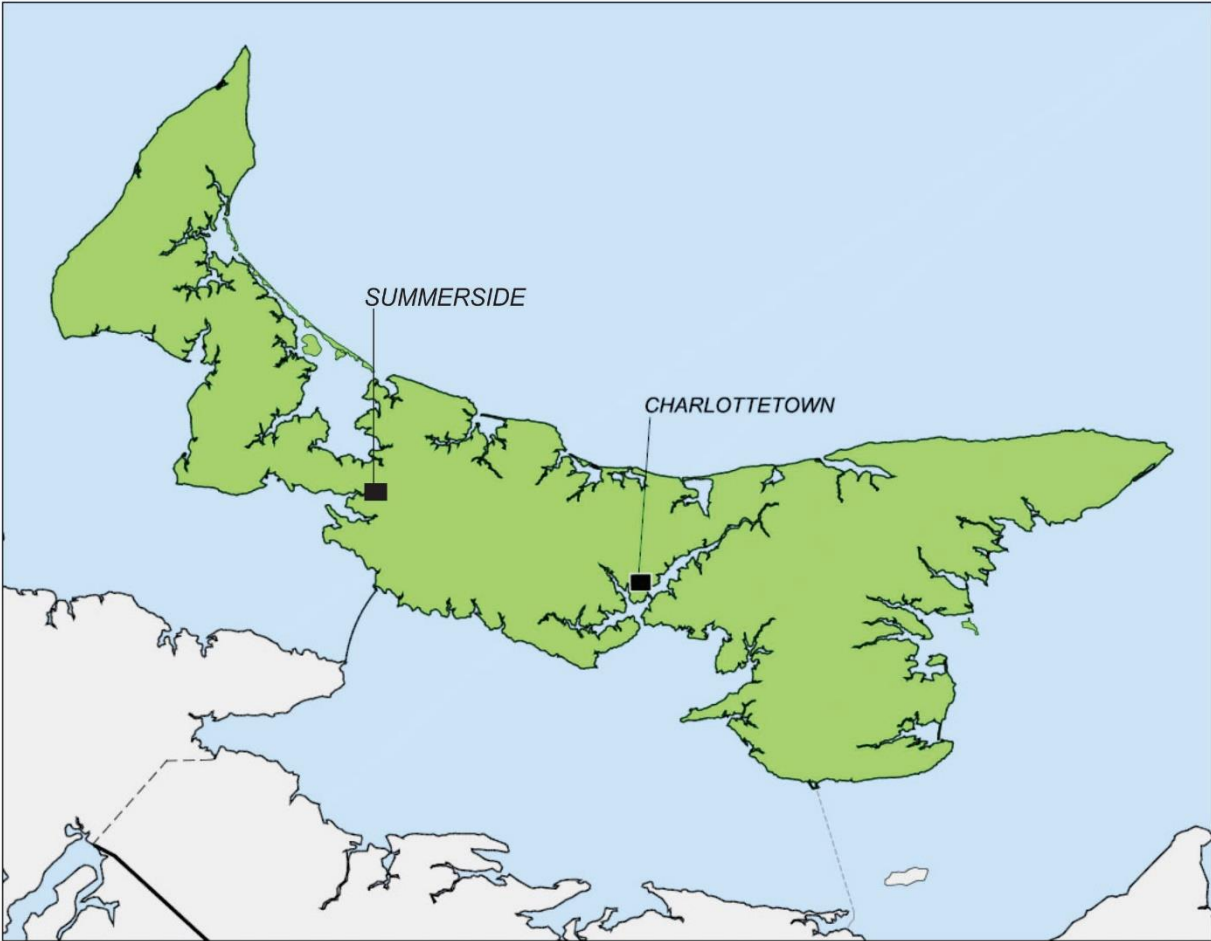


Lingering Too Long.

