

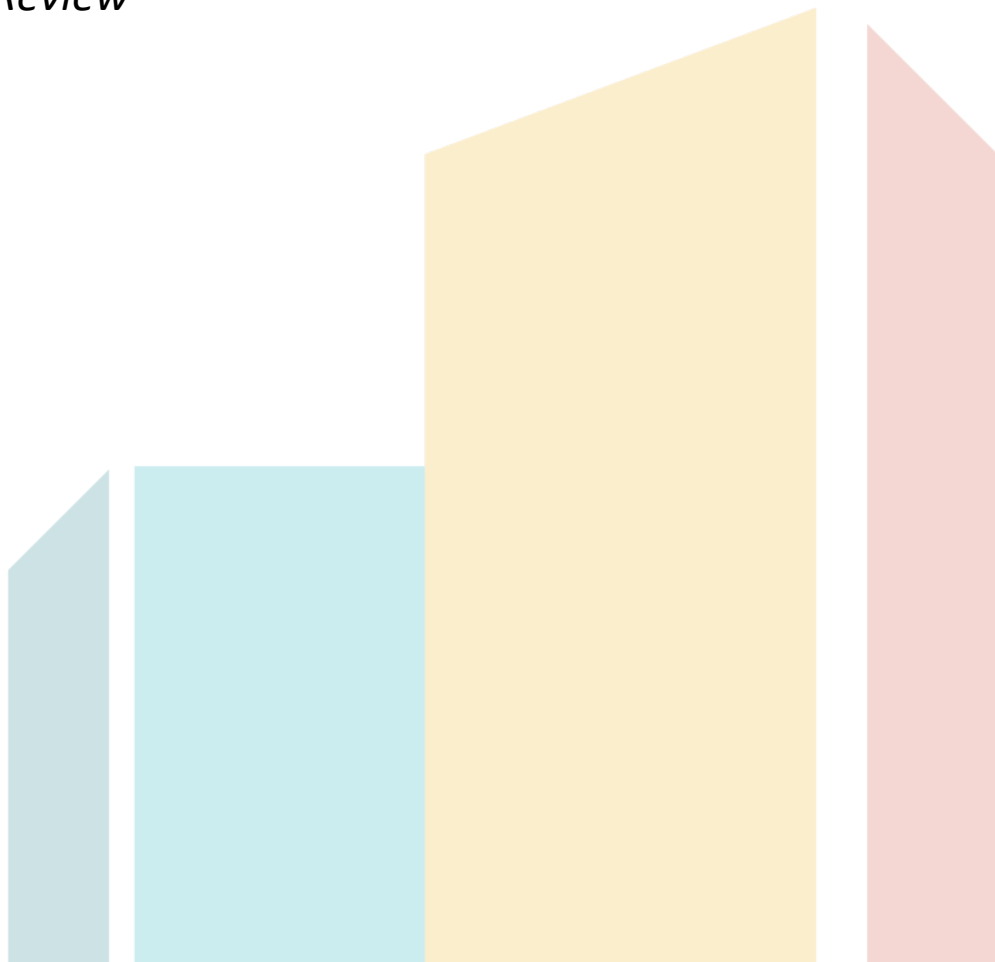


FIRST VOICE
Urban Indigenous Coalition

Universal Basic Income: A Strategy for Reducing Indigenous Poverty in Newfoundland and Labrador

*Submission to the NL Labour Standards Division on the
2024 Minimum Wage Review*

March 2024



About This Document

This policy brief has been prepared for the Government of Newfoundland and Labrador on behalf of the First Voice Partnership Table. Its findings and proposals are endorsed by the following groups and organizations:



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Executive Summary

This policy brief explores Universal Basic Income (UBI) as a strategic solution to address Newfoundland and Labrador's growing cost-of-living crisis. Rising poverty, chronically high unemployment, the decline of traditional industries, and a struggling economy together present a formidable set of challenges, especially among women and Indigenous Peoples. These challenges call for innovative solutions.

On February 19, 2024, the honourable Bernard Davis, Minister Responsible for Labour, announced a provincial review of the minimum wage. Biannual reviews of the minimum wage are mandated by law, with annual adjustments occurring every April 1 based on the national Consumer Price Index (CPI). However, as this policy brief argues, pegging regular increases in the minimum wage to the rate of inflation will do little to solve the more pressing economic problems facing our province, and particularly so for those who tend to experience discrimination in the labour market.

At the time of writing, the minimum hourly wage in Newfoundland and Labrador is \$15. The regular annual adjustment for inflation will lead to an increase of 60¢. Yet housing and food costs are soaring year-over-year, and continue to accelerate as a result of post-pandemic inflationary pressures that are outstripping the CPI-measured rate. Such a meagre increase to

the minimum wage only serves to highlight the serious disparity between it and the real cost of living in Newfoundland and Labrador, which ranges from \$23.80 to \$26.80 depending on geographical region.

The disparity between what Newfoundlanders and Labradorians earn and what it costs to make ends meet is glaring. It is further compounded by chronic economic challenges and an inadequate social safety net in a province where:

- 10% of the workforce are unemployed – the highest in Canada;
- One in ten children live in poverty – also the highest in Canada;
- One in five residents rely on provincial social assistance programs;
- 18% of residents live on Employment Insurance; and
- 46% of residents suffer from food insecurity.

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Economic outcomes are even worse for Indigenous Peoples. Status First Nations people living on reserve earn an income that is barely 60% of what their off-reserve, non-Indigenous counterparts take home. One in five Inuit children in the province live in poverty – double the provincial average. Tinkering with a fundamentally flawed minimum wage system will not solve these problems.

But alternatives exist for policymakers to consider. Drawing heavily on publicly available data from Statistics Canada and the Government of Newfoundland and Labrador itself, this policy brief argues that a UBI program that is carefully designed to integrate with existing social assistance programs holds great potential. It would streamline bureaucratic processes, improve the efficiency of government, broaden the accessibility of the social safety net, and foster a more inclusive and equitable society – all while helping to address the root causes of our province’s chronic economic problems.

That is why other countries and even a growing number of provinces have piloted a variety of UBI programs – almost always with successful results. Experiments conducted in Ontario, Manitoba, and British Columbia have demonstrated that providing residents with a guaranteed source of income leads to greater long-term financial stability, better health outcomes, upskilling, and improved social mobility and labour market participation.

In addition, residents who face the greatest socioeconomic barriers tend to show the most positive outcomes in UBI pilot programs. For this reason, adopting UBI in Newfoundland and Labrador would be a significant step in challenging the ongoing legacy of colonialism. It would reject the same old paternalistic approaches to social assistance and empower Indigenous Peoples – and indeed all residents of the province – to take hold of our own futures.

Introduction

This policy brief has been prepared for the Government of Newfoundland and Labrador to help inform the Labour Standards Division’s 2024 Minimum Wage Review. It proposes the introduction of a Universal Basic Income (UBI) as an alternative approach to poverty reduction in the province. As the data summarized in this policy brief demonstrate, there is a dire need to rethink conventional approaches, particularly in light of current economic challenges and the limitations of the minimum wage, on its own, to adequately address the root causes of poverty.

Newfoundland and Labrador’s recent economic history – characterized by the decline of traditional industries and out-migration of young people – has contributed to above-average poverty rates as measured by Statistics Canada. Disparities in economic outcomes are particularly evident in rural and remote areas as well as Indigenous communities. More than half of Inuit children live below the poverty line. Although the province has comparatively favourable housing affordability, the high cost of living, especially in terms of fixed costs beyond housing, significantly impacts residents' financial stability.¹

Eighteen percent of Newfoundlanders and Labradorians are currently relying on Employment Insurance to make ends meet, a statistic that reflects the province's long-term struggle with unemployment.² At just over 10%, it is the highest in Canada.³ The situation is further exacerbated by the inadequacy of social assistance rates, which cover less than half the income needed for single working-age adults to reach – never mind surmount –the national poverty

¹ Statistics Canada, “Disaggregated Trends in Poverty from the 2021 Census of Population,” last modified November 9, 2022, <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021009/98-200-X2021009-eng.cfm>.

