



# Prince Edward Island Poverty Progress Profile

CANADA WITHOUT POVERTY, 2015

## OVERVIEW

Following a commitment in the 2010 Speech from the Throne, the Government of Prince Edward Island joined several other provinces in creating a poverty reduction plan. In May 2012 the provincial government released the *Social Action Plan to Reduce Poverty*. The plan was centred around two main goals: 1) to support people to move out of poverty by strengthening their educational and economic opportunities and their participation in the labour force, and 2) to protect and enhance the standard of living and quality of life for those unable to participate in the labour force. The plan recognized a commitment to social justice and poverty reduction benefits all Islanders.<sup>1</sup> As part of the plan, the provincial government committed to balance the budget by cutting spending by 3-5% in most departments.<sup>2</sup> Money saved was to be invested in health, education, seniors and social services.<sup>3</sup> This plan is valid through 2015.

The provincial government has been prompt with its progress reports, released one report annually since the introduction of the strategy in 2012.<sup>4</sup> Information gathered in the first progress report was instrumental in adding a third goal to the strategy: to provide fair and equitable opportunities for Islanders to participate in and contribute to the cultural, economic and social environment of Prince Edward Island.<sup>5</sup> The *Social Action Plan Working Group* has been established to encourage community engagement, monitor progress and provide new recommendations.

## **Plan Components and Highlights**

The 2012 strategy included the following priority areas:<sup>6</sup>

- Increase access to affordable housing
- Improve the Social Assistance Program

- Continue to enhance services for persons with disabilities and apply the disability lens to program planning
- Continue enhancements to early learning
- Improve literacy and support adult learning, training and work
- Continue increases to minimum wage; index increases
- Change tax policies to assist low-income Islanders
- Improve access to needed prescription medications
- Strengthen mental health and addictions services
- Enhance family supports in such areas as justice services

## **Community Engagement in Plan Development and Implementation**

The 2012 strategy was formulated in consultation with various community members and advocacy groups including: people living in poverty, people with disabilities, representatives of business, labour, health, women, Aboriginal persons, as well as newcomers.<sup>7</sup> The provincial government indicates that 22 submissions were received from community interest groups, including an additional 25 from online contributors.

The provincial government also conducted 19 personal meetings with Island groups, partnering with organizations such as Life Bridges Inc., the Canadian Mental Health Association and the Prince Edward Island Community Advisory Committee on Homelessness to create long-term solutions.<sup>8</sup> The provincial government also continues to partner with the Salvation Army to support the Home Heating Program.<sup>9</sup>

# MEASURING PROGRESS

## Statistical Indicators of Poverty (*Unofficial Measurement Tools*)

	LICO <sup>10</sup> Low Income Cut-off After-tax	LIM <sup>11</sup> Low-Income Measurement	MBM <sup>12</sup> Market Basket Measure	Food Bank Usage <sup>13</sup>	Welfare Recipients <sup>14</sup>
2000	12,000, <b>9.1%</b>	21,000, <b>15.7%</b>	20,500, <b>15.0%</b> <sup>15</sup>	*	*
2008	7,000, <b>4.9%</b>	17,000, <b>11.9%</b>	16,000, <b>11.2%</b>	2,706, <b>1.9%</b>	5,529
2009	5,000, <b>3.9%</b>	21,000, <b>14.8%</b>	19,000, <b>13.7%</b>	3,068, <b>2.2%</b>	5,668
2010	6,000, <b>4.4%</b>	21,000, <b>15.0%</b>	19,000, <b>13.0%</b>	3,095, <b>2.1%</b>	5,724
2011	5,000, <b>3.7%</b>	19,000, <b>13.3%</b>	19,000, <b>13.1%</b>	3,406, 2.3%	5,809
2012	*	*	*	3,502, <b>2.4%</b>	5,597
2013	*	23,000, <b>16.1% **</b>	*	3,432, <b>2.3%</b>	5,406
2014	*	*	*	19,590, <b>2.6%<sup>14</sup></b>	38,808

Note: poverty strategy introduced in 2012

\* Data not available

\*\* Please note that data from the 2013 calculation of Low Income Measure (LIM) is from the Canadian Income Survey (CIS) instead of the Survey of Labour and Income Dynamics (SLID)".

## Progress to Date

As PEI's poverty strategy is still in its infancy and statistical indicators for the last three years are unavailable, progress can be difficult to measure. A steering committee was established alongside the working group to monitor progress, recommend changes and develop progress reports. Progress reports for the last two years are available at <http://www.gov.pe.ca/sss/index.php3?number=1043012>.

