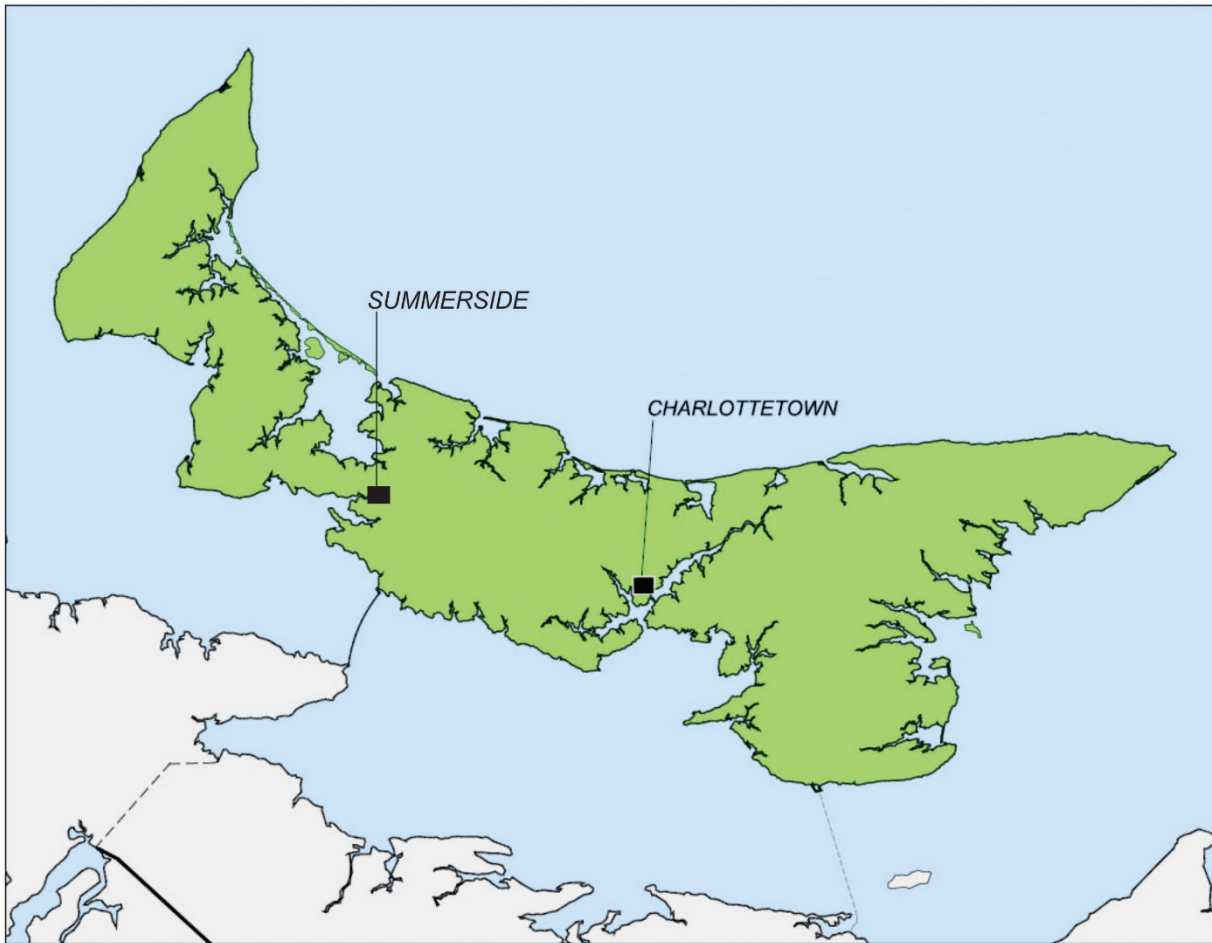


WE Must DO BETTER

Child and Family Poverty on Prince Edward Island



Eighth Annual Report on Child and Family Poverty on Prince Edward Island – 2021,
MacKillop Centre for Social Justice and PEI Coalition for a Poverty Eradication Strategy
November 24, 2021

CAMPAIGN 2000
END CHILD & FAMILY
POVERTY

CAMPAGNE 2000
METTONS FIN À LA PAUVRETÉ
DES ENFANTS ET DES FAMILLES

INTRODUCTION

As we prepare for this year's report card, housing is one of the main issues on the minds of many Islanders. The COVID-19 pandemic intensified an already brewing problem of a shortage of housing. The pandemic brought a wave of demand for houses from buyers across the country and beyond. The situation escalated the price of houses, increased the cost of rent and the COVID-19 inflated the cost of building supplies. These circumstances together increased the cost of living especially in housing. The cost of food and fuel increased at the same time affecting those below the poverty line including front line workers who in spite of the essential services they perform, find themselves below the poverty line thanks to low wages. They deserve better treatment and more thanks as they endeavor to perform key services for all of us. As we approach the end of a second full year of the COVID-19 pandemic, we realize that much more has to be done to overcome existing inequality and that we need to keep moving forward in that direction. Let injustice give way to Justice.

Situating Child Poverty

The National Child Poverty rate for Canadian children between 0 and 17 dropped 0.5% from 18.2% in 2018 to 17.7% in 2019 according to the Low Income Measure (LIM). In 2019 there were more than 1.3 million children in poverty in Canada.

The overall child poverty rate for PEI declined by one percentage point from 19.4% in 2018 to 18.4% in 2019, but remained 0.8% above the national average. There were also 200 fewer children ages 0 to 17, in poverty in 2019 in PEI.

Lone parent families make up 42 percent of the families in poverty in 2019. Of the 5,380 children ages 0 to 17 in poverty in this province, 1,670 are in families with at least one child below 6 years. Since the All-party resolution in the House of Commons in 1989 to eliminate child poverty in this country by the year 2000, we have fallen behind. Poverty has continued to rise and is still above the 1989 level.

On PEI the overall poverty rate in 2019 was 16.8%, 0.1% less than 2018.

The rate for children under six years is 19.2%

The rate for Children 0 -17 is 18.4%

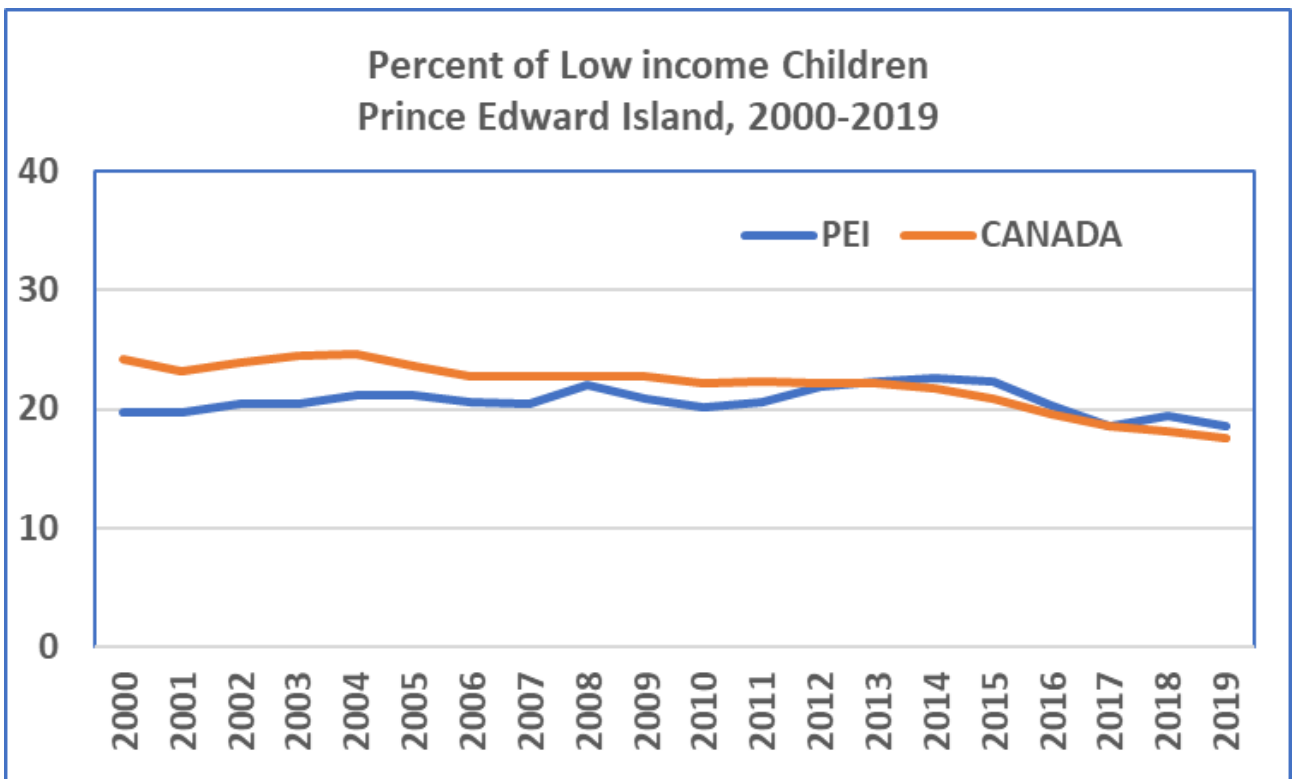
The rate for adults 18-64 is 16.6%, an increase of 0.3% over last year