² Government of Newfoundland and Labrador, *Newfoundland and Labrador Poverty Reduction Strategy Progress Report*, Department of Advanced Education and Skills, June 2014. Available online at <https://www.gov.nl.ca/cssd/files/poverty-pdf-prs-progress-report.pdf>

³ Statistics Canada, “Unemployment rate by province and territory, February 2024,” last modified March 8, 2024, <https://www150.statcan.gc.ca/n1/daily-quotidien/240308/mc-a001-eng.htm>.

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line, calculated at an annual income of \$25,252.⁴ Nevertheless, 1 in 5 people in the province rely on a patchwork of social assistance programs to meet their basic needs.⁵

Recent investments to reduce the cost of living and improve social benefits seem to indicate a willingness on the part of the Government of Newfoundland and Labrador to tackle this set of issues. Current strategies, however, are unlikely to succeed in meeting Canada's ambitious goal to reduce poverty by 50% by 2030.⁶ In the context of these challenges, growing interest in UBI both internationally and domestically points the way to a potentially transformative solution that could ensure economic security for all residents of the province, and particularly for members of marginalized communities.

In contrast to more conventional social assistance programs, UBI offers a guaranteed, regular, baseline income to all residents regardless of their employment status. By empowering residents to make the choices that are best for themselves and their families, UBI aims to solve the root causes of poverty and inequality. UBI could be implemented on its own, or in concert with an increase in the minimum wage. This policy brief proposes UBI as a long-term strategy for economic stability and well-being in the province.

The following sections of this policy brief highlight UBI's benefits, the rationale for its implementation in Newfoundland and Labrador, and lessons learned from other jurisdictions that have experimented with similar programs. It also explores lessons learned from the COVID-19 pandemic, including emergency income support measures, and concludes with an outline of policy considerations specific to Newfoundland and Labrador.

⁴ Community Food Centres Canada, *Sounding the Alarm: The Need to Invest in Working-Age Adults*, June 2023. Available online at <https://cfccanada.ca/en/News/Publications/Reports/Sounding-the-Alarm-The-Need-to-Invest-in-Working>.

⁵ Food Banks Canada, "Newfoundland and Labrador," in *Poverty Report Cards 2023*. Available online at <https://foodbankscanada.ca/poverty-index/2023-newfoundland-and-labrador>.

⁶ Government of Canada. *Opportunity for All: Canada's First Poverty Reduction Strategy*. Employment and Social Development Canada, 2018. Available online at <https://www.canada.ca/content/dam/canada/employment-social-development/programs/poverty-reduction/reports/poverty-reduction-strategy-report-EN.pdf>.

Glossary⁷

The following terms, as defined by the World Bank, are used throughout this policy brief:

- **Market Basket Measure (MBM):** Canada's official poverty line, used to define and measure poverty. It represents the cost of a basic basket of goods and services needed by a typical family to maintain a modest quality of life. The MBM varies across 53 different regions in Canada to account for regional cost differences. In the North, a specific Northern Market Basket Measure (MBM-N) is used due to the higher baseline cost of living.
- **Core Housing Need:** This metric assesses whether households can access housing that is adequate, suitable, and affordable in their community. Housing is deemed affordable if it costs less than 30% of the household's pre-tax income. Adequate housing requires no major repairs, and suitable housing provides enough bedrooms for the household composition.
- **Fixed Costs Beyond Housing:** Refers to the consistent expenses that households incur other than housing. These include costs for utilities, internet, transportation, and groceries. Such costs do not typically fluctuate significantly from month to month.
- **Food Insecurity:** A state where a household lacks reliable access to a sufficient quantity of affordable, nutritious food. It's an important indicator of poverty and is monitored by Statistics Canada.
- **Government Support Programs:** Various forms of financial assistance provided by the federal government to individuals and households. Eligibility depends on factors like age, employment status, and family composition. These supports include Employment Insurance, child benefits, pensions, and aids for housing, education, families, and those with disabilities.
- **Material Deprivation Index (MDI):** A measure of poverty that evaluates whether households can afford essential items and activities expected in a well-off society. Unlike income-based measures, the MDI considers a household's overall ability to afford

⁷ Adapted from Ugo Gentilini et al., eds., *Exploring Universal Basic Income: A Guide to Navigating Concepts, Evidence, and Practices*, Washington, DC: World Bank, 2020. Available online at <https://documents1.worldbank.org/curated/en/993911574784667955/pdf/Exploring-Universal-Basic-Income-A-Guide-to-Navigating-Concepts-Evidence-and-Practices.pdf>.

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a decent living standard, making it sensitive to immediate economic changes like inflation.

- **Social Assistance:** Provincial or territorial financial aid programs for individuals or households with no other means of financial support. These programs are varied, and their availability and eligibility criteria differ across regions. Social assistance is often considered a last-resort income source.
- **Unemployment Rate:** The percentage of the labour force that is unemployed. This figure is key in understanding a given region's economic situation. It is regularly tracked by Statistics Canada.
- **Universal Basic Income (UBI):** A proposed economic policy where all citizens receive a regular, guaranteed sum of money from the government. UBI aims to ensure a basic level of income and dignity for everyone, reducing poverty and inequality. It is particularly relevant in discussions about improving economic conditions for Indigenous communities.

Overview of the Current Economic Situation in Newfoundland and Labrador

The economic situation in Newfoundland and Labrador in 2024 is characterized by significant challenges related to growing poverty, economic inequality, housing affordability, and unemployment. These challenges are particularly pronounced in rural and remote areas as well as Indigenous communities.

- **High Poverty Rates and an Inadequate Social Safety Net:** The province continues to grapple with high poverty rates, exacerbated by inadequate and overcrowded housing, especially in remote areas. Over half of all Inuit children live in households below the poverty line.⁸ The economy has been impacted by the decline in traditional industries and out-migration, contributing to increased poverty. The social safety net is viewed as

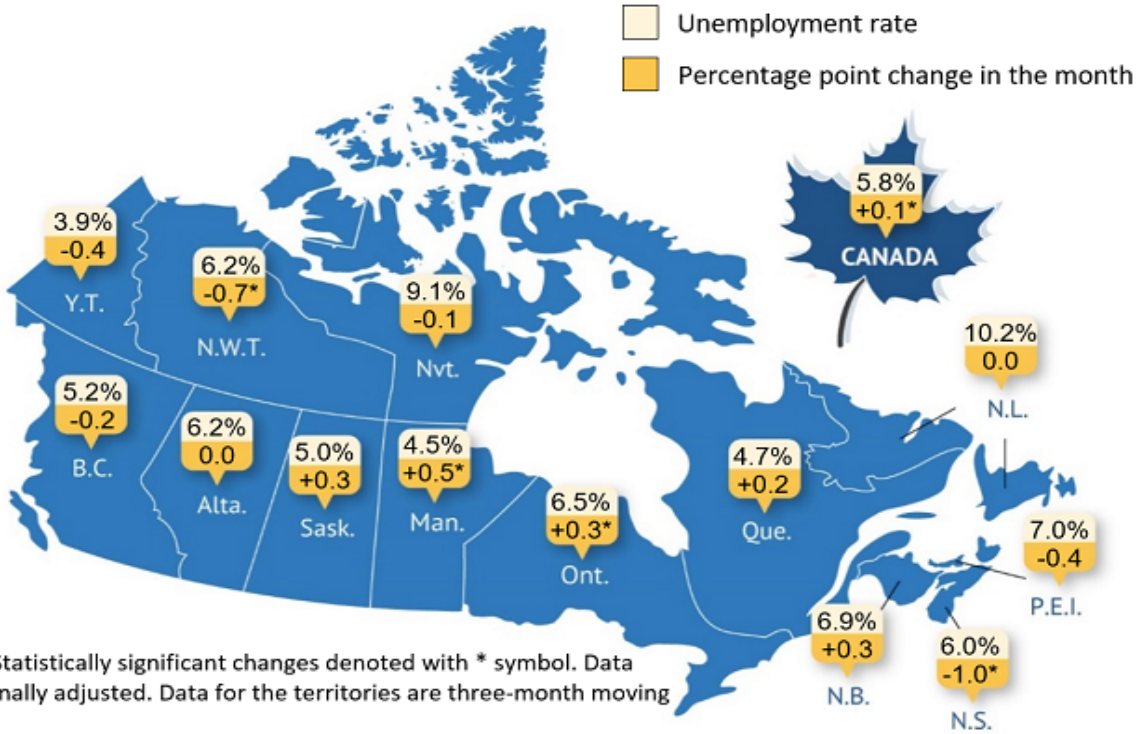
⁸ Statistics Canada, "Disaggregated Trends in Poverty from the 2021 Census of Population," last modified November 9, 2022, <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021009/98-200-X2021009-eng.cfm>.

