



# Better supporting the most marginalized New Brunswickers

Written submission for the New Brunswick pre-budget consultations in advance of the 2024 provincial budget

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At Maytree, we believe that the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are protected, respected, and fulfilled for everyone in Canada.

In the past three years, New Brunswickers have experienced high inflation, a steep increase in housing costs, and, in general, decreasing standards of living. This is especially the case for the most marginalized New Brunswickers who have the lowest welfare incomes in Canada. Urgent action is needed to increase and improve income supports in New Brunswick.

Maytree recommends that the New Brunswick government:

**1. Increase benefit amounts for people receiving the Transitional Assistance Program (TAP) and the Extended Benefits Program (EBP).**

According to the latest *Welfare in Canada* report,<sup>1</sup> households receiving social assistance in New Brunswick had the lowest total welfare incomes<sup>2</sup> in Canada.

**Table: Rank of New Brunswick welfare incomes relative to other provinces, 2022**

Household type	Total welfare income in 2022	Rank relative to other provinces
Unattached singles considered employable	\$8,031	10th out of 10
Unattached singles with a disability	\$10,884	10th out of 10
Single parents with one child	\$21,657	10th out of 10
Couples with two children	\$28,664	10th out of 10

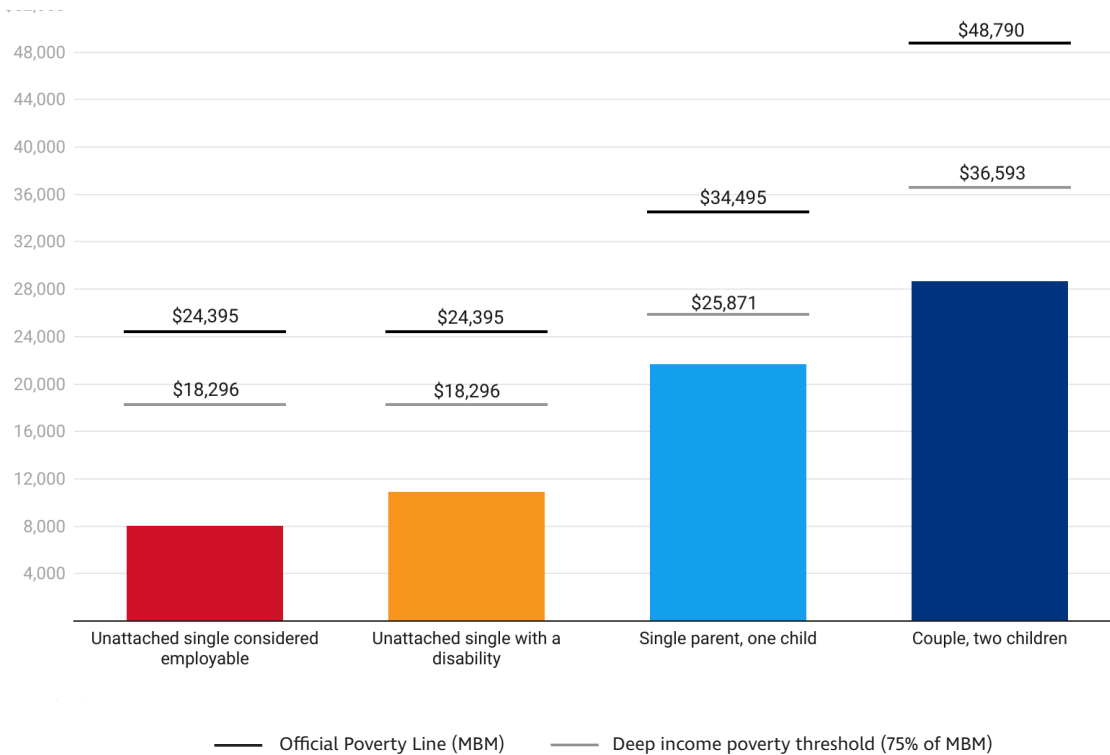
To put these welfare incomes in context, they can be compared to the Market Basket Measure (MBM), Canada’s Official Poverty Line, as well as the deep income poverty threshold set at 75 per cent of the MBM. Since the MBM is regional, the threshold for New Brunswick’s largest city, Moncton, is used.

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1 Laidley, J. & Tabbara, M. (July 2023). *Welfare in Canada, 2022*. Maytree. <https://maytree.com/welfare-in-canada/>

2 Welfare incomes include social assistance amounts, benefits, and refundable tax credits.

**Figure: Welfare incomes of New Brunswick households relative to poverty thresholds, 2022**



Note: All example households are receiving social assistance for the first time in 2022 and are assumed to have received it for the entire 2022 calendar year. They are also assumed to not have employment income.

As the figure shows, all four example households in New Brunswick were living in deep poverty in 2022. The situation for an unattached single considered employable was especially severe, as their total welfare income reached only about a third of the Official Poverty Line.