Report Card on Child and Family Poverty on Prince Edward Island



Third Annual Report of Child and Family Poverty on Prince Edward Island, November 24, 2016

by MacKillop Centre for Social Justice with PEI Coalition for a Poverty Eradication Strategy

Introduction

Each year there are scores of brave people who let us know that life is difficult and that they are struggling because their income is insufficient to meet their needs. Some are seniors who live at home and whose pension is insufficient to make basic repairs on their home to say nothing of their heating costs and need for affordable food. Single mothers tell us of their struggle and how they use the Food Bank and Soup Kitchens to supplement their meagre income. Community and church agencies constantly hear about the hardships many individuals and families are experiencing. Prince Edward is a rural province with a limited transportation system. This adds to the hardship of people getting to the grocery store, the doctor and other necessary appointments. Improvements in transportation are too slow and victims of this slowness are many. This year the provincial government is building a by-pass around a town outside of Charlottetown. It is perceived to be unnecessary. The cost of the by-pass is \$65 million just to speed up traffic. This money spent on poverty eradication would lift most people in this small province out of poverty and save the province at least \$100 million a year in the direct cost of poverty.

Much progress has been made throughout the year in unearthing the facts and helping people to understand the enormity of the child and family poverty problem. The biggest progress is that the problem can no longer be hidden. We know there are answers and that eradication of poverty is doable. The biggest obstacle is government tardiness in spite of several federal resolutions to eradicate child poverty and a provincial promise to establish a Poverty Eradication Strategy. The first federal resolution in 1989 aimed to eliminate poverty among children by the year 2000. In 2009 it resolved to end all poverty and in 2015 it repeated its promise to end child poverty. The goal is long past and the situation is worse. Now, Canada is being disgraced around the world for its neglect of children in poverty, of which aboriginal children bear the biggest burden. It is shocking to know that 60 percent of First Nations children living on reserves live in poverty.

The federal government has taken a positive step toward alleviating child and family poverty by increasing the Canada Child Benefit (CCB). Its Fall Economic Report states that it wants to reduce child poverty by 40 percent by 2017.ⁱ It also promises to closely monitor the number of children in poverty. It is unclear which poverty measure they are intending to use. The CCB was calculated using the Low Income Cut-off After-tax (LICO-at) but there are problems with that measure as it doesn't give a clear picture of the extent of poverty. The CCB is a good start but far from adequate. Provincial governments are not keeping pace with the federal poverty reduction process. In this province there is little if any evidence of the political will that is needed to adequately tackle poverty. The Low Income Measure (LIM) sheds light on just how

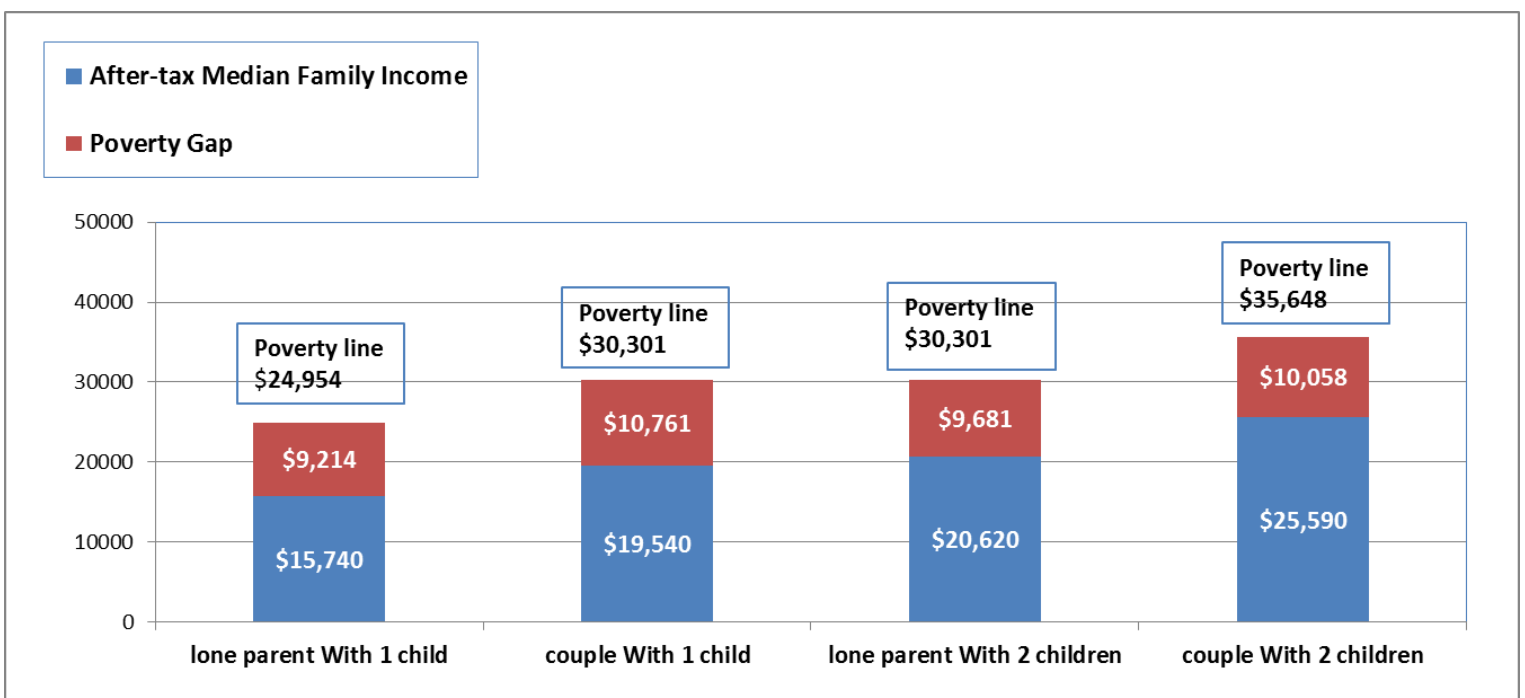
serious a problem we face. It is encouraging that the LIM is being recommended as Canada’s official poverty measure. Adopting the LIM after-tax would be of great assistance in tracking poverty.