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insufficient by many, with 18% of Newfoundlanders receiving Employment Insurance payments compared to only 6% nationally.⁹

- **Struggling Economy and Employment Challenges:** The province has the highest unemployment rate in Canada, at 10.2% as shown in Figure 1 below, as well as the highest rate of long-term unemployment. Low wages affect the ability of 2 in 5 residents to make ends meet, and there are chronic difficulties in accessing stable employment. The need for policies promoting decent work and new opportunities in the job market have been identified as priorities by nearly half of all residents.¹⁰

Figure 1: Unemployment rate by province and territory, February 2024.



Note(s): Statistically significant changes denoted with * symbol. Data are seasonally adjusted. Data for the territories are three-month moving averages.

Source(s): Labour Force Survey (3701), tables 14-10-0287-02 and 14-10-0292-02.

Source: Labour Force Survey, Statistics Canada. ¹¹

⁹ Food Banks Canada.

¹⁰ *Ibid.*

¹¹ Statistics Canada, “Unemployment rate by province and territory, February 2024.”

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- **High Cost of Living:** Approximately 46% of people struggle to access fresh and affordable food.¹² Low-income households spend a significant proportion of their income on fixed costs beyond housing, like utilities and transportation – costs that are among the highest in Canada. The province has made a commitment to implement measures to address these issues, including increasing income supplements and benefits along with incentivizing homeowners to transition from oil heating to electric.
- **Housing Affordability:** According to Newfoundland and Labrador Housing's *Annual Report 2022-23*, housing remains a significant concern, with nearly one in three people experiencing core housing need.¹³ Many view the provincial government's response of a limited investment in new and affordable housing to be inadequate to meet the growing demand.
- **Child Poverty:** The province has the highest child poverty rate in Canada, with approximately 1 in 10 children living in households below the poverty line.¹⁴ Despite various government initiatives, the rate of child poverty has remained largely unchanged over the last several years.
- **Material Deprivation:** Many residents lack access to basic needs, with nearly one-third of seniors missing two or more indicators necessary for a decent standard of living. Common unaffordable items include unexpected expenses, repair or replacement of essential goods, and spending a small amount on oneself each week.¹⁵

In an effort to address the above listed challenges, the provincial government has either made or proposed policy changes that include increasing the minimum wage, improving the affordability of childcare, and investing in family care teams and employment support. While

¹² Food Banks Canada.

¹³ Newfoundland and Labrador Housing Corporation, *Annual Report 2022-2023*. Government of Newfoundland and Labrador, 2023. Available online at <https://www.nlhc.nl.ca/wp-content/uploads/2023/10/NLHCAnnualReport2022-2023.pdf>.

¹⁴ Campaign 2000, *Child Poverty Report Card 2023: Report Card on Child Poverty in Newfoundland and Labrador*, Accessed March 12, 2023. Available online at https://campaign2000.ca/wp-content/uploads/2024/02/NL_Child-Poverty-Report-Card_FA.pdf.

¹⁵Office of the Seniors Advocate Newfoundland and Labrador, *What Golden Years?*, Government of Newfoundland and Labrador, November 2023. Available online at <https://www.seniorsadvocatenl.ca/pdfs/OSARRecommendationsReportNov2023.pdf>.

welcome, these efforts on their own are too modest and piecemeal to create significant change. Introducing a UBI would be a more effective strategy in making life more affordable for every Newfoundlander and Labradorian, especially those living in Indigenous communities.

Economic Disparities among Indigenous Peoples in Canada: Insights from the 2021 Census

A variety of factors influence economic outcomes for Indigenous Peoples, as well as the extent of disparities between and within diverse Indigenous groups, compared to the non-Indigenous population. These factors include Indigenous identity and status under the *Indian Act*; province or territory of residence; and gender identity. Whether individuals live on reserve, off reserve, or in urban areas is an additional consideration. It is important for policymakers to understand that these factors are intersectional, meaning that policy outcomes in a given set of circumstances are often influenced by multiple factors at the same time.

Factor 1: Indigenous Identity and Status

The latest data reported in the 2021 Census provide vital insights into the economic disparities faced by Indigenous Peoples across Canada. In particular:

- **Median Employment Income Variations:** A striking disparity is evident within Indigenous groups' median incomes. For instance, status First Nations people¹⁶ living on reserve earned a median annual income of \$32,000, while Métis people earned 65% more, at \$48,800. This wide range underscores the uneven economic landscape across different Indigenous groups.
- **Income Disparities Compared to the General Population:** Income disparities between Indigenous groups and the non-Indigenous population is revealing. Status First Nations people living on reserve faced the largest disparity of \$18,400, compared to the non-Indigenous population. In contrast, Métis had a relatively smaller gap of \$1,600, indicating a better economic alignment with the non-Indigenous baseline. These data are summarized in Figure 2 and Table A below.

¹⁶ Note: Statistics Canada refers to status First Nations people as “Registered Indians,” reflecting the legal language of the *Indian Act*. While this policy paper prefers the former language, the latter is preserved in Figures and Tables attributed to Statistics Canada.

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Figure 2: Median individual income, 2021, Indigenous and non-Indigenous populations, aged 25 to 64.

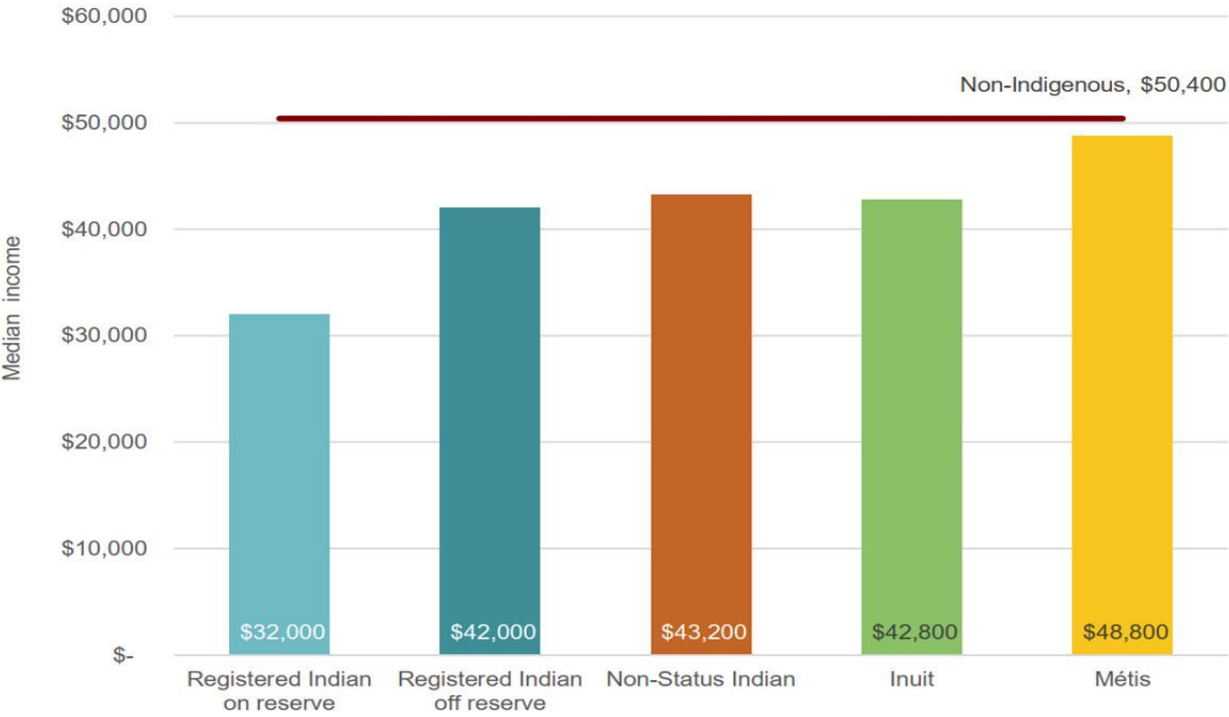


Table A: Median employment income, 2020, Indigenous and non-Indigenous populations, aged 25 to 64.

