



Let's Make Poverty Reduction a Priority

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In Nova Scotia, 75,000 people—including children, people with disabilities, seniors, parents, and single people—live in circumstances that compromise their health because they are deprived of basic needs such as adequate food, clothing, and housing.

Poverty takes its toll on individuals, families and communities, but failure to address poverty costs us all. Higher levels of crime and school dropout rates, poor health and the lost productivity associated with poverty costs over \$1.5 billion dollars annually.

While the federal government refuses to even acknowledge the problem, Nova Scotia, and several other provinces, adopted a poverty reduction strategy. A major goal of Nova Scotia's strategy is to overhaul the welfare system to "improve supports for those in need" and "enable and reward work".

These are worthy goals, but they will not be realized unless welfare 'reform' moves it away from 'a system of last resort' based on values and assumptions about work and 'need' rooted in 19th century poor law.

Belying the myth of 'dependency', the current system does not come close to meeting people's real needs. It does not consider what it actually costs an individual or family's to just get by—even at a very basic level. Instead, access to assistance is determined by an 'assessment of need' based on a model that defines the maxi-

imum allowances the government will provide under specific circumstances.

Additional assistance is sometimes provided for people with 'special needs' such as dietary requirements, but in all cases the model ensures that welfare recipients live well below the poverty line, whether measured by the Low Income Cut-Off (LICO) or the Market Basket Measure (MBM).

In Nova Scotia in 2009, the assistance provided to a single parent with one child was \$3,969 below the poverty line using the MBM.

A couple with two children would need \$8,488 dollars to bridge the gap between assistance and the poverty line and a person with disabilities, \$6,382. A single person considered 'employable' would have only \$6,359 to live on when \$15,579 is the amount considered the minimum required for an individual to meet their very basic needs.

The first priority for welfare overhaul, therefore, must be to reduce the depth of poverty for people living on assistance with a realistic plan to eliminate the gap within 5 years. Another myth is that welfare recipients do not want to be gainfully employed. In reality, the system actually has built-in barriers that actively discourage employment.

The 70% claw back on earned income makes supplementing income with casual or part time paid work difficult, when they could be bridges to finding full time employment. Such barriers are compounded by limited access to supports that people need if they are to 'make it' in the labour

market today—subsidized childcare, adult education and skills development programs.

Getting a job, however, is not an assured way out of poverty. A growing body of research demonstrates that income inequality—the gap between the rich and the poor—is increasing in Canada. Average real wages (wages adjusted for inflation) have not changed for about thirty years and have actually declined in Nova Scotia.

It is no wonder then that Canada and Nova Scotia have unacceptably high levels of individual and family poverty, even when more than one family member is employed full time. Many low paid jobs also have poor working conditions with no employee benefits such as health plans. If employment is to significantly reduce poverty, Nova Scotia must create more good quality jobs with better working conditions.

As a system of last resort, the current system serves only those who are in dire straits. Many low income people – especially the working poor – receive little help.

Federal and provincial governments, however, now provide some income support through tax credits or benefits, regardless of source of income. The National Child Benefit Supplement, the Nova Scotia Child Benefit and the Affordability Tax Credit are examples. Governments could build on these programs, but they need to broaden eligibility, raise thresholds, and index tax credits to the cost of living if they are to have any real effect on poverty reduction.

Overall progress on poverty reduction has been slow for many reasons, including the lack of federal commitment to poverty reduction and the weakness of Nova Scotia's poverty reduction strategy. In addition, we are told governments have no choice but to focus on balancing budgets and paying down deficits as quickly as possible. As the Alternative Federal Budget and the Nova Scotia Alternative Budget have shown year after year, governments do have a range of choices that remain fiscally responsible.

Given the high cost of poverty in human, social and economic terms, the question we need to ask ourselves is: who benefits and who loses when we chose to ignore it?

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