When a household is said to be living in “deep poverty,” they can no longer cover the basic necessities of life, such as food and shelter. These are the conditions that nearly 28,000 New Brunswickers are experiencing.<sup>3</sup>

This state of poverty in New Brunswick is not new. Data on Canada’s Official Poverty Line, which goes back as far as 2002, tells us that the depth of poverty of New Brunswickers has worsened. This is especially the case for households consisting of an unattached single with a disability receiving social assistance, whose depth of poverty fell by 15 per cent over the last two decades. This means

3 Tabbara, M. (March 2023). *Social Assistance Summaries, 2022*. Maytree. <https://maytree.com/changing-systems/data-measuring/social-assistance-summaries/new-brunswick/>

that the Government of New Brunswick has allowed a generation to go by without sufficient investments to lift people out of poverty.

Recognizing that each of us has the right to an adequate standard of living, the government should commit to a timeline for increasing benefits to realize this right for marginalized New Brunswickers. We strongly recommend that the Government of New Brunswick make significant increases to social assistance benefits for all recipients. This will reduce the depth of poverty in New Brunswick and ensure that all New Brunswickers can live a life of dignity.

## **2. Increase the base earned income exemption for social assistance recipients.**

Recipients of social assistance in New Brunswick have access to a monthly exemption on earned income of \$500 for each household. Once their income exceeds this exemption, only 50 per cent of additional earned income is exempt.

To ensure that recipients of social assistance can keep more of their earnings as they reintegrate into the labour market, we recommend that the Government of New Brunswick increase both the base earned income exemption and the partial exemption on additional earned income for all recipients.

## **3. Commit to fully exempting the forthcoming Canada Disability Benefit for all social assistance recipients.**

In June 2023, the Parliament of Canada passed Bill C-22, establishing the Canada Disability Benefit (CDB) to “reduce poverty and to support the financial security of persons with disabilities.” Regulations for the CDB are still being developed by the federal government, but the benefit is expected to launch later in 2024.

We recommend that the Government of New Brunswick coordinate with the federal government to ensure that the full value of the CDB ends up in the pockets of New Brunswickers with a disability. This would require updating social assistance regulations so that the CDB is considered fully exempt unearned income, similar to the Canada Child Benefit.

## **4. Augment part of the Canada Workers Benefit into the proposed Canada Working-Age Supplement.**

Working-age single adults without children face the highest and deepest rates of poverty in Canada. Currently, the federal government directly contributes only between two and nine per cent to the welfare incomes of unattached singles living

in deep poverty.<sup>4</sup> In a recent report, Maytree and Community Food Centres of Canada (CFCC) outlined how the federal government could enhance the Canada Workers Benefit (CWB) and transform it into a Canada Working-Age Supplement (CWAS).<sup>5</sup> With the CWAS, the federal government can better support working-age single adults without labour market attachment and living in deep poverty.

Advocacy from provincial and territorial governments, including New Brunswick, is needed to convince the federal government to implement the CWAS. At the same time, provinces and territories have the option to enhance the CWB themselves to address their jurisdictions' own needs. They do not need to wait for federal leadership to better support working-age single adults living in deep poverty.

The transformation of the CWB into the CWAS would only impact the portion of the CWB targeted to unattached single adults of working age. Unattached working-age adults represented about 37 per cent of the 51,000 people living in poverty in New Brunswick<sup>6</sup> in 2021, and the CWAS would do much to reduce their depth of poverty.

Implementing the CWAS would require the following parameter changes to the CWB:

- Adding a floor benefit of \$3,000, which would be provided to those with very little or no employment income. This change is in contrast to the current CWB design, where people need \$3,000 or more in earnings before they begin to receive the benefit.
- An employment boost—that is, a benefit that is phased in as earnings increase—of up to \$1,000.
- A maximum benefit amount of up to \$4,000 per year, combining the floor benefit and the employment boost. This maximum is much higher compared to the current CWB maximum benefit of \$1,428 for single adults.

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4 Laidley, J. & Tabbara, M. (2023, September 13). *Interpreting the data – Key takeaways from Welfare in Canada, 2022*. Maytree. <https://maytree.com/publications/interpreting-the-data-key-takeaways-from-welfare-in-canada-2022/>

5 For more details on the proposal, see: Talwar Kapoor, Garima et al. (2022). *How to reduce the depth of single adult poverty in Canada: Proposal for a Canada Working-Age Supplement*. Maytree and Community Food Centres Canada. <https://maytree.com/wp-content/uploads/canada-working-age-supplement-report.pdf>

6 Statistics Canada. (May 2023). *Low income statistics by age, sex and economic family type*. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110013501>

- A broader reach, meaning that benefits would continue to be provided to those with low and moderate earnings, until adjusted family net income reaches \$49,611, compared to the current threshold of \$33,015.

The CWAS would largely mirror the current structure of the CWB—that is, the personal income tax system would be used for assessment and delivery, and the benefit would be indexed to inflation to protect its value over time.

Implementing the CWAS would markedly improve the quality of life of unattached working-age singles in New Brunswick. Notably:

- Welfare incomes of social assistance recipients would increase by up to 40 per cent;
- Many part-time minimum wage workers would no longer live in deep poverty; and
- Many full-time minimum wage workers would live above the Official Poverty Line.

Maytree thanks you for the opportunity to provide input on the 2024 New Brunswick budget. We welcome any questions or comments you may have on our recommendations.