Registered Indian on reserve	Registered Indian off reserve	Non-Status Indian	Inuit	Métis	Non-Indigenous
\$32,000	\$42,000	\$43,200	\$42,800	\$48,800	\$50,400

Source: Indigenous Services Canada. Custom Tabulations, 2021 Census.¹⁷

These data on income disparities in Canada vividly illustrate the economic diversity and unique challenges within various Indigenous communities. They highlight significant disparities that are influenced by a complex mix of historical, social, and geographical factors. Particularly for First Nations people on reserve, limited economic opportunities indicate an urgent need for targeted economic development, better access to education, and job training. These disparities are

¹⁷ Statistics Canada, “An update on the socio-economic gaps between Indigenous Peoples and the non-Indigenous population in Canada: Highlights from the 2021 Census,” last modified October 25, 2023, <https://www.sac-isc.gc.ca/eng/1690909773300/1690909797208>.

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deeply rooted in historical treaties, land rights issues, and systemic barriers, which need to be acknowledged and incorporated into poverty reduction strategies.

The geographical isolation of many Indigenous communities, particularly in Newfoundland and Labrador, calls for parallel investments in infrastructure, transportation, and essential services. Any such measures must be culturally sensitive and community-driven, which requires respectful and meaningful engagement with communities to understand their unique needs and to respect their autonomy under national and international law.

Income gaps among Indigenous groups are not just statistical data; they quantify the real-life challenges faced by communities, underscoring the need for targeted, culturally sensitive, and comprehensive approaches in economic development and poverty reduction. It is imperative to recognize and address each group's unique challenges and needs in policymaking and community development to achieve economic parity and enhance the quality of life for Indigenous Peoples in Newfoundland and Labrador.

Factor 2: Province or Territory of Residence

A detailed regional perspective on the median employment income of First Nations and non-Indigenous populations, aged 25 to 64, across Canada is offered by Figure 3 below. These data are crucial for understanding the economic disparities experienced by First Nations groups in different geographical areas in Canada.

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Figure 3: Median employment income, 2020, First Nations and non-Indigenous populations, aged 25 to 64, by region.

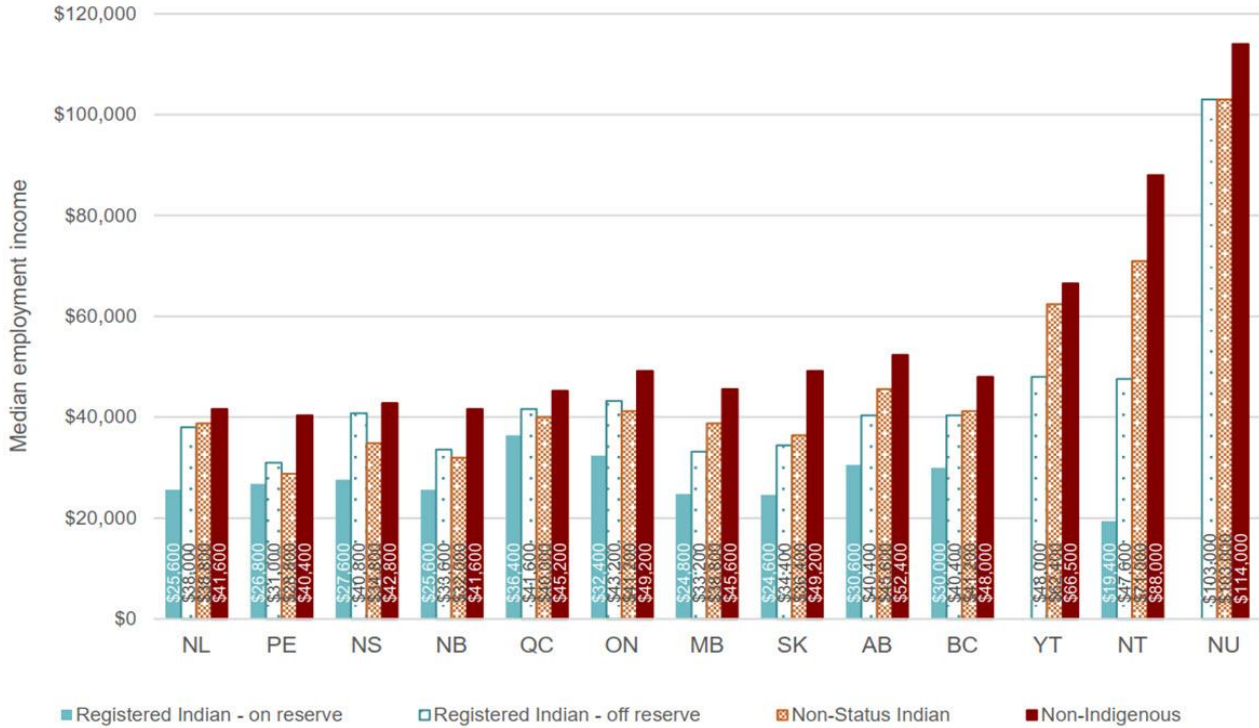


Table B: Median employment income, 2020, First Nations and non-Indigenous populations, aged 25 to 64, by region.

	Registered Indian on reserve	Registered Indian off reserve	Non-Status Indian	Non-Indigenous
Newfoundland and Labrador	\$25,600	\$38,000	\$38,800	\$41,600
Prince Edward Island	\$26,800	\$31,000	\$28,800	\$40,400
Nova Scotia	\$27,600	\$40,800	\$34,800	\$42,800
New Brunswick	\$25,600	\$33,600	\$32,000	\$41,600
Quebec	\$36,400	\$41,600	\$40,000	\$45,200
Ontario	\$32,400	\$43,200	\$41,200	\$49,200
Manitoba	\$24,800	\$33,200	\$38,800	\$45,600

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	Registered Indian on reserve	Registered Indian off reserve	Non-Status Indian	Non-Indigenous
Saskatchewan	\$24,600	\$34,400	\$36,400	\$49,200
Alberta	\$30,600	\$40,400	\$45,600	\$52,400
British Columbia	\$30,000	\$40,400	\$41,200	\$48,000
Yukon		\$48,000	\$62,400	\$66,500
Northwest Territories	\$19,400	\$47,600	\$71,000	\$88,000
Nunavut	N/A	\$103,000	\$103,000	\$114,000

Source: Indigenous Services Canada. Custom Tabulations, 2016 to 2021 Census of Population.¹⁸

As the data show, the median income for status First Nations people on reserve in Newfoundland and Labrador is markedly lower (\$25,600) compared to their non-Indigenous counterparts (\$41,600). This significant gap of \$1,600 highlights the economic challenges faced by First Nations in the province. The median income for status First Nations people living off reserve and non-status First Nations people is relatively closer to the non-Indigenous population, but a disparity still exists.

Across Canada, there is a consistent pattern of Indigenous populations, especially those on reserve, earning less than their non-Indigenous counterparts. This trend is most pronounced in the Northwest Territories, but is readily apparent across the country. The differences in median incomes also reflect the urban-rural divide, with Indigenous populations in more remote areas or reserves facing more pronounced economic challenges.

Factor 3: Gender Identity

Across Canada, the income gap between Indigenous and non-Indigenous populations is generally larger for men+ (men and non-binary persons) than for women+ (women and non-binary persons).¹⁹ This trend is likely reflected in Newfoundland and Labrador as well, with

¹⁸ Statistics Canada, “An update on the socio-economic gaps...”

¹⁹ Note: Because the non-binary population is small, Statistics Canada developed a two-category gender variable that it applies to demographic data prevent disclosure of identifiable data when necessary. Aggregate data in this case is therefore disseminated using the categories Men+ and Women+. Individuals in the "non-binary persons" category are distributed in the other two gender categories and are denoted by the "+" symbol.

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Indigenous men+ facing more significant economic disparities compared to their non-Indigenous counterparts. Figure 4 below focuses on median employment income disparities by gender among Indigenous and non-Indigenous populations in Canada. The findings can be applied to Newfoundland and Labrador by interpreting them within broader patterns and trends in the province.

Figure 4: Median employment income, 2020, Indigenous and non-Indigenous populations, aged 25 to 64, by gender.