Since 2012 the provincial government has increased minimum wage and employment supports, reducing generic drug costs and increased investments in education.<sup>16</sup> The government committed to reviewing income support rates, rent supplements and investments in affordable housing for the following year.<sup>17</sup> In 2014 the

provincial government cited a PEI-Canada Affordable Housing Agreement, a new provincial drug program and the new *Disability Supports Act* as strides toward equality.<sup>18</sup>

Each report contains action goals for moving forward, measuring progress by:

- Labour force participation
- Unemployment rates (all workers and youth unemployment)
- Highest level of education achieved
- Population in core housing need
- Income inequality
- Kindergarten readiness
- Self-reported health status
- Self-reported mental health
- Life expectancy

Two areas of major concern for the province's future that are not measured in progress reports are child poverty and food insecurity. In the more than 25 years since the House of Commons committed to ending child poverty in Canada, the child poverty rate has increased for Islanders – from 13.8% in 1989 to 17.5% in 2012. That equated to roughly 1 in 6 children living in conditions of poverty.<sup>19</sup> The average annual cost of childcare for a toddler in PEI was \$6,792 in 2012, which was more than the average cost of university tuition fees in the province (\$5,470).<sup>20</sup>

Food insecurity is becoming a more prominent issue in PEI; in 2012 there were 9,200 food insecure households. 79% of those households earned an income and still were food insecure.<sup>21</sup> According to the latest HungerCount data, 3,432 Islanders accessed a food bank in an average month (an 18.7% increase since 2008) with 38% of users being children.<sup>22</sup> The provincial government recently announced that it will be increasing the food allowance rates for Islanders on social assistance, which critics deem to be not enough to effect actual change.<sup>23</sup>

## Notes on Critical Thematic Areas

1. **HUMAN RIGHTS:** The 2011 discussion paper preceding the official poverty strategy mentions human rights mechanisms as protection for individual rights. However, despite the reference to social justice, PEI's poverty strategy makes no reference to housing, education or health as human rights.

2. **INCOME SUPPORT:** PEI's strategy recognizes the importance of employment insurance, pensions and social assistance in caring for its most vulnerable members.<sup>24</sup> In the 2012 plan, the provincial government announced a \$2 million increase in funding for shelter and food rates.<sup>25</sup> In its first year of implementation, the poverty strategy saw over 500 social assistance clients referred to employment support services.<sup>26</sup> By 2014 shelter rates increased by 3% and food rates increase by 5%.<sup>27</sup> The provincial government also teamed up with Ontario's Technical Advisory Group on Retirement Security to develop a plan for senior Islanders' income security.<sup>28</sup> Ongoing goals for the 2015-2016 year include: a review of asset levels for the social assistance program, implementation of a five-year plan for social assistance increases and enhancements to the Canada Pension Plan.<sup>29</sup>

The Community Services & Seniors budget increased by \$4.4 million this spring, but according to the 2013 Equality Report Card, it is not enough to balance rent increases.<sup>30</sup> The Community Services Minister also recently revealed that the department underspent by \$5 million last year – funds that could have been funnelled into housing, social assistance and childcare subsidies.<sup>31</sup> The provincial government responded that underspending was due to lower administrative costs and “chaotic leadership.”<sup>32</sup> The 2013 Equality Report Card indicated that social assistance rates are still nowhere near high enough to move individuals and families from below the poverty line.<sup>33</sup> The report also indicated that despite recent changes, the gap between the minimum wage and a living wage was increasing due to the rising costs of living.<sup>34</sup> PEI's grade on both the 2013 and 2015 Equality Report Cards remained a dismal C.<sup>35</sup>

3. **HOUSING:** There was some progress in affordable housing in the first year of PEI's poverty strategy. New supportive housing units in Alberton became available, the provincial government contributed \$50,000 to Habitat for Humanity to provide for the building of two homes and the Salvation Army Home Heating Program assisted nearly 300 low-income Islanders.<sup>36</sup> 20 additional households received rent supplements through Housing Services in 2014.<sup>37</sup> Following the federal-provincial partnership in the 2013 renewal of the *Investment in Affordable Housing (IAH)*, two new 5-unit accessible buildings were constructed in Charlottetown.<sup>38</sup> The federal government committed to investing \$1.25 billion over the next five years of the agreement to increase accessibility for Islanders with disabilities, low-incomes and seniors.<sup>39</sup> Recent reports suggest that federal subsidies for individuals living in co-operative housing will expire, increasing rent by approximately \$200 per month.<sup>40</sup> This risk is greatest for low-income families, newcomers to Canada, seniors and people with disabilities.