According to 2013 statistics, the child poverty rate for PEI was 18.2 percent. It declined in 2014 to 17.8 percent, slightly below the Canadian average of 18.5 percentⁱⁱ but the poverty rate for children under 6 years stood at 21.5. In light of this we continue to use the theme *Lingering Too Long. But Why?* We continue to ask why governments are taking so long to act?

Depth of Poverty – The Income Gap

The latest available figures on the depth of child poverty paint a discouraging picture. The only category that almost kept pace with 2013 was the Lone Parent with one child which experienced a slight gap increase of \$35.00. The poverty gap in 2014 is 7,924 compared to \$7,889 in 2013. All other categories lost considerable ground. In 2013 a couple with one child was \$8,981 below the poverty line whereas in 2014 it was \$10,271 below, a difference of \$1,290. A lone parent with two children was 7,911 below the poverty line in 2013 compared to \$8,301 in 2014, a gap of \$390. A couple with two children fell the farthest below the poverty line with a gap of \$9,858 below the poverty line compared to 6,902 in 2013 That’s a huge gap of \$2,956.

Depth of Low Income for Poor Families in Canada, 2014ⁱⁱⁱ

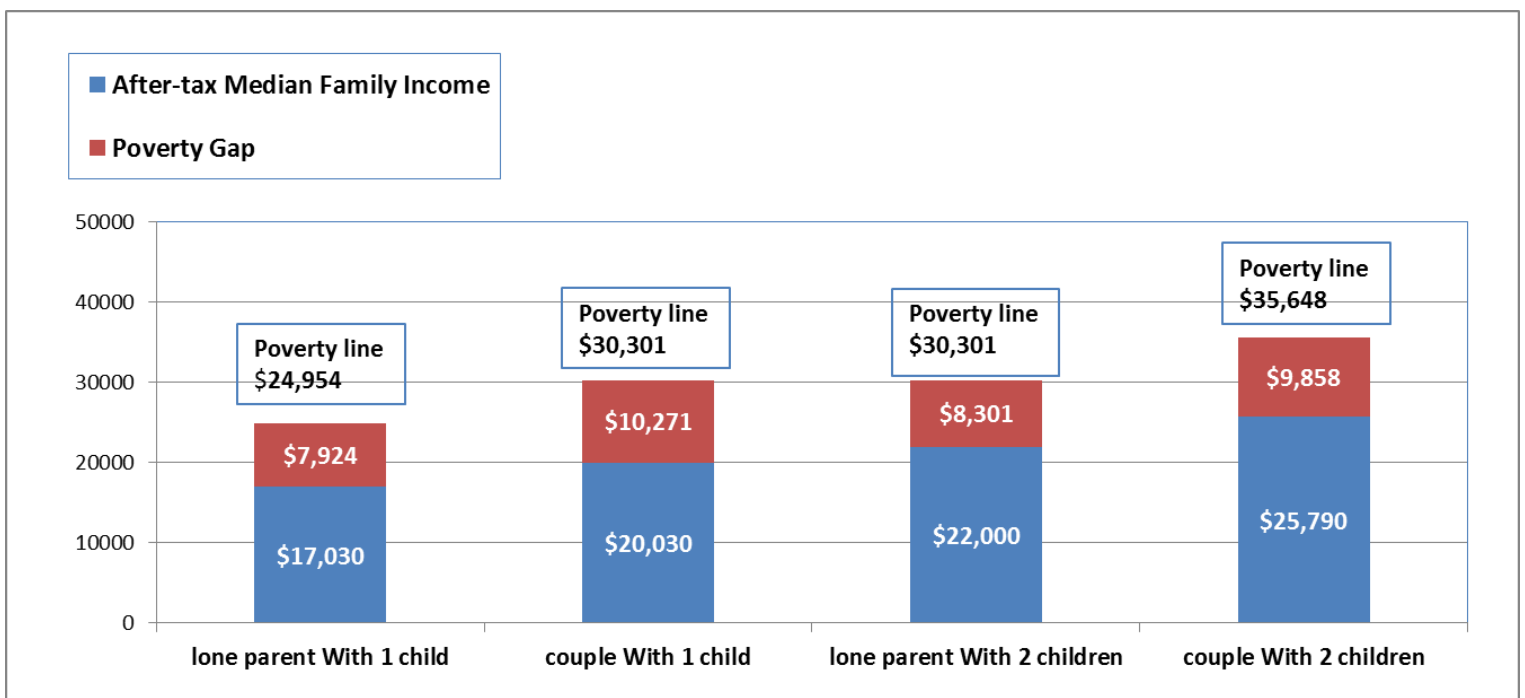


The above graph illustrates the huge gap that exists between the after tax income necessary to bring people out of poverty and the reality with which people live. On a national level the largest gap between income and the poverty line (LIM) exists for a couple with 1 child. Couples in this situation are \$10,261 below the poverty line of \$30,301. Behind these figures is a picture of stress, physical and mental health problems for many due to hunger and uncertainty, food insecurity, poor housing, dependence on Food