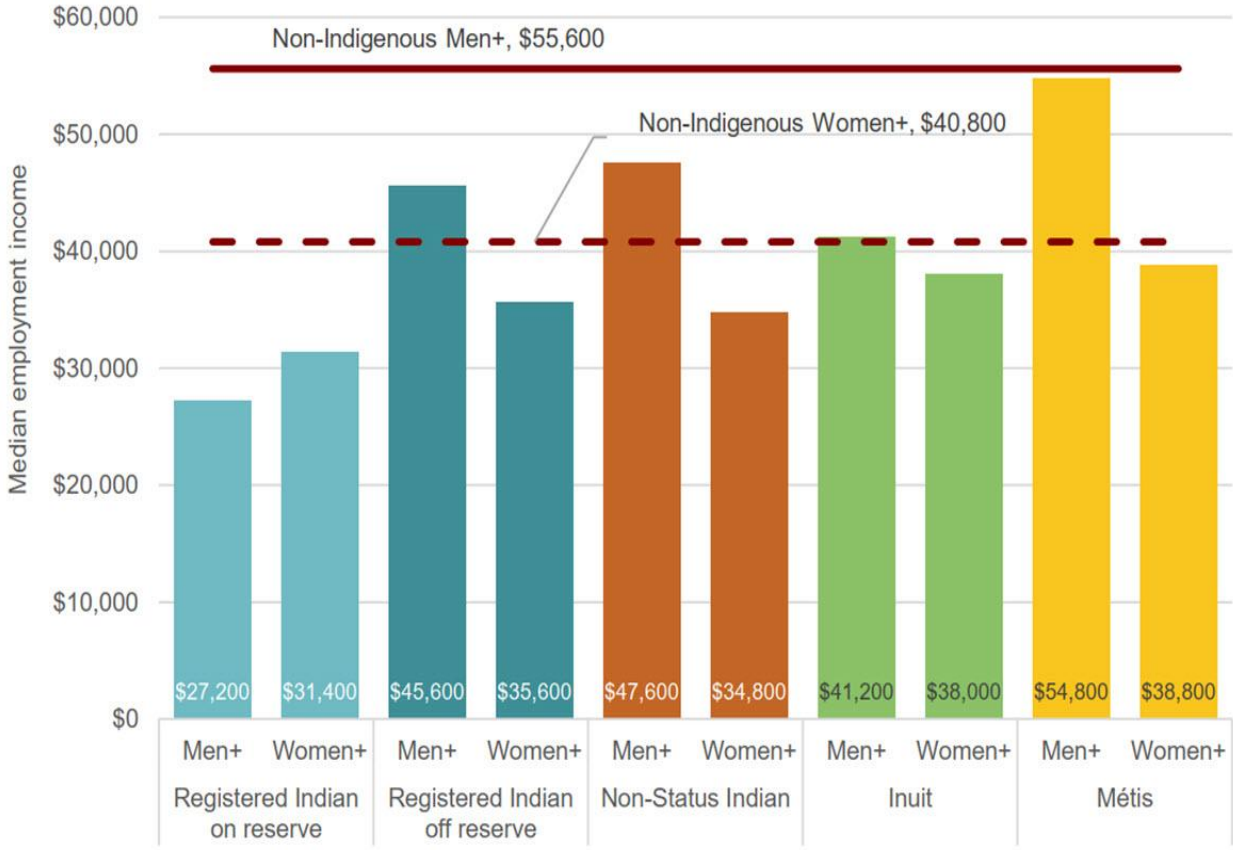


Table C: Median employment income, 2020, Indigenous and non-Indigenous populations, aged 25 to 64, by gender.

	Men+ Income	Women+ Income
Registered Indian on reserve	\$27,200	\$31,400
Registered Indian off reserve	\$45,600	\$35,600
Non-Status Indian	\$47,600	\$34,800

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	Men+ Income	Women+ Income
Inuit	\$41,200	\$38,000
Métis	\$54,800	\$38,000
Non-Indigenous	\$55,600	\$40,800

Source: Statistics Canada, 2021 Census of Population.²⁰

It is noteworthy that status First Nations men+ on reserve have a much larger income gap (\$28,400 less) compared to status First Nations women+ (\$9,400 less). In Newfoundland and Labrador, where the median income for status First Nations people on reserve is among the lowest in the country, this disparity suggests that Indigenous men+ on reserve might be disproportionately affected by economic challenges. These same data also reconfirm, as well, that women+ – regardless of Indigeneity – earn roughly one quarter less, on average, compared to men+.

For both men+ and women+, the largest income gaps are observed among status First Nations people on reserve. In Newfoundland and Labrador, where Indigenous populations face significant economic challenges, such disparities might be even more pronounced. Interestingly, for status First Nations people on reserve, women+ earn more than men+, which is an exception to the general trend. This could be due to a variety of socio-economic factors and might reflect particular community dynamics.

By highlighting the economic disparities among Indigenous communities in Canada, the data provide a crucial basis for understanding and addressing the complex issue of Indigenous poverty. The variations in income across different Indigenous groups and regions reflect deep-seated economic inequalities and underscore the need for tailored poverty reduction strategies.

Compared to other Indigenous groups, First Nations people on reserve have the lowest median employment income and the largest income gap compared to the non-Indigenous population. This disparity can be attributed to factors like limited access to employment opportunities, systemic barriers, and very likely the remoteness of many reserves which can limit economic opportunities. While Métis experience the smallest income gap relative to the non-Indigenous population, their comparatively better economic standing could be linked to a variety of

²⁰ Statistics Canada, “An update on the socio-economic gaps...”

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factors, including urbanization, higher educational attainment, and more diverse employment opportunities.

The income disparities among Indigenous groups are intertwined with broader social issues like education, health outcomes, and housing. For example, lower incomes correlate with higher rates of food insecurity and poorer health outcomes. Addressing these disparities requires holistic and inclusive policies that go beyond mere income support. Complementary initiatives should encompass education, skill development, infrastructure development on reserves, and culturally appropriate economic opportunities.

Solutions need to be co-created with Indigenous communities, respecting their autonomy and cultural context. A pan-Indigenous approach to poverty reduction is inadequate given the diversity among Indigenous groups and regions. Varying income gaps between men+ and women+ within Indigenous communities also highlight the need for gender-sensitive approaches in policy development.

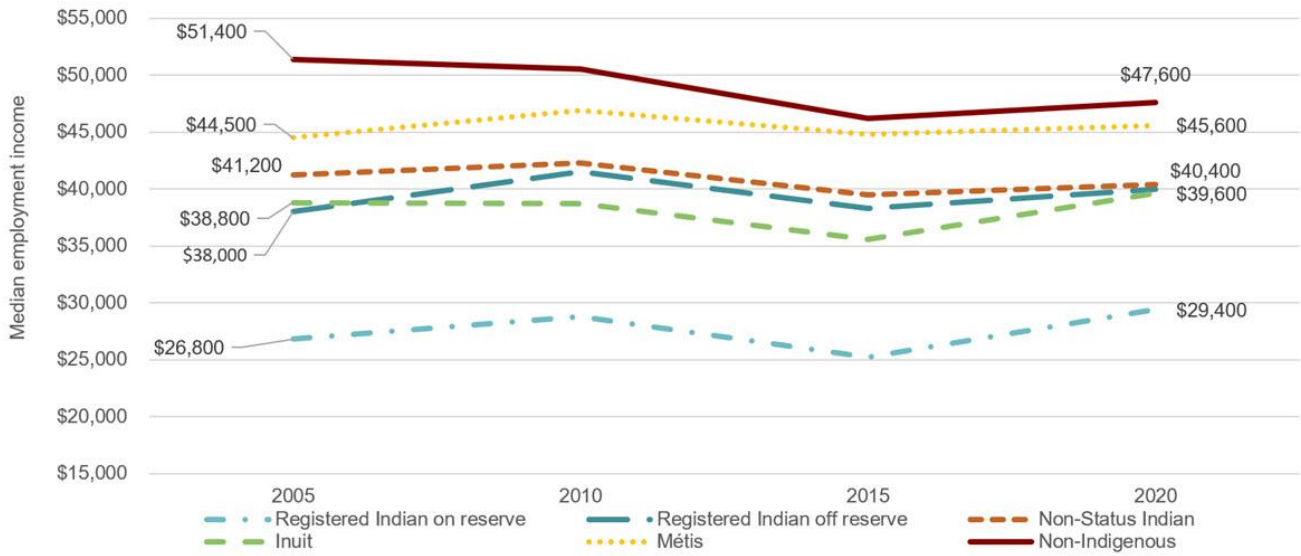
In Newfoundland and Labrador, where First Nations and Inuit communities face significant poverty, it is essential to consider these disparities in local economic and social planning. Given the varied challenges faced by different Indigenous groups in the province, poverty reduction strategies need to be targeted in order to effectively address local needs and contexts.