The rate for adults 65 and older is 16%, down 0.4% from last year

The following graph of the child poverty rate in Canada and PEI from the year 2000 to 2019 reveals just how slow poverty eradication has been in the last 20 years. The PEI line is practically flat except for a few small declines and increases. In spite of the advent of the Canada Child Benefit (CCB), this snail's pace has brought the Canadian rate down by only 6.5 percentage points. In both cases, the numbers are excessively high. Since the All-party resolution in 1989, very good and workable suggestions were made by Campaign 2000 and others on ways to eliminate poverty. This work continues with some progress made, especially on the federal plan to reduce childcare costs to \$10.00 per day and the Canada Child Benefit, to name just a couple. Since 1989 and earlier, children in poverty in Canada have been asked to bear an unacceptable amount of suffering accompanied by health consequences and lost opportunities.

We cannot continue to accept or tolerate this situation. The struggles of low-income children are many. Why should some children have fewer opportunities in life than others?

Campaign 2000 measures poverty using the CFLIM-AT, defined as 50% of median income for a particular family size calculated with tax filer data because it is more inclusive and correlates more highly with health status and challenges in child development. CFLIM-AT is a relative measure of poverty, which tracks changes in living standards and compares living standards of individual low-income families to that of the rest of society. It is calculated using data from the T1 Family File (TIFF) tax file. It is a reliable source of annual income that includes communities with a high rate of poverty such as populations of the Territories, First Nations Peoples living on reserve, those living in institutions, and parents under 18.



According to the 2019 LIM data, the overall rate of poverty for 2019 is:

All ages – 16.8%

Children 0 -6 years – 19.2%

Children 0-17 – 18.4%

Adults 18 – 64 – 16.6%

Adults over 65 – 16%

Little Progress

The 2019 figures reveal just how little progress has been made to eradicate poverty at its root causes. Instead, we keep falling behind. We know that poverty is structural, the result of economic and political structures and the way they create inequality. When profits come before people, little progress is made except that the rich get richer and the poor get poorer. That seems to be the Canadian way.

In comparison to the other provinces and territories, the 2019 data shows that PEI has the smallest depth of poverty rate for single parent families with one child and single parent families with two children. For single parents with one child, Newfoundland is a close second with a yearly total of just \$215.00 higher.

There are seven provinces and territories that have smaller depth of poverty gaps than PEI for couples with one child. Alberta is a close second to PEI with a yearly total of just \$60.00 higher and the Northwest Territories is tied with PEI.

Seven provinces and territories have smaller gaps for a couple with two children.

The upward trend in child poverty that happened on PEI in 2018 has reversed slightly in 2019 by one percentage point while some provinces experienced an increase in 2019.

Over the 20 year span, some provinces experienced significant drops in the child poverty rate. While Nova Scotia and New Brunswick had similar gap levels to PEI, notable declines occurred in some provinces and territories: Newfoundland and Labrador and B.C. each a 9 point drop from 30 to 21; Quebec a 7 point drop; Saskatchewan and Alberta each an 8 point drop; and Yukon surpassed all provinces and territories with a drop from 25% to 12%.

Geographical Areas of PEI.

Most PEI communities have small populations so the number of children in poverty is often more significant than the percentage. Where the overall population is small, a few people moving in or out of the community can make a significant difference in the percentage rates.

The city of Charlottetown continues to have the highest rate of child poverty in the province.

Charlottetown Overall	Child Poverty	Working Age 18 – 64	Seniors - over 65 years
22.8%	25.3% (1600)	24.4%	15.7%
Summerside Overall			
18.4%	21.1% (600)	17.7%	17.6%

Other communities with sizeable populations of children in poverty include:

Coleman, 70 children below the poverty line - 36.8%

Montague town, 300 children - 27%

O'Leary, 140 – 24.5%

Lennox Island, 100 – 25%

Lot 12, 140 – 28.6%

Lot 5, 240 - 20.7%

On the other hand, many smaller communities with smaller numbers of children have high percentages of children in poverty. For example, North Rustico with 30 children in poverty has a rate of 37.5%.

Communities with larger numbers of children in poverty but lower percentages include:

