

*Reducing Poverty in Newfoundland and Labrador:
Working Towards a Solution*

Plain Language Summary

June 2006

PART 1: INTRODUCTION

Why did we write this summary?

This document is a short summary of *Reducing Poverty in Newfoundland and Labrador: Working towards a Solution*. More detailed information can be found in the full report.

We hope readers will tell us how poverty can be reduced in Newfoundland and Labrador. You can reach us through the toll free Poverty Reduction line at 1-866-883-6600, or by e-mailing us at povertyreduction@gov.nl.ca.

PART 2: POVERTY

People are poor for many, many reasons. We know it will take more than one thing to make things better. You can help by letting us know your ideas.

What is poverty?

Poverty means what happens when people do not have enough money to live comfortably or to take part in community or family activities, such as working or going to parent-teacher interviews. Working does not necessarily mean people are not poor – some people make low wages; others have very high expenses.

Poverty levels can be affected by many things. For example, they can be affected by:

- How easy it is to get a job and how much available jobs pay
- How big a family is and how much education the parents may have, and
- What kinds of government programs are in place to help people
- Who are poor and who is eligible for these programs.

Who usually ends up being poor?

Certain people are more likely to be in long-term poverty than others, in particular:

- families with single mothers
- single older people (aged 55-64)
- persons with disabilities
- aboriginal people and
- recent immigrants.

People can be in more than one of these groups. For example, a person can be both a single mother and have a disability. When this happens, a person has an even greater risk of being poor.

Women in these groups are especially likely to be poor. Women tend to be poor for longer periods of time and be poorer. People who are poor, particularly women and children, are more likely to be in violent or abusive situations. Children who are raised in poverty do not have the chance to grow and develop to their full potential. As well, these children are often more likely to be poor as adults.

Poverty affects all types of people. However, some people are more likely to live in poverty than others. People who are between 55-64 years of age are the most likely of all age groups to live in poverty. In Newfoundland and Labrador, about 15.5 percent of children and 2.1 percent of seniors aged 65 and over are poor. Newfoundland and Labrador has the third highest rate of child poverty and the lowest rate of seniors in poverty than any of the other provinces in Canada.

Where does poverty usually happen?

In Canada, poverty is becoming more and more common in cities rather than in towns and rural areas. In our province, however, it is not the same. Many small communities have very high poverty rates.

Compared to other provinces, Newfoundland and Labrador has the highest percentage of people living in poverty in towns and rural areas.

This does not mean that cities in the province do not have problems.

For example, some neighborhoods in St. John's have the lowest average income levels in the province. For this reason, Newfoundland and Labrador's poverty reduction strategy needs to look at poverty in cities, towns and very rural areas.

How long do people usually live in poverty?

Some people live in poverty for short periods of time. Others have been living in poverty for most or all of their lives. From 1996 to 2001, 26.3 percent of people in the province were poor at one point or another. During this time, almost 30 percent of people had a low-income for only one year while over 15 percent of people had a low-income for five years.

Living in poverty for long periods of time can affect a person's wellbeing. Poverty can lead to long-term health problems from not eating nutritious food or from not living in proper housing. Poverty can hold children back from certain opportunities such as participating in after school activities and from attending university or college.

PART 3: REDUCING POVERTY IN NEWFOUNDLAND AND LABRADOR

What are other governments doing to reduce poverty?

Quebec is the only province in Canada that has an action plan to address poverty. Other provinces and territories in Canada have programs to help people who are poor, including programs to increase employment and offer services and supports. Many provinces are increasing the minimum wage, and improving education services.

Other countries are working on reducing poverty. In Ireland the government has raised social assistance rates and has made support programs available to more people. In doing so, over 400,000 people have found their way out of poverty. Scotland has also tried different ways of addressing poverty within the country. One thing that the Scottish Government has been doing is working with schools to teach young children how to manage and save their money.

What is the Government of Newfoundland and Labrador doing now to reduce poverty?

The Government of Newfoundland and Labrador already has many programs and services in place to help reduce poverty. Some of these are delivered through the tax system and include:

- The Harmonized Sales Tax Credit
- The Newfoundland and Labrador Senior's Benefit
- Low Income Tax Reduction and
- Non-Refundable Tax Credits for People with Disabilities.

The Government is also working to improve economic growth within the province and to create more jobs. The Government offers many different programs and services aimed at helping people who live in poverty. The Newfoundland and Labrador Child Benefit, for example, was created in 1999 to help low-income families with the cost of raising children. There are over 19,000 families with 29,700 children in the province who are receiving the Newfoundland and Labrador Child Benefit. Newfoundland and Labrador's Income Support Program is another way that the Government is trying to help people who are poor. This program gives people financial assistance as well as other things such as a drug card to cover the cost of prescription drugs.

What advice have community groups given Government?

Community groups play a very important role in helping governments create policies. This is especially true for policies around poverty reduction. In recent years, these groups have strongly urged provincial and federal governments to:

- increase affordable housing
- make child care and early learning available to everyone
- raise the minimum wage, and
- increase the Child Tax Benefit.

How should Government reduce poverty?

Poverty is a complex issue and needs many solutions. We need to do things that will mean fewer people are poor, ease the bad effects of poverty, and stop poverty from happening in the first place. To do this, we must look at the needs of different people such as single parents, people with disabilities, the working poor and aboriginal people. Solutions must include different partners including the federal government, aboriginal groups, community based groups, business and labour.

It is important is to get the right mix of options so that poverty will be reduced. Getting the right mix means we have to look at poverty from many different points of view. Having only one solution, such as raising minimum wage or increasing Income Support, will not be enough to reduce poverty in our province.

PART 4: CONCLUSION

We hope that this document was useful in providing information about poverty in Newfoundland and Labrador, and about who is affected by poverty. As well, we hope that this document will encourage you to provide us with suggestions as to what Government should do to reduce poverty in Newfoundland and Labrador.