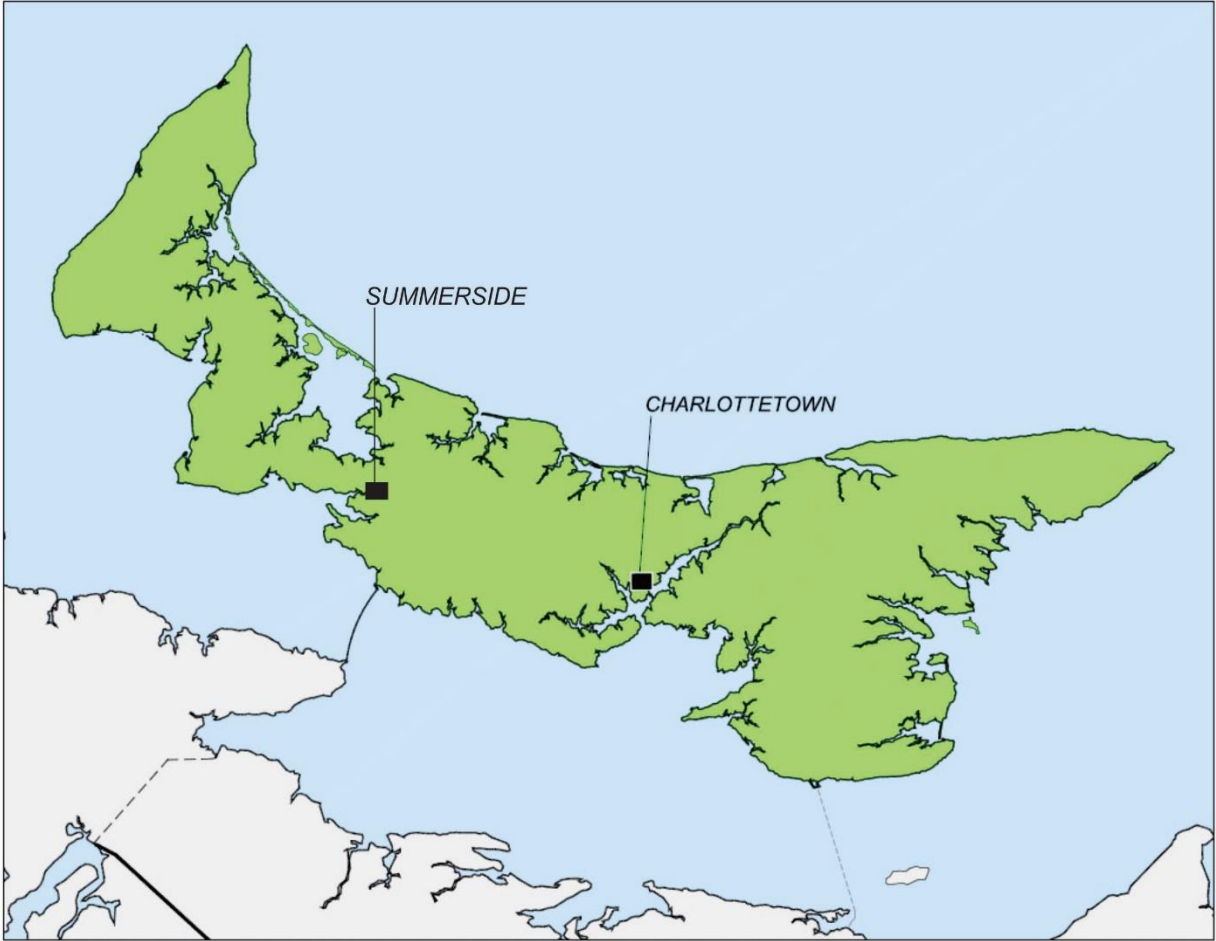


# Lingering Too Long:

Report Card on

Child and Family Poverty on Prince Edward Island



Fourth Annual Report on Child and Family Poverty on Prince Edward Island

November 21, 2017

Mackillop Centre for Social Justice with PEI Coalition for a Poverty Eradication Strategy



