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THE VALUE AND BENEFITS OF PUBLIC SPENDING FOR HOUSEHOLDS IN NEWFOUNDLAND AND LABRADOR

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Summary

This report examines the value of public services to households in Newfoundland and Labrador. Our economy is highly unequal relative to the rest of the country and public services play a key role in helping promote equality. They also are the “best deal” residents can get in terms of ensuring affordability. Access to public health care, public education and social services are vital to our community.

This report makes several key points:

- Tackling affordability requires that government prioritize investment in public services,
- Austerity has reduced the real household value of public programs,
- Tax cuts are an ineffective way to ensure that public dollars are used to tackle affordability,
- Privatization, contracting out, and Public Private Partnerships (P3s) in service delivery are ineffective and cost more money in the long run,
- And, that the public believes that investments in good public services is good public policy.

In Budget 2026, the government of Newfoundland and Labrador were presented with a unique opportunity to address affordability challenges. Rapid growth in projected revenues means that the government had money it could invest. Budgets are choices. In this case the government chose to use much of its fiscal space to fund tax cuts that disproportionately benefit a small number of high income households. This report suggests that after years of austerity, that money would have been better spent supporting the increasingly underfunded programs.

Public Services are a “good deal” for the people of this province.

Findings summary

- **Cost of living context:** While overall prices are about 19 per cent higher than in 2018, key necessities are roughly 29-36 per cent higher, which is more likely to be felt directly in day-to-day budgets.
- **Inequality is high, but redistribution dampens it:** N.L. has the highest adjusted market-income inequality among the provinces. However, N.L. moves from being the most unequal province before redistribution to a much more equal position after transfers and taxes, but still a high level of inequality.
- **Households in N.L. are provided with great public spending value, though it has been eroded by austerity:** The value of the Social Transfers in Kind equals \$30,028, which represents what households would pay if they paid directly for health care, education and select social services. However, the value of public services in Newfoundland and Labrador has stagnated over nearly 30 years, making up 33 per cent of disposable income in 1999 and 32 per cent in 2025.
- **Tax cuts benefit highest income earners:** Despite government claims that tax cuts benefit everyone, families in the lowest income decile save only about \$7 on average, while families in the highest income decile save about \$922 on average.

- The top 30 per cent of economic families with total incomes above \$128,644, account for nearly 52 per cent of the total estimated provincial revenue loss. By contrast, the lowest three income deciles, economic families with total incomes below \$48,239, account for just over six per cent.
- **Budgetary choices have serious implications:** The tax cuts in budget 2026-27 represent \$123 million of revenue that could have been invested elsewhere. Our analysis shows that even investing about \$106 million in an expanded N.L. Child Benefit could have reduced child poverty by 63 per cent, lifting 5,700 children out of poverty. Alternatively, they could have created a groceries and essentials benefit, lifting 2,900 people out of poverty.
- **Public services help fight inequality:** When adequately funded, universal public services act as equalizers, by ensuring everyone has access to essential services, not based on their ability to pay, their socioeconomic status, or where they live. However, maintaining and expanding access to affordable, if not free, public services have not been a priority.
- **Public sector staff recruitment and retention concerns:** There are no new hospital beds, long term care beds, child care spaces, classrooms, or otherwise, without the staff needed to provide the quality care and learning spaces needed. The lack of significant real wage growth in the public sector is concerning for recruitment and retention with only a three per cent gain between 2019 and 2025, while food and rent costs grew by just over 32 per cent.
- **The public sector helps lower the gender pay gap:** In the private sector, women earn much less than men. On average, men in the private sector earn \$514 more per week than women, a 36 per cent gap; this means women earn about 64 cents for every dollar a man earns. The gap is much smaller in the public sector, where women earn 94 cents for every dollar a man earns. Men earn \$98 more per week on average, a 6 per cent gap, and the median gap is only \$53 or 3.7 per cent.
- **Public services save cost and are superior to for-profit contracts:** The international estimate is that public provision can provide net savings—anywhere from four to 62 per cent as

compared to contracted-out for-profit services. Examples in N.L. include (travel) nurses, ambulance services, municipal services, and P3 contracts, which when used, result in:

- Higher costs;
- Less accountability and democratic control;
- More risk (e.g. bankruptcy), and;
- Lower quality, precarious jobs, and inequitable access to services.

- **Residents of Newfoundland and Labrador are most concerned about affordability:** Our commissioned survey of residents by Angus Reid found that the rising cost of living was their number one concern (61.7 per cent ranked it as their top government priority). When asked about solutions, there is very little support for cuts to public services (only 3.86 per cent see that as their top priority). Instead there is widespread support for more investment in direct public service provision, skepticism about the value of privatization, and considerable support for higher taxes on the wealthy.

Introduction

Budget 2026-2027: A booming economy, surging revenues and a cost of living crisis

One of the core themes of Newfoundland and Labrador’s 2026-27 budget was the idea of providing “opportunity for all of us” with a targeted suite of ‘affordability’ measures.¹ The new Wakeham government finds the province in the midst of an unexpected economic boom—provincial real GDP growth for 2026 has been forecast at 5.5 per cent.² With much higher than expected provincial revenues, the government has a unique opportunity to tackle the cost of living and affordability challenges confronting residents. The problem is that the government’s ideas about affordability misunderstand where those dollars might be best spent and the crucial role of public services in helping households manage increasing costs of living.

While there were important investments in benefits for seniors and families with children, the most significant ‘affordability’ measures from a cost perspective were the \$200 million dollars committed to the across-the-board income tax cut and the gas tax cut, as well as

¹ Department of Finance. (2026). *Budget 2026: Opportunity for All of Us*. Government of Newfoundland and Labrador. [gov.nl.ca/budget/2026/wp-content/uploads/sites/10/Budget-2026-The-Economy.pdf](https://www.gov.nl.ca/budget/2026/wp-content/uploads/sites/10/Budget-2026-The-Economy.pdf)

²Department of Finance. (2026). Op. cit.

subsidies to keep power costs low. In addition, the province introduced another cut to the corporate tax rate for small businesses. These tax decisions carry a high opportunity cost. The “opportunity for all of us” rhetoric masks the fact that some people start from very different places than others. These tax cut measures are often *regressive* as they disproportionately benefit households with higher incomes that are less likely to be facing the affordability challenges the government claims to be combating. What people can afford differs depending on their income, and debt. What is missing from the discussion is that the most expensive affordability measures (the tax cuts) do not consider those differences, and investment in public services is not considered by the government as the affordability measure that best serves to raise community living standards for everyone.

At the most simple, tax cuts are not just ‘household savings for all’ when they come at the expense of collapsing public services from underfunding. Effectively, they transfer money from services that provide large social and economic benefits to most households in the province to a small minority of households that are least challenged by affordability concerns.

Context matters. Newfoundland and Labrador has been in a decade-long process of government austerity. Funding for public services has been constrained. Wages in the public sector have been kept well below increases in the cost of living and there is mounting evidence that public services need funding to ensure the public can continue to access the public services that are the most effective defence against rising costs of living.

The value of public services

Building on the findings of MacKenzie and Shillington’s landmark study that concluded that investments in public services were the best deal Canadians were “ever going to get,”³ this study measures

³ Mackenzie, H., and Shillington, R. (2009). *Canada’s Quiet Bargain: The benefits of public spending*. Canadian Centre for Policy Alternatives. policyalternatives.ca/sites/default/files/uploads/publications/National_Office_Pubs/2009/Benefits_From_Public_Spending.pdf

the economic benefits of public investments for the people of Newfoundland and Labrador. The study measures the size of those benefits, provides insight on how redistributive and effective public spending is in tackling cost of living challenges and argues that public dollars would be far more usefully directed at supporting the public services that truly benefit *all*. Indeed, as we outline in this report, Newfoundland and Labrador is one of the most unequal provinces in Canada, and it is thus critical that government decisions, including budgetary ones, take into account who benefits and who pays the costs of tax and spending decisions.

Dominant mainstream ideas about public finance have torqued how we think about public services and the extent to which they help us manage the cost of living, promote equality and provide employment with fair working conditions and wages. Public spending is now often seen as simply a 'loss,' and that the less of it there is, the better off people will be.

These ideas have become cruder over time, with simplistic ideas that cutting public spending, starving public services of much needed funding, somehow puts money 'back in people's pockets'; that tax cuts, privatizing public services, using exotic public private partnerships (P3s) to do things government used to do more efficiently, somehow benefit everyone. Nothing could be further from the truth.

All households in Newfoundland and Labrador benefit considerably from public spending and public services. Affordable (and free) education, public health care and a range of social services provided by governments, are key mechanisms protecting residents from the cost of living increases which are undermining household budgets. Attacks on those public services for boutique tax cuts heavily favouring high income households actually expose most residents to higher costs of living and much more difficult economic circumstances over the long term.

This report argues:

- Most Newfoundland and Labrador households receive large and vitally important support and services from public spending—particularly in health care and education.

- These services are both redistributive, tackling one of the province's most pressing economic problems (high economic inequality), and they are efficient.
- Regressive tax cuts do little to address the cost of living in most households, and can actually make things worse.
- Public private partnerships (P3s) and other forms of privatization restrict public access and control over public services, while making them more expensive.

Most importantly, despite the government's focus on the wrong solutions, there is considerable evidence that people of the province know better. Residents are concerned about the strain on their household budgets, but they value public services, fear cuts and mistrust privatization.

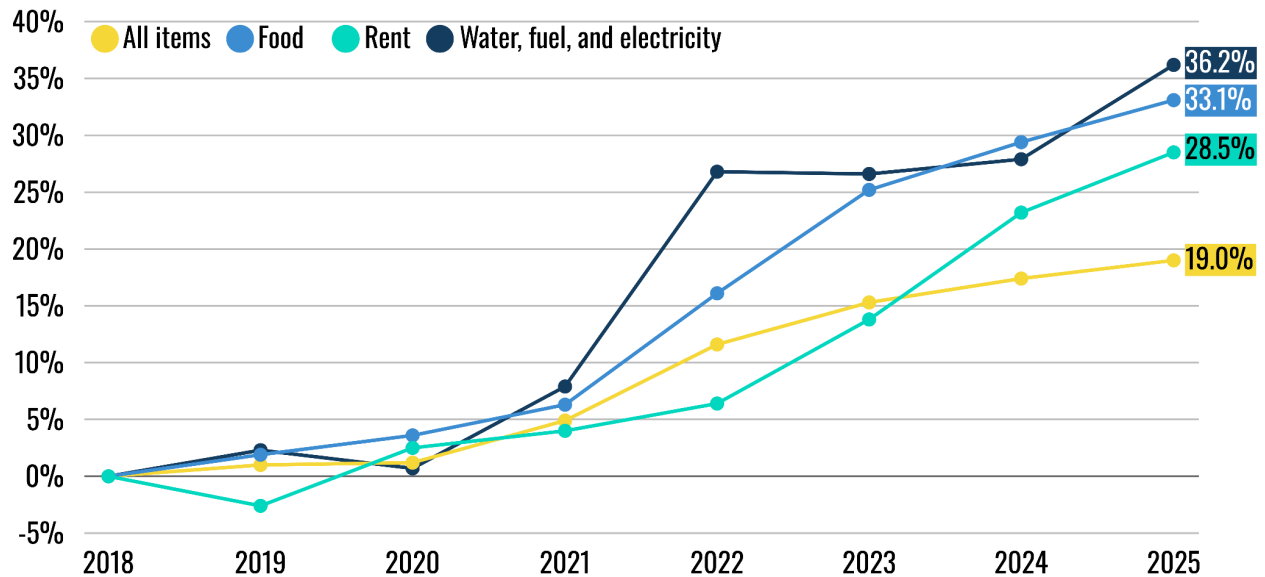
Inflation and cost of living in Newfoundland and Labrador

We want to first provide context on the affordability crisis. This chapter analyses how prices have changed in Newfoundland and Labrador (N.L.) from 2018 to 2025 using the Consumer Price Index (CPI). The CPI measures changes in the prices of a typical basket of goods and services. Results are presented using 2018 as the starting point, and results are reported as percent changes since 2018, based on annual averages.

