



# Newfoundland and Labrador Provincial Poverty Profile

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## OVERVIEW

Newfoundland and Labrador's poverty action plan (PAP) was introduced in June 2006. The PAP conceptualizes poverty as a multidimensional issue that encompasses income insufficiencies as well as social exclusion. The PAP is guided by a number of principles, including taking a long-term approach to focus on prevention, building partnerships and finding the right policy mix, demonstrating accountability and measuring progress, and taking an integrated and coordinated approach to action. The PAP acknowledges the need to consider rural and urban differences, gender, and aboriginal issues.<sup>1</sup>

## Plan Components and Highlights

The goal of Newfoundland and Labrador's PAP is *"To be the province with the least poverty in Canada by 2014."*<sup>2</sup> Five areas of action:

### 1. Improved coordination of services for those with low incomes

- Governmental integrated and coordinated approach
- Improved access to programs and services
- Analysis of combined impact of programs, focusing on potential benefit reductions for people covered under multiple programs
- Improved quality of life for Aboriginal people

### 2. A stronger social safety net

- Increased support for persons with disabilities
- More accessible justice system
- Increased affordable housing
- Expanded access to necessities, including dental and prescription drugs
- Increased income support rates

### 3. Improved earned incomes

- Expanded programs for employment skills
- Increase in minimum wage to \$10 by 2010 and to stay on par with the rest of the Atlantic provinces
- Improved earned incomes and removal of disincentives to work
- Focus on youth

### 4. Increased emphasis on early childhood development

- Affordable and regulated Early Childhood Education
- Promotion of healthy child development and support for parents
- Strengthened early intervention programs

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**5. A better educated population**

- Higher high school graduation rates
- A more responsive K-12 system, including eliminating most school and course materials fees
- Better access to post-secondary education, literacy and adult basic education<sup>3</sup>

**Community Engagement in Plan Development and Implementation**

The government’s extensive community engagement process to develop and implement the PAP kicked off in 2005 with a Speech from the Throne. The government committed to a broad, integrated, interdepartmental approach to combating poverty through working with a number of partners, including the federal government, Aboriginal organizations, community-based groups, individuals living in poverty, and business and labour organizations.

In 2005, the government issued a broad call for public input to develop the PAP, specifically encouraging input from low-income people. Input was received via telephone and email, and consultations were held in a series of roundtable meetings.<sup>4</sup> A second round of public consultations took place in fall 2008 and winter 2009, during which feedback about the overall planning and implementation of the PAP was very positive.<sup>5</sup> A third round of consultations were held in the fall of 2010. The government’s engagement process has been praised by civil society, with the Canadian Council on Social Development stating that through the PAP, the “community is being heard.”<sup>6</sup>

**MEASURING PROGRESS**

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

	<b>LICO<sup>7</sup></b> <i>Low Income Cut-off After-tax</i>	<b>LIM<sup>8</sup></b> <i>Low-Income Measurement</i>	<b>MBM<sup>9</sup></b> <i>Market Basket Measure</i>	<b>Food Bank Usage<sup>10</sup></b>	<b>Welfare Caseloads<sup>11</sup></b>
<b>1995</b>	90,000, <b>16.1%</b>	105,000, <b>18.9%</b>	-	-	-
<b>2000</b>	69,000, <b>13.2%</b>	111,000, <b>21.4%</b>	107,000, <b>20.5%</b>	32,057, <b>6.1%</b>	31,000, <b>5.5%</b>
<b>2005</b>	44,000, <b>8.6%</b>	97,000, <b>19.1%</b>	72,000, <b>14.2%</b>	28,384, <b>5.5%</b>	27,400, <b>5.2%</b>
<b>2009</b>	36,000, <b>7.0%</b>	79,000, <b>15.7%</b>	67,000, <b>13.2%</b>	30,014, <b>5.9%</b>	24,500, <b>4.8%</b>
<b>2010</b>	-	-	-	30,800, <b>6.0%</b>	25,122, <b>4.9%</b>

\* 2006 – PAP came into place

\* – data not available

\* 2003 – Baseline year for data measuring PAP progress

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

**Goal:** To be the province with the least poverty in Canada by 2014.

**1. Overall indicators**

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- 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<sup>1</sup>, 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<sup>12</sup>