## Introduction

It is puzzling that to date little has been done at the provincial level to lessen the extent of poverty on PEI in spite of reports that the economy is doing well. It begs the question, why there are no substantial declines in the level of poverty even in good times? It leaves the impression that for the most part poverty is absent from the minds of those who make up the provincial budget. This is in spite of a high level of awareness of the extent of poverty in the general population. Many citizens are shocked at the reality thanks to a long history of community protest against poverty coupled with good coverage by local media. This awareness increased in early April 2017 when the Charlottetown Guardian, PEI's largest newspaper, devoted almost the entire April 6 edition to the topic of Poverty in this province. On that day the Guardian's black and grey front page headlined in bold print, *The Price of Poverty, Is P.E.I. Winning the War on Poverty?* On its back page a series of pictures captured some of the faces of those trapped in poverty and those attempting to help them. The given title of the page was, *'these are our neighbours.'* In between the front and back pages there was a wealth of personal stories, pictures, analysis and editorial pieces. Countless readers said, "I didn't know the extent of poverty." They were grateful to have such a comprehensive glimpse into the daily struggle of those who wake up to that reality each morning.

The PEI Coalition for a Poverty Eradication Strategy and its member groups pay close attention to the Determinants of Health as a gauge of what happens to people suffering poverty. Medical groups, including the Canadian Medical Association (CMA), point out that much of the health problems suffered by people in poverty could be avoided if the determinants of health were made a priority. The CMA believes that these determinants are responsible for "50 percent of illness or of what makes a person sick."<sup>i</sup> In the list of determinants, income is the first item. The social determinants of health in Canada are defined by the CMA as: income, early childhood development, disability, education, social exclusion, gender, employment/working conditions, race, aboriginal status, safe and nutritious food, housing/homelessness and community belonging. The CMA explains that the other 50 percent of causes of illness are: access to healthcare including the health care system and wait times – 25 percent; biology/ genetics – 15 percent, and air quality, civic infrastructure – 10 percent.<sup>ii</sup> The World Health Organization also places income distribution at the top of the list of determinants of health. Underlying all of this is the need for a strong social safety net. The best examples of this are the Scandinavian countries which have the strongest social safety net and the world's lowest instances of poverty.

The problem of lingering poverty appears to be caused primarily from a lack of political will as well as from ideology and a misunderstanding of the root causes of poverty. Otherwise, how else can we explain that for many years provincial governments shrugged their responsibility to feed the hungry by offloading it onto community groups? In spite of a generous response from the public, the problem of poverty is not disappearing. In some cases it is increasing. Unfortunately, neo-liberalism – the caring for and feeding of large corporations - pervades economic and political decision-making in Canada and its provinces. Many analysts point to the nature of the current neo-liberal economic system as the main cause of continuing poverty. One

neo-liberal, former British Prime Minister Margaret Thatcher once shocked the world by saying: “there is no such thing as society.”<sup>iii</sup> Mrs. Thatcher along with former US President Ronald Regan brought neo-liberal economics to the international centre stage. Both Regan and Thatcher surrounded themselves with insiders from this school of thought contrived by Milton Friedman and friends at Mont Pelerin in 1947. Their bias is summed up brilliantly by Kate Raworth in her ground-breaking book, *Donut Economics*:

The Market, which is efficient – so give it free reign.

Business, which is innovative – so let it lead.

Finance, which is infallible – so trust in its ways.

Trade, which is win-win –so open your borders.

The State, which is incompetent –so don’t let it meddle.

The household, which is domestic – so sell it off.

Society, which is non-existent –so ignore it.

Earth, which is inexhaustible – so take all you want.