As shown in Figure 1, overall prices rose considerably between 2018 and 2025 (19%), but the cost of living for necessities like food and housing have grown even more rapidly.

This difference between overall inflation and essential costs matters for affordability. Households can sometimes delay purchases of non-essentials, but they have limited flexibility with groceries, housing, and basic utilities. As a result, many people can experience strong cost-of-living pressure even when overall inflation is rising more slowly.

Figure 1 / Cost of living in Newfoundland and Labrador
2018-2025



Source Own calculation based on Statistics Canada. *Table 18-10-0004-01 Consumer Price Index.*
doi.org/10.25318/1810000401-eng

In Table 1, we present this data as a year-over-year change in percentage terms (for example, 2022 compared with 2021), based on annual CPI averages. This is a helpful way to compare annual changes in the cost of living relative to annual wage gains agreed to in collective bargaining.

Table 1 / Year-over-year change in Consumer Price Index (CPI)
Annual average, Newfoundland and Labrador, 2019-2025

Year	All items	Food	Rent	Water, fuel and electricity
2019	1.0%	1.9%	-2.6%	2.3%
2020	0.2%	1.7%	5.2%	-1.6%
2021	3.7%	2.6%	1.5%	7.2%
2022	6.4%	9.2%	2.3%	17.6%
2023	3.3%	7.9%	6.9%	-0.2%
2024	1.8%	3.3%	8.2%	1.0%
2025	1.4%	3.0%	4.5%	6.8%

Source Own calculation based on Statistics Canada. *Table 18-10-0004-01 Consumer Price Index.*
doi.org/10.25318/1810000401-eng

In 2019, overall inflation was low (on all items it was only 1.0%). Food increased by 1.9 per cent, while rent fell by 2.6 per cent. Water, fuel and electricity increased by 2.3 per cent.

In 2020, overall inflation was near zero (All items: 0.2%). However, food still increased by 1.7 per cent and rent increased by 5.2 per cent, while water, fuel and electricity fell by 1.6 per cent.

In 2021, inflation started to accelerate (on all items it increased by 3.7%). Food costs rose by 2.6 per cent and rent rose by 1.5 per cent. Water, fuel and electricity increased by 7.2 per cent, indicating rising pressure in energy-related costs before the larger shock in 2022.

2022 shows the largest single-year increase in this period. The all-items CPI rose by 6.4 per cent. Food climbed by 9.2 per cent, and water, fuel and electricity rose sharply by 17.6 per cent, indicating a large one-year jump in energy-related costs. Rent increased more modestly (2.3%). What 2022 likely meant for households: higher grocery bills and higher energy-related costs at the same time, even before rent became a major source of pressure in later years (especially in 2024).

In 2023, the all-items CPI increased by 3.3 per cent. Food rose further by 7.9 per cent, showing that grocery costs remained a strong source of pressure. Rent increased by 6.9 per cent, signalling that housing costs were becoming a larger part of the cost-of-living story. Water, fuel and electricity were broadly stable (-0.2%). What changed in 2023: food stayed high, and rent began to catch up.

In 2024, overall inflation slowed (All items: 1.8%), but essential costs continued to rise. Food increased by 3.3 per cent. Rent rose by 8.2 per cent, reinforcing that housing costs can keep affordability challenges high even when headline inflation is lower. Water, fuel and electricity increased slightly (1.0%).

In 2025, the all-items CPI increased by 1.4 per cent. Food rose by 3.0 per cent and rent rose by 4.5 per cent. Water, fuel and electricity rose by 6.8 per cent, suggesting renewed upward pressure in this category compared with 2024.

Summary: Implications of inflation for Newfoundland and Labrador households

The main message in this data is that the cost-of-living squeeze is being driven disproportionately by essentials. While overall prices are about 19 per cent higher than in 2018, key necessities are roughly 29–36 per cent higher, which is more likely to be felt directly in day-to-day budgets.

These impacts are unlikely to be evenly shared. Renters and lower-income households typically spend a larger share of their income on necessities, making them more exposed to faster growth in food, rent, and utility costs. Households with higher exposure to heating and energy costs may also feel stronger pressure when utility-related prices rise—those with older, larger, less energy efficient homes.

It is also important to be precise about language: when inflation ‘slows,’ as it has recently, prices are still rising, just at a slower rate. Large increases in 2022, followed by continued increases afterward, leave households facing a permanently higher cost level than before, despite claims that inflation is ‘going down.’ This is the context in which the government must carefully consider how to help people access what they need. Unfortunately, as the next chapter outlines, there has been a concerted effort to undermine the public sector and its ability to serve the public good, and address the high cost of living.

Myths about public spending

For many decades, three stories around provincial budgets and fiscal policy have dominated media and ‘pocket-book’ politics at election time. First, there is the often-simplistic discussion that tax cuts result in ‘more money in your pocket,’ which was a key theme in this year’s budget speech. The second is that corporate tax cuts will result in more economic growth and will help everyone, without any discussion of who really benefits and what the revenue loss means for public services. Finally, there is the inevitable fear-mongering about government debt and deficits, as if a government’s budget were the same as a household’s. Even in ‘good news’ budgets (as 2026, unquestionably was for the province), budget debate is still focused on debt—ironically, while lauding tax cuts that do not address those concerns. Essentially, the discussion of public finance is often a game of ‘smoke and mirrors,’ where the need for ‘cuts’ and balanced budgets is used to actually support a shift in policy to benefit the interests of high income households.

In this province, these dominant stories mask the role of government in advancing the public interest by treating all government spending and investment as something ‘bad.’ But government decisions on spending can have a significant impact on household budgets, by reducing or increasing direct income support, or by retracting or expanding public services. Indeed, we often ignore governments’ spending power and ability to achieve a

significant return on investment from public investment. Early investment in targeted programs can save everyone money in the long run. For example, one of the major themes in the province's recently developed Health Accord is the social determinants of health – essentially, that failures by the government to tackle improved access to education, housing and food security in ways that address inequality actually produce costly long term health problems and economic side effects.⁴ With people struggling to pay for essentials, there is rarely a recognition of the role that taxes play when it comes to paying for public services that improve quality of life, and supporting households' access to essentials at a cost they simply won't be provided in the private sector.

This is a pressing challenge for a province that has become reliant on oil and gas, as the fluctuations in growth and in revenue require careful decisions about how to insulate the population from the market shocks. Public service investments ensure everyone benefits from the petro economy and help protect the community from the boom-and-bust cycles of natural resource economics.

What if instead of a negative view of taxation and the role of public spending, we asked what level of taxation it would take to ensure everyone has meaningful access to the services they need to be healthy, safe, socially-included—to be supported to reach their full potential, and for community wellbeing in Newfoundland and Labrador? This is an important question to ask in a province where incomes and economic benefits are very unequally distributed. In other words, investments in public services are often the most cost effective way to ensure affordability and ensure a more equitable distribution of benefits from N.L.'s resource based economy.

⁴ See: Newfoundland and Labrador Health Accord. (2022). *Our Province. Our health. Our Future - A 10-Year Health Transformation*. healthaccordnl.ca/wp-content/uploads/2022/02/HANL_Report_Document_Web_modFeb28-2022.pdf

The context: Inequality in Newfoundland and Labrador

As noted, Newfoundland and Labrador has a high dependency on the natural resource sector. It is therefore not surprising to note that the province has a highly unequal distribution of market incomes. People who work in the oil and gas sector and supporting trades—disproportionately men—can earn quite high incomes, while much of the rest of the economy, dominated by service and manufacturing sectors, produce much lower household incomes. This results in both large discrepancies in market incomes and a uniquely high gender wage gap.⁵

The Gini Coefficient is used to measure income inequality. This measure represents the relative distribution of income frequencies (where “0” is a highly equal distribution or minimum inequality and “1” is a highly unequal distribution). Using the Gini Coefficient, Newfoundland and Labrador has the most unequal adjusted market incomes among Canadian provinces. However, when the impact of taxation to support public services is included, these differences become less pronounced. Essentially spending on

⁵The unusually high gender wage gap in Newfoundland and Labrador and its interaction with the resource sector has been noted in a number of studies - See: Khattab, S. (2020). *The Gender Wage Gap and Women’s Labour Mobility in Newfoundland and Labrador*. Ph.D Thesis, Memorial University. ruralresilience.ca/wp-content/uploads/2022/03/Khattab_Sherine_Hamdy_-022021_PhD.pdf; and Neil, K. (2014). *The Gender Wage Gap - A NL Labour Market Investigation*. Centre for Applied Research in Economics, Memorial University. mun.ca/care/media/production/memorial/administrative/collaborative-applied-research-in-economics-care/media-library/commentaries/Gender_Wage_Gap.pdf

public services providing affordable access to health care, education and all the other broad supports governments offer residents, redistributes income, reducing inequality, and helping middle and low income households better manage cost of living pressures.

Figure 2 compares income inequality across provinces using the Gini Coefficient. A higher number means more inequality, and a lower number means less inequality. The income measures are *adjusted*, which means they are adjusted for household size, so households of different sizes can be compared more fairly.

Each province has three points. ***Adjusted market income*** shows income before government transfers and income taxes. It includes earnings from work, private pensions, investments, and other market sources. ***Adjusted total income*** adds government cash transfers, such as Employment Insurance, social assistance, public pensions, tax credits, and child benefits. ***Adjusted after-tax income*** then subtracts income tax.

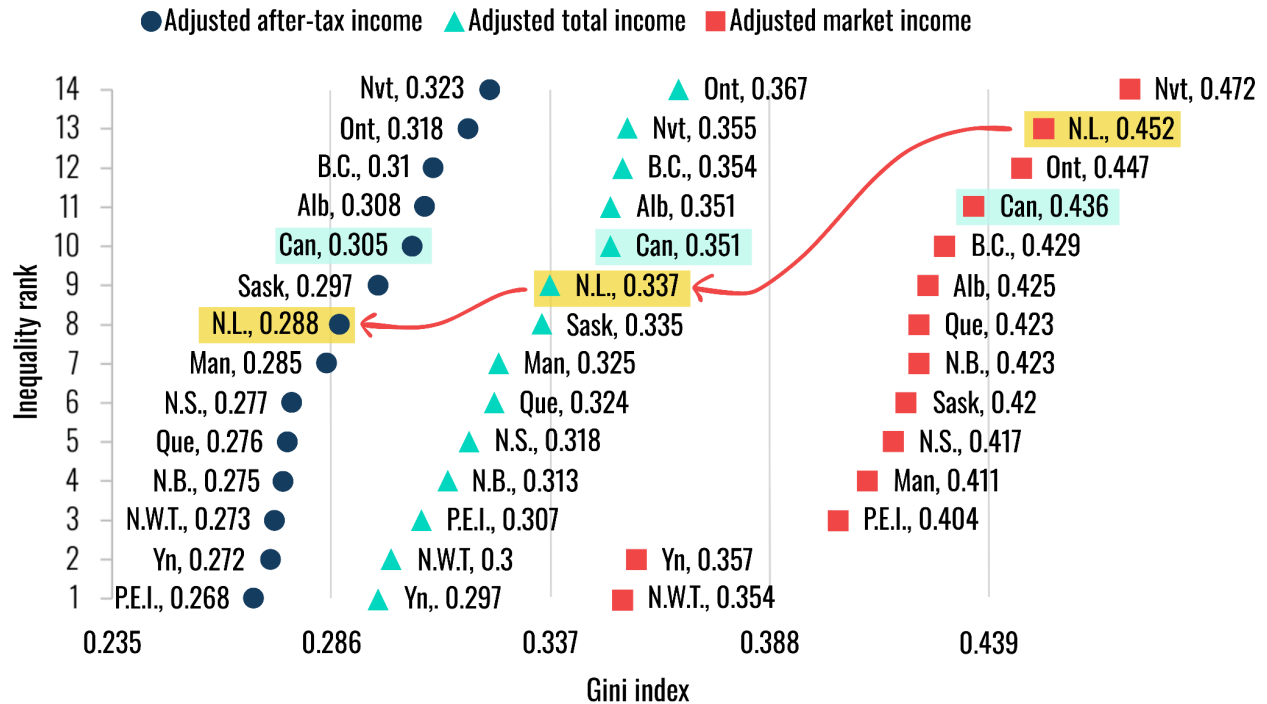
The figure shows how inequality changes as transfers and taxes are included. The movement from adjusted market income to adjusted after-tax income shows how much the tax and transfer system reduces inequality. In Newfoundland and Labrador, the drop is large. Before transfers and taxes, N.L. has the highest adjusted market-income inequality among the provinces, with a Gini Coefficient of 0.452, above the Canadian average of 0.436.