Trends in Employment Income, 2005 to 2020

A long-term view of economic progress within and between Indigenous groups in Canada shows that Indigenous Peoples in general saw an increase in real income from employment between the years 2005 and 2020. The extent of the increase varied notably across groups, with Inuit seeing an increase of \$760 and status First Nations people on reserve seeing the most substantial increase of \$2,600. However, non-status First Nations people are an exception to the general trend, with a decrease of \$800 in real terms over the 15-year period. These data, gathered by Statistics Canada and tracked by Indigenous Services Canada, are illustrated in Figure 5 below.

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Figure 5: Median employment income, 2005 to 2020 (adjusted)²¹, Indigenous and non-Indigenous populations, aged 25 to 64.



Source: Statistics Canada, 2006 to 2021 Census of Population.²²

In contrast to Indigenous income trends, median employment income for the non-Indigenous population saw a decrease of \$3,800 during the same period. This shift is indicative not only of an improvement in the general economic conditions of Indigenous Peoples but also a narrowing of the income gap between Indigenous and non-Indigenous people, a trend that was especially pronounced for status First Nations people on reserve.

The data reflect a positive trend towards economic parity for Indigenous groups, although at different rates. The significant improvement for status First Nations people on reserve is particularly notable, considering their historically lower income levels. However, the static or declining economic trajectory of the non-Indigenous population during this period also plays a role in narrowing the income gap.

These trends are essential for policymakers and community leaders insofar as they indicate areas of progress and ongoing challenges in achieving economic parity. The data underscore the need for continued and targeted economic policies that support the growth and development

²¹ Note: Dollar values are presented in real terms, meaning they have been adjusted for inflation to reflect 2020 values.

²² Statistics Canada, “An update on the socio-economic gaps...”

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of Indigenous communities, particularly those that face economic barriers as a result of the ongoing legacy of colonialism.

Impact of the Pandemic on Employment and Income

The COVID-19 pandemic significantly impacted employment and income, particularly in Newfoundland and Labrador, thereby exacerbating existing economic inequalities. The effects were most profound among lower-income earners, including many Indigenous people.²³

According to Statistics Canada, in 2020, Newfoundland and Labrador experienced a marked decline in after-tax incomes, reflecting the pandemic’s impact and lower oil prices. The number of Canadian adults receiving employment income decreased, with a more significant decline observed in lower-income brackets.²⁴ For instance, 5,035 more people had employment income between \$1 and \$19,999 in 2020 compared to 2019, while 5,755 fewer people had employment income between \$20,000 and \$59,999 during the same period.

Table D: Distribution of employment income, Newfoundland and Labrador, 2019 and 2020.

Employment Income	2019	2020
Under \$10,000	60,045	67,650
\$10,000 to \$19,999	40,715	39,050
\$20,000 to \$29,999	32,110	29,510
\$30,000 to \$39,999	26,645	24,920
\$40,000 to \$49,999	23,815	23,160
\$50,000 to \$59,999	19,680	18,900

²³ Statistics Canada, “Pandemic benefits cushion losses for low income earners and narrow income inequality – after-tax income grows across Canada except in Alberta and Newfoundland and Labrador,” last modified July 13, 2022, <https://www150.statcan.gc.ca/n1/daily-quotidien/220713/dq220713d-eng.htm>.

²⁴ Statistics Canada, “Canadian Income Survey, 2021,” last modified May 2, 2023, <https://www150.statcan.gc.ca/n1/daily-quotidien/230502/dq230502a-eng.htm>.

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Employment Income	2019	2020
\$60,000 to \$69,999	15,890	15,375
\$70,000 to \$79,999	13,095	12,830
\$80,000 to \$89,999	10,615	10,865
\$90,000 to \$99,999	8,865	10,060
\$100,000 to \$124,999	15,485	13,095
\$125,000 to \$149,999	8,585	6,635
\$150,000 and over	10,150	9,395

Source: Statistics Canada, Census of Population, 2021.²⁵

These seemingly counterintuitive outcomes are explained by the fact that a substantial portion of Canadian adults – over two-thirds – received income from pandemic relief programs.²⁶ These programs were essential in cushioning the financial blow for those who lost their jobs or faced reduced work hours.

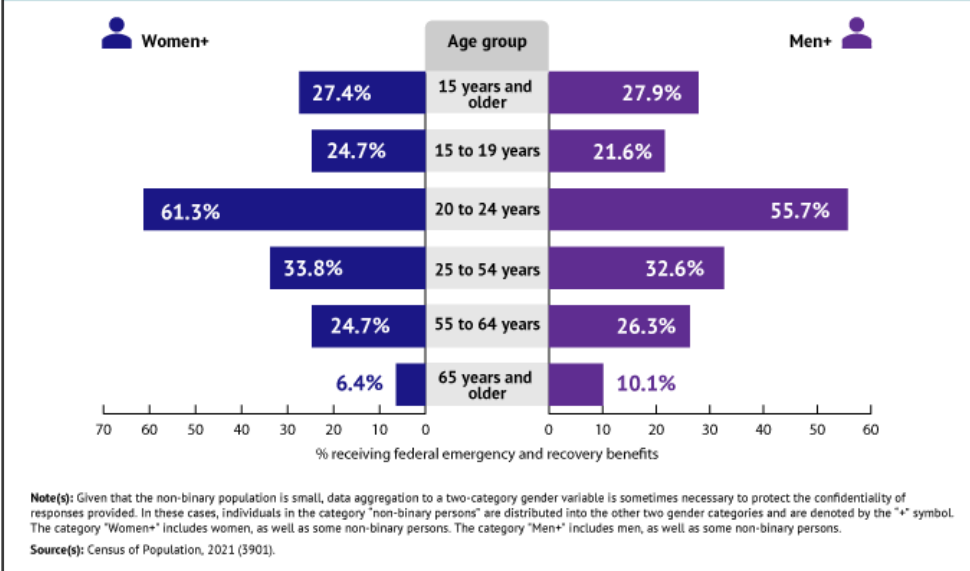
Programs like the Canada Emergency Response Benefit (CERB), the Canada Recovery Benefit (CRB), and the Canada Emergency Student Benefit (CESB) were at the centre of the federal policy to ensure that all Canadians were financially supported during perhaps the worst economic crisis in recent memory. For those who received emergency and recovery benefits, the median amount received in 2020 was \$8,000. Additionally, other supports such as the Canada Child Benefit, Old Age Security, and the Guaranteed Income Supplement were enhanced during the pandemic, providing additional financial aid.

²⁵ Statistics Canada, “Focus on Geography Series, 2021 Census of Population: Newfoundland and Labrador,” last modified December 16, 2022, <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/fogs-spg/page.cfm?topic=5&dguid=2021A000210&lang=E>.

²⁶ Statistics Canada, “Pandemic Benefits Cushion Losses...”

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Figure 6: Percentage receiving Federal Emergency and Recovery Benefits in 2020.



Source: Statistics Canada, Census of Population, 2021.²⁷

In Newfoundland and Labrador, labour market-related income – which includes employment income, emergency and recovery benefits, and Employment Insurance benefits – show a somewhat varied picture. There were 9,020 fewer people in 2020 with no labour market-related income compared to 2019. Interestingly, the number of people with labour market-related income in the range of \$15,000 to \$59,999 increased by 21,345 in 2020 compared to 2019. This suggests that for many, the benefits effectively supplemented their reduced employment income, pushing them into a higher income bracket compared to their economic standing pre-pandemic.

Table E: Distribution of labour market related income, Newfoundland and Labrador, 2019 and 2020.

Labour Market-Related Income	2019	2020
Under \$10,000	49,800	42,270
\$10,000 to \$19,999	31,325	30,360

²⁷ Statistics Canada, “Canadians aged 20 to 24 were the most likely to receive Federal emergency and recovery benefits in 2020,” last modified July 13, 2022, <https://www150.statcan.gc.ca/n1/daily-quotidien/220713/g-d003-eng.htm>.