banks and stigmatization. Couples with 2 children are not far behind. Their income gap is \$10,058 while lone parents with 2 children suffer an income gap of \$9,681 and lone parents with 1 child suffer a gap of \$9,214. These are very substantial shortfalls. Lack of income is clearly the main problem for those families and the reason behind so much of their distress.

Depth of Low Income for Poor Families in Prince Edward Island, 2014

The 2014 figures (see below) reveal that for PEI the gap is slightly better than the national average. For example, a couple with 2 children is \$200 below the national average at \$9,858 below the poverty line. A couple with one child ended up \$490 below the national average with a gap of \$10,271. The gap for a single parent with one child is \$1,290 below the national average and a lone parent with 2 children is \$1,380 below the national average.

Compared to 2013 figures for the same category, the depth of child poverty increased between 2013 and 2014. Lone Parents with one child experienced an increase of \$35.00. The poverty gap in 2014 is 7,924 compared to \$7,889 in 2013. Couples with 2 children experienced the biggest increase in the poverty gap with an increase of \$2,956. The 2013 gap of \$6,902 rose to \$9,858. A couple with one child had a gap of \$8,981 in 2013, which increased to \$10,261 in 2014, while lone parent families with 2 children saw the gap increase from \$7,911 in 2013 to \$8,301 for an increase of \$390.00.^{iv}



Depth of poverty on PEI is similar to that of the other eastern provinces, especially the Atlantic region provinces. Newfoundland fares best. Sometimes the difference is a matter of a few dollars. PEI's depth of poverty illustrates the degree of hardship people in poverty experience.