The baseline year to measure the PAP's effectiveness was set as 2003 (the year Premier Danny Williams took office). Reports on these indicators are issued every four years. A formal progress report on the PAP is produced every two years and includes approaches to addressing gaps. Departmental reports and a Ministerial statement of progress are issued annually.<sup>13</sup>

**Progress to Date**

Historically, Newfoundland and Labrador has had one of the highest incidences of poverty in the country. The PAP has enabled the province to make significant progress in reducing poverty. From 2003 to 2007, the LICO decreased from 12.2% to 6.5%, equating to 30,000 people moving above the poverty line. The depth of poverty decreased from \$5,500 to \$4,900 and is now the lowest in the country. The persistence of poverty (the percentage of people who fall below the LICO every year over six years) fell from 3% (1996-2001) to 2% (2002-2007).<sup>14</sup> Based on the LICO, only Alberta and PEI had lower poverty rates in 2007;<sup>15</sup> a significant achievement considering that Newfoundland and Labrador had the second highest poverty rates after British Columbia in 2004.<sup>16</sup> This is the most current progress data available through the government of Newfoundland and Labrador. However, data from Statistics Canada confirms that Newfoundland and Labrador continues to make good progress in poverty reduction; while the LICO increased slightly to 7% in 2009, it remained the third lowest in the country after PEI and New Brunswick and tied with Saskatchewan.<sup>17</sup> Additionally, Newfoundland is the only province in the country whose income support rates for single parents with one child bring them to the poverty line, based on the after-tax LICO.<sup>18</sup>

An initial investment of \$69.5 million in 2006 funded initiatives to reduce poverty and implement the PAP.<sup>19</sup> Investments in new initiatives to support the PAP have grown to over \$132 million in 2009-2010 (\$259 per capita).<sup>20</sup> Make Poverty History calls these investments significant, saying that they demonstrate the province's commitment to its PAP.<sup>21</sup>

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<sup>1</sup> 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.

### **Views from Outside the Newfoundland and Labrador Government**

The PAP has been received positively by civil society organizations, who commend its integrated, comprehensive approach to addressing poverty.<sup>22</sup> Make Poverty History praises the PAP for putting Newfoundland at the forefront for poverty reduction progress in Canada and taking the province from being one of the provinces with the highest incidences of poverty to one with the lowest.<sup>23</sup> Some civil society groups have criticized the PAP for its lack of commitments to specific items of concern for these groups, such as a lack of a long-term housing strategy,<sup>24</sup> lack of a plan for province-wide universal access to affordable childcare,<sup>25</sup> and lack of supports for seniors and people with mental health issues. However, overall the response from civil society has been quite positive, with these same groups recognizing the progress that has been achieved under the PAP and urging the government to increase investments in the plan to continue this work.<sup>26</sup>

### **Notes on Critical Thematic Areas**

- 1. Human Rights:** Although the PAP does not explicitly place poverty elimination within the framework of human rights, the government does commit to changing the Human Rights Code to prevent discrimination based on source of income, including Income Support.<sup>27</sup> Nevertheless, the government has been criticized by the provincial NDP leader Lorraine Michael for presenting certain programs (such as dental care and affordable housing) as poverty reduction measures rather than basic human rights.<sup>28</sup>
- 2. Income Support:** The government committed to increasing and indexing income support rates.<sup>29</sup> The government invested approximately \$21 million, and income support rates have been indexed to the cost of living and increased by 11.6% (as of April 2009) since the PAP was released.<sup>30</sup> Based on the after-tax LICO, income support rates for single parents with one child are set at the poverty line, effectively giving single parents on welfare the financial means to live at the poverty threshold. Newfoundland is the only province where this is the case; in other provinces, income support rates continue to be set below the poverty line.<sup>31</sup> The government also committed to analyzing the combined impacts of programs on benefits that low-income individuals and families receive, in order to avoid unintended negative effects. The government's new user-friendly guide aims to help people better navigate the social service system.<sup>32</sup>
- 3. Housing:** In the 2006 PAP, the government committed to affordable housing.<sup>33</sup> As of March 2009, 204 affordable housing units had been built, with another \$6.2 million to support a new Affordable Housing Program to build additional units, including those for people with disabilities and seniors.<sup>34</sup> In 2009, the government invested \$1.8 million to make rent-geared-to-income housing more affordable (including special rates benefitting 1,500 seniors).<sup>35</sup> There were also investments in community housing initiatives for people with complex needs (\$1.2 million), renovations and energy retrofitting in social housing (\$5.6 million), and a Provincial Homelessness Fund (\$1 million).<sup>36</sup>