The first major drop happens when government transfers are included. N.L.'s Gini falls to 0.370, although it remains above Canada's 0.351. This means transfers reduce inequality, but N.L. still starts from a more unequal market-income structure than the country as a whole. After taxes are included, the change is even clearer. N.L.'s adjusted after-tax Gini falls to 0.288, below the Canadian average of 0.305. In other words, N.L. moves from being the most unequal province before redistribution to a much more equal position after transfers and taxes.

As we can see, income inequality in N.L. is not only a labour market issue. The province's market economy produces large income gaps, but public redistribution plays a major role in narrowing those gaps

and improving income security for middle and lower-income households.

Figure 2 / Gini coefficients of adjusted market, total and after-tax income Canada, provinces and territories, 2024



Source Own elaboration based on: Statistics Canada. (2026). *Table 11-10-0134-01 Gini coefficients of adjusted market, total and after-tax income.* doi.org/10.25318/1110013401-eng

The Gini Coefficient gives us the overall picture, but income shares show more clearly how much income goes to the top compared with the bottom. Table 2 uses income deciles, which divides households into ten equal groups from lowest to highest adjusted household income. The bottom 40 per cent refers to the four lowest-income groups, while the top 40 per cent refers to the four highest-income groups.

Table 2 shows a very large income gap before transfers and taxes. Using adjusted market income, the top 40 per cent receives 81.6 per cent of income, while the bottom 40 per cent receives only 11.0 per cent. That means the income gap between the top 40 per cent and the bottom 40 per cent is 70.6 percentage points.

Table 2 / Income share of adjusted market, total, and after-tax income by decile
Newfoundland and Labrador, 2024, per cent

Income decile	Adjusted market income	Adjusted total income	Adjusted after-tax income
Bottom 40%	11.0%	18.8%	21.4%
Middle (decile 5th)	7.5%	8.0%	8.5%
Top 40%	81.6%	73.3%	70.0%
Gap bottom 40% vs top 40%	70.6 pp	54.5 pp	48.6 pp

Source Own elaboration based on: Statistics Canada. (2026). *Table 11-10-0193-01 Upper income limit, income shares and average of adjusted market, total and after-tax income by income decile.*
doi.org/10.25318/1110019301-eng

Note: pp = percentage points

The gap becomes smaller once government cash transfers are included. The income share of the bottom 40 per cent rises from 11.0 per cent to 18.8 per cent, while the share going to the top 40 per cent falls from 81.6 per cent to 73.3 per cent. As a result, the income gap falls to 54.5 percentage points.

After income taxes are included, the gap becomes even smaller, falling to 48.6 percentage points. This shows that transfers and taxes play an important role in reducing income inequality in Newfoundland and Labrador—though the gap remains large. Even after taxes, the top 40 per cent still receives 70.0 per cent of adjusted after-tax income, compared with 21.4 per cent for the bottom 40 per cent. In other words, redistribution reduces the gap, but it does not erase it. Table 3 shows that the bottom half of households in N.L. received just under 30 per cent of adjusted after-tax income in 2024. By contrast, the top 20 per cent received 36.6 per cent of income in 2024, and the top 10 per cent alone received 21.6 per cent.

Table 3 / Income share of adjusted market, total and after-tax income by income decile
Newfoundland and Labrador, 2024, per cent

Income decile	Adjusted market income	Adjusted total income	Adjusted after-tax income
Bottom 20%	1.6%	6.6%	7.8%
Bottom 50%	18.5%	26.8%	29.9%
Middle deciles (5th and 6th)	16.8%	17.4%	18.2%
Top 50%	81.6%	73.3%	70.0%
Top 20%	46.6%	40.2%	36.6%
Top 10%	28.8%	24.6%	21.6%

Source Own elaboration based on: Statistics Canada. (2026). *Table 11-10-0193-01 Upper income limit, income shares and average of adjusted market, total and after-tax income by income decile.*
doi.org/10.25318/1110019301-eng

This matters for public policy. These tables show that public action can improve the position of lower- and middle-income households, but it also shows that more can be done. Stronger income supports, fairer taxation, better wages, and stronger public services can all help reduce the gap further and give lower-income households a larger share of the province's income.

Measuring the benefit of public spending for households in Newfoundland and Labrador

Social transfers in kind (STiK) is a way to measure the benefit the public receives from government spending. Here, “social transfers” refer to the non-market production of services to households either directly by the government or through non-profit institutions.

The value of the STiK represents what households would pay if they had to pay for these services directly. This is a way of measuring what the public health care system, public education and a handful of social services (i.e. child care and supports for aging populations, recreation centres, libraries, etc.) are ‘worth’ to real households.

These transfers in kind do not go directly to households. They are not cheques that go into bank accounts—rather, they essentially spare households the cost of paying for these services themselves. For example, in education, the province provides universal free access to public education, and it also subsidizes students studying at colleges or universities. Without these investments, households would have to pay for education themselves, or pay even higher tuition for college or university. Similarly, if the province did not invest in public health care, households would have to pay

for those health services. The STiK is a way of measuring these things, which are not discussed enough.

In Newfoundland and Labrador, residents receive a large benefit from public spending, even when it doesn't come in the form of a direct transfer, like a pension cheque or an employment insurance payment. In 2025, the average STiK value per household was \$30,028, as shown in Table 4.

Again, what that means is that if we add up what it would cost households to pay for the education, healthcare and social service systems currently in place, those households would have to come up with that additional \$30,028.

Table 4 / Social Transfers in Kind and current transfers received per household Newfoundland and Labrador, 2025

Current income transfers received	\$36,889	
Breakdown of social transfers in kind:		
STiK component	Amount	Share of total STiK
Health	\$16,072	53.50%
Education	\$10,356	34.50%
Other	\$3,600	12.00%
	Total STiK	\$30,028
		100.00%

Source Statistics Canada. *Table 36-10-0588-01, Distributions of household economic accounts, income, consumption, and saving, Canada, provinces and territories.*
doi.org/10.25318/3610058801-eng

What makes this number all the more significant is that it doesn't measure all the benefits people get from government spending, as it does not include direct income transfers received. It also doesn't include the benefits of spending on things like roads, and transportation, or the justice system, or the cost of governance. As can be seen in Table 5, in this province, *most* households pay less than \$30,028 in total federal and provincial taxes.

The STiK also does not measure the broader long term economic benefits of public programs. Investing in health care, education and things like accessible childcare are actually 'investments.' They help

grow the economy. If people had to pay all of these costs out of pocket, many of them would not be able to afford them at all, and the result would be a less healthy and (in economic terms) less productive population.

Table 5 / Average taxes paid per economic family by total income decile
Newfoundland and Labrador, 2025

Economic family total income decile	Average total taxes paid per economic family (Federal and provincial)
D1 (\$0–\$27,271)	\$3,620
D2 (\$27,272–\$37,253)	\$5,634
D3 (\$37,254–\$48,239)	\$8,876
D4 (\$48,240–\$61,653)	\$12,699
D5 (\$61,654–\$76,921)	\$17,652
D6 (\$76,922–\$99,957)	\$22,563
D7 (\$99,958–\$128,643)	\$32,031
D8 (\$128,644–\$160,154)	\$45,075
D9 (\$160,155–\$220,866)	\$58,860
D10 (\$220,867+)	\$117,365
All economic families	\$32,445

Source Own calculations using SPSP/M, base 2025. Deciles are based on economic family total income for Newfoundland and Labrador. These amounts are the sum of all federal and provincial income tax, sales tax, payroll taxes, and social contributions (Canada Pension Plan, Employment Insurance).

To put it another way: what StIK illustrates is the core claim made by MacKenzie and Shillington in their comprehensive 2009 study: taxation and public spending are “the best deal the public is ever going to get.”⁶ Here, in Newfoundland and Labrador in 2026, broadly accessible public services are both more efficient and are the best mechanisms for ensuring households can afford vital services, and most households’ tax contributions are less than the value of those services. Thus, in some sense, everything else—all those other benefits they get from the government—are ‘free.’

⁶ MacKenzie, H. and Shillington, R. (2009). Op. cit.

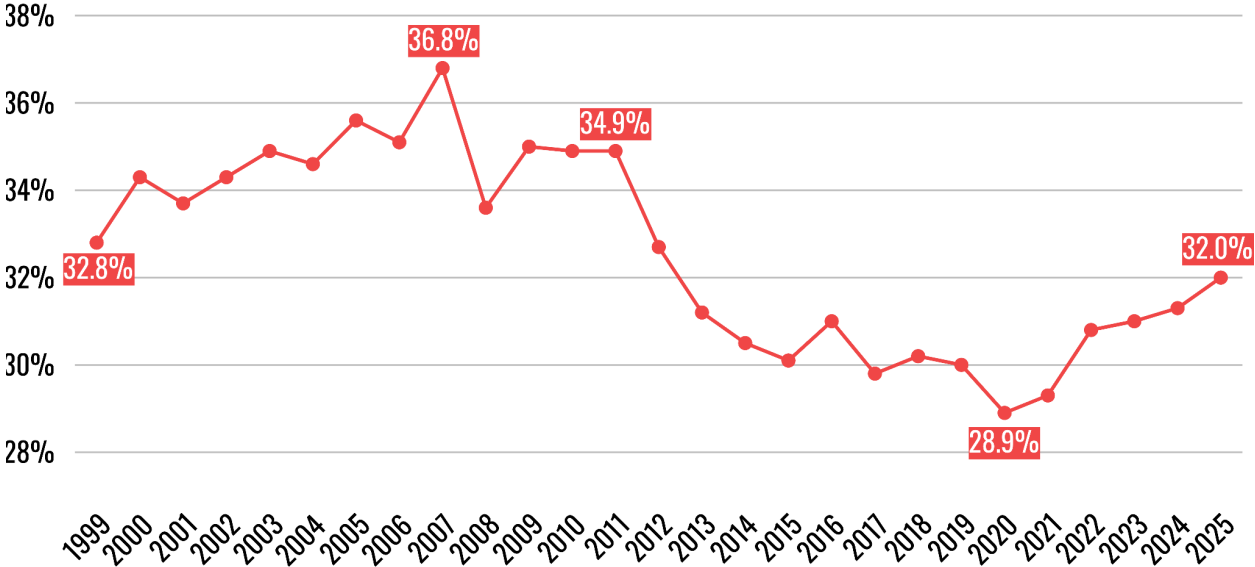
Again, this is not universally the case. Public services and taxation are redistributive in Canada. Very high income households traditionally have paid significantly more to support those services. That was the intention of the system. We get efficient affordable services for all.

This is why the move to see tax cuts and public spending cuts in recent years as a solution to affordability problems is so misleading. Most households will be made worse off by such measures. Seeing public spending as nothing more than a 'waste'—a dollar that can be saved and put back into a pocket—deflects attention from just whose pocket it will be. For most people, it won't be them.

Indeed, the era of austerity and an increased focus on tax relief to help 'affordability' has not been good for households in this province according to the STiK. Figure 3 shows the trend comparing social transfers to the average disposable income for households in Newfoundland and Labrador. While there has been real growth in the value of social transfers in kind per household in Newfoundland and Labrador, most of the growth happened before the early 2010s. After that, the real value of these public services has fallen—something that probably wouldn't surprise members of the public waiting in line for health care or struggling with extra fees to access public services like education. We are putting less of our economic output into maintaining quality public services.