In 2014 the *PEI Home Renovation Program* was created, providing \$1.3 million in forgivable loans for emergency repairs, home renovations and accessibility improvements.<sup>41</sup>

Seven residential units for adults with intellectual disabilities have been created in collaboration with community organizations providing residential services.<sup>42</sup> In February 2015 the provincial government announced a new approach to homelessness, focusing more on one-to-one service delivery rather than simply building more homes or shelters.<sup>43</sup>

Although housing prices are lower than many other provinces and regions, average rent for a two-bedroom unit in Charlottetown has increased from \$814 in 2014<sup>44</sup> to \$845 in 2015.<sup>45</sup> 2013 reports indicate that the province's affordable housing waitlist for seniors has doubled in the past five years, including up to 725 seniors.<sup>46</sup> Plans for 2015 continue the focus on housing initiatives for seniors. This includes the *Seniors Safe @ Home Program* and *Seniors Home Repair Program*.<sup>47</sup> For more details, please see: <http://www.gov.pe.ca/ssss/index.php3?number=1037028&lang=E>

4. **EDUCATION:** The provincial government plans to increase the Department of Education spending by approximately \$2 million in the 2015.<sup>48</sup> However, a majority of this increase is funding administration and corporate services.<sup>49</sup> In 2013 PEI maintained one of the best teacher-student ratios in Canada with 12.49 students per teacher in 2013-2014.<sup>50</sup> Despite recent increases in funding, the province announced in June that it would cut 28 teaching positions as well as additional positions on the board and in the Department of Education.<sup>51</sup> The *PEI Teachers' Federation* expressed concern over these cuts, suggesting that class sizes will be larger and may impact the quality of split classes.<sup>52</sup> This decision was quickly reversed in July due to higher than anticipated enrolment numbers.<sup>53</sup> The province's Education Minister has recently been criticized for other department cuts, including bus drivers. Opposition Leader Myers has suggested that bus rides as long as two hours negatively impact students' learning experiences and it is unclear whether retiring drivers will be replaced.<sup>54</sup>

The high school dropout rate in the province has decreased from 18.9% in 1993 to 8.1% in 2012.<sup>55</sup> Although literacy rates among primacy students have been improving, the PEI Literacy Alliance states that 43% of working-age Islanders lack the reading and writing skills needed to participate fully in our knowledge economy.<sup>56</sup> Recent changes to the high school curriculum will affect all students beginning grade 10 in September of this year. This cohort of students will be the first to complete a literacy test as a graduation requirement.<sup>57</sup> The Department of Education believes this new change will help better prepare graduates for the workforce and post-secondary education.<sup>58</sup>

5. **HEALTHCARE:** PEI's 2014 progress report notes some positive changes in this area.<sup>59</sup> The province's *Catastrophic Drug Program* ensures that Islanders are able to access needed medications without contributing further to poverty. Rates are fixed according to household

income – for example, once a household with an income of \$20,000 or lower has spent 3% on prescription medication, the remainder is covered through the program for the rest of that year.<sup>60</sup> The province also enacted the *Narcotics Safety and Awareness Act* to safely monitor prescription medication.<sup>61</sup> Future plans to improve PEI's healthcare include a long-term mental health service strategy, a program to cover supplies for children with Type 1 diabetes, as well as a province-wide *Wellness Strategy*.<sup>62</sup> Public consultations also suggest that an off-Island transportation program would help Islanders in need access medical services.<sup>63</sup> Current provincial election campaigns promise to prioritize healthcare, shortening wait times.<sup>64</sup> Health PEI has issued several news releases announcing improvements including better access to abortions, improved patient flow at Western Hospital and a program to help patients suffering from chronic obstructive pulmonary disorder (COPD).<sup>65</sup> The provincial budget has increased healthcare spending by nearly \$6 million in 2015<sup>66</sup> – this increase of less than 1% over last year is lower than those given under the previous deficit-conscious finance minister.<sup>67</sup>

Critics are calling for the government to take immediate action regarding food insecurity in the province as it directly correlates to health costs. It has been estimated by the NDP that health costs were 23% higher for individuals experiencing food insecurity in the province.<sup>68</sup>

