

# TO ADVANCE YOUR CAUSE

## A Respectful Response to the Poverty Reduction Task Force from the Religious Social Action Coalition

From the very beginning, the Coalition has been supportive of the goals of the Williams government's efforts to reduce and eliminate poverty in this province. And we are proud, as Newfoundlanders and Labradorians, of the work you have accomplished in the last few years.

Four years ago, we asked you whether your approach would succeed in eliminating poverty here, and how long it would take. We are still asking.

But the hard fact seems to be that the gap between rich and poor is growing, not shrinking. The food banks that we operate across the province are busier than ever. The demand is more desperate. And we note dramatic increases in the cost of housing, rather than a closing of the housing gap between rich and poor.

Your excellent staff, having focused on the improvement of services to the poor and the delivery of those services, has not been called on to measure the gap between rich and poor, and is not tasked to examine the distributive impact of government programs that are not part of the Poverty Reduction plan.

Concentrating on the excellent work you have been doing in designing and implementing poverty alleviation programs does not provide insights into why these programs are not closing the gap between rich and poor.

But is it surprising that 2 per cent of the provincial budget cannot undo the impact of the other 98 per cent?

After decades of growing gaps between rich and poor in Canada and many other developed countries, it is clear that this gap is created by government revenue and transfer policies. We know that this is the case in Canada and we believe that this is the case in our province.

Therefore: We call on you to create a FAIRNESS PRISM, through which your government should view every revenue measure and every spending measure, to see whether it widens or narrows the gap between rich and poor.

And: We call on you to create a FAIRNESS AUDITOR, to report to the House of Assembly on the distributive impact of revenue measures and spending measures.

We believe that this is especially important in the use of oil royalties. This non-renewable natural wealth belongs to every Newfoundlander and Labradorian, and it should be used to benefit *all* citizens. This requires that the distributive impact of the

spending of oil royalties must, in all justice, be examined – and must serve as a guide to the spending of these dollars.

We are particularly troubled that oil royalties appear to be funding generous tax favours for the wealthiest of our citizens. Often, tax cuts for the rich are defended as stimulating economic growth for the society at large, but we now have four decades of incontrovertible evidence here in Canada that the economic growth stimulated by tax cuts for the rich is harvested in its entirety by the rich – at the expense of average Canadians and especially of the poor.

That seems to be the case here in our province, as the gap between the rich and poor grows as tax breaks for the wealthy kick in.

A fair distribution of provincial spending, especially of spending based on oil royalties, would make it possible to institute programs that can close the gap between rich and poor, eliminating poverty and strengthening our communities.

#### EARLY EDUCATION AND CHILD CARE.

Probably the single most important action the province could take against poverty is also among the best investments the province could make to strengthen the whole economy in the long term. Providing early education, starting at birth, has been demonstrated to encourage brain development and raise preparedness for successful education. Further, the child care component of early education will increase the earning power of low- and middle-income families.

The province has already developed plans for this programme and agreed to co-fund it with our federal partner. When the federal government withdrew from this funding arrangement, the programme was shelved. But the cost of going forward *without federal aid* is certainly quite affordable since the advent of oil royalties. It is a programme far less costly, and far more valuable, than the enormous tax relief now being provided to the richest 12 per cent of earners. It could be fully funded for less than 3 per cent of current oil royalties.

#### THE WIDENING GAP BETWEEN RICH AND POOR IN HOUSING

It used to be that most Newfoundlanders built their own homes, often with help from their neighbours. It was quite usual to start with a small cottage and, as the family grew, add room on to the home. As a result, poor and middle income lived near each other. Young and old lived near each other. Communities were built in this way.

Today, we often see developers clear cut large properties to erect ten, twenty, fifty or a hundred houses, mostly priced at the maximum the market can bear. These large tracts of

housing are not communities; they are not meant to be. There is minimal public space and no set-asides for affordable housing substantially less expensive than nearby houses.

This is how the housing gap between rich and poor is widened. It is social planning run by banks and developers for their own benefit. And it is made possible by infrastructure expenditures footed by province and municipality.

There are jurisdictions that intervene to require that a certain percentage of housing be affordable by low-income families and individuals, and another percentage set aside for middle income families and individuals.

St. John's demonstrated leadership decades ago in the planning of the Churchill Square neighbourhood, an enormously successful mix of public space, stores, offices, and single unit housing and multiple unit housing for rich, middle and poor, living together as a community.

We urge you to consider this sort of housing policy. If not, the only way to avoid the growing housing gap would be massive public expenditure. We support the expansion of social housing – and we believe that the government could afford to increase its social housing budget – but, to hold costs down, we urge you to take a holistic approach to housing policy.

#### WAGES POLICY: “MAKING WORK PAY”

Why are so many of the hungry people who come to Food Banks members of working families? Because, at and near the bottom end of the wage scale, people are working hard, working long hours, doing their best to support themselves and their families, but simply not earning enough.

To eliminate poverty, we simply must, as a decent society, make work pay adequately for working families to get by.

Ultimately, the Minimum Wage should provide a fulltime worker enough income to live on and support a child. Once the Minimum Wage is raised to that level, it should be indexed to the cost-of-living. But, until the Minimum Wage reaches a Living Wage level, there are other policies the Province can use to help raise wages at the bottom of the scale, such as setting a Living Wage as a requirement for all provincial and municipal contracts and subcontracts, with the province picking up the extra cost to municipalities.

#### PHARMACARE

We congratulate the Williams government on providing targeted drug subsidies to the poor. But we urge the province to consider whether a universal pharmacare programme

might be more economical to administer, especially if this province joins with other provinces to demand better prices from Big Pharma.

## POST-SECONDARY EDUCATION

We congratulate the Williams government on providing free textbooks for schoolchildren. It reflected a commitment to broaden the availability of quality education to children of families at every income level.

Now it is time to take steps toward further broadening the availability of high quality post-secondary education to all, regardless of family income. Tuition freezes have been an excellent step in this direction. It is now, in our estimation, time to start lowering tuitions as a step toward providing free university and college education to all Newfoundlanders and Labradorians who are willing to work hard at learning.

Well-educated Newfoundlanders and Labradorians, recipients of high quality early education, primary and secondary education, and post-secondary education or vocational training, represent the best possible replacement for the oil resources we are now exploiting. Our children, healthy and educated, are a resource potentially more valuable than offshore oil.