The period of austerity has not been good for public services. Public services are not built in one or two years. Long periods of lower real investment can affect staffing, capacity, maintenance, wait times, and service quality. The important point is that households in Newfoundland and Labrador depend on public services, but the real value of those services has not grown strongly or consistently over time. Even after small increases in 2025, we still are well below the levels we were at when services were better funded.

Figure 3 / Social transfers in kind as a share of disposable income
 Newfoundland and Labrador, 1995–2025



Source Own elaboration based on: Statistics Canada. (2026). *Table 36-10-0588-01 Distributions of household economic accounts, income, consumption and saving.* doi.org/10.25318/3610058801-eng and; Statistics Canada. (2026). *Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted.* doi.org/10.25318/1810000501-eng

Note: Values are adjusted for inflation using Newfoundland and Labrador’s all-items CPI.

In summary, what the STiK tells us is that the people in this province get a good deal when public services are properly funded and accessible. Public services provide most households with considerably more value in terms of services than what they cost and they are redistributive—they are the best mechanism for tackling unusually high levels of inequality in the province. But there is a problem—governments have not been investing enough in those services to maintain that value.

Income tax cuts: Opportunity cost

Given the level of inequality in employment income, and the critical role government expenditures play in ensuring a fair distribution of income, as well as access to essential goods and services, it is critical that the provincial government be much more transparent about the effect of their taxation decisions.

Take for example, the 2026-27 provincial budget decision to increase the Basic Personal Amount to \$15,000, as the cornerstone to making life more affordable for everyone. The provincial government claims this change is “saving taxpayers hundreds of dollars per year.”⁷ While this tax change *does* reduce income taxes for families across all income levels, the largest benefits go to higher-income families, which is shown in Table 6. Annually, families in the lowest income decile save only about \$7 on average, while families in the highest income decile save about \$922 on average. This is because many low-income families cannot benefit much from a higher tax exemption. This also means that the loss of revenue from this tax change is concentrated among higher-income families. The three highest income deciles, economic families with total incomes above \$128,644, account for nearly 52 per cent of the total estimated provincial revenue loss. By contrast, the lowest three income deciles (economic families with total incomes below \$48,239) account for just over 6 per cent.

⁷ Government of Newfoundland and Labrador. (2026). “A Plan for Lower Taxes.” gov.nl.ca/budget/2026/what-you-need-to-know/a-plan-for-lower-taxes/

Table 6 / Estimated provincial revenue loss from the 2026 Basic Personal Amount increase, by income decile
Newfoundland and Labrador

Economic family total income decile (Base 2025, N.L.)	Average tax cut per economic family	Estimated provincial revenue loss	Per cent of total revenue loss
D1 (0-27,271)	\$7.00	\$170,800.00	0.14%
D2 (27,272-37,253)	\$126.00	\$3,238,200.00	2.63%
D3 (37,254-48,239)	\$158.00	\$4,076,400.00	3.31%
D4 (48,240-61,653)	\$364.00	\$9,391,200.00	7.63%
D5 (61,654-76,921)	\$455.00	\$11,602,500.00	9.42%
D6 (76,922-99,957)	\$568.00	\$14,427,200.00	11.72%
D7 (99,958-128,643)	\$650.00	\$16,250,000.00	13.20%
D8 (128,644-160,154)	\$721.00	\$18,097,100.00	14.70%
D9 (160,155-220,866)	\$796.00	\$21,253,200.00	17.26%
D10 (220,867+)	\$922.00	\$24,617,400.00	19.99%
	<i>Total</i>	\$123,124,000.00	100.00%

Source Own calculations using Statistics Canada’s Social Policy Simulation Database and Model (SPSD/M).

This is not just an accounting issue—it is a **budget choice**. The estimated revenue loss from this tax cut is \$123.1 million. That money could have been used to strengthen public services or expand targeted supports for families who need them most. This matters in a province where nearly 18,000 children lived in poverty in 2022, according to the 2024 Newfoundland and Labrador Child and Family Poverty Report Card.⁸ For example, Budget 2026-27 says the province will provide the Newfoundland and Labrador Child Benefit to 3,000 additional children and increase support to 3,000 children already receiving it. The cost of that measure is

⁸ Muzychka, M. (2025). *2024 Newfoundland and Labrador Child and Family Poverty Report Card*. Choices for Youth, Jimmy Pratt Foundation, and Community Sector Council.
choicesforyouth.ca/files/ugd/c00c29_7e954a78a1244d0891003dfe683fc261.pdf

estimated at only \$4.8 million.⁹ By comparison, the revenue lost through the Basic Personal Amount increase is more than 25 times larger. In other words, the province is giving up far more revenue through a broad tax cut than it would cost to actually provide targeted support for children and families facing poverty.

The budget also permanently reduces the provincial tax on gasoline, which the government says will save consumers \$67 million each year. But this is also \$67 million in revenue the province will no longer collect. That money could have been used for infrastructure, public transit, ferries, road maintenance, or other public services.

This measure also does not address the real drivers of high fuel prices. CCPA's recent analysis¹⁰ shows that when oil prices rise, large oil companies can make major extra profits. These profits do not come from producing more or becoming more efficient—they come from people paying more for fuel. In that context, cutting the gas tax is a weak affordability measure. It reduces public revenue, and it does not deal with the real source of high fuel prices. A stronger approach would tax these extra profits and invest that money in public services and infrastructure that reduce people's dependence on expensive fuel.

The unequal distribution of these tax cuts illustrates the point made above about employment income inequality in Newfoundland and Labrador. We know that taxes and transfers help redistribute that income, while tax cuts exacerbate existing inequalities by disproportionately benefiting higher income individuals. Crucially though, tax cuts also divert money from public investments, the household value of which we measured above.

⁹ Department of Finance. (2026). "Statements and Schedules 2026-27." Government of Newfoundland and Labrador.

gov.nl.ca/budget/2026/wp-content/uploads/sites/10/Statements-and-Schedules-2026.pdf

¹⁰ Mertins-Kirkwood, H., Macdonald, D. (2026). *The oil industry is making billions from the Iran war—it should be taxed*. Canadian Centre for Policy Alternatives. policyalternatives.ca/news-research/the-oil-industry-is-making-billions-from-the-iran-war-it-should-be-taxed/

What could the government have done differently?

To test what a more targeted use of public funds could achieve, we simulated a 2026 scenario using SPSD/M in which N.L. greatly expands the N.L. Child Benefit (see Table 7). In this scenario, the Child Benefit amounts are multiplied by four, while the rest of the tax and transfer system is kept unchanged. This would increase provincial spending on Family Programs from \$19.1 million to \$125.2 million, an additional investment of about \$106.1 million. This is less than the estimated \$123.1 million in revenue lost through the Basic Personal Amount increase.

The results suggest that a more targeted investment could have a much larger impact on child poverty. The number of children under 18 living below the Market Basket Measure poverty line would fall from about 9,100 to 3,400. This means about 5,700 fewer children would be living below the poverty line, with no children newly falling below it. The child poverty rate would decline from 10.8 per cent to 4 per cent. This simulation suggests that investing about \$106 million in an expanded Child Benefit could reduce child poverty in Newfoundland and Labrador by around 63 per cent in 2026.

Table 7 / Estimated impact of expanding the Newfoundland and Labrador Child Benefit on child poverty
2026

Indicator	SPSD/M estimate
Total children under 18	84,400
Estimated children below the MBM poverty line before the expanded benefit	9,100
Estimated children below the MBM poverty line after the expanded benefit	3,400
Reduction in the number of children below the MBM poverty line	-5,700
Children newly falling below the MBM poverty line	0
Child MBM poverty rate before the expanded benefit	10.82%
Child MBM poverty rate after the expanded benefit	4.04%

Source Own calculations using Statistics Canada’s Social Policy Simulation Database and Model (SPSD/M).

Note: The simulation multiplies the Newfoundland and Labrador Child Benefit amounts by four and keeps the rest of the tax and transfer system unchanged.

Another example of how the province could have used a similar amount of public funds is a refundable groceries and essentials credit (see Table 8). To test this, we simulated a second 2026 scenario using SPSPD/M. In this scenario, Newfoundland and Labrador would introduce a refundable credit through the provincial sales tax credit structure, with a maximum benefit of \$450 for the head of the family, \$450 for a spouse, and \$450 per child. The credit would begin to phase out once family income reaches \$40,000, at a rate of 1.4 per cent. This design is meant to work like a targeted affordability credit: broad enough to reach many low- and modest-income households, but reduced as income rises. The simulated credit costs about \$115.9 million, which is close to the \$123.1 million in revenue the province is giving up through the Basic Personal Amount increase. It would also reduce total poverty: the number of people living below the Market Basket Measure poverty line would fall from 47,700 to 44,900, meaning about 2,900 people would be lifted out of poverty.

The distributional results show that the credit is strongly progressive. The lowest-income decile would receive \$24.2 million, while the highest-income decile would receive \$3.7 million. Most of the support would go to lower-income residents. The bottom three

income deciles would receive about \$64.5 million, or 56 per cent of the total credit, while the bottom half of the income distribution would receive about \$89.5 million, or 77 per cent of the total. This suggests that a targeted refundable affordability credit could reduce poverty more directly than a broad tax cut.

Table 8 / Simulated impact of a refundable groceries and essentials credit
Newfoundland and Labrador, 2026

Overall impact	
Measure	Result
Cost of the groceries and essentials credit	\$115.9 million
People in families receiving the credit	414,000
People below the MBM poverty line before the credit	47,700
People below the MBM poverty line after the credit	44,900
People lifted out of MBM poverty	2,900
MBM poverty rate before the credit	8.80%
MBM poverty rate after the credit	8.28%

Distribution of the credit by income decile	
Measure	Result
Lowest-income decile: total credit received	\$24.2 million
2nd decile: total credit received	\$22.5 million
3rd decile: total credit received	\$17.8 million
4th decile: total credit received	\$14.3 million
5th decile: total credit received	\$10.7 million
6th decile: total credit received	\$6.9 million
7th decile: total credit received	\$6.3 million
8th decile: total credit received	\$5.7 million
9th decile: total credit received	\$3.9 million
Highest-income decile: total credit received	\$3.7 million
Share of total credit going to bottom three deciles	55.70%
Share of total credit going to bottom half of income distribution	77.20%

Source Own calculations using Statistics Canada's Social Policy Simulation Database and Model (SPSD/M).

The point here is that the government’s ‘affordability measures’ are not ‘money well spent’ that put dollars back into the pockets of families that are struggling. Instead, they exacerbate existing high levels of income inequality and reduce the potential to make better investments, even if the government is limited to using income transfers. But, more importantly, the unique opportunity Newfoundland and Labrador has at the moment in terms of fiscal space could be used to invest in public services that we already know ‘put money back in people’s pockets.’

Weighing the benefits of tax investment in public services

As noted above, it is popular at the moment to treat all government spending as if it is ‘bad’ and somehow a loss to our communities. Thus, the dominant view by governments is that cutting spending, reducing debt, and slashing taxes are all inherently somehow beneficial. On a basic level, we all know this is wrong. Government spending on health care provides us with affordable health services—if we did not fund our health care services this way, we would have to pay for those things out of pocket. Cutting the revenues necessary to provide an efficient and equitable set of public services does not save Canadian’s money. It has long been recognized that while the private for-profit health system in the United States may result in slightly lower tax rates, it unquestionably produces a more expensive health system.¹¹ Many public expenditures do likewise.

So while we know public spending is a key way to help keep the cost of living affordable for households and can be a powerful support for economic growth, the thing we don’t always know is what the value of those investments is for real households.

This is the key lesson of the STiK analysis above. MacKenzie and Shillington’s analysis that “weighs the benefits of public services

¹¹ Gunja, M., Gumas, D. and Williams, R. (2026). *U.S. Health Care from a Global Perspective, 2026*. The Commonwealth Fund. doi.org/10.26099/2egm-8b76

provided by federal, provincial, and municipal governments against the benefits of recent tax cuts”¹² reached a similar conclusion:

- Spending on public services improves the quality of life for most Canadians, making a more equal society.
- Lower-income Canadians benefit more from transfer payments to people, including from Employment Insurance, social assistance, child benefits, and public pensions.
- Provincial and local spending has a powerful impact on middle-income Canadians, thanks to public services such as education and health, roads, sewer and water services.