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Labour Market-Related Income	2019	2020
\$20,000 to \$29,999	37,115	46,505
\$30,000 to \$39,999	34,880	42,395
\$40,000 to \$49,999	28,770	32,140
\$50,000 to \$59,999	22,775	23,230
\$60,000 to \$69,999	17,550	17,575
\$70,000 to \$79,999	14,305	14,265
\$80,000 to \$89,999	11,165	11,490
\$90,000 to \$99,999	9,125	10,450
\$100,000 to \$124,999	15,820	13,605
\$125,000 to \$149,999	8,720	6,830
\$150,000 and over	10,265	9,510

Source: Statistics Canada, Census of Population, 2021.²⁸

Further, 69.8% of persons aged 15 and older received income from at least one pandemic relief program in 2020. This included not only federal benefits, but also provincial support programs tailored to the specific needs of residents. The percentage of adults receiving earnings-replacement benefits in Newfoundland and Labrador was 34.8%, indicating a significant reliance on these programs during the pandemic.

These numbers clearly illustrate the vital role of government support programs during the pandemic, especially for lower-income earners and marginalized populations like Indigenous Peoples. They also highlight the necessity of such programs in providing a safety net during economic crises – a role that a Universal Basic Income could potentially fulfill more systematically, equitably, and efficiently.

²⁸ Statistics Canada, “The contribution of pandemic relief benefits to the incomes of Canadians in 2020,” last modified August 3, 2022. <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021005/98-200-X2021005-eng.cfm>.

Current Economic Challenges

Newfoundland and Labrador's current economic landscape is marked by high living costs, particularly in rural and remote areas like Labrador and the Northern Peninsula. The living wage requirements in these regions rank among the highest in Atlantic Canada, demonstrating the need for enhanced income support measures. In a December 2023 report released by the Canadian Centre for Policy Alternatives,²⁹ regional living wages in Newfoundland and Labrador were calculated as follows:

- \$23.95 for Central;
- \$24.20 for Eastern;
- \$23.80 for Western; and
- \$26.80 for Labrador and the Northern Peninsula.

The report's authors argue that these figures show the struggle of low-wage households amidst soaring costs. There is a glaring discrepancy between the living wage and the current NL minimum wage of \$15.60 as of April 1, 2024.³⁰ Addressing the substantial gap between the two will require coordinated and transformational policy change in the areas of education, training, employment, social services, income support programs, and more. The minimum wage is but one of myriad factors that need to be taken into account to address what has become a post-pandemic cost of living crisis – one with distinct racial and gender dimensions.

The pandemic has significantly impacted Indigenous communities in the province, with many facing job losses and income reductions.³¹ According to the Canadian Centre for Policy Alternatives, the income required to meet basic living expenses in rural and remote parts of Newfoundland and Labrador, especially for Indigenous people, is one of the highest in the

²⁹ Christine Saulnier and Russell Williams, *Newfoundland and Labrador's 2023 Living Wages: Seeking a Better Deal for Low-Wage Workers*, Canadian Centre for Policy Alternatives, 2023. Available online at <https://policyalternatives.ca/sites/default/files/uploads/publications/Nova%20Scotia%20Office/2023/12/NLLivingWage2023Final.pdf>.

³⁰ Government of Newfoundland and Labrador, "Minister Davis Announces Increase to the Minimum Wage," Environment and Climate Change: January 29, 2024, <https://www.gov.nl.ca/releases/2024/ecc/0129n01/>.

³¹ Statistics Canada, "An update on the socio-economic gaps..."

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country.³² This situation underscores the need for a robust response from the provincial government to address racialized economic disparities.

UBI presents a viable solution to these challenges by providing a guaranteed, regular income to all residents. This approach could help bridge the gap between current earnings and the living wage, ensuring that everyone, including Indigenous people, have access to a basic standard of living.

Exploring UBI Experiments across Canadian Provinces: Key Trials and Findings

Ontario Basic Income Pilot Program

The Ontario Basic Income Pilot Program, which ran between 2017 and 2019, represented a significant shift in social assistance approaches in Ontario. This program targeted individuals in three geographical regions³³ aged 18-64 with earnings below \$34,000 for singles and \$48,000 for couples. In addition, the program provided financial support beyond the usual social assistance range by offering up to \$1,415 monthly and an additional \$500 for those with health issues. Around 4,000 participants were enrolled with the intention of receiving payments for three years. The program's design included a 50% tapering off rate for every dollar earned, blending social support with work incentives. However, a change in government led to the pilot's early termination after 18 months, hindering a comprehensive official evaluation.³⁴

Independent research, however, including a study conducted at the Hamilton site, filled the gap left by the absence of an official evaluation. Findings from these studies highlighted notable improvements in participants' physical and mental health, well-being, and lifestyle choices. Financial stability improved, with participants experiencing enhanced capacity to afford essentials, reduced debt, and less reliance on external support. Importantly, employment levels remained stable, countering concerns that a UBI might discourage work. These findings suggest that UBI can substantially enhance well-being across several domains, including health and

³² Saulnier and Williams.

³³ These regions were Thunder Bay, Hamilton, and Lindsay.

³⁴ Government of Ontario, "Ontario Basic Income Pilot," Last modified February 5, 2024, <https://www.ontario.ca/page/ontario-basic-income-pilot>.

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financial security. Despite the early termination of the pilot, these independent results offer valuable insights that indicate UBI's potential to reduce poverty.³⁵

Manitoba Basic Annual Income Experiment

The Manitoba Basic Annual Income Experiment (MINCOME) in the late 1970s in Dauphin provided a guaranteed income to every resident, reducing poverty and improving health outcomes. Without significantly reducing labour force participation overall, greater numbers of people in key demographics, such as young males and new mothers, chose to stay in education or at home respectively, leading to higher graduation rates and extended maternal leave. Health economist Evelyn Forget's study highlighted the experiment's positive effects, including an 8.5% reduction in hospitalization.³⁶ Despite these benefits, MINCOME ended due to economic challenges in the 1970s, including high inflation and unemployment.³⁷

Income Supports and Indigenous Peoples in British Columbia

In 2018, the Government of British Columbia initiated a study to evaluate the income support mechanisms for Indigenous peoples and to reduce poverty within the province. The findings helped illuminate the socio-economic status of Indigenous communities, comparing them with the non-Indigenous population to pinpoint gaps and barriers. The study emphasized resilience and resurgence within Indigenous communities while highlighting significant hurdles such as systemic racism, challenges in navigating support systems, and specific obstacles faced by Indigenous persons with disabilities. The study showed that current policy had proved insufficient in bridging disparities between Indigenous and non-Indigenous people in areas like poverty, education, and wellness.³⁸

³⁵ UNESCO Inclusive Policy Lab, "On how Ontario trialed basic Income," last modified February 24, 2022, <https://en.unesco.org/inclusivepolicylab/analytics/how-ontario-trialed-basic-income>.

³⁶ Katie Hawkinson, "Universal basic income improved lives in rural Canada when they tried it in the '70s. Here's why the program got scrapped." *Business Insider*: October 15, 2023, <https://www.businessinsider.com/universal-basic-income-program-canada-improved-lives-inflation-2023-10>.

³⁷ Travis Tomchuk, "Manitoba's Mincome Experiment," Canadian Museum for Human Rights, August 10, 2022, <https://humanrights.ca/story/manitobas-mincome-experiment>.