Stratford, 330 - 14.3%

Cornwall area, 190 - 12.9% and Cornwall town, 160 - 11.9%

Souris West, 130 - 16.3%

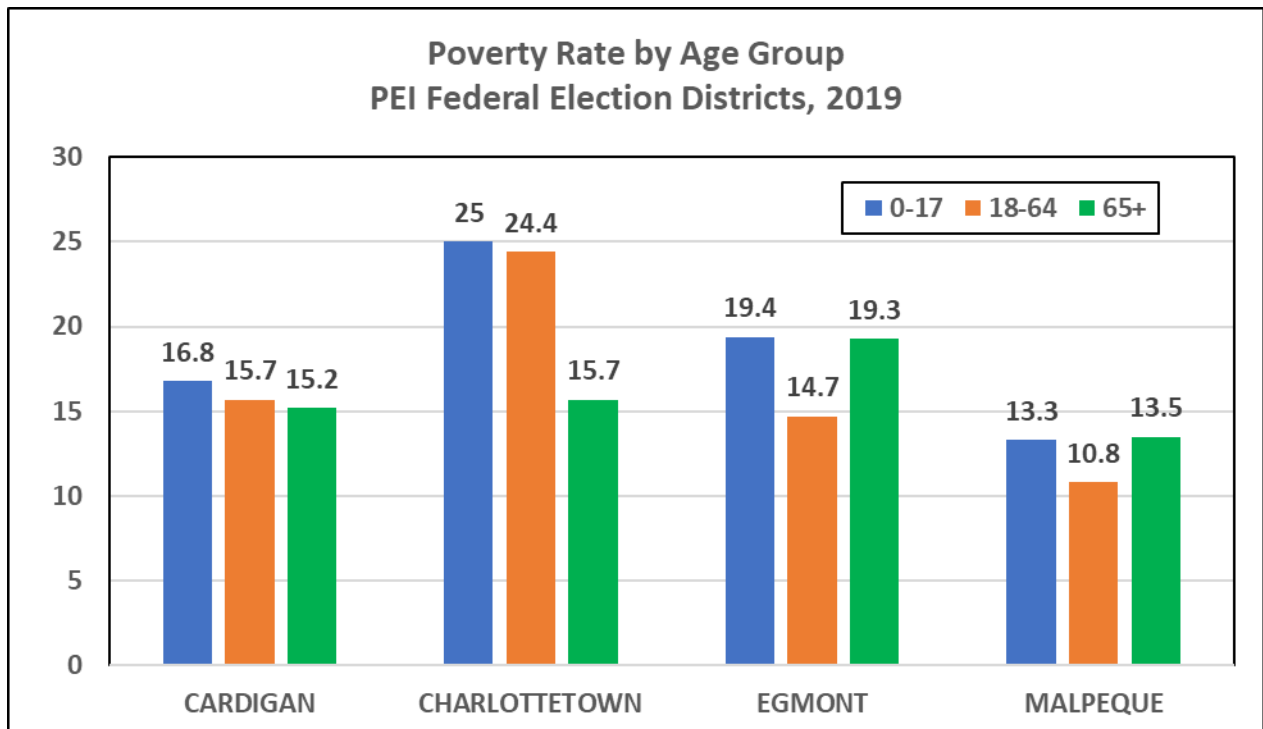
Kensington, 160 - 15.4%

Hunter River, 110 - 15.7%

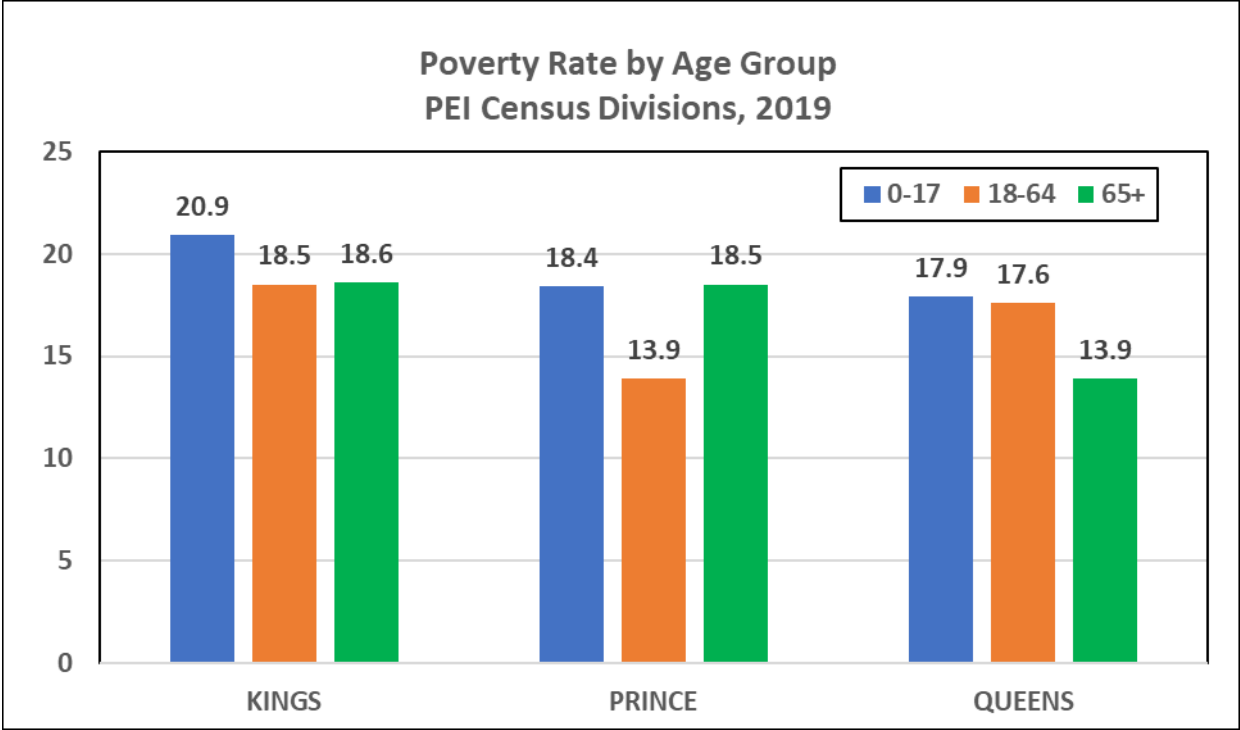
Child Poverty and general poverty by County and Federal Ridings – election districts

Place name - Nom de localité	All Ages		0-17		18-64		65+	
	#	%	#	%	#	%	#	%
CENSUS DIVISION								
KINGS	3380	19	670	20.9	1980	18.5	730	18.6
PRINCE	7540	15.8	1680	18.4	3950	13.9	1910	18.5
QUEENS	14430	17	2980	17.9	9210	17.6	2230	13.9
FEDERAL ELECTION DISTRICT								
CARDIGAN	6600	15.8	1420	16.8	3940	15.7	1250	15.2
CHARLOTTETOWN	8550	22.8	1600	25	5760	24.4	1190	15.7
EGMONT	6110	16.6	1360	19.4	3200	14.7	1560	19.3
MALPEQUE	4090	11.9	950	13.3	2260	10.8	880	13.5

There are two important points of note in the graph below. The high rate of child poverty in Queens is almost matched by the high rate of poverty for persons of working age. Secondly, the rate of poverty for seniors in Queens is the lowest of the three counties.



The graph below places the poverty rate in Kings County above the overall poverty levels for all ages on PEI and the highest percentage is for children. Senior poverty has increased in Kings and Prince but not in Queens where it is below the overall rate of poverty for Island seniors.



Social Assistance

There is very little information available on Social Assistance for this year as the departmental annual report is not completed. Figures from 2018 and figures from 2020 are the only gauges we have. It is encouraging to know that there have been some small changes and improvements over the last 11 months. However, there were significant food increases in 2020, shelter increases earlier in the year as well as a number of rate increases in August and in October this year. These include Vision and Optical coverage, School Allowance, Funeral Coverage, Pregnancy Food Allowance, and Living with parents or relatives shelter rates.¹ We won't know the exact amounts until the release of the Annual Report. Social Assistance payments continue to be too low and recipients are kept in deep poverty.

Although the graph below shows that the rate of child poverty on PEI in 2019 is the lowest in Atlantic Canada at 18.4%, all Atlantic Provinces have rates above the National level. Nunavut has the highest rate of child poverty in Canada and Manitoba is a close second. Nova Scotia has the highest rate in the Atlantic region.

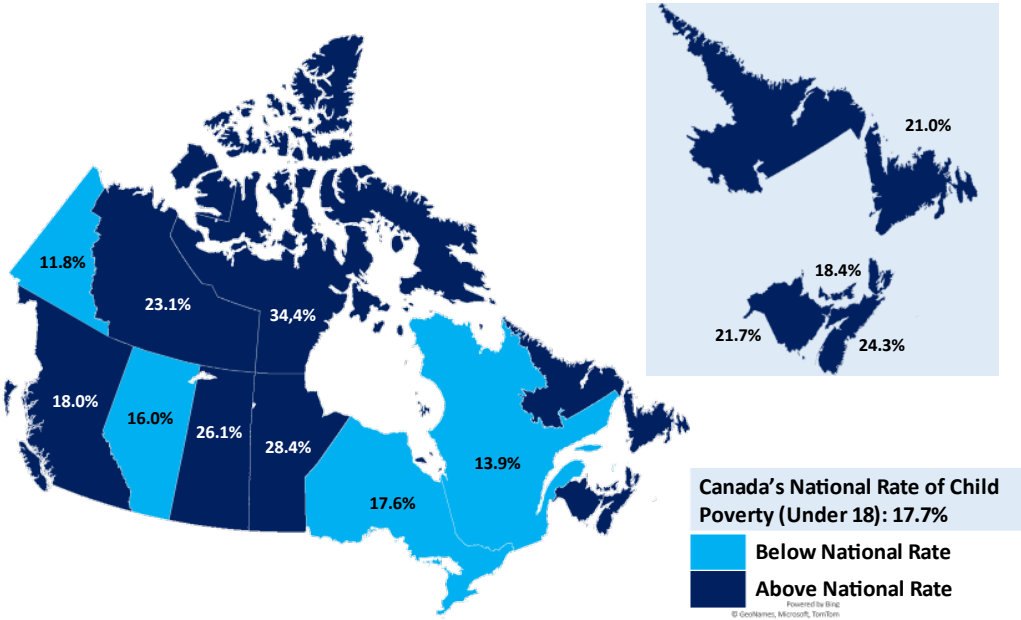
Employment Insurance is an important poverty reduction tool

The PEI economy and the economies of the Atlantic provinces are seasonal and Employment Insurance (EI) is very important for the large number of seasonal workers. In Canada, prior to the pandemic, only 40% of unemployed individuals were eligible for EI benefits.² The benefit rate is at its lowest since the introduction of the program 80 years ago, at 55% of wages.

EI plays important roles, in the lives of workers. Basically, it is an insurance to cover workers should they lose their job. It includes large-scale stabilization at times of labour market or economic upheaval. It also plays a critical role in the lives of individuals and families and is essential for seasonal workers. Lessons learned from the CERB and the CRB experience can help to reform EI to make it function better as a poverty reduction tool. Reforms include making permanent the \$500 weekly benefit floor introduced during the COVID-19 pandemic and increasing the benefit rate to 70% of wages.

Reforms are needed to increase access for more workers. Qualifying requirements should be lowered to 360 hours or 12 weeks, punitive disqualification rules need to be eliminated, and EI should be made accessible to all migrant workers and misclassified contract workers. There are 2 EI zones on PEI. This makes little sense. Workers have been lobbying MPs to restore PEI to one zone. Nothing has happened yet.²