Their study found that Canadians received an average economic benefit from public services, which *at that time* was equal to the amount a Canadian working full-time, full-year at the minimum wage would earn. Crucially, they found that for more than two-thirds of Canadians, the benefits are equivalent to more than 50 per cent of that household’s total earned income, a finding that suggested redistribution and the efficiency of publicly provided services were providing most Canadians with a very good ‘deal.’

While we have illustrated above that government tax breaks could be used to more effectively tackle poverty and ‘affordability’ problems, which really are the result of poor policy decisions by provincial governments, it is broadly the case that investing that money in making sure people have accessible health care, education and child care is also money well spent.

¹² MacKenzie, H., and Shillington, R. (2009). Op. cit.

The public sector helps fight inequality

Measuring the value of the public sector based on benefits to households undervalues the role these public investments have on the broader community. When adequately funded, universal public services act as equalizers, whether that comes to ensuring everyone has access to essential services, which are not based on their ability to pay, their socioeconomic status, or where they live, governments provide citizens not only with good value for money as measured by the STiK, but a range of other benefits as well.

For example, public health care is a critical equalizer, given the aging population and higher chronic health conditions in the province. Without this investment, the out of pocket expenses would be prohibitive for many households. Indeed, the challenges of rural health care delivery would be far worse.

Similarly, education (from kindergarten to post-secondary) and early learning and child care have high per-household value—households get high value services with limited out-of-pocket expenses, and both the community and economy benefit.

Child care investments are perhaps the best example of the broad benefits the province receives from funding affordable public services. The Canada-Wide child care agreement expanded available child care spaces and reduced fees, which has directly benefitted households with children who were able to access a \$10 a day space. Newfoundland and Labrador claims to have met the

\$10 a day target for licensed child care (down from the set fees depending on the age of the child of \$44/33/30 a day in 2019). This is a median monthly savings of \$738 for parents in St. John's who can access this care.¹³ N.L. also offers a child care subsidy program,¹⁴ which is vital because even \$10 a day can be unaffordable for many families. However, only 38 per cent of non-school-aged children have access to full time licensed care.¹⁵

Access is much worse depending on where families live, with 31 per cent of children in N.L. living in "child care deserts" where there is no access, and another 61 per cent face inadequate coverage.¹⁶ Only eight per cent of communities have adequate coverage. It is worse for more rural communities with 54 per cent of rural children residing in child care deserts.¹⁷ There is a need for just over 3000 spaces to even reach enough spaces for 59 per cent of children, as was promised by March 2026 in the bilateral federal-provincial child care agreement.

Analysis of Quebec's universal child care program shows that for every dollar invested in early childhood education, the broader economy receives between \$1.50 and \$2.80 in return.¹⁸ The most recent study, released in 2026, finds that "the flow of fiscal benefits may recapture between 75 and 117 percent of the upfront costs of

¹³ Macdonald, D., & Friendly, M. (2025). *The price is not right (yet): \$10-a-day child care falling short of target*. Canadian Centre for Policy Alternatives. policyalternatives.ca/news-research/the-price-is-not-right-yet-10-a-day-child-care-falling-short-of-target/

¹⁴ Department of Education and Early Childhood Development. (2026). *Child Care Subsidy Policy Manual*. Government of Newfoundland and Labrador. gov.nl.ca/education/files/Child-Care-Subsidy-Policy-Manual-.pdf

¹⁵ Macdonald, D. (2026a). *The last mile: Provincial child care expansion at the five-year deadline*. Canadian Centre for Policy Alternatives. policyalternatives.ca/news-research/the-last-mile-provincial-child-care-expansion-at-the-five-year-deadline/

¹⁶ Macdonald. (2026a). Op.cit.

¹⁷ Macdonald, D. (2025). *Cash cow: Assessing child care space creation progress*. Canadian Centre for Policy Alternatives. policyalternatives.ca/news-research/cash-cow-assessing-child-care-space-creation-progress/

¹⁸ Montpetit, S., Beauregard, P-L., & Carrer, L. (2024). *A welfare analysis of universal childcare: Lessons from a Canadian reform*. Childcarecanada.org. childcarecanada.org/documents/research-policy-practice/24/07/welfare-analysis-universal-childcare-lessons-canadian

the program.”¹⁹ The evidence shows that the amount invested in it is more than returned to the government by increased revenue as parents are able to work, which is crucial in an economy experiencing problematic labour shortages. Even if it did not have these economic benefits, early learning and child care is essential social infrastructure and critical for children’s development.

At present, many households don’t have access to affordable child care. More investment would decrease current costs for families and help reduce inequality, while also preventing worse and costly social problems down the road. The share of provincial funding for building the child care system in N.L. currently stands at 29 per cent, which is the lowest provincial share in Canada.²⁰ These public services also result in higher productivity, which then means increased revenue for the government, which in turn helps ensure adequate public funding is available.

Basically, properly funding child care helps families manage cost of living pressures, benefits the economy as a whole and may ‘pay for itself.’ These are the kind of measures governments should be directing public dollars towards. The same can be said about the K-12 education system and investments in post secondary education—maintaining access to affordable services that also grow the economy should be a priority.

Public sector as an employer

Importantly, the public sector isn’t just a provider of services—it is also an employer. Starving public services of funding has an impact on a large percentage of the workforce in Newfoundland and Labrador. Public sector employment in health care, education,

¹⁹ Baker, M., Gruber, J., and Milligan, K. (2026). *Investing in mothers? The long-run impact of a universal child care program on maternal work and income*. University of British Columbia.

childcarecanada.org/documents/research-policy-practice/26/04/investing-mothers-long-run-impact-universal-child-care

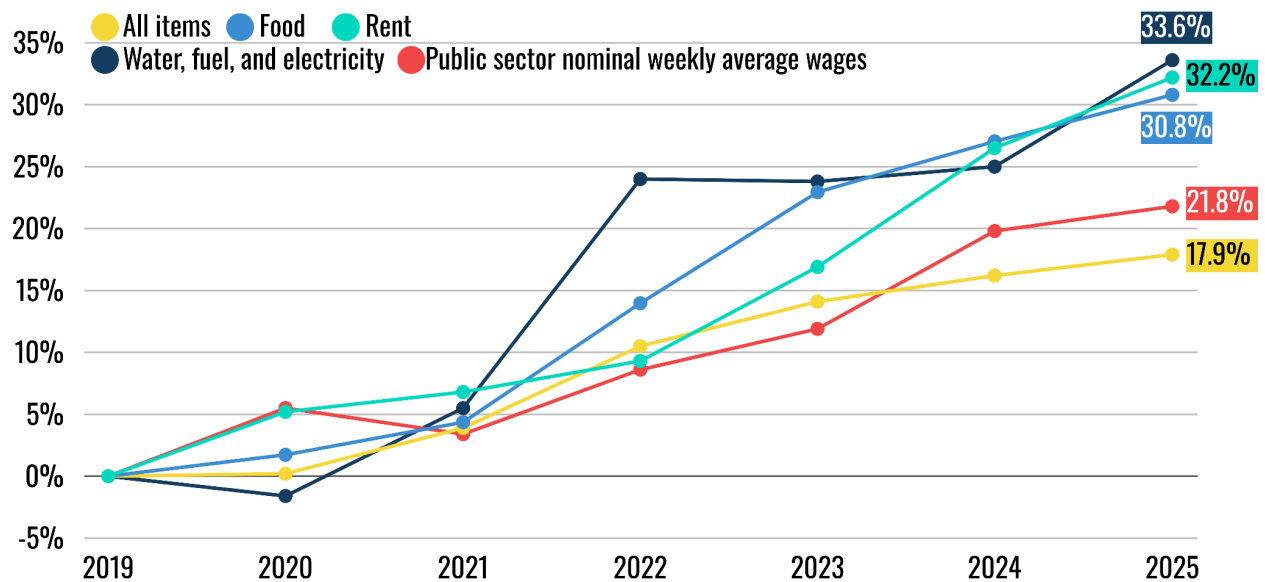
²⁰ Macdonald, D. (2026b). *Provinces need to own their responsibility for expanding low-fee child care*. Canadian Centre for Policy Alternatives.

policyalternatives.ca/news-research/provinces-need-to-own-their-responsibility-for-expanding-cheaper-child-care/

social services and housing support not only provides affordable services in households, but it also provides jobs and a more equitable distribution of income.

There are no new hospital beds, long term care beds, child care spaces, classrooms, or otherwise, without retaining and recruiting the staff needed to provide the quality care and learning spaces needed.

Figure 4 / Public sector growth compared to inflation
Newfoundland and Labrador, 2019-2025

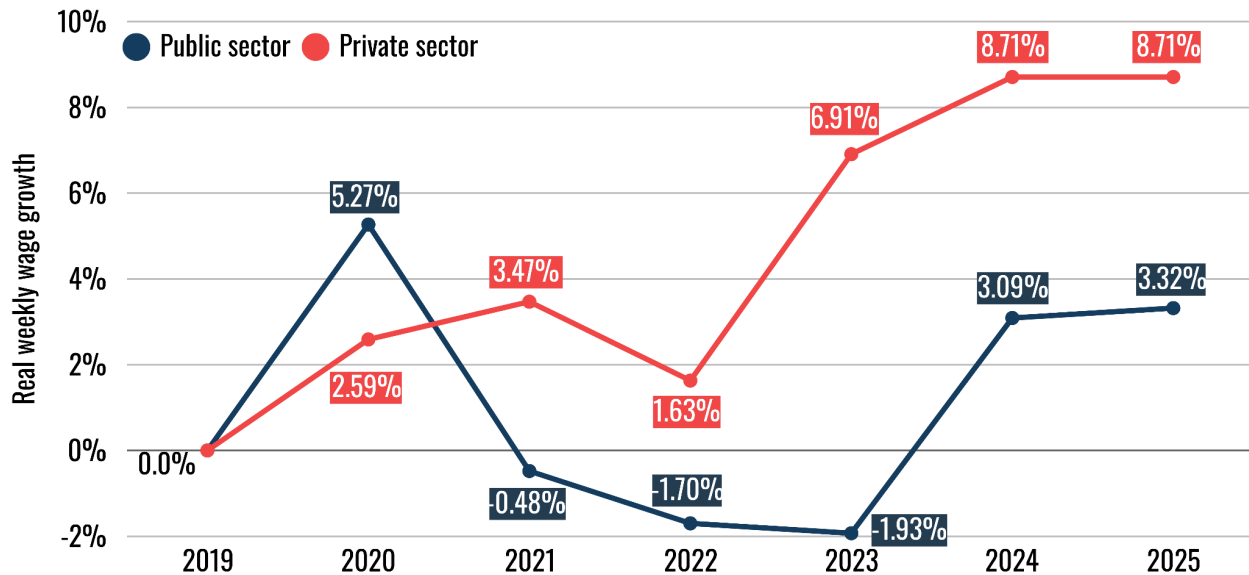


Source Own calculation based on Statistics Canada Labour Force Survey (LFS) PUMF microdata, 2019–2025, and *Table 18-10-0004-01, Consumer Price Index, monthly, not seasonally adjusted*. doi.org/10.25318/1810000401-eng

Critical to retention and recruitment are wages, especially during an affordability crisis. It is concerning that the public sector has experienced a wage freeze and very little wage growth since 2019. Figure 4 shows that these workers have barely kept up with inflation, with only a 3.32 per cent increase above inflation over that time period, when you consider that the inflation for all items in the province grew by 17.9 per cent. However, food, rent and utilities grew by over 32 per cent, showing a clear disconnect between what these workers need and the increased costs. A recent CCPA article shows that N.L. has seen the second lowest growth of wages for social assistance workers between 2018 and 2025, and the lowest

in the region by far.²¹ Figure 5 shows that the private sector had more than double the real wage growth than the public sector (at 8.71 per cent).