³⁸ Anke Kessler and Jacqueline Quinless, *Income Supports and Indigenous Peoples in B.C.: An Analysis of Gaps and Barriers*, Government of British Columbia, 2022. Available online at <https://www2.gov.bc.ca/assets/gov/british->

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Among other recommendations, the study proposed developing an Indigenous-specific poverty reduction plan and evaluation framework for income support programs. The study also emphasized the importance of engaging Indigenous communities and fostering partnerships with Indigenous organizations. There are now calls for the expansion of program delivery through Community Integration Specialist workers and equalizing service availability. The study suggests increasing Temporary Assistance benefit payments, accounting for the differential cost of living, and including Indigenous communities in annual income surveys. Additionally, it recommends addressing basic needs adequacy, such as housing affordability and education gaps, as well as broadening income support policies to empower Indigenous youth in pursuing education and training.³⁹

The methodology of the study combined community-based research with quantitative data analysis, involving interviews with Income Assistance recipients and Indigenous advisors. This approach, centering on responsive research and the TRAC method (emphasizing relationships, responsibility, accountability, and community timeframes), shows the necessity of relationship-building and alignment with community-specific needs and timelines.⁴⁰

The study also noted the recent extension of income assistance to residents on reserves. This assistance is crucial for individuals lacking sufficient resources for necessities such as food, clothing, and shelter. Notably, the eligibility for income assistance is not limited to Indigenous people but extends to include anyone living on reserve, regardless of Indigenous identity or status. The inclusive approach reflects an understanding of the diverse needs within these communities and represents a step towards more expansive support mechanisms.⁴¹

Global Perspectives on Universal Basic Income

The exploration of UBI around the world has resulted in diverse approaches and outcomes, reflecting the unique economic and social contexts of each region. In the United States, the

columbians-our-governments/initiatives-plans-strategies/poverty-reduction-strategy/indigenous-income-support.pdf.

³⁹ *Ibid.*

⁴⁰ *Ibid.*

⁴¹ Aboriginal Legal Aid in BC, "Income Assistance on Reserve," Accessed March 19, 2024, <https://aboriginal.legalaid.bc.ca/reserve-legal-issues/income-assistance>.

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Alaska Permanent Fund stands out as a noteworthy initiative, distributing annual dividends from oil and gas revenues to residents, illustrating a resource-based approach to UBI.⁴² By contrast, Andrew Yang's "Freedom Dividend" proposed during the 2020 presidential campaign envisioned a nationwide, uniform monthly payment to address automation-induced job losses. Yang's policy is an example of a more universal and proactive approach to UBI.⁴³ Additionally, various state-level pilots in the U.S. have experimented with UBI on a smaller scale, showcasing a variety of models and outcomes.⁴⁴

Some Scandinavian countries have adopted distinct approaches to Universal Basic Income and more traditional forms of welfare systems, with Norway and Finland being perhaps the leading examples. Although not strictly a UBI, Norway's system represents a comprehensive welfare-state model that ensures its citizens have access to extensive social services. This approach guarantees that basic needs are met, but within a structure that requires beneficiaries to meet certain conditions and fulfill social obligations. The Norwegian model therefore departs from the unconditional nature of more typical UBI programs, where payments are made without specific requirements on the part of recipients.⁴⁵

On the other hand, Finland's focused experiment with UBI suggests a different approach within the global context. Running for a two-year period from 2017 to 2018, the Finnish trial provided a monthly payment of 560 euros (approximately CA\$825) to 2,000 randomly selected unemployed citizens in a direct attempt to explore the effects of UBI on employment rates and overall wellbeing. Followed closely by scholars and policymakers around the world, outcomes of the experiment indicated improvements in the health and happiness of participants while also highlighting the advantage of minimizing the bureaucratic complexities often found in traditional welfare systems like Norway's. The Finnish initiative underscores the potential

⁴² Robyn Sundlee, "Alaska's universal basic income problem," Vox, September 5, 2019, <https://www.vox.com/future-perfect/2019/9/5/20849020/alaska-permanent-fund-universal-basic-income>.

⁴³ Yang 2020 Campaign, "The Freedom Dividend," accessed March 12, 2024, <https://2020.yang2020.com/policies/the-freedom-dividend/>.

⁴⁴ World Population Review, "Countries That Have Tried Universal Basic Income," accessed March 12, 2024, <https://worldpopulationreview.com/country-rankings/countries-with-universal-basic-income>.

⁴⁵ World Population Review.

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benefits of integrating UBI into a well-funded social safety net, providing a model that diverges from Norway's more conditional welfare strategy.⁴⁶

In still yet another set of examples, Brazil's progressive social programs and UBI initiatives yield insights into effective program implementation. By offering a stipend to approximately one quarter of the poorest population to help cover essential expenses, the Bolsa Família program, begun in 2004, highlights the benefits of targeted financial assistance to alleviate poverty. Taking a substantially different approach, the town of Santo Antônio do Pinhal implemented one of the first UBI systems in the world, funding the initiative through the use of local tax revenue. Additionally, results from the Quatinga Velho UBI Pilot highlight the societal benefits of UBI, such as improved health and living conditions, particularly among children. These examples from Brazil illustrate the potential of UBI to enhance quality of life through various funding sources and implementation strategies, demonstrating the adaptability of UBI and the importance of developing context-sensitive approaches.⁴⁷

Policy Considerations for Newfoundland and Labrador

In the context of Newfoundland and Labrador, where economic disparities between Indigenous and non-Indigenous people are particularly pronounced, UBI offers a strategic response to longstanding issues of poverty, unemployment, and underemployment. Findings from UBI pilots globally only further underscores the potential of such a policy to provide a guaranteed, regular source of income, thereby supporting marginalized groups who are disproportionately affected by adverse economic conditions.

The introduction of UBI in the province would ensure that all residents have access to basic dignity and a good standard of living, particularly those facing systemic problems that have historically marginalized Indigenous, rural, and remote communities. By offering a stable financial foundation, UBI can complement existing social welfare programs while also addressing inefficiencies and limitations in existing assistance programs. Such a policy – if implemented thoughtfully – could significantly reduce the bureaucratic complexities involved in delivering multiple benefits programs, thereby ensuring more streamlined and accessible support for all residents of the province.

⁴⁶ World Population Review.

⁴⁷ World Population Review.

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Careful integration of UBI into existing social programs, such as Employment Insurance, child benefits, and housing support would ensure that UBI acts as a supplement rather than a substitute for these programs. In this respect UBI could become instrumental in breaking the cycle of poverty and dependence that all too often have been the hallmark of social assistance programs. In this way, UBI can address systemic problems that have long affected Indigenous, rural, and remote communities in Newfoundland and Labrador.

In designing any UBI program, the following policy considerations should be taken into account:

- **Streamline and Reduce Red Tape.** The introduction of UBI should be accompanied by efforts to streamline application processes and reduce bureaucratic hurdles, making it easier for residents, especially those in rural and remote areas, to access support. Careful integration of UBI with existing benefits programs is essential.
- **Focused Measures for Indigenous Communities.** Government must engage actively with Indigenous communities to develop tailored UBI strategies that respect cultural sensitivities and specific needs. UBI should be designed to support education and skill development for Indigenous youth, providing pathways to employment and economic independence. Implementation should also be coordinated with long-term investments in infrastructure, healthcare, and educational facilities in Indigenous communities, including urban, rural, and remote areas.
- **Wider Economic Reforms.** Alongside UBI, government should focus on creating quality job opportunities and promoting decent work conditions, particularly in areas with high unemployment rates. It should also consider adjusting the living wage in line with regional economic realities and ensuring that minimum wage policies take into account the real cost of living, particularly in high-cost regions like Labrador and the Northern Peninsula.
- **Monitoring and Continuous Evaluation.** Regular impact assessments and data collection are critical for evaluating UBI, including its economic value-added. Gathering these insights will allow government to adjust policies and ensure optimum outcomes. In addition, effort must be made to learn continuously from global UBI pilots and programs, adapting successful strategies to the unique context of Newfoundland and Labrador and Canada.

Conclusion

The current minimum wage in Newfoundland and Labrador falls far short of what constitutes a living wage for residents of the province. At the same time, the province faces a wide array of economic challenges, including high rates of adult and child poverty, chronic unemployment, a fraying social safety net, a limited supply of adequate and affordable housing, and a cost-of-living crisis spurred on by post-pandemic inflationary pressures.

Notwithstanding these difficult economic conditions, Newfoundland and Labrador can learn from innovative policies that have been developed in other jurisdictions across Canada and around the world. Even comparatively limited Universal Basic Income pilot programs have seen outsized results in Ontario, Manitoba, British Columbia, Alaska, Norway, Finland, and Brazil. In all of these cases, UBI resulted not just in better economic outcomes but also demonstrable improvements in a range of social determinants of health.

UBI presents an opportunity to address systemic economic disparities, especially among women and Indigenous Peoples. Taking into account our own unique context, the success and sustainability of a UBI program in Newfoundland and Labrador can be assured through careful integration with existing social programs, engagement with diverse communities to ensure their specific needs are addressed, and implementation alongside broader economic reforms.

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