Child Poverty Across Canada, Children under 18



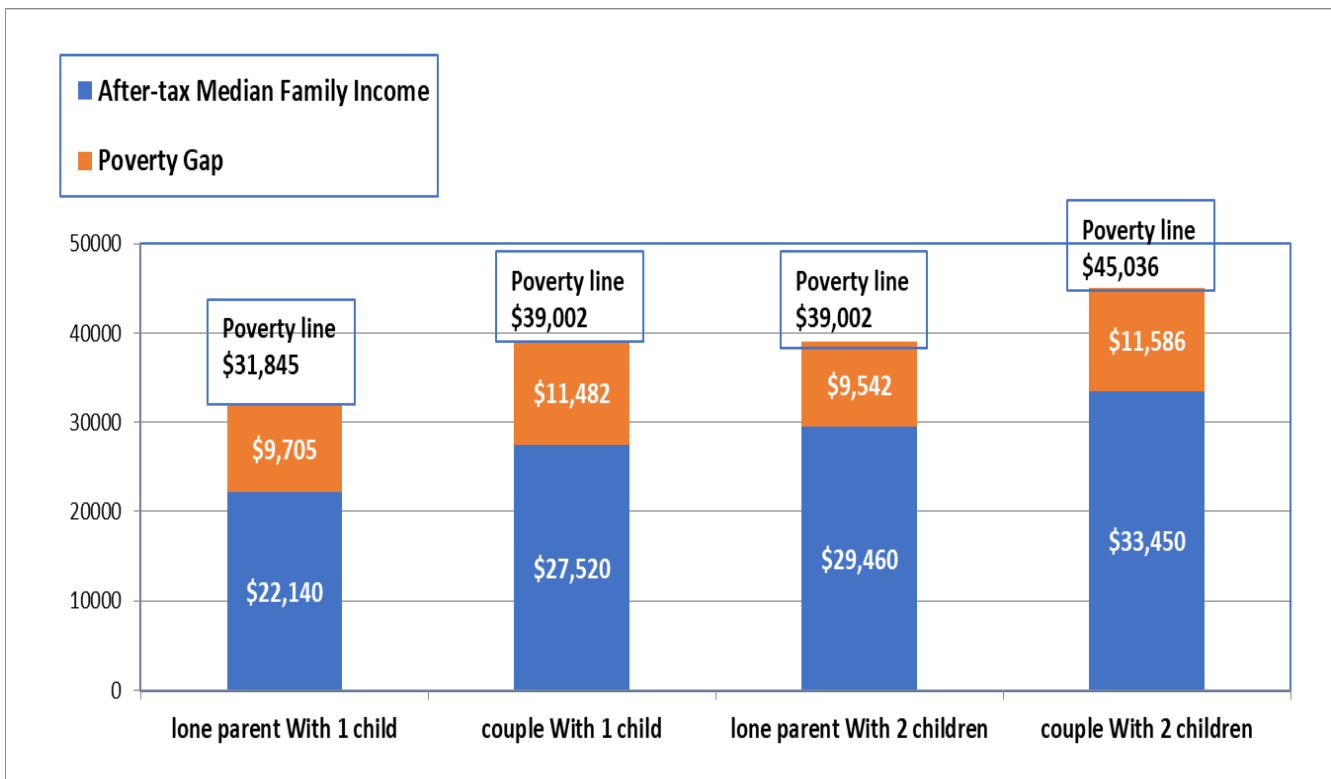
Source for CFLIM_AT data: Statistics Canada Table 11-10-0018-01. After-tax income status of tax filers and dependents based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition, 2019.

Depth of Low Income for Poor Families in Prince Edward Island, 2019

Statistics Canada defines the average poverty gap ratio as the dollar amount a household income is below the poverty line, expressed as a percentage. When the gap increases, the depth of poverty also increases which means that children live in deeper poverty. When we compare the 2019 depth of poverty figures with those of 2018, we find that the depth of poverty is increasing on PEI. Most family categories lost ground over the past year. In 2020 PEI had the highest food inflation rate in Canada.

- The income of a single family with one child increased by \$360.00, but the gap increased from \$9,097 in 2018 to \$9,705 in 2019, or by \$608.00.
- A lone parent family with two children had a gap of \$9,476 in 2018. This family's income increased by \$1,120 in 2019 to \$9,542 but the gap increased by \$66.00.
- A couple with two children received an increase in income in 2019 of \$480.00 over 2018 figures, from \$32,970 to \$33,450 but the gap increased by \$890.00.
- A couple with one child was the only category that gained on PEI in 2019. Their income increased over the same period by \$2,160 and the gap in this case decreased from \$12,456 to \$11,482, an improvement of \$974.00.

Three of the four family categories sank further into poverty between 2018 and 2019. If we compare these figures to the National level, the depth of poverty for a single parent with one child is larger at a national level than that of a comparable PEI family. The same is true for a single parent with two children. The gap for a couple with one child as well as for a couple with two children is higher in PEI.



Child Care

All of the people who worked for a more just, equitable childcare system rejoiced at the federal government's announcement in the 2021 federal budget of a \$10.00 a day daycare plan. Prince Edward Island was one of the first provinces to endorse the plan, which needs to cover and give access to all families, indigenous and others including newcomers and children with disabilities. It must be thoroughly inclusive. The new plan comes into effect more than a year from now so there is time

for people to offer suggestions to assure the highest possible quality. Provincial and Territorial governments must all work with the federal government to ensure that this program is available for all children. Service delivery must be equitably distributed to ensure that people in need can benefit and that rural areas have access. The plan is an important step in strengthening the Social Safety Net.

Housing

In 2021, PEI housing sales hit record highs. Overall housing prices were up 27% compared to 2020. Prices of houses rose considerably more in Charlottetown and Summerside. The median price for a house in Charlottetown is \$340,000 at last count. In Summerside, the median price of a house is \$312,500, up 39.5% more than the third quarter of 2020 and heavy demand continues. Houses on the North and South shore of the province were up 24.8%. Sales appear to be declining somewhat in the 4th quarter as the price of lumber is beginning to go down closer to pre-COVID prices. Housing continues to be in short supply and prices continue to rise in spite of builders receiving forgivable loans of \$55,000 per unit.

Advocates believe that the affordable housing rate should be set at 25% of income including the minimum wage income in order to accommodate the needs of low-income families. The price should include utilities. Current prices are way beyond that level. The provincial government also needs to broaden eligibility programs for those in need and tenants should play more of a role in decision-making. The root of the problems goes back to 1993 when the Chretien government froze federal funding to new social housing projects including supports for smaller non-profit and cooperative housing projects.

The already tight housing situation in Charlottetown and elsewhere in the province was exacerbated by the COVID-19 pandemic, which caused lumber costs to soar and other materials to hit all time highs. There is also a shortage of skilled people in housing construction. In spite of COVID-19, problematic housing problems should have been anticipated and fixed years ago.

On top of the above, a substantial development of Short Term Rentals (STRs) took place in Charlottetown. This development is particularly difficult for people in poverty, international students and out-of-town students who are kicked out of their apartments after 8 months to make room for tourists seeking (STRs). Women fleeing abuse, and people of colour are also hard hit. STRs definitely contributed to the housing shortage and the rise in housing costs.

On November 9, the Charlottetown City Council sponsored a third public meeting to give residents a chance to respond to its proposed short-term rental (STRs) restrictions. The key changes would mean that a STR could only operate in a dwelling under the condition that it is the host's primary residence. Council would also allow for secondary garden suites as long as the host is living in the home during the stay. These changes would prevent vacancies in Charlottetown that are reserved for visitors only. It would also eliminate renavictions – tenants evicted under the guise that the dwelling is going to be renovated and the renovations can't happen if the tenant is living there. Student rentals are in danger of renaviction after 8 months only.

PEI has the lowest wages in Canada so the cost of housing is now way beyond affordability for many people.³ Participants pleaded that: prices are at a terrifying level; repairs could triple what people usually pay; the affordable housing monthly rate of close to \$1,400 does not include heat, lights, cable,

internet, and other. They stated that people cannot afford to live here and cannot afford to stay here, so they have to go elsewhere.

Tenants raised the problem that part of the housing shortage is caused by people wanting to maximize profits by operating Short Term Rentals (STRs). They reminded City Council that the gap between rich and poor has never been larger, that more and more workers are being forced to go to food banks and that more people are being marginalized. They stated that owners of STRs should be assured a fair return, not a maximum return. One participant stated that she was renavicted 4 times in 4 years. Other speakers complained about being renavicted more than twice in five years and others were renavicted more frequently. A spokesperson for non-profit housing stated that the problem is getting worse. His new building, which offers a sliding scale for rent, is full and there are already 300 people on his general waiting list. One person stated that some low-income people are paying as much as 60 to 70 percent of their income on housing with the money going directly into the pockets of the owners. She asked why the city is being held hostage by STRs and called the situation terrifying because landlords are holding empty apartments all over town for tourists wanting STRs. One person of colour quoted a line of poetry which she felt described the situation of housing in Charlottetown "There ain't no love in the heart of the City."

People asked that owners go back to their roots and serve the needs of the people for affordable housing. In all of this, racialized people have the hardest time.

The Confederation Centre, which holds one of the best-known summer Festivals in Canada, is bringing back the popular Anne of Green Gables stage production after a 2-year absence due to COVID-19. It usually finds accommodation in the city for the actors who come from across Canada. A spokesperson stated that this year they could not find accommodation because of shortage of rental space brought on by STRs. Some actors state that they cannot come because they cannot afford accommodation costs in Charlottetown and that they will have to go elsewhere. This was not an issue five or so years ago.

University students stated that they have to vacate their apartment after 8 months to make room for STRs. They want year round housing. They would like to stay and work in Charlottetown during the summer months to help the economy but they cannot find places to live.

PEI has one of the tightest housing markets in Canada. The vacancy Rate improved somewhat over the past year but there were fewer students looking for apartments due to COVID-19 restrictions. Homelessness has increased.