Power, which is irrelevant – so don’t mention it.<sup>iv</sup>

The statistics used in this Poverty Report card are from Statistics Canada’s T1 Family File (T1FF) reported according to the Low Income Measure-After Tax (LIM-AT), unless otherwise indicated. The T1FF includes personal income tax and Canada Child Tax Benefit (CCTB) records. The latter improves coverage on children in the T1FF data. However, T1FF estimates regarding First Nations are limited because only 50% of residents on reserves file taxes. The T1FF also provides limited demographic information.

This report also refers to present census data on low income but there are methodological differences in the calculation of low income rates between the 2016 Census and the T1FF. Both report on low income based on Tax filer data from 2015, but T1FF uses the census family as the unit of measure while the 2016 Census uses the household. Campaign 2000 explains in its 2017 Child Poverty Report Card, *A Poverty-Free Canada Requires Federal leadership* that: “coupled with the application of different equivalency scales to the data, results in different low income thresholds and therefore slightly different rates of child and family poverty (17.4% from T1FF and 17.1% according to the Census). It is notable that the 2016 Census calculation of low income rates excludes residents of the Territories and First Nations people living on reserve, while these individuals are included in the T1FF low income rates.<sup>v</sup>

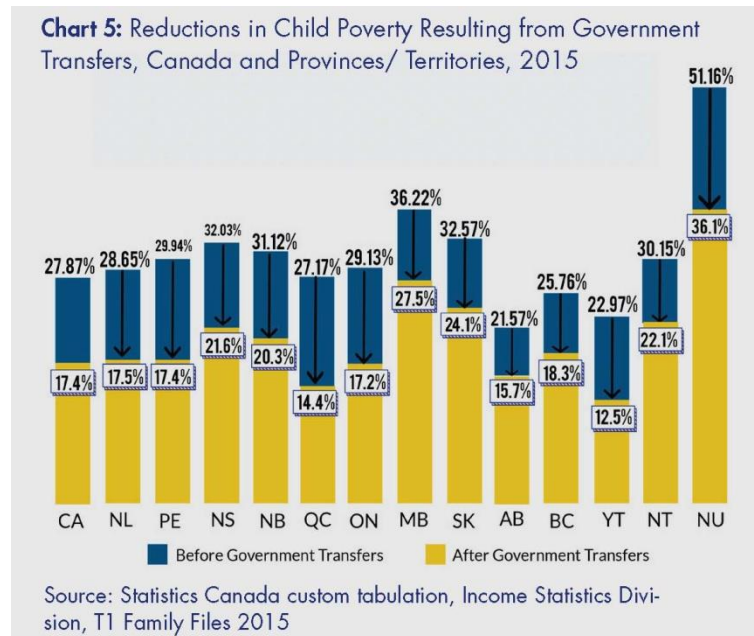
The LIM is a relative measure of poverty. It is a fixed percentage (50%) of median adjusted household income that takes household size into account and it is internationally comparable. The LIM can serve as an effective measure to determine if poverty reduction targets are being met. Residents of Atlantic Canada also find that the Market Basket Measure (MBM) gives an accurate picture of the state of poverty at local levels and in this region, mainly because it includes items such as transportation. For example, the MBM places the rate for seniors +65 in poverty on PEI at 10.2 percent, a figure that is twice the LIM rate and much higher than the

Census rate. The poverty rate of +65 women on PEI according to the MBM is 13.8 percent while the rate for men of the same age group is 4.4 percent.<sup>vi</sup>

### Widespread Poverty

The breath of poverty is always the big story when reporting child and family poverty on Prince Edward Island. The latest available statistics, 2015, indicate that the child poverty rate for that year was 17.4 percent, a slight drop from the former year when the rate was 17.8 percent. The overall child poverty rate in Canada dropped more, from 18.5 percent in 2014 to 17.4 percent in 2015. Indigenous children constitute the largest percentage of children in poverty in Canada at an unbelievable 37.9 percent, while Canada-wide, children make up 25 percent of the 4.8 million people who suffer from poverty.

