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**The Impact of the Cost-of-Living Crisis on Vulnerable Nova Scotians: Submission to the Standing Committee on Community Services by Christine Saulnier, Ph.D., Director, CCPA-NS
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Dealing with cost increases is possible if your income is rising or your income was already decent, or you have a cushion of savings to draw down. Very many Nova Scotians are not so fortunate, and more must make difficult choices. According to [Statistics Canada](#), 39% of Canadians with household incomes under \$40,000 borrow to buy food or pay for daily expenses because they run short of money. With higher interest rates, that debt just got more expensive.

Those struggling with these cost increases are made vulnerable by our public systems and public policy, particularly by the gaps in our safety net, and include students, low-wage workers, people on income assistance, and all those living in poverty. These are the people who can least absorb or offset price increases. For instance, given that Nova Scotia's universities have the [highest tuition](#) fees in the country, averaging \$9,028 (2021-22) per year for domestic students. It isn't surprising that our students have the highest [average](#) debt at graduation and struggle to make ends meet throughout their programs.

Workers have been running in place for a long time, struggling to make ends meet, even during decades when inflation was relatively low. Between 2001 to 2019, the median overall [wage growth](#) adjusted for inflation was just 11.3% (\$18.75 to \$20.87 expressed in 2021 dollars); A real increase of just \$2.12 an hour over 18 years. This is how we reward people for their efforts? People deserve to get ahead, and right now, the average worker is falling behind by at least 3.4%; comparing October 2021 to October 2022, weekly wages [were up](#) 4.3%, while inflation [increased by 7.7%](#). Meanwhile, CEO compensation [skyrocketed](#) by 26%.

Workers' wages are not causing the current high inflation. This inflation is not a story of too much money chasing too few goods; it is [not demand-driven](#). There are specific areas of the economy seeing [price increases](#), notable energy at a 23.7% increase (October 2022 compared to October 2021), and of course, food, shelter, and transportation. This inflationary story is one of supply-side disruptions, pandemic distortions, [profiteering, price-gauging](#), and inequality.

Those living in poverty are vulnerable to cost increases. Nova Scotia has the highest provincial poverty rate in the country (9.8% - tied with BC). It has the highest provincial poverty rates for individuals living alone, children, and young adults (aged 18-24) (19.8%, 11.4%, and 18.4%, [MBM Census, 2020](#)). Indeed, across all ages except for 65+, NS has the highest or tied for the highest provincial poverty rates.

Those most vulnerable to the rising cost of living—those on Employment Supports and Income Assistance - turn to the government for support as a last resort. Current [total income supports](#) are far below the official poverty line—the Market Basket Measure.



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Nova Scotia has some of the stingiest income support packages in the country, with the lowest amount for a single parent with one child (provided with 62% of the poverty line). 35% of the poverty line is all that a single person deemed employable can access; \$8,385 per year or about \$700 a month. The amount provided, adjusted for inflation, is less than in 1989. Persons with disabilities are provided with only 48% of the poverty line, and they, like all others on ESIA, are considered to have been living in deep poverty for the last 20 years (equivalent to support that is 75% or less than the MBM threshold).

The income support system is designed to ensure that people struggle to afford the basics.

Understanding the impact of the cost of living also requires an intersectional approach. For example, while there has been some modest wage growth, it is [uneven](#) and primarily concentrated in higher-paying jobs and has benefited men more than women. We know the pandemic's impact was hard on women, but we must now consider how to address [the reasons](#).

Another example of why using an intersectional lens is essential; we know that poverty rates are higher [for different populations](#), depending on age and family type (unattached individuals and one-parent families). While they are highest for those who rely exclusively on income assistance, they are also higher for refugees and new immigrants, racialized people, persons with disabilities, nonbinary and transgender persons, and indigenous people. According to the [2020 Census](#), In Nova Scotia, 48% of non-permanent residents live in poverty, and 23% of recent immigrants (arrived between 2016 and 2021) (compared to 8.5% for non-immigrants). The poverty rate for racialized persons is three times higher than for non-racialized (23% versus 8%). The highest poverty rate is 38% for Koreans. It is also necessary to consider the diversity within these groups and how [intersecting identities](#) can make people even more vulnerable.

What can be done? Because of inflation, you can purchase less with the \$20 you have today than last year. Provincial governments can directly impact price increases only in some sectors. While action in those sectors is essential, it is also vital that governments ensure that low-income Nova Scotians can buy increasingly expensive essentials. For low-waged workers, our low minimum wage must be increased substantively; [given current projections](#), by the time it rises to \$15 an hour in April 2024, it will be worth \$10.55 in 2014 dollars. \$15 is no longer an adequate target.

The current government also has the fiscal capacity to help Nova Scotians in other ways - including because of the additional [\\$1.3 billion in additional revenue](#) projected. It can provide additional income support using tax benefits like the NS Affordable Living Tax Credit or the NS Child Benefit. It can substantially increase income assistance (with permanent increases to the base rate, not with one-off payments). While the government should index all income support programs to inflation, indexing doesn't make up for the inadequate base.



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Those receiving income assistance who do find work and are receiving support should be able to keep more of their income and benefits while being supported in their transition to find and keep a decent-paying job. Addressing income insecurity is the number one way also to address food insecurity.

On the cost side, the government can address the costs of rent, tuition, child care, transportation, and health care. On housing, legislating vacancy control -an effective rent cap tied to an apartment- would help control costs. The housing crisis also requires more investment in affordable housing, especially in non-profit, social, and cooperative housing. The government could expand the rental supplement to support actual rental costs and not just average rent costs and make it available to more people.

Government can bolster universal public services by ensuring that people pay less out of pocket for essentials. For example, the provincial government could improve its pharmacare program by making it more accessible. Given how high costs have gone, some consideration needs to be given to bring the prices down as well. The child care fee reduction has made an impact, but only for those lucky enough to access licensed care, and the reduction is only based on average fees. Many families still pay a high cost to ensure seamless care. The government needs to invest more in care workers—in Early Childhood Educators, and health care workers- to develop comprehensive service expansion plans and workforce strategies to fairly compensate these workers and build quality systems. Supporting municipalities to make transit more affordable, available, and accessible could help, as would funding a complete provincial transit system for inter-community transportation.

The impact of the cost of living is not just about what people can buy; it is also a significant barrier to many Nova Scotians reaching their potential. The cost of living pressures spotlight the long-term struggles facing all those made vulnerable by the holes in our social safety net. The government must plug these holes permanently to ensure no one is left behind and to address the pandemic fallout. The government must make public programs and services adequate and accessible to more people, including non-permanent residents. These public investments could bring us closer to a new vision for Nova Scotia, shifting the province to a green, inclusive economy that centres climate, economic and social justice.