While only 83 residents are licensed to operate STRs in the city, over 400 have advertised their properties on line, illustrating the lack of regulation in the city and province. Other participants talked about seeing tents along walking trails where people who are renavicted in the spring have to live because they can't find affordable housing. After a speaker from the STR organization gave a promotional speech on zoom from Toronto about the benefits of STRs, one participant reminded the council that, "we are a community, not a tourist attraction."

Participants recommended controls on the cost of housing and that STRs be transformed into long-term rentals, with more regulation, a registry, and a way to enforce regulations. Most endorsed the City Council's recommendations and recommended more affordable public housing, more non-profit and cooperative housing.

There was a recognition that STRs are part of the housing problem, not the whole story.

The Office of the Director of Rental Property stated in its 2020 Report that it issued a record 531 orders. The Rental Office adjudicated a high volume of disputes, receiving 666 applications for dispute resolution from tenants, up from the previous year by 56. The Commission set an allowable rent increase of 1.3% for 2020 and 1% for 2021 www.irac.pe.ca/rental (FN). In addition, there were 10,644 inquiries, up from 10,168 the previous year.⁴

On November 17, the provincial Legislature passed a motion by the Green Party for a 2-year moratorium on renavictions. There is a clause in the province's tenancy legislation which allows landlords to evict tenants in order to conduct renovations to properties which they claim cannot be done unless the tenant moves out. This has caused hundreds of tenant evictions from properties that are then turned into STRs. The new housing legislation comes into effect in March of 2022 but cases under dispute at the moment are said to be protected in the new legislation. Two amendments to the legislation were attached and there is fear that they may weaken the original motion.⁵

Living Wage.

In 2020, our coalition cooperated with the Nova Scotia Office of the Canadian Centre for Policy Alternatives to establish a Living Wage for Charlottetown. The research, led by Dr. Christine Saulnier, calculated shelter costs at \$1,398.06 monthly in 2020. This report has not been updated for 2021 but costs would have increased because of rising costs of housing, food and fuel. The latest estimate places affordable rent at close to \$1,400 monthly. In order to accomplish a Living wage for PEI last year, workers would have had to receive an hourly wage of \$19.30 to provide a small cushion above the poverty line, based on needs of a couple with two children with both parents working full time for 35 hours a week. The minimum wage on PEI has since risen to \$13.00 per hour and will increase to \$13.70 on April 1, 2022. This is still very far from the minimum requirement of \$19.30.⁶

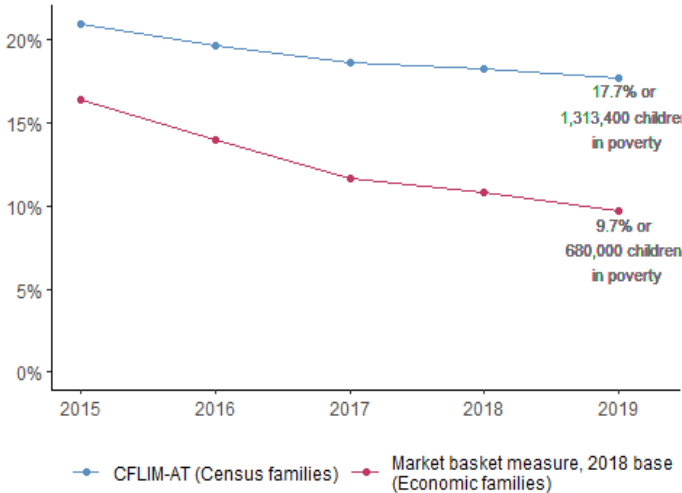
Market Basket Measure – Official Poverty Measure

The Market Basket Measure (MBM) was declared the official poverty measure in Canada in 2019. It was entrenched into legislation in June 2019 when the Poverty Reduction Act (PRA) came into effect. Campaign 2000 points out that the MBM measures material deprivation by establishing a low-income threshold by means of costing out a basket of goods and services that an individual or family would need to purchase to have a 'basic' and 'modest' standard of living in a particular geographic region. It uses five categories: food, clothing, shelter, transportation, and a category of other essential items. Families with a disposable income that is less than the threshold for their region are considered to be living in poverty.

As the Campaign 2000 report points out, the MBM data source is the Canadian Income Survey. This survey uses a smaller sample size so is subject to more sampling error. It excludes many populations with higher poverty rates such as people living in the territories and on First Nations. In addition to this exclusion, what goes into the baskets is a subjective choice, This is also true in what is considered a 'basic' standard of living. This type of calculation results in lower poverty thresholds and the subsequent "invisibilizing" of child poverty, in particular the poverty of Indigenous children with the use of the MBM (Frankel and Sinclair, forthcoming).

The MBM and LIM capture different aspects of poverty and in both cases present a partial picture of poverty. Adjusting the CFLIM to 60% of the median income is aligned with the metric used by the European Union, enabling international comparisons.

Number and Percent of Children in Poverty, MBM and CFLIM-After Tax, 2015-2019



Source for CFLIM_AT data: Statistics Canada Table 11-10-0018-01. After-tax income status of tax filers and dependents based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition, 2015-2019.

Source for MBM data: Statistics Canada. Table 11-10-0135-01 (formerly CANSIM 206-0041), CIS Table 2-Persons living below the poverty line (market basket measure), 2015-2019.

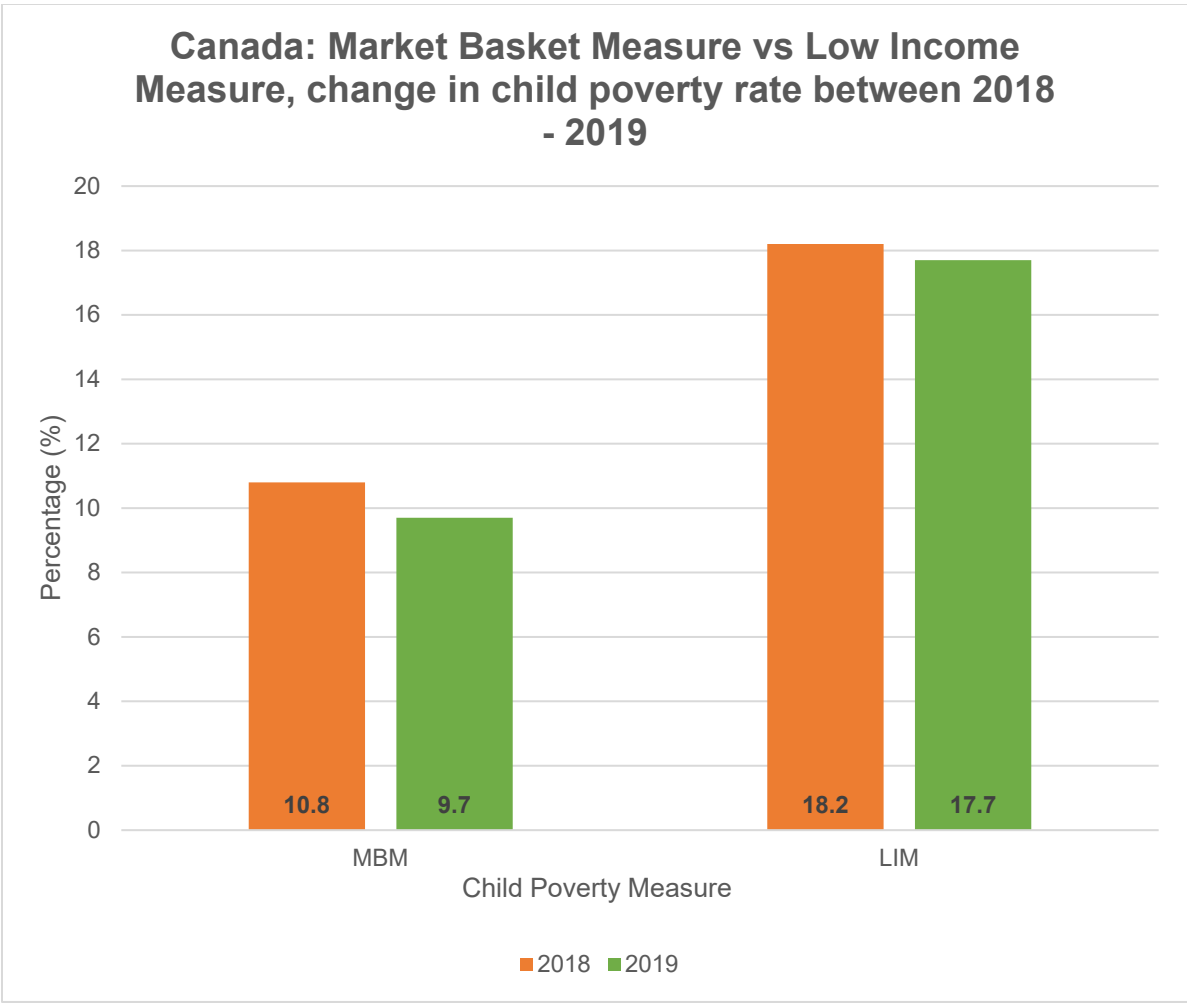
Figure 1: Census Family Low Income Measure, After-Tax 2019 Thresholds by Family Type

Family Type	CFLIM-AT (\$)
Single person (no child)	22, 518
Lone parent with one child	31,845
Lone parent with two children	39,002
Couple with one child	39,002
Couple with two children	44,036

Source: Statistics Canada, Table G. 2019 Threshold for After-Tax Census Family Low Income Measure, Technical Reference Guide for the Annual Income Estimates for Census Families, Individuals and Seniors. T1 Family File, Final Estimates, 2019.