It is interesting to note that child poverty which was on the rise in PEI until 2013 is now slightly on the decline. It would be much higher except for social transfers. In 2015, social transfers prevented the PEI rate from rising to 29.94 percent which would place the rate higher than the Canadian average and higher than Newfoundland & Labrador, Quebec, Ontario, Alberta, B.C. and Yukon.



Statistics for children ages 0 – 17 are available only for Charlottetown and Summerside. The rate for Charlottetown was 17.1 percent and for Summerside it stood at 21.3 percent in 2015. It is imperative that the PEI government move to construct an effective Poverty Reduction/Eradication Strategy (PRS) to ensure that children do not suffer the fear, insecurity, lack of self-esteem, illness, and the many roadblocks they currently

face.

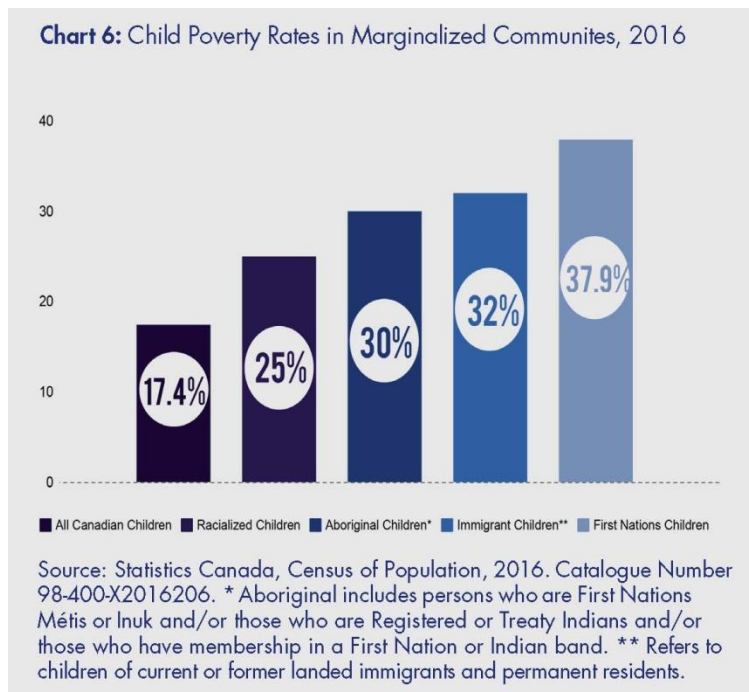
In order to accomplish such a PRS, PEI must move to create an effective job strategy to drastically reduce the current unemployment rate that stands at 10.4 percent. It must also move to increase average weekly wages which have dragged behind other provinces for years.

Thanks to the high seasonal nature of work in the province, EI is essential but at 55 percent of already low wages it guarantees a situation of poverty. The latest edition of *Household Food Insecurity in Canada*, updated in May, 2017 states that 35.6 percent of those on Employment

Insurance (EI) and Workers Compensation in Canada are suffering from food insecurity.<sup>vii</sup> Immediate action is needed to completely reverse the Harper government’s changes to EI including dividing the province into two zones. The changes mean that two people working in the same place could be eligible for different benefits as could people living in the same neighbourhood or even across the street from one another.