Figure 5 / Wage growth by sector
Public vs private sector, Newfoundland and Labrador, 2019–2025



Source Own calculation based on Statistics Canada Labour Force Survey (LFS) PUMF microdata, 2019–2025, and Table 18-10-0004-01, *Consumer Price Index for N.L., monthly, not seasonally adjusted*. doi.org/10.25318/1810000401-eng

The Public Sector helps narrow the gender pay gap²²

The public sector is also critical when it comes to fighting inequality, and specifically the gender pay gap. For Newfoundland and Labrador, the Labour Force Survey data from 2025 shows that public sector employment plays an important role in reducing

²¹ Tranjan, R., and Scott, K. (2026). *Why are Ontario social and community service workers striking?* Canadian Centre for Policy Alternatives. policyalternatives.ca/news-research/why-are-ontario-social-and-community-service-workers-striking/

²² This section comes from the CCPA-NS report on pay equity in Atlantic Canada: Cerdas Sandí, D. and Saulnier, C. (2026). *Closing the Gaps: Gender pay inequity in Atlantic Canada*. Canadian Centre for Policy Alternatives – Nova Scotia. www.policyalternatives.ca/news-research/closing-the-gaps/

gender-based income inequality (see Table 9). This is especially clear when we compare women’s wages in the public and private sectors.

- In the private sector, women earn much less than men; On average, men earn \$512 more per week than women. At the median, the gap is \$417 per week.
- In the public sector, the gap is much smaller. Men earn \$95 more per week on average, and the median gap is only \$19. This means that, for a typical worker, women and men in the public sector earn almost the same weekly wage. Public sector jobs do not fully solve gender inequality, but they help reduce it.

Table 9 / Weekly gender wage gap by sector
Newfoundland and Labrador, 2025

Sector	Men average weekly wage	Women average weekly wage	Average weekly gap	Men median weekly wage	Women median weekly wage	Median weekly gap
Private sector	\$1,408.9	\$896.4	\$512.5	\$1,167.2	\$750.0	\$417.2
Public sector	\$1,514.6	\$1,419.7	\$94.9	\$1,404.0	\$1,384.8	\$19.2

Source Own calculation using Statistics Canada’s 2025 Labour Force Survey Public Use Microdata File.

The same pattern appears when we look at broad occupation groups. In most occupations, the gender wage gap is smaller in the public sector than in the private sector. This is clear in management, business and finance, health, education and social services, manufacturing, and natural resources.

There are also some occupations where women earn more than men in the public sector, including health occupations, natural and applied sciences, and arts, culture, recreation and sport. This does not mean that gender inequality has disappeared. These are broad occupation groups, and wages can still vary by specific job, seniority, hours, and workplace. But, Table 10 shows that the public sector helps promote equal pay. What is clear is that public sector jobs matter for women’s economic security. Cuts, privatization, contracting out, or wage restraint could weaken one of the parts of the labour market where the gender wage gap is usually smaller.

Table 10 / Weekly gender wage gap by occupation and sector
Newfoundland and Labrador, 2025

Occupation	Sector	Average man's weekly income	Average woman's weekly income	Average gap
Business, finance and administration occupations	Private sector	\$1,339.8	\$1,083.2	\$256.5
	Public sector	\$1,305.6	\$1,162.4	\$143.2
Health occupations	Private sector	\$1,297.7	\$1,060.7	\$237.1
	Public sector	\$1,503.5	\$1,563.8	-\$60.3
Management occupations	Private sector	\$2,298.6	\$1,764.3	\$534.3
	Public sector	\$2,303.1	\$2,078.3	\$224.7
Natural and applied sciences and related occupations	Private sector	\$1,863.0	\$1,864.2	-\$1.3
	Public sector	\$1,619.3	\$1,692.7	-\$73.4
Natural resources, agriculture and related production occupations	Private sector	\$2,174.3	\$1,647.9	\$526.4
	Public sector	\$1,027.2	\$731.2	\$296.0
Occupations in art, culture, recreation and sport	Private sector	\$643.5	\$471.1	\$172.5
	Public sector	\$470.1	\$906.4	-\$436.3
Occupations in education, law and social, community and government services	Private sector	\$1,077.2	\$806.0	\$271.2
	Public sector	\$1,679.5	\$1,508.4	\$171.1
Occupations in manufacturing and utilities	Private sector	\$1,201.1	\$801.3	\$399.7
	Public sector	\$1,725.4	\$1,705.3	\$20.1
Sales and service occupations	Private sector	\$717.1	\$604.6	\$112.5
	Public sector	\$948.5	\$829.9	\$118.6
Trades, transport and equipment operators and related occupations	Private sector	\$1,569.0	\$1,355.7	\$213.4
	Public sector	\$1,388.9	\$990.7	\$398.2

Source Own calculation using Statistics Canada's 2025 Labour Force Survey Public Use Microdata File.

Expanding public services, protecting against the risks of privatized services

As noted above, one of the key arguments underpinning the idea that making cuts to public services to finance tax cuts is that the public spending is just a waste. Behind this idea that public spending is wasteful is the misconception that public services are inefficient. Over the last decade, Newfoundland and Labrador, operating under austerity, has made a sharp turn towards new kinds of privatized public service delivery—models that sound good to people who don't like government investments, but models that do not tend to work well in practice.

Public Private Partnerships (P3s), contracting out, subcontracting and outsourcing, as forms of privatizing services, have been proven to cost more than non-profit or public services, and underdeliver when it comes to quality and efficiency.²³ The international estimate is that public provision can provide net savings. Indeed, there is mounting evidence that substantial money—anywhere from 4 per cent to 62 per cent—is saved when services return to being publicly managed.

²³ The bulk of the privatization research and analysis used in this section is excerpted and slightly modified from here: Buott, K., Saulnier, C., and Thompson, K. (2024). *Building Inclusive Communities: A Policy Agenda for Nova Scotia Municipalities that Leaves No One Behind*. Canadian Centre for Policy Alternatives – Nova Scotia.

policyalternatives.ca/news-research/building-inclusive-communities-a-policy-agenda-for-nova-scotia-municipalities-that-leaves-no-one-behind/

While Newfoundland and Labrador has ‘come late’ to these experiments in privatized service delivery, there is ample evidence of how these systems have failed in other jurisdictions. However, we have compiled some of the local failures, and how returning to the public sector has been to the benefit of communities:

- In June of 2025, the Newfoundland and Labrador Auditor General released a scathing report on the use of private nursing firms to cover over cracks in the provincial health care system.²⁴ The Auditor General concluded that private agency nurses were costing the province \$400,000 per year on average. The Wakeham government has now announced plans to try to replace the use of contracted-out agency nursing with a public travel nursing team.
- In March of 2024, N.L.’s Ministry of Health announced that it would have to “modernize” ground ambulance services, by bringing the fragmented private system into the public service.²⁵ The government’s reliance on 60 different private operators had generated serious problems with cost and reliability. While the move to direct public provision may be temporary, the current government has been negotiating with Medavie N.L. to privatize the system, early assessments suggested the new system “worked better.”²⁶
- The town of Paradise has decided to end contracting out of snow clearing and waste removal services, having estimated they could provide the services cheaper themselves—as much as

²⁴ Office of the Auditor General. (2025). “Auditor General Delivers Report on Health Sector Contracts.” Government of Newfoundland and Labrador.

gov.nl.ca/releases/2025/oag/0625n06/

²⁵ Health and Community Services. (2024). “Provincial Road Ambulance Services Transitions to Newfoundland and Labrador Health Services.” Government of Newfoundland and Labrador. gov.nl.ca/releases/2024/health/0530n01/

²⁶ Roberts, T. (2025). “N.L.s public road ambulance is a year old, and it still has that new-car smell.” CBC News.

cbc.ca/news/canada/newfoundland-labrador/ambulance-public-road-nl-1.75621

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half the cost of the current waste removal contract valued at \$2 million annually.²⁷

- Conception Bay South has already stopped contracting for solid waste collection and they estimate a \$230,000 cost savings annually.²⁸

There are even more examples of contracting-in across the region and the country:

- In 2013, when contractors provided snow removal for Port Hawkesbury, Nova Scotia, the budget was \$350,000 and growing. In 2014, Port Hawkesbury dropped its primary contractor, reducing the cost to \$216,000—a 62 per cent decrease. In 2015, the remaining private contracts were phased out,²⁹ and the municipality reported a surplus in the snow-clearing budget.³⁰ The municipality also brought road patching services back in-house, and reported plans to bring waste management and other services back in.³¹
- In 2017, the Halifax Regional Municipality of Nova Scotia returned parking enforcement to in-house delivery, projecting a \$100,000 yearly savings, or about 8 per cent.³²

²⁷ CBC News. (2017). “Contractors out as C.B.S., Paradise bring services in-house.”

[cbc.ca/news/canada/newfoundland-labrador/contractors-out-as-c-b-s-paradise-bring-services-in-house-1.1108307](https://www.cbc.ca/news/canada/newfoundland-labrador/contractors-out-as-c-b-s-paradise-bring-services-in-house-1.1108307)

²⁸ Jordan, K. (2017). *When private goes public – community wins*. Canadian Union of Public Employees. cupe.ca/when-private-goes-public-community-wins

²⁹ See Port Hawkesbury’s snow removal policy: Public Works Department. (2024). “Winter control policy.” Town of Port Hawkesbury.

townofporthawkesbury.ca/wp-content/uploads/2024/01/Winter-Control-Policy-TOPH_FINAL-1.pdf

³⁰ Smith, Y. (2015). “Port Hawkesbury may record surplus in snow removal budget.” CBC News.

[cbc.ca/news/canada/nova-scotia/port-hawkesbury-may-record-surplus-in-snow-removal-budget-1.2984947](https://www.cbc.ca/news/canada/nova-scotia/port-hawkesbury-may-record-surplus-in-snow-removal-budget-1.2984947)

³¹ Patil, A. (2016). “Snow removal cheaper in-house: Port Hawkesbury mayor.” CBC News.

[cbc.ca/news/canada/nova-scotia/contract-in-house-snow-removal-port-hawkesbury-1.3619079](https://www.cbc.ca/news/canada/nova-scotia/contract-in-house-snow-removal-port-hawkesbury-1.3619079)

³² Davie, E. (2017). “Halifax ends contract with parking contractor, brings service in-house.” CBC News.

[cbc.ca/news/canada/nova-scotia/halifax-ends-contract-with-parking-contractor-brings-service-in-house-1.4376154](https://www.cbc.ca/news/canada/nova-scotia/halifax-ends-contract-with-parking-contractor-brings-service-in-house-1.4376154)

- The town of Taber, Alberta, decided to end a contract with a for-profit company to finance and upgrade the town's wastewater and stormwater infrastructure and operate and maintain its water and wastewater systems. Renegotiating the loan alone saved them \$1.4 million over 10 years, allowing them to complete the upgrades at a lower cost, avoid rate hikes for residents, and employ 10 per cent more unionized staff.³³

Many other examples can be found worldwide::

- Since 2011, London's Islington Council has taken back contracts for cleaning, building and grounds maintenance, and waste management services worth £380 million, saving about £14 million, or 4 per cent;
- Seoul, South Korea, stopped contracting out cleaning services and saved 5 per cent despite the higher labour costs because of other fees associated with the private for-profit contract;³⁴
- Kragerø, Norway found that waste collection that was no longer contracted out was more effective and cost-efficient, resulting in a 14 per cent reduction in resident fees. Though they faced higher labour costs for wages and pensions, they saved money by "avoiding expensive tendering processes and benefited from having its own full-time employees in waste collection who could also carry out duties in other areas of responsibility for the municipality."³⁵

While there is considerable research on this, essentially the core point is that privatization, which is often adopted to save money in increasingly austere environments for public finance, often ends up costing more for a variety of reasons:

³³ Ramsay, R. (2020). "Canada: Local insourcing in the face of a national privatisation push," in Kishimoto, S., Steinfors, L., & Petitjean, O. *The future is public: Towards democratic ownership of public services*. Transnational Institute (TNI): Amsterdam, The Netherlands. tni.org/files/futureispublic_chapter_3.pdf

³⁴ Kishimoto, S., Steinfors, L., & Petitjean, O. "Conclusion," Op. cit.