The following graph illustrates the difference between poverty rates as measured using the Low Income Measure and the Market Basket Measure. In 2018 Child poverty as calculated by the MBM measure is a full 7.4% lower than the LIM and 8% lower in 2019. This makes an enormous difference. It begs the question, what happens to all the people who are not counted as below the poverty line? What happens to the children in poverty who are left out of the proposals?

The following graph illustrates the differences between the MBM and the LIM. It suggests that groups favouring the MBM should take a second look at the inequalities. In PEI the differences are similar.

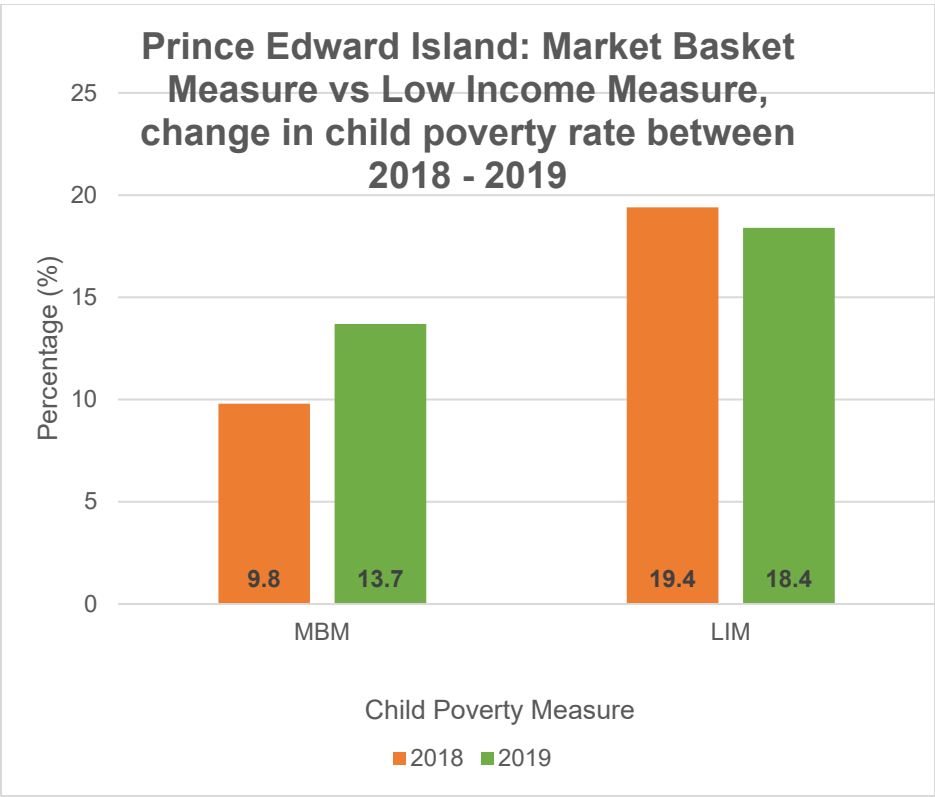


It is imperative when calculating the extent of poverty on PEI that the differences in poverty measures be taken into account. We concur with the following resolution by Campaign 2000 to

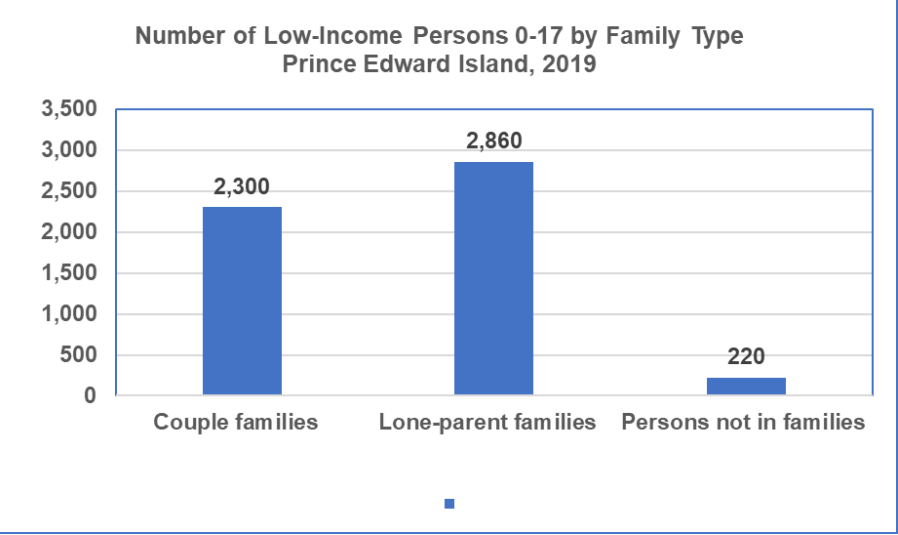
- Replace the Market Basket Measure, which measures material deprivation, with the Census Family Low Income Measure After Tax, calculated with annual tax filer data (CFLIM-AT) as the Official Poverty Line. The Low Income Measure is a more comprehensive indicator of all aspects of poverty. Increase the CFLIM-AT thresholds to reflect 60% of the median income to cohere with global standards, such as those used by OECD and UNICEF.

This resolution is very important given the number of children in poverty who are left out of the poverty calculations. Their existence needs to be taken into account to enable them to benefit from access to programs to alleviate their poverty. The difference between the numbers of children in poverty in PEI and in Canada as calculated by the MBM are substantial. These differences must be made up by using a more accurate measure.

The following graph shows clearly that Islanders are at a disadvantage with the MBM measure.



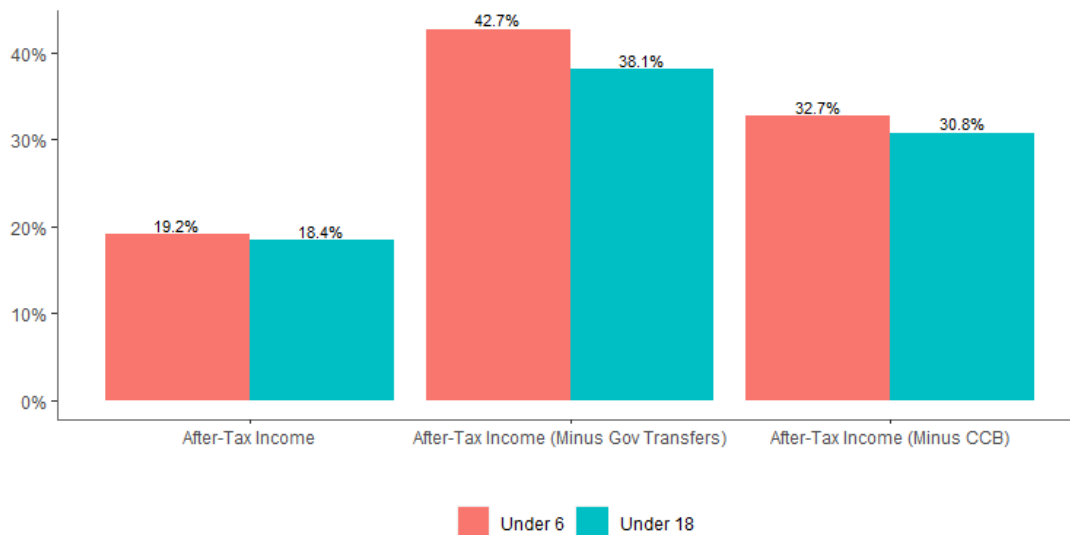
The graph below shows that of all low-income families on PEI, lone parent families are the most numerous and outnumber couple families by 580 families.



The Charlottetown Food Bank, Another example of the increase in poverty

The Charlottetown Food Bank has experienced an overall increase in demand for food as of October 2021 compared to October 2020, especially among households. Foodbank users increased from 1,522 in October 2020 to 1,687 users in 2021, an increase of 165 users. The number of children using the foodbank also increased from 540 in 2020 to 596 in October 2021. While this increase is not as dramatic as adult use, it is part of a trend that shows how inflation and the snail's pace of poverty eradication is making more people desperate. Immigrants and Refugees are among the users of the foodbank because their income is insufficient for the rising cost of food, fuel and housing. All of this illustrates a lack of planning and effective follow up once these people arrive.