### Immigrant Poverty

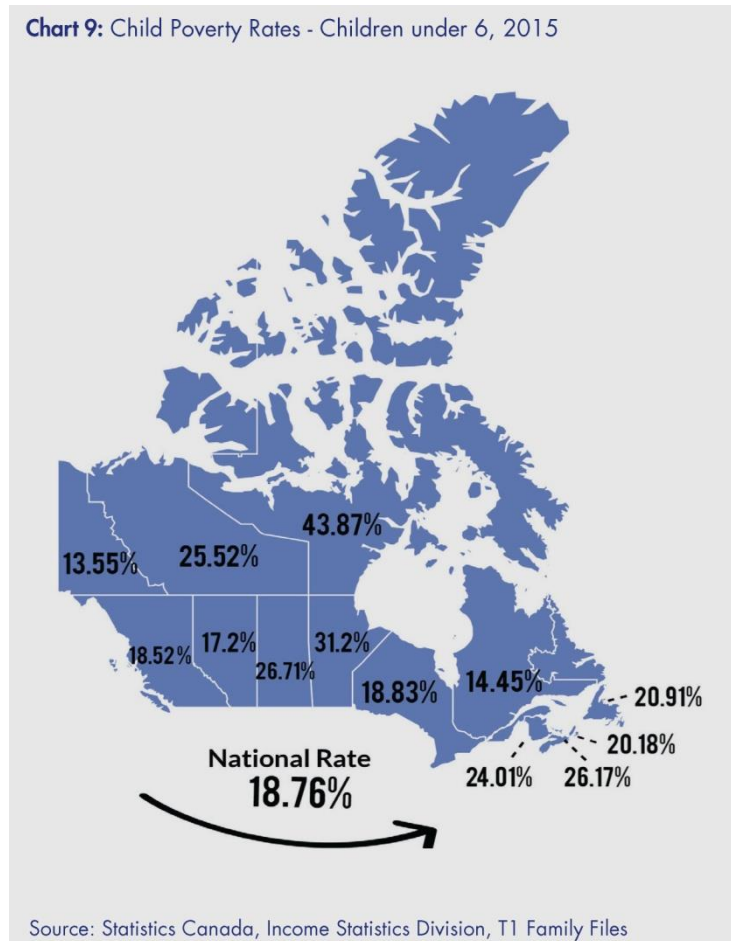
Prince Edward has been generous in reaching out to refugees and new immigrants. It has one of the highest the highest per capita refugee responses in the country. However, there is reason to worry about the strength of the economy that is supposed to offer newcomers a home that takes care of their basic needs. Between 2011 and 2016 a total of 950 new immigrants arrived. Of this total, 605 are in low income situations for an astounding figure of 63.7 percent.<sup>viii</sup> The graph below illustrates that poverty afflicts immigrant, racialized and indigenous populations much more than people who are born here.



### Housing

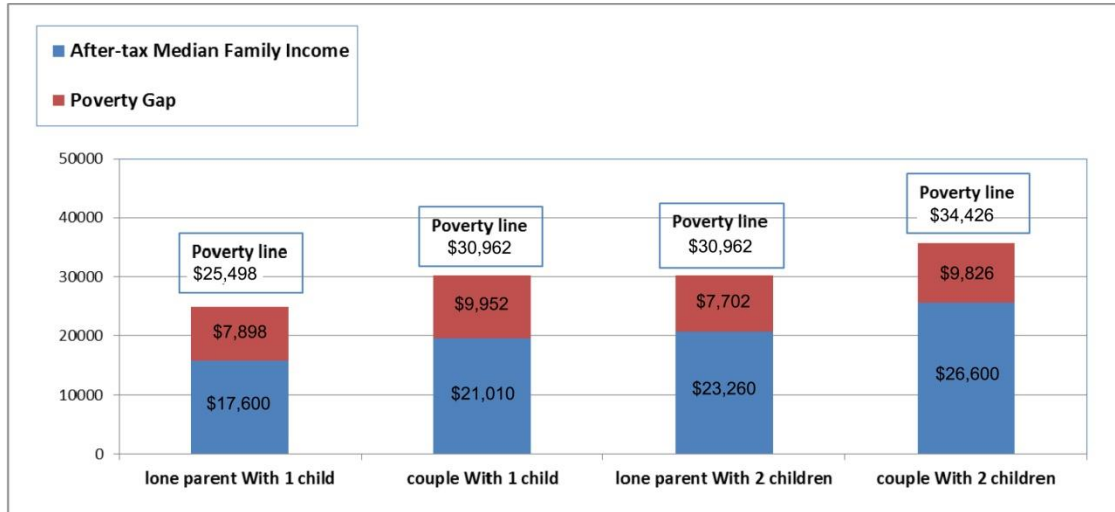
There is a huge housing shortage in Charlottetown. The current vacancy rate is 0.5 percent and this has increased the cost of housing by a whopping 10 percent. Affordable housing is at a crisis point and new affordable housing units must be built immediately. This is why there must be a National Housing strategy aligned with a Poverty Eradication strategy and aligned as well with the recommendations of the *Truth and Reconciliation Commission’s* calls to Action.