³⁵ Monsen, N. and Pettersen, B. "Norway: Bankruptcy sparks more than 100 cases of Remunicipalization," in Kishimoto, S., Steinfors, L., & Petitjean, O. (2020). *The future is public: Towards democratic ownership of public services*. Transnational Institute (TNI): Amsterdam, The Netherlands. tni.org/en/publication/the-future-is-public-democratic-ownership-of-public-services

- Corporations must generate profits and pay dividends to their shareholders and parent companies—this is a cost that doesn't exist in the public service.
- Public bodies typically pay lower interest rates than private entities, making their borrowing costs lower than private companies.
- Privatization generates extra complexity and costs, including substantial fees to consultants and lawyers who design the complex contracts and payment schemes. That is, rather than paying the local school bus driver, governments end up paying wealthy financial institutions instead.
- Public authorities lose control over service costs, as private operators tend to outsource some of the work to other companies, which often comes at a high price.
- Private operators lack a long-term vision regarding financial management.

Privatized services cost more than publicly provided services. While it may seem obvious that the profit margin alone adds cost to a contract, profits are only one significant way that expenses are higher. When the additional financing costs are added to the operating expenses maximized for profit, Nova Scotia's experience with public-private partnership (P3) schools³⁶ and highways³⁷ resulted in hundreds of millions in overpayment. These partnerships involved private-for-profit consortiums, building, financing, owning and operating the infrastructure using lengthy, complex contracts. The additional P3 costs represented a significant amount of taxpayer money that could have been invested into more custodians, educators, and road service—but instead went into subsidizing the profits of for-profit companies,

³⁶ CCPA-NS. (2016). *Private Profit at a Public Price: Deciding the Future of the Public-Private Partnership Schools in Nova Scotia*. Canadian Centre for Policy Alternatives – Nova Scotia.

policyalternatives.ca/news-research/private-profit-at-a-public-price/

³⁷ Majka, C. (2019). *Highway Robbery Public Private Partnerships and Nova Scotia Highways*. Canadian Centre for Policy Alternatives – Nova Scotia.

policyalternatives.ca/publications/reports/highway-robbery

many of whom are not local.³⁸ The analysis of Newfoundland and Labrador's experiments with P3s also underlines similarly, that these contracts have many red-flags.³⁹

Not just about cost: Public Services are superior to for-profit contracted services

There is mounting evidence that contracting out and privatization costs more and therefore stretches governments dollars for public services more thinly. Less often addressed is the simple fact that the public provision of social services is preferable. Public provision of core public services leads to:

- Improved quality of services;
- Equitable access for users and decent working conditions for providers;
- Accountability to community members;
- Ability to respond quickly to emergencies, and;
- Greater efficiency.⁴⁰

The movement to de-privatize Canada's water, waste, transport, telecommunications and health care sectors generally,⁴¹ and in local government specifically (including housing, parking, security, police station construction, and recreation services)⁴² highlight the

³⁸ Saulnier, C. (2020). *Many Dangers of Public-Private Partnerships (P3s) in Newfoundland and Labrador*. Canadian Centre for Policy Alternatives – Nova Scotia.

policyalternatives.ca/news-research/many-dangers-of-public-private-partnership-s-p3s-in-newfoundland-and-labrador/;

³⁹ Saulnier, C. (2020). Op. cit.

⁴⁰ Findlay, T., Saulnier, C., Boyd, M., O'Keefe, J. (2020). *Creating the Future we all deserve, A Social Policy Framework for Nova Scotia*. Canadian Centre for Policy Alternatives – Nova Scotia.

policyalternatives.ca/publications/reports/the-future-we-deserve

⁴¹ See database of initiatives here: publicfutures.org/en/cases

⁴² Saulnier, C. (2020). Op. cit.

value of public services.⁴³ Reasons for undertaking de-privatization initiatives to ensure more services are under public control include “increasing costs and declining quality for service users, worsening conditions for workers and virtually non-existent accountability, transparency and democratic control.”⁴⁴ In Winnipeg, for example, serious concerns were raised about outsourced waste collection jobs that were insecure, paid less than when collection remained in-house, and for which the occupational safety and health standards were insufficient and non-adherence to regulations.⁴⁵ Some decisions to stop contracting out some services in other countries have been driven by “fiscally conscious municipal managers who decide to bring services back in-house because it is cheaper to do so (by removing the costs of monitoring and tendering as well as eliminating profit-taking by private firms).”⁴⁶ An older study of reasons for bringing work back in-house in Canada included “local control, cost, problems with contractors, increased local capacity.”⁴⁷

Public services: Better quality and responsiveness of services

Publicly managed services are best trusted to uphold the public interest, improving quality and responsiveness. There are lessons to be learned from the COVID-19 pandemic, Hurricane Lee, Post-Tropical Storm Fiona, and the recent floods and wildfires in the region. These events have demonstrated how critical public services—and the workers who provide them—are to a healthy,

⁴³ Kishimoto, S., Steinfert, L., & Petitjean, O. “Introduction,” in Kishimoto, S., Steinfert, L., & Petitjean, O. (2020) *The future is public: Towards democratic ownership of public services*. Transnational Institute (TNI): Amsterdam, The Netherlands.

⁴⁴ Kishimoto, S., Steinfert, L., & Petitjean, O. “Introduction,” Op. cit.

⁴⁵ Smirl, E. (2018). *Trashed: How Outsourcing Municipal Solid Waste Collection Kicks Workers to the Curb*. Canadian Centre for Policy Alternatives – Manitoba. policyalternatives.ca/publications/reports/trashed

⁴⁶ McDonald, D. A. (2024). *Landscapes of Remunicipalization: A Critical Literature Review*. Urban Affairs Review. doi.org/10.1177/10780874241233535

⁴⁷ Reynolds, K., Royer, G. and Beresford, C. (2016). *Back in House: Why Local Governments are Bringing Services Home*. Columbia Institute. columbiainstitute.eco/wp-content/uploads/2018/09/Columbia_Back_in_House_2016_English_web.pdf

functioning society. These services will likely be increasingly needed as we face mounting climate and public health emergencies. For these services to be most effective and responsive, they must be sufficiently funded and under public control. Publicly managed services are better able to comply with regulation changes, with a view of upholding the public interest in mitigating the emergencies in the first place.

One study of how P3s affect a service provider's ability to provide services in the public interest finds this model "often works at cross purposes with the people trying to ensure the day-to-day functioning of these public institutions."⁴⁸ The turnover of workers in contracted companies also often results from a lack of institutional knowledge and training.⁴⁹ A central concern raised by workers was the "pervasive sense of uncertainty and confusion over who was ultimately responsible for a certain task or job duty" when certain services of municipality workers are done by contractors, often in the same building or area of the community for the same tasks such as snow removal. The result is inefficiency, with the public sector often back-stopping because the contracts can never predict all that is needed nor accommodate the necessary flexibility to respond to unexpected challenges.

Privatization also poses risks to the public interest, including bankruptcy. There are many examples of this worldwide. In Norway, in 2017, one of the largest companies providing waste collection services went bankrupt, surprising most municipalities. However, the outcome was ultimately positive—though initially left scrambling, this resulted in 100 municipalities bringing the service back in-house, lowering user fees and providing better pay and working conditions for workers.⁵⁰

Privatization has also been found to exacerbate racial injustice. A recent report found that privatization came "at the direct expense of Black, Indigenous and racialized workers who work in

⁴⁸ Enoch, S. (2020). *A Partnership in Name Only: How the Public Sector Subsidizes the P3 Model*. Canadian Centre for Policy Alternatives – Saskatchewan. policyalternatives.ca/news-research/a-partnership-in-name-only/

⁴⁹ Enoch, S. (2020). Op. cit.

⁵⁰ See: Monsen, N. and Pettersen, B. (2020). Op. cit.

contracted-out services, or who depend on these services."⁵¹ Once services were privatized, these workers experienced worsening working conditions, including lower pay and benefits, and racial discrimination and harassment, all of which also negatively affected the quality of the services they were able to provide.

Conversely, bringing work back in-house could help advance racial justice and improve working conditions. Port Hawkesbury's mayor said the following about their de-privatized services: "It was trial and error, but it wound up that the people are proud of them, the streets are done much better, and it's transparency at its highest. They're dedicated and happy with their work."⁵²

Similarly, Halifax's impetus for bringing its parking compliance enforcement service back in-house was the company's poor performance and complaints about it.⁵³ Notably, this company had been brought in to replace another in which three employees were charged after submitting thousands of forged parking tickets.⁵⁴ After terminating the contracts, Halifax planned to hire nine compliance officers to enforce parking bylaws, and they would also enforce other minor offences as required by the municipalities' needs.

Promoting democratic, equitable, and sustainable public services

Publicly provided services are more democratic, allowing for more explicit promotion of socially and economically just and environmentally sustainable services. It is easier for community members to hold publicly managed services to account for meeting

⁵¹ Karim, A. and Sánchez, J. (2024). *The Colour of Privatization: A CUPE Report on the Impacts of Privatized and For-Profit Services on Indigenous, Black and Racialized Workers and Communities*. The Canadian Union of Public Employees. cupe.ca/sites/default/files/colour_of_privatization_report_en.pdf

⁵² Patil, A. (2016). Op. cit.

⁵³ Davie, E. (2017). Op. cit.

⁵⁴ Pearson, H. (2016). "3 men face charges after submitting thousands of forged parking tickets." Global News. globalnews.ca/news/2500781/3-men-face-charges-after-submitting-thousands-of-forged-parking-tickets/

environmental or other social or economic objectives overseen by elected officials, and to provide more meaningful input into these services. Where is the incentive for a private, for-profit company to reduce waste in locked-in 25-year contracts? What the province may need in the year 2049 will likely be very different from what it needs today, as all levels of government will be focused on preventing the further warming of the planet and decreasing greenhouse emissions. Publicly managed services are better positioned to prioritize “long-term ecological concerns over short-term financial considerations.”⁵⁵ As the Transnational Institute’s study on municipal examples of bringing services back in-house shows, “procurement, employment and investment decisions can bring ecological and equitable economic development.”⁵⁶

All levels of government should consider de-privatizing services and commit to protecting essential public services from being captured by private for-profit interests in the first place.

As publicly provided services, they are more democratic, and governments can better ensure the best quality of public services and the broadest access. These services must, however, ensure community members can contribute their input and control not just at elections every four years but rather in meaningful opportunities for inclusive, bottom-up, transparent decision-making.

It is also critical to consider the service user experience and working conditions of those providing current public services and improving both in efforts to contract services back-in. As the cases of those who have brought services back in house have shown, “workers achieved more protection and better conditions than in the private sector – especially the most vulnerable.”⁵⁷

Research on the thousands of (re)municipalization examples show that when essential services are publicly owned and democratically organized, they can effectively “strengthen community wealth,

⁵⁵ Kishimoto, S., Steinfert, L., & Petitjean, O. (2020). “Executive Summary” in *The future is public: Towards democratic ownership of public services*. Transnational Institute (TNI): Amsterdam, The Netherlands.

⁵⁶ Kishimoto, S., Steinfert, L., & Petitjean, O. (2020) *Executive Summary*. Op. cit.

⁵⁷ Kishimoto, S., Steinfert, L., & Petitjean, O. (2020) *Executive Summary*. Op. cit.

localize the economy and fulfill people's collective needs."⁵⁸ Public ownership can also take different forms, such as the collaboration with grassroots citizens' and workers' cooperatives⁵⁹ or co-ownership shared between a public authority and a not-for-profit association.