6. **EMPLOYMENT SUPPORT:** As of May 2015, the unemployment rate in PEI is 11% – nearly double the national rate of 6.8%.<sup>69</sup> The provincial minimum wage has increased to \$10.50 as of July 2015.<sup>70</sup> This is the third increase since the implementation of the poverty strategy in 2012. However, the rate is one of the lowest in the country; PEI's rate is tied with Newfoundland and Labrador and Saskatchewan, higher than only New Brunswick and British Columbia.<sup>71</sup>

The Government of PEI is taking steps to increase meaningful employment. In 2014 a Rural Diversification Plan was put in place through a partnership between *Atlantic Canada Opportunities Agency (ACOA)* and *Fisheries, Aquaculture and Rural Development (FARD)*.<sup>72</sup> This provides non-repayable investment in businesses to focus on business and succession planning, access to capital and human resource planning. Since June 2012, *Employment Support Services (ESS)* in the province has helped over 500 Islanders on social assistance to connect to employment services within their communities.<sup>73</sup> As a result, about 250 clients received support to secure employment, 90 clients secured employment through the *Job Creation Program*, and 44 Islanders were employed through Skills PEI.<sup>74</sup> Both provincial and federal governments have also funded *Women Moving On*, a program intended to assist low-income women gain skills to overcome barriers to employment and improve their economic security.<sup>75</sup>

7. **SOCIAL INCLUSION:** This theme is new to the poverty strategy, surfacing in the 2014 progress report. The provincial government reports that over 70 communities have received funding to provide accessible infrastructure, giving more Islanders the chance to contribute.<sup>76</sup> The Government of PEI has also given 10 communities grants to support Age Friendly Community activities. Future goals include developing a recognition process to assess, develop and implement age-friendly community plans.

The province has also made recent gains in equality, enacting a new *Disability Supports Act* as a foundation for the Disability Support Program.<sup>77</sup> Additional grants include those for community organizations related to cybersafety, cyberbullying public awareness, promotion of economic equality for PEI women in business and a leadership toolkit for migrant women.

### **Views from Outside the Prince Edward Island Government**

In 2013 the PEI Advisory Council on the Status of Women acknowledged that the provincial government has focused on gender equality.<sup>78</sup> However the Council questions whether public consultations are truly meaningful, stating that the strategy lacks substance and reiterates previous government spending.<sup>79</sup> The Council's position is unchanged in 2015 after the government attained a C grade on the Equality Report Card – the same grade since 2013.<sup>80</sup> The grade shows that although some positive steps have been taken to promote equality and social inclusion, the government has failed to fully address poverty and inequality.<sup>81</sup> Other community organizations have expressed concerns over the general lack of targets in the poverty strategy.<sup>82</sup>

The provincial strategy has also been criticized for the lack of a clear human rights framework. According to the P.E.I. Working Group for a Livable Income (WGLI), addressing poverty in the province has relied too heavily on charity and “Band-Aid solutions” rather than focusing on policy and social justice.<sup>83</sup> In 2015 the WGLI unveiled a guaranteed basic income plan; the plan would do away with social assistance, offering top-ups to anyone making an income too low to meet basic needs.<sup>84</sup> The program would cost about \$150 million – nearly five times the amount currently spent on provincial social assistance. The Cooper Institute supports the plan, stating “we’re not pretending this would be a cheaper way to go.”<sup>85</sup>

Several advocacy groups are also calling for a housing strategy, particularly for adults with intellectual disabilities. *Partners for Change* suggests that too many adults are being housed in hospitals because no viable alternative exists.<sup>86</sup> While the *IAH* partnership between provincial and federal governments continues to operate, no comprehensive provincial housing strategy exists.

## **THE BOTTOM LINE**

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While PEI has made some progress in the two years since its strategy was developed, considerable work remains to be done. Child poverty is particularly prevalent on Aboriginal reserves – a fact the provincial strategy fails to address. The direct cost of poverty for the provincial government is almost \$100 million per year, while the indirect cost is up to \$220 million a year – totaling about \$315 million annually.<sup>87</sup> Community organizations advocate for a greater focus on equality in future initiatives. Increasing social assistance rates might provide short-term gains but low wages across the province are largely responsible for food bank usage, food insecurity and many Islanders' inability to meet their basic needs. PEI should include a human rights focus and measurable targets and timelines in its strategy to create an effective guide to ending poverty in the province.

### **For More Information**

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