Federal Transfers

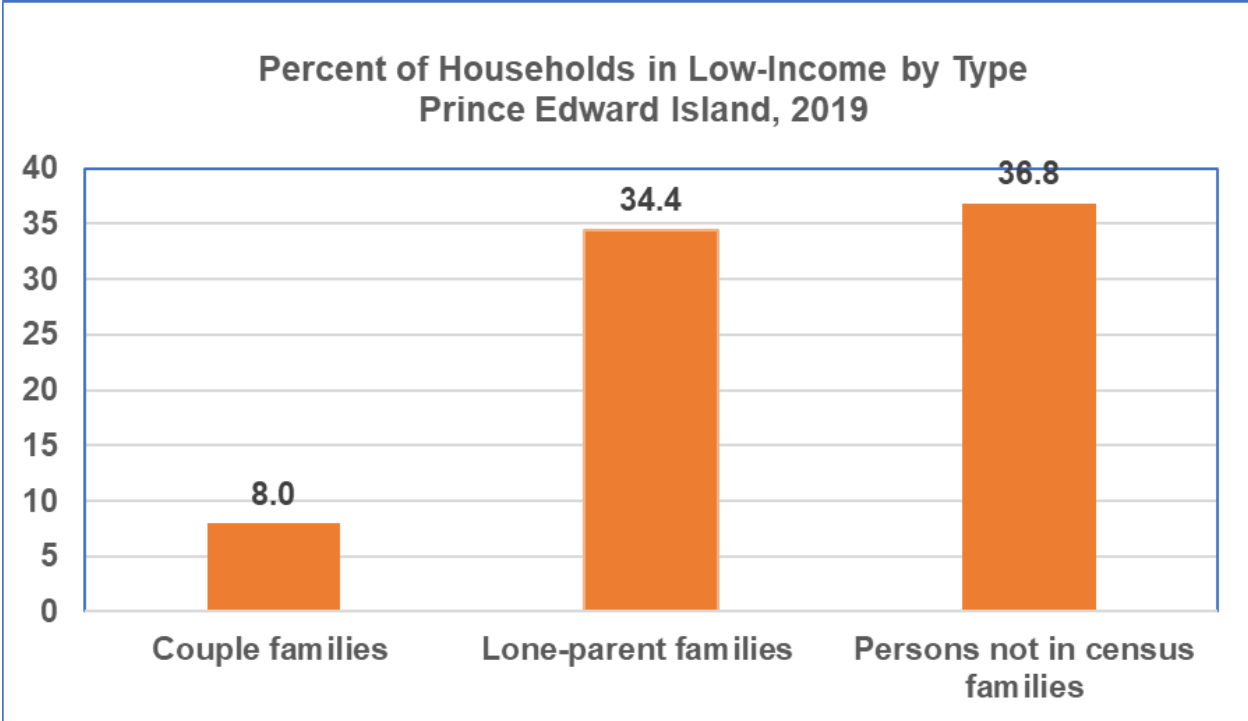


For persons under 18 years, when you remove all of the adjusted After Tax government transfers, the number changes drastically from 18.4% to 38.1%, an increase of 19.7%. In 2018, the figure was 34.7% or 3.4% less than 2019. For children under six years old, the poverty rate in PEI in 2019 was 19.2% with the assistance of government transfers. Without government, transfers the percentage would be 42.7% compared to 44.5% in 2018, an improvement of 1.8%. The overall difference in 2019 is 23.5%.

The figures on the far right demonstrate that the Canada Child Benefit is important to families with children. It is reducing child poverty but is insufficient on its own and has to be improved. Poverty for Children under six years dropped by 2.1% from 21.3% in 2018 to 19.2% in 2019. The reductions in poverty are still small. Without government transfers, the poverty rate for children under 18 would have been 38.1% and the rate for children under six years would have been an enormous 42.7%.

The Canada Child Benefit (CCB) has been a help to families in poverty but it has not touched the depth of poverty or enabled the elimination of child poverty. This is because it is aimed at reducing the poverty of families close to the poverty line. The poorest families are left behind.

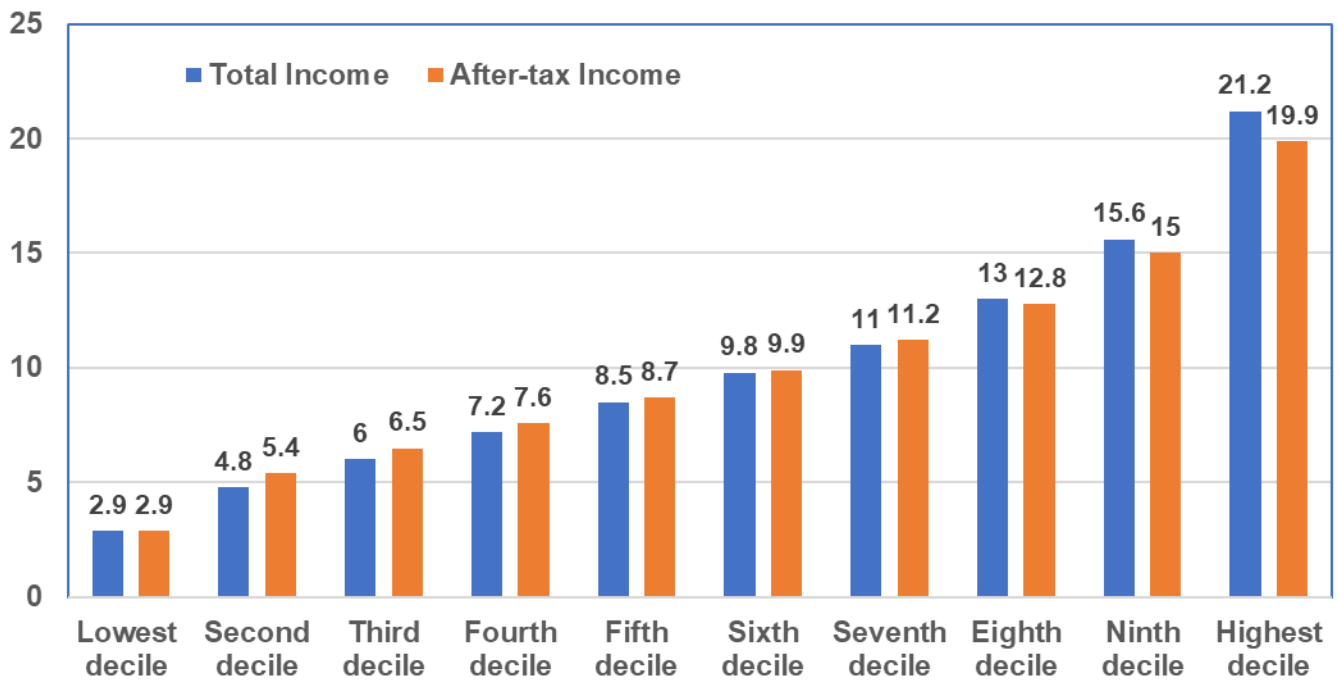
The column on Market value, is the sum of earnings from employment and net-employment, net investment income, private retirement income, and the other items under income. It is also called income before taxes and transfers. After-tax income is total income less income tax. Market income – for low-income families is the sum of income earned from work. In this case, market income figures are close to synonymous with working poor. Therefore 36.9% of Island children under 6 come from working poor families and 33.4% of all children under 18 come from working poor families. Market income does not include Social Assistance and it is safe to assume that few working poor families have investments. These are alarming numbers and more serious, this situation is not improving, it is getting worse.



Source: Statistics Canada Custom Tabulation, Number and proportion of children under 6 and 18 years old in families where the adjusted after tax income of family is below the amount of the T1FF CFLIM-AT threshold, Canada, Provinces and Territories, 2019

Distribution of income on PEI is better than the national average. However, PEI has extremes of income inequality. The highest decile with aggregate earnings of 21.2% is higher than the aggregate of the four lowest deciles (40%). It is also 5.6 percentage points higher than the 9th decile. All other deciles have gradual increases except the highest one, which is considerably above the rest including the 9th decile.