Food Insecurity

Apart from statistics, other indicators show that in spite of the overall poverty line figures improving by 0.4 percent, food insecurity remains high. In the latest report on Food Insecurity the PEI rate is 15.1 percent, down slightly from 2013 but still very high. Nunavut and the North West Territories have the highest percentages. In PEI 61.3 percent of households with food insecurity are supported by wages and salaries. This is an improvement over the last few years and may have something to do with recent increases in the minimum wage.

The Food and Agriculture Organization (FAO) states that Food security happens when, "all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and happy life."^v

According to *Household Food Insecurity in Canada 2014*, by Tarasuk, V, Mitchell, A, and Dachner N, (2016) food insecurity in provinces that answered the study is still most prevalent in the North and the Maritimes.^{vi} Nunavut at 46.8 percent and the Northwest Territories at 24.1 percent have the highest levels of food insecurity since monitoring began in 2005. This is followed by Nova Scotia at 15.4 percent, New Brunswick at 15.2 and PEI at 15.1 percent.

One in six children in Canada suffer from food insecurity and all the problems it creates. Nunavut leads the way with 60 percent followed by the Northwest territories at 29 percent. Nova Scotia and PEI come next with 22 percent and then New Brunswick at 21 percent. The authors of the study refer to these rates as "alarming."^{vii}

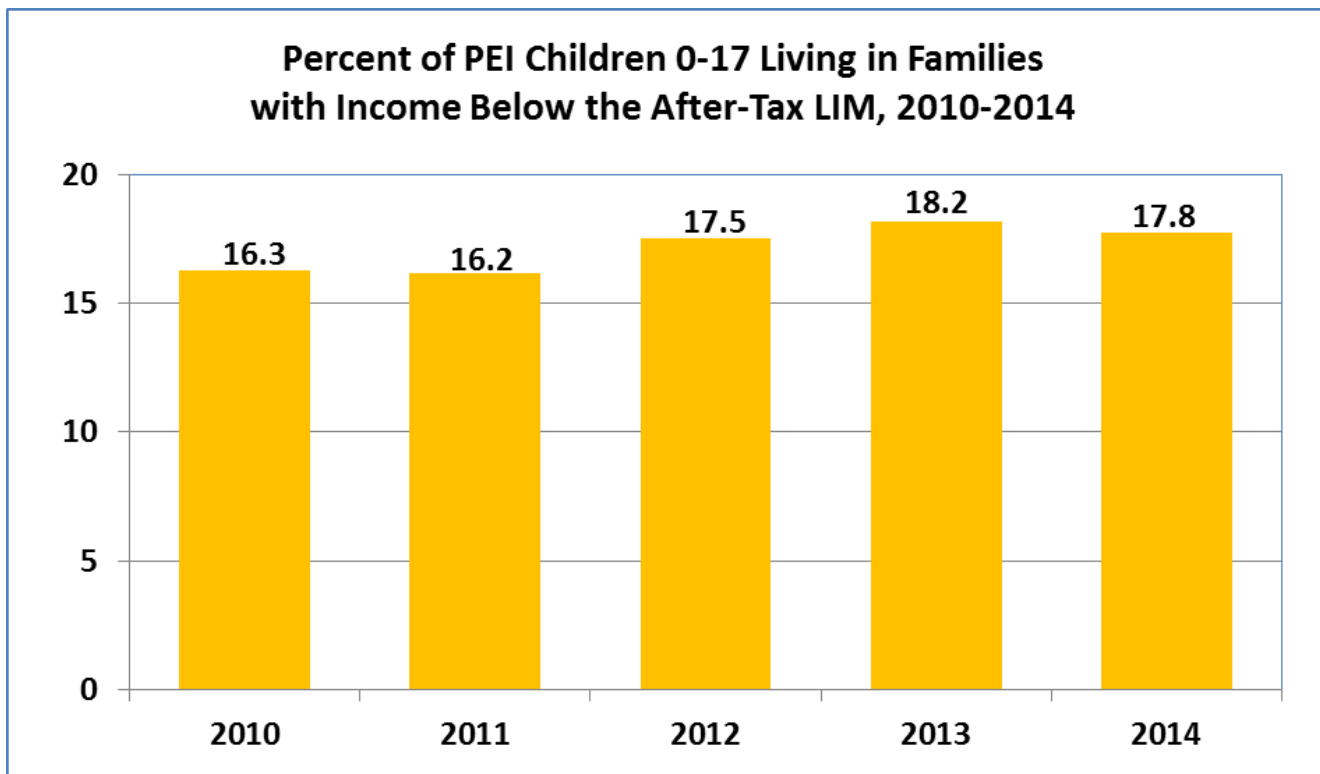
Gender poverty is very evident as lone parent households in Canada headed by women are most vulnerable and 61 percent of households with social assistance as the major source of income were food insecure. Add to this, that 35.6 percent of households reliant on EI or workers compensation were food insecure and 62.2 percent of households suffering from food insecurity were reliant on wages or salaries from employment. In addition, 29.2 percent of households with incomes below the LIM suffered from food insecurity; 29.4 percent of blacks; 25.7 percent of aboriginals; and 24.5 percent of people who rent rather than owning their houses, Canada-wide.^{viii} Racialized and gender poverty are still a huge problem in this country.