In PEI, the poverty rate for children under age 6 was 20.18 percent compared to 21.5 in 2014, a slight drop from the previous year, which could be due to a number of reasons including wage increases.



### The Depth of Poverty

The income gap gives one of the most important pictures of poverty. As illustrated below, it has not changed much since 2014.



In 2015, the poverty line for a lone parent with one child was \$25,498. These families received \$17,600 leaving a gap of \$7,898, for an increase of \$26.00 from 2014, hardly an improvement considering increasing food and shelter costs. The HST which is applied even to essentials is also taking a huge bite out of peoples' incomes. Couples with one child reported a slightly larger increase. The poverty line for this family category was \$30,962 but these families received \$21,010 for a gap of \$9,952, an increase of \$319.00. The poverty line for a lone parent with two children was also \$30,962 but this family category received \$23,260 leaving a gap of \$7,702. This figure represents an increase of \$599.00 over 2014. The poverty line for a couple with 2 children was \$36,426 but this family category received \$26,600 for the second largest gap at \$9,826 or an increase of \$32.00. These increases are for the whole year so it is safe to say that most of these families fell behind because of increased living costs.<sup>ix</sup>

### Aboriginal poverty

Census data for PEI shows there are 700 people of indigenous identity who make this province their home. Of these, 255 or 36.4 percent are low income. In addition, 650 define themselves as North American Indian. A large percentage of people in this category, 41.3 percent, live below the poverty line. This is a shocking percentage. <sup>x</sup>

### Food Insecurity

The Survey of Food Insecure Households for 2014, updated in May, 2017 reveals that 61 percent of households whose major source of income was Social Assistance were food insecure and that the majority of food insecure households were reliant on wages and salaries from employment. The PEI food insecurity rate was 61.3 percent. The proportion of children who live in the highest percentage of food insecure households were: Nunavut at 60 percent, North West Territories 29 percent, PEI and Nova Scotia both 22 percent and New Brunswick 21 percent while the provinces with the most households affected by food insecurity were, Nunavut 46.8%, North West Territories 24.1 percent, Nova Scotia 15.4 percent, New Brunswick 15.2 percent and PEI

15.1 percent. A total of 1 in 6 children in Canada are affected by food insecurity. The authors of the *Household Food Insecurity Survey* have concluded that food insecurity has not improved over the past year and that the most serious problems are in the North and the Atlantic provinces.<sup>xi</sup>

### **Children in poverty ages 0 – 17 in Prince Edward Island Electoral Districts**

Cardigan riding, 16 percent  
Charlottetown, 23.4 percent  
Egmont, 18.7 percent  
Malpeque, 12.7 percent

A breakdown of child poverty ages 0 – 17 reveals that lone parent families have the highest rates of poverty. This is illustrated well by the shocking rate of child poverty in lone parent families in the federal ridings:

Cardigan – 38.8 percent  
Charlottetown – 48 percent  
Egmont – 45.4 percent  
Malpeque – 37.7 percent<sup>xii</sup>

The Canada Child Benefit (CCB) is a positive step towards eliminating child poverty but not nearly enough at current levels. Information is not yet available on its impact on poverty reduction. At a rate of \$6,400 per child under 6 and \$5,400 per child 6 – 17 years, it will certainly make a positive impact on poverty elimination. The federal government needs to increase the benefit with the aim of eliminating poverty by 50 percent by 2020. It is a positive step that the federal government recently indexed the CCB to the cost of living and 2 years prior to its initial deadline. This was one of the recommendations of last year's child poverty report card and it is encouraging to see that the federal government is listening.