In summary, we must move away from an approach that uses public money to guarantee the profits of private entities that promise to absorb risks when, in reality, they too often introduce different ones, like bankruptcy. In contrast, public finances are more effectively, efficiently, and equitably used for publicly-managed and -provided services. This results in:

- **Lower costs:** The government does not have to pay for contract tendering and monitoring or the companies' higher expenses, including financing at higher interest rates and profits, which might support lowering fees for service users;
- **More accountability and democratic control:** The public has more input into how the service is provided, allowing more swift and less costly changes as needed without being locked into contracts with no flexibility;
- **Less risk:** Services provided by a private company that can declare bankruptcy or engage in practices that compromise the services;
- **Better quality, decent jobs, and equitable access to services:** Public services are of higher quality and can be designed to support decent work and well-being and ensure universal access. Alternatively, the lowest bidders seeking to maximize profits can result in a patchwork of poorer-quality services and working conditions.

⁵⁸ Kishimoto, S., Steinfert, L., & Petitjean, O. (2020) *Executive Summary*. Pg. 28. Op. cit.

⁵⁹ Hemingway, A. and Pek, S. (2024). *Expanding democratic employee ownership in Canada: Policy options*. Canadian Centre for Policy Alternatives – B.C.. policyalternatives.ca/news-research/expanding-democratic-employee-ownership-in-canada-policy-options/

Context: What Newfoundlanders and Labradorians think

As argued above, Newfoundland and Labrador has a unique opportunity to correct a decade-long program of austerity that has resulted in significant reduction in the funding and quality of public services. Investing in and rebuilding public services are the most effective way to help households struggling with higher costs of living. They provide affordable, and necessary, public services to residents. They promote equality and they help the economy. Investment in direct public provision of services—rather than privatization and contracting out—is the more efficient method of delivering services, and provides a host of other benefits to the province.

Given governments' increasing reticence to make these investments, and their preference for simplistic and regressive tax cuts as a way to use their fiscal space, we also sought direct public feedback on their assessment of the value of public services.

This section includes a summary of findings from a survey conducted by Angus Reid for the Canadian Centre for Policy Alternatives – Nova Scotia from September 23rd to October 2nd 2025, among a representative sample of 501 Newfoundland and Labrador residents who are members of the Angus Reid Forum. The survey was conducted in English. For comparison purposes only, a probability sample of this size would carry a margin of error

of +/-4.37 percentage points, 19 times out of 20. The survey results here are weighted by population.⁶⁰

Key findings

Crucially, the number one issue of concern to residents of the province is the rising cost of living—61.7 per cent of our respondents rank it as the top government priority (see Table 11). This is not surprising, given evidence from other polls and the government’s own emphasis on an ‘affordability’ crisis. People are feeling the pinch, and over 70 per cent of our respondents believe that their income is not keeping pace with the cost of living.

Table 11 / Government priority rankings among residents of Newfoundland and Labrador
All respondents, 2025

Issue	Rank 1	Top 2	Top 3	Mean rank
Address the cost of living	61.70%	79.20%	87.40%	1.9
Invest in public services	12.20%	33.80%	49.80%	3.74
Provide equal opportunities for all in N.L.	4.60%	18.70%	41.00%	4.16
Provide healthy and safe working conditions	6.50%	21.80%	38.40%	4.07
Respond to economic uncertainty related to the United States	3.80%	21.30%	32.80%	4.86
Contract with private, for-profit companies to build or maintain public services	6.40%	12.20%	22.30%	5.63
Help workers in N.L. adapt to automation and new technologies	1.90%	7.70%	21.00%	4.95
Help workers to unionize	2.90%	5.20%	7.20%	6.69

Source Public Opinion Survey on Public Services in Newfoundland and Labrador (2025).

Note: Respondents ranked eight government priorities from 1 (highest priority) to 8 (lowest). “Rank 1” shows the percentage selecting an issue as their top priority. “Top 2” combines ranks 1 and 2. “Top 3” combines ranks 1, 2, and 3. Results are weighted.

“Mean Rank” represents the average position assigned to each issue across all respondents. Lower values indicate higher priority (e.g., a mean rank close to 1 means respondents typically placed the issue at or near their top priority). Higher values indicate lower perceived priority. Because Q14 used a forced-ranking format, each respondent assigned a unique rank from 1 to 8.

⁶⁰ See Backgrounder for details on methodology and the full survey with results at policyalternatives.ca/news-research/nl-public-opinion-survey/.

It is important to note that members of the public see a variety of solutions to these problems (see Table 12). While some seem to want reduced government spending, others want larger investments in public services (this is the second highest priority ranking—second only to a concern about cost of living). Indeed there is very little support for cuts to public services (only 3.86 per cent see that as their key priority). Instead, there is widespread support for more investment in direct public service provision—particularly in the area of housing and considerable support for a more redistributive tax system. There is also considerably more support for taxing high income households than there is for reducing public services.

Table 12 / How the government should solve economic and social challenges in Newfoundland and Labrador
 Ranked, 2025

Issue	Rank 1	Top 2	Top 3	Mean Rank
Increase tax on the wealthy (household incomes of \$250,000+)	23.90%	38.00%	53.90%	3.72
Build affordable housing	14.70%	36.70%	52.60%	3.45
Reduce government spending	23.00%	38.50%	48.10%	3.95
Invest in the training and skills of workers	8.00%	23.80%	42.00%	3.93
Invest in public services	11.10%	22.20%	39.30%	4.24
Increase support to low-income households	12.30%	24.20%	35.30%	4.49
Tackle the climate crisis	3.19%	8.96%	16.00%	5.7
Cut public services	3.86%	7.67%	12.70%	6.52

Source Public Opinion Survey on Public Services in Newfoundland and Labrador (2025).

Note: Respondents ranked eight government priority areas from 1 (highest priority) to 8 (lowest). “Rank 1” shows the percentage selecting an issue as their top priority. “Top 2” combines ranks 1 and 2, and “Top 3” combines ranks 1, 2, and 3. Results are weighted.

“Mean Rank” represents the average position assigned to each issue across all respondents. Lower values indicate higher priority (for example, a mean rank close to 1 indicates that respondents typically placed the issue at or near their top priority). Higher values indicate lower perceived priority. Because Q15 used a forced-ranking format, each respondent assigned a unique rank from 1 to 8.

At a more granular level, Table 13 shows that there is a surprisingly high level of skepticism about the turn towards privatization in

public service delivery. Respondents are twice as likely to think privatization will cost more, reduce services, and reduce accountability as believe that it is a good way for governments to “save money.”

Table 13 / Agreement with statements about the privatization of public services
2025

Statement	Agree	Neutral	Disagree	Mean
It will end up costing more and result in reduced services as private corporations are concerned about their own profits	68.10%	12.20%	19.70%	2.17
It will reduce the accountability of those services to the public	60.50%	20.60%	18.90%	2.35
It will improve access to public services	47.10%	22.80%	30.20%	2.88
It will result in lower wages for workers in the province	45.10%	30.10%	24.70%	2.71
It would improve the quality of services	42.40%	25.30%	32.30%	2.92
It is a good way to save money	34.40%	28.70%	36.90%	3.12

Source Public Opinion Survey on Public Services in Newfoundland and Labrador (2025).

Note: Results are weighted using the final survey weights. Responses are based on a five-point agreement scale where 1 = Completely in agreement and 5 = Completely disagree. “Agree” combines respondents who selected Completely in agreement or Somewhat agree (1–2), “Disagree” combines Somewhat disagree and Completely disagree (4–5), and “Neutral” corresponds to value 3.

The mean represents the average response on this 1-to-5 scale. Lower mean values indicate stronger agreement with the statement, while higher mean values indicate stronger disagreement.

Unsurprisingly, given the context of a decade of cuts to public services, there is also evidence of frustration over the impact of those cuts. While respondents show a high level of trust for public servants providing services, and a general level of satisfaction with those services, frustrations over wait times in health care and additional fees and costs in the education system stand out as sore points.

To put it most simply, the public is concerned about the cost of living, and the public sees a redistributive tax system and investments in public services as key solutions to those problems. The people of Newfoundland and Labrador value their public services—they just want better access to them.

Recommendations

Newfoundland and Labrador has a problem with inequality. Recent inflationary pressures on the cost of living –for housing and food in particular—are often framed as an ‘affordability crisis,’ and there is no doubt that this is a central concern for the province's residents. However, the best way to understand the “affordability crisis” is through a lens that evaluates government decisions from a focus on inequality. Cutting taxes puts more money in some people’s pockets, but if it reduces the investment necessary to ensure access to affordable public services for all, erodes wages of public sector workers in the province, and encourages the government to experiment with expensive privatization schemes, then most people will end up worse off.

Cutting taxes puts more money in some people’s pockets, but it reduces the revenue the government needs to fund necessary investments that benefit everyone, including income transfers and public services. Worse, the resulting lack of revenue and deficits also give the government cover to justify cutting public services.

Invest in public services

Governments need to ‘keep their eye on the ball.’ The most effective responses to constrained household budgets are accessible and efficient public services. Investment in health care, education,

childcare and affordable housing are the best value for money that residents get. These measures reduce inequality and give back more than they cost. The erosion of these systems—most notably in the health care system—is a key political concern in our data.

Focus on ensuring accessibility

While hopelessly long wait times at emergency rooms highlight that accessibility of public services are under threat in the province, the concerns are much broader. Focusing on tax cuts that put a few more dollars in your pocket, while user fees skyrocket, distracts from real household budgets. In Newfoundland and Labrador over the last decade, residents have seen:

- Steep Increases in the cost of sending youth to school, most notably in the area of post secondary education tuition.
- Increases in user fees for public facilities like recreation centres.
- A proliferation of fees for accessing the health care system and the emergence of for-fee health care options that undermine the public sector.

Residents shouldn't be facing fees for blood work, medical tests and things that were once provided by the public service. Transferring the load for funding public services onto user fees is regressive, and ultimately undermines the effectiveness of those systems.

Avoid panacea solutions like privatization

After a decade of constrained investment in public services, it is easy to see why governments might like the way privatization sounds, but the public knows better. These schemes end up costing more than simply having properly funded the system in the first place. You don't need to be an expert to know that the ongoing scandal surrounding the province's reliance on private travel nursing

to paper over cracks in the underfunded system has not been efficient or good value for money.

Address wage gaps and cost of living pressures

The lack of investment in public services in the province has not simply reduced the effectiveness of public services and people's access—it has also resulted in sustained government efforts to reduce the pay of people working in those areas. Over the last decade, public sector workers in the health and education sector, as well as workers providing public services in the private sector (like early childhood educators and those working in elder care) have not received wage increases that have kept pace with inflation. Public services need workers, and, as noted above, paying public workers not only ensures access to affordable services, but also provides decent living wage employment for people in the province.

Trying to solve the province's financial problems, and pay for tax cuts on high income households by freezing public sector salaries puts money in some people's pockets, but comes at the expense of others.

Improve the progressiveness of taxation

Progressive income taxes have been at the centre of the Canadian system of public finance for decades and it has served our communities well—helping to provide valuable public services. Capitalizing on fears about affordability to cut taxes on high income individuals is an attack on that system. If governments are concerned about equality and real affordability, they should consider adding tax brackets and better targeting tax credits. Both measures are designed to ensure tax fairness and reduce inequality.

Integrate STiK and intersectional analysis into budget analysis

This report argues that publicly funded services provide huge social and economic benefits to the households they serve in this province. Assessing the value of Social Transfer in Kind is a useful tool to help governments focus on how they might use the resources they have more effectively to help people with 'affordability' challenges. Fiscal policy isn't just about taxation, it is also about investment and investments in public services help households keep costs under control.

Conclusion

Public services improve the lives of the residents of Newfoundland and Labrador and contribute to a more equal society. The tax cuts that were tabled in the recent budget result in significant revenue loss that could have been used to bolster public sector investment.

As Mackenzie and Shillington say, “public policy debate over taxes without reference to the public services impact of tax cuts is like shopping without looking at the price tags. Just as some Canadians can afford to shop without looking at price tags, some Canadians’ incomes are high enough that they can buy into tax cuts and remain confident that their private gains will be greater than their public services losses.”

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The CCPA-NS office is located in Kijipuktuk in Mi'kma'ki, the unceded, un-surrendered ancestral land of the Mi'kmaq people. We recognize that we are all treaty people and have responsibilities to each other and this land.

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