PEI did not provide a figure for the number of food insecure households that rely on social assistance. It is encouraging that the number of PEI food insecure households relying on

wages and salaries improved slightly to 61.3 percent, 0.9 percent below the national average of 62.2 percent. Overall PEI's food insecure rate fell from 16.7 to 15.1 percent.

Social Assistance recipients in this province received a food allowance increase in 2013/14.^{ix} Will it make a difference given the increase in food prices? The small increase may help social assistance recipients to keep from falling further behind. However, this increase and the 0.4 percent drop in the overall poverty rate doesn't amount to much for people trapped in poverty and suffering from food insecurity. When asked by a person who is active helping families with shortages of food and other basic necessities, her reply was, "it's really next to nothing."

The current PEI unemployment rate is 11.7 percent. Food bank use is up by 7 percent according to Hunger Count's latest report and 35 percent of PEI users are children.^x The number of applications for routine jobs and the high qualifications of people who apply are testimony to the inability of the PEI government to create jobs. A mother complained recently that she does not have enough hours to qualify for Employment Insurance and that her current income is \$6,000 less than last year's.^{xi} Lack of hours to activate EI claims is a common experience in this province because of the high percentage of seasonal work and shortage of well paid, full time jobs.



The above graph illustrates that the percentage of PEI children ages 0 – 17 in poverty was at its lowest point in 2011. It rose in 2012 and 2013 and declined slightly in 2014.^{xii} Federal transfers such as the HST/GST credit(which is very low on PEI), Canada Child Tax Benefit (CCTB) still in use in 2014, the Working Income Tax Benefit and EI make a considerable difference in the poverty rate of provinces including PEI. In 2014 the poverty rate would have been 29.6 percent instead of 17.8 percent if it were not for federal transfers. However, for poverty to be eradicated there would have to be bigger changes at the federal and provincial levels.^{xiii}

Some progress was made this year on July 1 thanks to the federal government introducing the Canada Child Benefit (CCB) which among other things replaced the CCTB. The CCB raises benefits of children under 6 years to 6,400 per annum and children ages 6 to 17 years to 5,400 per annum. This is indeed an improvement but not nearly enough. It has the potential to make an enormous dent in the poverty problem if it increases each year and if it is indexed to the cost of living.

Canada's inability to effectively tackle its poverty problem is also evident in comparison to other wealthy countries. Canada is currently 17th out of 29 countries (UNICEF Report Card 11) in overall child wellbeing. Ireland, a smaller, poorer country is number 10 thanks to an effective poverty reduction strategy and a compassionate government. Canada is 26th out of 35 in overall child inequality according to a 2016 UNICEF report of 35 wealthy countries. The research is based on four key indicators of child wellbeing – income, education, health and life satisfaction (UNICEF Report Card 13).^{xiv} The OECD reports that Canada spends 1.18 percent of its GDP on support for families, compared to the OECD average of 2.14 percent. This is a decline of 10 percent since 2009.^{xv}

Recommendations

Many of last year's recommendations still stand given that little or no progress has been made.

