and non-Aboriginal - address these issues.

The desire for self-reliance reaches into both Aboriginal and non-Aboriginal communities. It is however, a relatively new concept in the world of social assistance. In the first half of the 20th century, welfare was administered by county governments, which meant rates varied widely around the province. That began to change with Equal Opportunity. It brought social assistance under the province's control and established a set payment for everyone, regardless of where they lived. Little changed for three decades until the recession of the early 1990s. It hit New Brunswick just as employers were demanding post-secondary education from prospective employees. The combination of these two things caused welfare levels to skyrocket. In the 1992/93 fiscal year New Brunswick had an average of 41,561 cases each month. Unable to afford the rising cost of social assistance, the provincial government was forced to consider reforms. Then-Premier Frank McKenna had already built his reputation on making New Brunswickers believe in themselves – that old ethic of pulling yourself up by your bootstraps – and so his government set about applying the same principle of self-reliance to the welfare system.

Now clients must go through an assessment process to determine their level of schooling, employment history, family make-up and health. Recipients are divided into two groups: the

basic caseload, made up of people who aren't likely going to get off welfare very quickly, and the target caseload, the group who should be able to get a job. Case managers are supposed to work with this latter group to help develop a career goal and then help the client reach it.

Then there are the working poor; the people who have jobs but do not earn enough to adequately support their families. They struggle to better themselves and their children's chances for success without access to some of the programs available to people on welfare. Services, such as child care and transportation, which often fall outside of government assistance, are critically important to people living in poverty. For instance, parents won't head off to work if they can't find affordable child care and they won't be able to easily get to work if the city bus doesn't operate routes and times that are convenient to use.

Self-esteem is also an issue. There is a stigma to living in poverty and its impact on a person's self-worth should not be underestimated. There are the little indignities such as being treated rudely because of your appearance, the pressures to grow up that lead teens to unwise sexual choices, and the larger challenges such as coping with being a single parent. All affect a person's judgment and their reaction to life.

- What skills will be in greatest demand in the coming decade?
- How can people living in poverty, both Aboriginal and non-Aboriginal, acquire these skills?
- Are there barriers for people living in poverty who wish to upgrade?

What do we want?

We need jobs that provide a reasonable quality of life for both the individual and the community. Poverty affects more than just the people who live in it; it colours a community and if left to grow, can discourage people of all income levels from moving in. Who wants to live in a community that looks like it has seen better days? But if people living in poverty are to find good-paying jobs, they must first improve their education and life skills.

There is a role for the larger community to play in this task. People in poverty may offer a litany of complaints about federal and provincial services but they have high praise for the community and volunteer organizations that provide other services. For instance, Saint John has a long tradition of social development. It is the only community in the Maritimes with a social planning council, the Human Development Council, which works with groups to develop new initiatives to address social issues, and in particular poverty. Out of its work, grew the Community Health Centre, the Urban Core Support Network and the Saint John Business Community Anti-Poverty Initiative. Elsewhere in the province there is the Centre de Benevolat de la Peninsule Acadienne in Caraquet, Moncton Headstart and the Good Samaritan Food Bank in Cambridge Narrows.

Corporate New Brunswick has a role to play too. After all, it is New Brunswick companies that will have to confront the labour shortage and lack of skilled trades within the next decade if we fail. Education remains the single greatest determinant of a person's earnings potential. Only 3.8 per cent of families headed by someone with a post-secondary degree or diploma is considered low income. The corporate sector can provide some of the social supports.

As a community we must first ensure children are ready for school when they are four and five years old. Children that start kindergarten and grade one behind their classmates are the ones most likely to remain behind for the duration of their education.

Once they are in the school system, we must continue to support their development, both in and outside the classroom.

In the education of a child there are two determinants of academic success: the support of parents and the support of a significant adult in the child's life. Often that latter person is a teacher or a coach. This person is extremely important for a child living in poverty if they don't get support from their parents. However these are the very children who are least likely to get access to another adult for the simple fact that they cannot afford to participate in extra-curricular activities at school. That's why free programs such as those offered through the Teen Resource Centre in Saint John are so important. Providing young people with access to extra-curricular activities, sports teams and adult mentors is one way New Brunswick's business leaders can work towards alleviating poverty levels in New Brunswick while at the same time increasing education levels.

- How would you describe poverty in your community?
- What social support programs or initiatives work well? Why?
- How can the corporate sector become more involved in addressing poverty issues?
- How do you define success?

Why?

Because New Brunswick's fate lies in the hands of its people. This province is undergoing a transition that will shake its economic and social foundations. Its population is aging, its citizens are moving into cities, its young people are leaving and its businesses are being forced to adapt to an economy that is increasingly affected by events on the other side of the world. All of this is propelling New Brunswick towards a major labour shortage before the decade is out. The province will have to increase its labour force but if it is to do that it must improve the lives of the poor. Many of them may be able to join that growing labour pool but beyond that, reducing the number of people

living in poverty helps to buoy the spirit of a community. As New Brunswickers we understand what it means to struggle in the search for success. We value those stories from our past that celebrate those among us who prospered in this land. Now we must invite others to take their own risks and we, as a community, must assist them as they step out from the shadows.