- 4. Education:** The government committed to increased high school graduation rates, investing \$2.2 million in initiatives to encourage low-income youth to stay in school. However, the drop-out rate has risen by 0.4% from 2003 to 2007, but remains under the Canadian average. The government invested \$7.6 million to cover the costs of materials (such as text books) that were previously charged to parents in the K to 12 education system, eliminating such fees. The government also committed to better access to post-secondary education by freezing post-secondary tuition in 2005, increasing tuition grants (benefiting 8,400 students), and eliminating interest on the provincial portion of student loans (benefiting 49,000 students) in 2009.<sup>37</sup> The government has also invested \$1.85 million to open up an additional 210 spaces in two adult education programs.
- 5. Early Childhood Education and Care:** The government committed to affordable and regulated Early Childhood Education. In 2009, an annual investment of \$1.3 million was made to enhance the child care subsidy and reduce or eliminate surcharges. From 2003 to 2009, the number of children benefiting from a subsidy increased 53% and the number of regulated child care spaces increased by 36%. The government also committed to early intervention programs and support for parents, investing over \$1 million in family resource centers accessed by almost 20,000 parents and children. The government also invested \$1.6 million in strengthening early childhood development and early intervention services.<sup>38</sup>
- 6. Healthcare:** The government invested \$24 million in expanded prescription drug coverage for an additional 32,000 people as of 2009. An additional investment of \$500,000 has expanded dental coverage for 1,900 children in 2007-2008.<sup>39</sup> The government committed to enhancing food security through increasing air foodlift subsidies to Labrador with an investment of \$200,000 and increasing funding to the Kids Eat Smart program with an investment of \$1.25 million, reaching 17,000 children.<sup>40</sup>
- 7. Employment Support:** Removing barriers to work is a key focus with the government investing \$2.7 million in the Income Support system. As a result, 4,000 income support clients started jobs from 2006-2008. The minimum wage was increased to \$10 in 2010. An investment of \$16 million also lowered provincial income tax for 50,000 low-wage tax filers. The government committed to expanding programs for employment skills through a total investment of about \$3.5 million in programs reaching 3,800 high school students and other people from vulnerable groups.<sup>41</sup>
- 8. Community Building/Investment:** Commitments were made to invest in community-based organizations and initiatives that align with the goals of the PAP. For example, the government invested \$2.6 million in expanding Community Youth Networks (CYN), which provide academic and career services to youth living in or at-risk of poverty, benefiting 14,000 youth annually. The government also committed to making the justice system more accessible for vulnerable people.<sup>42</sup>

## **THE BOTTOM LINE**

Undoubtedly, Newfoundland and Labrador has shown leadership in using an inclusive process to draft a solid PAP, and the progress the province has made since 2006 is significant. Newfoundland and Labrador has shown improvement on all but one (high school drop-out rates) of their indicators of success. However, 8 out of their 11 indicators that can be compared nationally still lag behind the Canadian average.<sup>43</sup> Thus, while the province is off to a good start with its PAP, much work has yet to be done before it can meet its goal of being the province with the least poverty by 2014.