Along with Campaign 2000, we support the recommendation of the 2017 Alternative Federal Budget for a targeted GST credit of \$1,800 per adult and child living under the poverty line. This top-up would go to all low-income people regardless of family structure and is projected to lift 560,000 people out of poverty – half of them would be children.<sup>xiii</sup>

### **The Welfare Problem**

It would take about \$46 million to transform the social services department into a dynamic welfare program that would lift those who have fallen on hard times through unemployment, disability, illness, loss of a bread winner or other misfortune out of poverty.<sup>xiv</sup> This could easily be done through an increased Canada social transfer and federal and provincial cooperation. Social Services should be able to deliver stable and predictable funding to recipients to improve their lives and meet their basic needs. People who need social assistance have a right to sufficient nutritious food, adequate shelter, some sort of normal social life and access to



counseling when it is needed to help them through the many challenges that arise in their lives. Almost the same amount of money is wasted each year as the Health Department makes up the numerous medical costs resulting from having to live in poverty especially when children are born into it. The provincial government could help as well by instituting a provincial child benefit. PEI is the only province that doesn't have such a benefit. More has to be done as well when parents divorce or separate to ensure that the needs of the children are given prominence. In addition, it is necessary to establish a Universal Childcare system.

Under a transformed Department of Social Services, social workers could be real social workers, not case workers with many constraints on how they can help people. A transformed system could wipe out poverty for social assistance recipients.

Besides those on assistance, many workers are unable to find a full day's work or an hourly rate of pay sufficient to provide food security for their families. The unemployment rate on Prince Edward Island is 10.4 percent, way above the national average. The economy needs a major new direction with much more emphasis on establishing a green economy including a new form of agriculture that enables new and innovative ways of growing healthy food while at the same time protecting such valuable and fragile non-renewable resources as water and land.

It is encouraging to hear the promise in this year's Speech from the Throne delivered on November 14 2017 that "\$10.5 million has been committed this year in co-operation with the federal government to improve the quality of early learning and child care system and expand access for under-served populations and children who are most vulnerable." The province has also added a child lawyer.

We are pleased that the Speech from the Throne announced that the PEI government is making a new commitment to a Poverty Reduction Strategy. "My government will introduce a comprehensive Poverty Reduction Strategy this year. With the engagement of a Poverty Reduction Advisory Council, drawn from communities across the province, we will look at all aspects of poverty, including housing, food, education, employment and health with a report in 2018." No further details were given about who will serve on the committee, what kind of process will be used, what are the targets and deadlines, how will the voices of those who suffer most from poverty be heard? It is almost 9 years since the then Premier Robert Ghiz promised a Poverty Eradication Strategy for PEI. Since then many community groups have addressed the issue through research, reports, feedback to government, media, and public meetings. There is no shortage of ideas on what is needed but government has lingered far too long. Let's hope that the Poverty Reduction Advisory Council is action oriented. We don't need to keep people waiting any longer.

## Recommendations

We are grateful to the Campaign 2000 National report card released today for producing such a comprehensive report of poverty in Canada. We support its recommendations and where possible, couple them with our desire to improve the situation on Prince Edward Island.