- That the government of PEI take immediate steps to revise its Poverty Reduction Strategy to make it effective in eradicating poverty by including a process with clear legislated targets and timelines with measureable results, effective monitoring of progress, accountability mechanisms, transparency and a focus on hearing from those

who suffer most from poverty. This requires public hearings. However, thus far there is no indication that government intends to follow through. There are many stories of hardship that need to be heard with compassion and urgency.

- That part-time workers be assured by law enough working hours to qualify for benefits.
- That the federal government: scrap the changes to EI made by the Harper government and previous liberal governments; strengthen the program to resemble what existed prior to the Canada/USA Free Trade Agreement; Set the number of hours needed to qualify at 360 for all workers; and scrap the division of PEI into two zones thus making the province one equal zone again.

We support the many excellent recommendations made in the 2016 Campaign 2000 report card:

- “That the Canada Child Benefit be indexed immediately to the cost of living and that provincial governments honour their promise not to claw back any of the benefit.
- “That the Canada Child Benefit be doubled in 4 years or sooner and that the federal government closely monitor its progress with the aim of reducing poverty by 50 percent in 4 years or earlier.
- “That the Low Income Measure (LIM) be adopted as the official poverty measure for Canada.
- That the PEI government continue to increase the minimum wage until all workers are assured a living wage.
- “That the federal government increase funding for the Canada Social transfer, remove arbitrary growth restrictions, provide sufficient stable and predictable funding that recognizes regional economic variations and ensure that both federal and provincial governments are accountable to meet their human rights obligations to provide adequate income support to all low income Canadians...as part of this, ensure that children in lone parent families receiving income assistance retain child support payments currently deducted from their EI benefits; these should not be deducted from provincial income or disability benefits.
- “In relation to poverty alleviation on reserves and the aboriginal population in general, we concur with the Campaign 2000 recommendation that a plan to prevent, reduce and eradicate child and family poverty in indigenous communities be

developed immediately in conjunction with indigenous organizations and that adequate funding is provided for child welfare services on reserve and ensure that the application of Jordan’s principle extends beyond cases of disabilities and short-term illnesses.”

- That the federal government’s national housing strategy be comprehensive, reflecting the needs of community members in a manner that accommodates municipalities, provinces, territories and non-profit and private sectors where appropriate. That targets be set for specific populations including low income families and others with high levels of core housing needs and that PEI step up its housing strategy by multiplying the number of units. That new, green ways of repairing and heating homes be introduced including solar, as part of the plan in order to lower fuel costs and improve housing conditions, alleviate the high use and high cost of fossil fuels and create more comfortable living conditions for children and their families.

Acknowledgements

This report card is a work of solidarity with Campaign 2000 and its Committee members across the country who generously share their expertise with all of us and enable us to find the most current and accurate statistics. We especially thank Executive Director Anita Khanna and Liyu GUO for their attentiveness and timely help. We are grateful as well to Dr. Lesley Frank and Alan Meisner for their contributions.

End Notes

ⁱ Department of Finance, a Plan for Middle Class Progress, November 2016

ⁱⁱ After-Tax median Income, 2014

ⁱⁱⁱ Ibid

^{iv} Ibid

^v Quoted by Tarasuk V, Mitchell A, and Dachner N, Household Food Insecurity in Canada 2014 (2016)

^{vi} Tarasuk V, Mitchell A, and Dachner N, Household Food Insecurity in Canada 2014 (2016)

^{vii} Ibid

^{viii} Ibid

^{ix} PEI Social Assistance Food Allowance Increased, <http://www.cbc.ca/news.canada/prince-edward-island/p-e-i-social> ass...

^x Food Banks Canada – Hunger Count, released November 2016

^{xi} Pursey Carl, PEI Federation of Labour, November 2016

^{xii} After tax Median Family Income

^{xiii} Statistics Canada Income Tabulation. Income Statistics Division. T1FF 2014

^{xiv} UNICEF Report Card: Fairness for Children, 2016

^{xv} A Road Map to Eradicate Child and Family Poverty, Campaign 2000 Report Card on Child Poverty in Canada, 2016

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