## **FOR MORE INFORMATION**

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**ENDNOTES**

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- <sup>1</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment, "Reducing Poverty: An Action Plan for Newfoundland and Labrador," (June 2006), 1.
- <sup>2</sup> 2005 *Speech from the Throne* affirmed Government's *Blueprint*, referenced in Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment, 9.
- <sup>3</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (June 2006), 16 – 22.
- <sup>4</sup> Fran Locke with Penelope Rowe, "Poverty Reduction Policies and Programs: Tracing a Path from the Past to the Future, Newfoundland and Labrador," *Social Development Report Series* commissioned by the Canadian Council on Social Development (2009), 27; Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (June 2006), 13.
- <sup>5</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment, "Empowering people, engaging community, enabling success: First progress report on the Government of Newfoundland and Labrador's Poverty Reduction Strategy," (2009), 2
- <sup>6</sup> Locke, 35.
- <sup>7</sup> Statistics Canada website – CANSIM table 202-0208
- <sup>8</sup> *Ibid*
- <sup>9</sup> *Ibid*
- <sup>10</sup> Food Banks Canada, "Number of separate individuals assisted by food banks, March of each year," (1999-2010), *Food Banks HungerCount Survey*. Newfoundland & Labrador Statistics Agency, "Annual Estimates of Population for Canada, Provinces, and Territories," from Statistics Canada, Demography Division, [http://www.stats.gov.nl.ca/statistics/Population/PDF/Annual\\_Pop\\_Prov.PDF](http://www.stats.gov.nl.ca/statistics/Population/PDF/Annual_Pop_Prov.PDF)
- <sup>11</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment, "Annual Report 2009-2010," (September 2010), 29.
- <sup>12</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 49 – 57.
- <sup>13</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (June 2006), 23.
- <sup>14</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), viii.
- <sup>15</sup> *Ibid*, 28.
- <sup>16</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (June 2006), 4.
- <sup>17</sup> Statistics Canada website – CANSIM table 202-0208
- <sup>18</sup> National Council of Welfare, "Adequacy of Welfare Incomes: Results," (2010), <http://www.ncw.gc.ca/d.1tas.2t3@.jsp?lang=eng&provid=1&provid=2&provid=10&provid=3&provid=4&provid=12&provid=5&provid=13&provid=6&provid=7&provid=8&provid=9&provid=11&chkl=on&chrtid=2&srsblfldidx=7&xgrplblfldidx=3&chrtypid=1&hhtypid=3&yrid=2010>
- <sup>19</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (June 2006), 25 – Appendix A
- <sup>20</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), vii
- <sup>21</sup> Make Poverty History, "Poverty Reduction & Newfoundland and Labrador," *Make Poverty History Webpage* (2010), <http://www.makepovertyhistory.ca/learn/issues/poverty-reduction-plan/newfoundland-and-labrador>.
- <sup>22</sup> Make Poverty History; Newfoundland and Labrador Association of Social Workers, "Pre-Budget Submission," (February 2010), <http://www.nlasw.ca/pdf/PreBudget2010.pdf>, 6; Caledon Institute of Social Policy, "Community Stories: Newfoundland and Labrador: Innovative Strategies in Government-Community Collaboration," (April 2009), 5, <http://www.caledoninst.org/Publications/PDF/768ENG.pdf>.
- <sup>23</sup> Make Poverty History
- <sup>24</sup> Provincial Advisory Council on the Status of Women: Newfoundland & Labrador, "Brief submission on the Poverty Reduction Strategy," (November 2010), <http://www.pacsw.ca/members/index.php?q=node/63>; NL Housing and Homelessness Network, "Policy Recommendations: A Housing & Homelessness Framework for Newfoundland and Labrador," (October 2010), 6.
- <sup>25</sup> Provincial Advisory Council on the Status of Women: Newfoundland & Labrador
- <sup>26</sup> Newfoundland and Labrador Association of Social Workers, 2, 5.
- <sup>27</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2006), 18.

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<sup>28</sup> Quoted in Locke, 33.

<sup>29</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2006), 18.

<sup>30</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 16, 42-45.

<sup>31</sup> National Council of Welfare, "Adequacy of Welfare Incomes: Results," (2010),

<http://www.ncw.gc.ca/d.1tas.2t3@.jsp?lang=eng&provid=1&provid=2&provid=10&provid=3&provid=4&provid=12&provid=5&provid=13&provid=6&provid=7&provid=8&provid=9&provid=11&chkl=on&chrtid=2&srsblfldidx=7&xgrplblfldidx=3&chrttypid=1&hhtypid=3&yrid=2010>

<sup>32</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 7.

<sup>33</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (June 2006), 18.

<sup>34</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 12.

<sup>35</sup> Ibid, 12.

<sup>36</sup> Ibid, 45.

<sup>37</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 48, 57, 47, 27.

<sup>38</sup> Ibid, 22-23, 47.

<sup>39</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 14.

<sup>40</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2006), 18; (2009), 15, 42

<sup>41</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 17, 19, 46.

<sup>42</sup> Ibid, 25, 11.

<sup>43</sup> Government of Newfoundland and Labrador: Department of Human Resources, Labour and Employment (2009), 49-57.