In particular we recommend the following:

- That the PEI and Federal Poverty Reduction Strategies will be guided by timely and clear targets and timelines and developed in consultation with those most affected by poverty including indigenous, immigrants, low wage workers, social assistance recipients, seniors below the poverty line and peoples' and community organizations and that the process will be action orientated, transparent and have as its main guideline a preferential option for those in poverty.
- That the main goal of the federal and provincial governments needs to be the eradication of poverty secured in legislation and with sufficient resources budgeted to accomplish that goal without further delay.
- That the federal government collaborate with indigenous governments and peoples to eradicate child and family poverty in indigenous communities and ensure the full application of Jordan's Principle ( that government institutions and departments must assure that children's needs are met first and to resolve jurisdictional disputes later) as well as the 94 recommendations, 'calls to Action' of the Truth and Reconciliation Report.
- That the Canada Child benefit be designed to reduce child poverty by 50 percent by 2020 and that the Canadian government will ensure access to the benefit for those who do not currently qualify – indigenous families on reserve, immigrants and refugees and that steps are taken to ensure that it is not deducted from families receiving social assistance.
- That the federal government take steps in collaboration with the provinces to establish a universal, high quality comprehensive Early Child Education and Care program developed collaboratively with the provinces and territories and indigenous communities.
- The PEI Coalition for a Poverty Eradication Strategy and the MacKillop Centre for Social Justice endorse the recommendation of the 2017 Alternative Federal Budget and supported by Campaign 2000 to create a targeted GST credit top up of \$1,800 per adult and child for all those living below the poverty line. The credit is projected to lift 560,000 people out of poverty – half of them children.
- That the federal government immediately increase funding to the Canada Social Transfer to assist provinces to initiate effective poverty eradication strategies.
- That the federal government waste no time in implementing a New Health Accord with a long-term commitment of at least 10 years and containing a commitment of a minimum escalator clause of 5.2 percent to a cover rising costs of health care and that

Pharmacare and dental care be added along with access to physiotherapy, acupuncture, chiropractic and other help.

- That the PEI government continue to raise the provincial minimum wage until it reaches a living wage of at least \$15.00 per hour.
- That the federal government take immediate steps to reverse the Harper government's division of this province into two EI zones, restore PEI to one zone and make it possible for increased number of unemployed to be eligible for EI benefits.
- That the federal government initiate a full tax fairness strategy that raises fiscal capacity to address inequality and earnings in this province and country.
- That part-time workers in this province be assured by law enough working hours to qualify for benefits.

### **Acknowledgements**

This report card is a work of solidarity with Campaign 2000 and its committee members across the country. We are grateful for the shared expertise that enables us to find the latest statistics. We especially thank the Executive Director, Anita Khanna and Liyu GUO for their attentiveness and help. Special thanks as well to Alan Meisner, Christine Saulnier and Aggi-Rose Reddin.

### **Endnotes**

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<sup>i</sup> Canadian Medical Association, health Equity and the Social Determinants of Health, <https://www.cma.ca>

<sup>ii</sup> *ibid*

<sup>iii</sup> Raworth Kate, *Donut Economics*, Chelsea Green Publishing, White River Junction, Vermont, 2017, pp. 62-63

<sup>iv</sup> Raworth Kate, *ibid*

<sup>v</sup> Campaign 2000, *A Poverty Free Canada Requires Federal Leadership*, November 21, 2017

<sup>vi</sup> Saulnier Christine, Canadian Centre for Policy Alternatives, Atlantic Canada Office, November 21, 2017

<sup>vii</sup> Tarasuk V, Dachner N, *Household Food Insecurity Survey in Canada, 2014*, updated in May 2017

<sup>viii</sup> Statistics Canada Census of Population Catalogue Number, 98400X2016

<sup>ix</sup> Statistics Canada Income Tabulation, Income Statistics Division, T1FF 2015

<sup>x</sup> *Ibid* Census Canada, 2016

<sup>xi</sup> *Ibid* Canada Food Insecurity Survey, 2014 and updated 2017

<sup>xii</sup> Statistics Canada Income Tabulation, Income Statistics Division, T1FF, 2015

<sup>xiii</sup> Canadian Centre for Policy Alternative, *Alternative Federal Budget, 2017*

<sup>xiv</sup> Saulnier Christine, talk to PEI Coalition for a Poverty Eradication Strategy, January 20, 2017