

Breaking down the welfare wall in New Brunswick*

Persistent poverty is one of many serious problems that remain unaddressed as the doors of Parliament stay shut. The initiative for tackling this long-lamented scourge has shifted to the provinces, as Ottawa continues to bury its head in the snow. A promising development is the rise of provincial poverty reduction plans. Quebec and Newfoundland were first out the gate, and several other provinces have been introducing their own campaigns.

New Brunswick recently announced a comprehensive poverty reduction strategy that includes radical reform of its social assistance system. It aims to break down the welfare wall that traps thousands of residents.

Welfare is the tangled safety net that doesn't work. It is a complicated system that is difficult to understand and administer. While many people use it only once and get back on their feet, some languish on that program for years. Far from an exit from poverty, welfare has become a social and eco-

nomie ghetto that creates incentives for dependence and disincentives for independence.

Recipients who find some part-time work can keep only a fraction of their earnings. Those who manage to leave welfare for the workforce forfeit substantial income, including cash benefits for spouses and children. Leaving welfare risks losing access to important services, including vision, drug and dental care; technical aids and equipment; and subsidized housing. Going to work also requires new spending on items like clothes, transportation, child care and taxes.

The way to break down the welfare wall is to extend income supports and services traditionally reserved for those on welfare to the working poor – Canada's forgotten poor. New Brunswick is taking important steps to do exactly this in its ambitious reform.

New Brunswick will build on its existing working income supplement so that,

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with the recently improved federal Working Income Tax Benefit, it can harmonize measures to help recipients climb the welfare wall and provide an incentive for the working poor to remain in the labour market.

New Brunswick's health card now allows supplementary benefits for up to 12 months to recipients who leave welfare for training or the workforce. The province is extending this coverage to three years. Even better, it will launch a vision and dental care program for children of low-income families in April 2011, to be followed by a prescription drug program for low-income households within the next three years. The goal should be a comprehensive system of supplementary health care for all low-income persons.

A modern social assistance system requires a simple and transparent rate structure. New Brunswick has taken a first step in this direction by eliminating its miserly (\$300 monthly) program for single employable people, increasing payments to \$537. Over the next five years, it will restructure and improve rates. Ideally, in time the province would replace traditional welfare for employable recipients who require only temporary support with a non-welfare wage-like benefit.

Other reforms are needed. The province should boost the New Brunswick Child Tax Benefit so that, with federal child benefits, it replaces all child-related benefits embedded in welfare and treats equally all low-income families – working poor and welfare recipients alike.

Recipients with severe disabilities should have a decent basic income – a 'disability pension' – ideally operating outside welfare. Disability supports, such as wheel-

chairs and attendants, should be separated from income assistance and provided to all persons with disabilities.

The province is raising its minimum wage to the Atlantic average and then indexing it in 2012. Like most provincial welfare programs, New Brunswick's lacks inflation protection. It should index not only social assistance but its child benefit and working income supplement too.

New Brunswick has created a sweeping plan to reduce poverty that was adopted at an anti-poverty summit involving leaders from government, business, community organizations and people with lived experience in poverty. In addition to welfare reform, there will be significant investments in community networks, early childhood development, literacy mentoring, education, housing and homelessness initiatives, and transportation.

This common vision will be cemented in legislation via the *Economic and Social Inclusion Act*, which the province is introducing this month. New Brunswick may well provide the bold leadership in social policy that this country so urgently requires.

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