**Percent Share of Total and After-Tax Income by Decile
PEI Economic Families 2019**

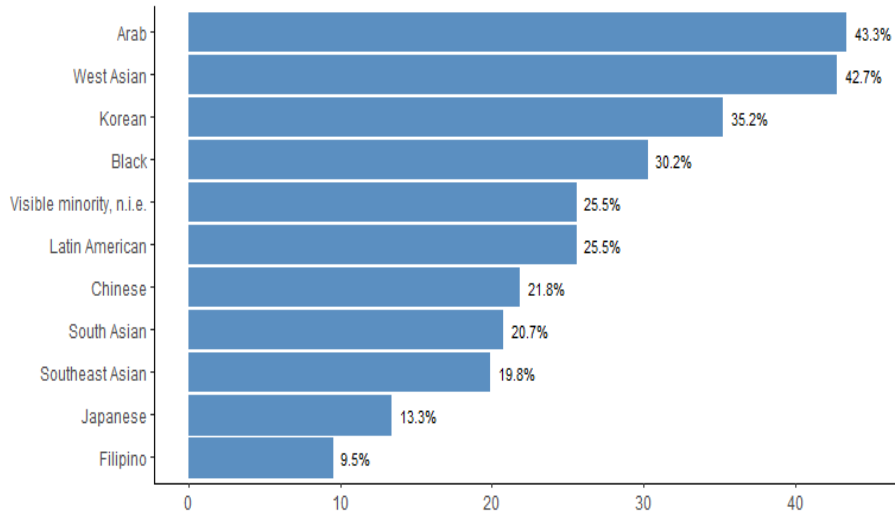


Source: Statistics Canada Custom tabulation, Share of Income by Decile for families with children under 18 - 2019

Racial inequality is growing in PEI as well as the rest of Canada. Many racialized people live in Charlottetown where the poverty rate is highest. In addition, a number of people of colour complained about housing shortages and problems. Indigenous people also experience higher levels of poverty both on and off reserve. The following chart is helpful in identifying who is struggling with poverty in Canada. Although we could not find up-to-date figures for racial categories on PEI, the following national map is helpful in understanding the shockingly high rate of racialized poverty in this country.

When Martin Luther King made his famous March on Washington his message was about jobs and the need to end racial discrimination in order to give people of racial backgrounds a fairer chance of lifting themselves out of poverty.⁷ The March from Selma to Montgomery was about voting rights but also about jobs. His message resembled the model of the Job Guarantee. He favoured decent jobs with decent pay and working conditions but he also knew that many people were unable to work. He wanted those with disabilities to have enough income to be lifted out of poverty and be able to live a decent life. He also favoured fair compensation for those who were unable to enter the workforce such as caregivers.⁸ Like the Job Guarantee, he dreamed of reaching the poorest of the poor and giving them a chance for training and employment. These opportunities would reach the poorest parts of the country as well as the cities and involve people in fighting for and deciding their own destiny.

Chart 10: Child Poverty Rates, Select Racialized Groups, Canada 2016



Source: Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400X2016211

CERB/CRA

We concur with Campaign 2000's calls for a CERB Amnesty, summarized as follows. Pandemic income benefits provided by the federal government were intended to support individuals and families during economic shutdowns. The largest program for individuals was the Canadian Emergency Resource Benefit (CERB) – April – October 2020 and followed by the Canada Recovery Benefit, which ended October 23, 2021. Unlike top-ups to other groups, the CERB/CRB payments were considered taxable income, and therefore subject to claw back from provincial and territorial income assistance programs, rent subsidy programs, and the federal GIS. In addition to treating it as taxable income, many individuals were excluded by a steep eligibility cliff of having to earn \$5000 or above in the preceding 12 months. If you earned \$4,999 or less you were rendered ineligible. There was a great deal of confusion around the changing eligibility which resulted in individuals who were not deemed eligible receiving the benefit. Now the Canada Revenue Agency is seeking repayment from these lowest income recipients who have no access to savings, capital, or credit to make payments no matter how minimal they seem.

In addition, nearly 90,000 of the lowest income seniors have had their GIS reduced or completely clawed back as a result of accessing the CERB/CRB. The results have been extreme hardship for lower income seniors, which could have been mitigated by treating the CERB/CRB as a refundable tax credit for low-income earners. The Parliamentary Budget Officer has costed this at \$380 million in 2021/22, and \$58 million in 2022/23, a tiny fraction of overall federal spending on pandemic benefits but with a deep impact on those affected.

Campaign 2000 has been calling for an immediate CERB repayment amnesty, meaning that all clawed back funds be returned to low-income people, immediate cessation of all current and future claw backs (GIS primarily and rent increases in subsidized housing) and halting the pursuit of low-income tax filers found eligible for benefits.

Conclusion

Each year we lament the slowness of governments to get on with the task of overcoming child and adult poverty. There is really no excuse. If poverty is such a mystery or such a complicated task, why are other OECD countries doing a much better job than Canada? What is the holdup? There are effective ways to get at the root causes of poverty and help both the victims of poverty and the whole society. Policy-makers have to admit what those causes are and back them up with sound analysis and action. The UNICEF Report 16 points out that 30 countries are doing better than Canada with poverty reduction and many of them are not nearly as wealthy as this country. Poverty eradication is a matter of Justice and as many voices remind us, "Justice delayed is Justice denied."⁹ Getting to the root causes of poverty requires analysis and hands on evidence of what works best.

Resolutions

The PEI Coalition for a Poverty Eradication Strategy and the MacKillop Centre for Social Justice strongly endorses the Campaign 2000 resolution:

- Ensure wages are adequate, and at a minimum bring employment incomes up to the CFLIM-AT. Equal pay and benefits for all workers, regardless of employment status, gender, racialization, and immigration status, must also be legislated.
- Introduce a pan-Canadian workforce development strategy for the Care Economy. These jobs need to be rebuilt from the bottom up with a focus on the most vulnerable workers. In Long Term Care, this strategy would include a new floor of enforceable minimum labour standards, better pay and working conditions, more full-time positions, and skills development support.

In our last two report cards we expressed our confidence in a Job Guarantee as one of the most effective ways to eradicate poverty. One of its strong points is, in the words of Dr. Pavlina Tcherneva, "that it is a crucial mechanism for heading off economic instability whether this stems from structural shifts in globalization, technological change, or garden variety recessions, swelling in times of greatest need, when prices, incomes, and private income are declining and shrinking when other parts of the economy furnish their share of well-paying jobs... unlike other stabilizers, it has the potential to help remake the economy."

Another strong point of the Job Guarantee, pointed out by Dr. Stephanie Kelton, is the JG is mandatory and therefore can't be cut back or cancelled while discretionary income programs are subject to cuts, and can be changed or cancelled after a few years. (See Appendix 2 for more information)

ACKNOWLEDGEMENTS

A special thanks to all who contributed to the content of this report card. The Campaign 2000 steering committee and staff, especially Leila Saranga and Brooke Borovoy who have been enormously helpful and generous in sharing time and information. Special thanks to Alan Meisner for his exceptional work on statistics and graphs and his always generous availability when seeking his advice and to the members of the MacKillop Centre for Social Justice and the PEI Coalition for a Poverty Eradication Strategy. Thanks as well to Catherine Mullally and other members of the PEI Coalition for a Poverty Eradication Strategy for their editing advice and to Bill Kays for his faithful technical assistance.

Recommendations

First, we agree with the recommendation made in the 2020 Campaign 2000 Report Card.

Further, we recommend the following to the Prince Edward Island government

- That the PEI and federal governments recognize the great need for good paying, decent jobs as a means of eliminating poverty.
- That the PEI and federal governments establish a Job Guarantee Strategy based on public work in public service in communities, led and administered from the bottom up and financed by the federal government, to provide decent jobs with decent pay for anyone who wishes to work.
- That the PEI and federal governments step up their efforts to provide new, adequate, affordable, energy efficient social housing units led by the public sector in order to assure affordability.
- That PEI and the federal governments throw their support behind the establishment of a Universal National Pharmacare Plan based on the same principles as the Canada Health Act, and based on the recommendations of the Hoskins Report and that the plan is set in motion in 2022.
- That the Canada Labour Code be permanently amended to ensure workers have access to ten permanent paid sick days with an additional fourteen days available during public health emergencies.
- That the Canadian Medicare program be enhanced to include Pharmacare, dentistry, vision and physical rehabilitation services.
- That the PEI government continue to make investments in delivery of programs that assure affordable, nutritious food to children in the schools and in communities.
- That the PEI government take immediate steps to end homelessness and unaffordable rent and housing construction by stopping renavictions and building many more public affordable housing units across the province in recognition of peoples' right to housing, a human right that can't be denied any longer.

APPENDIX 1

Here we repeat many of the important recommendations made in the national child poverty report

- We ask the federal government to: Commit to a 50% reduction in poverty between 2015 and 2025 and eliminate poverty by 2030 based on the Census Family Low Income Measure, After Tax CFLIM-AT calculated with T1 Family File data. These targets and timelines should be the same for marginalized groups who experience higher rates of poverty, including First Nations, Inuit, Métis, urban and rural Indigenous peoples, black and racialized people, people with disabilities, immigrants, and people in female-led lone-parent families.
- That the federal government increase the Canada Child Benefit (CCB) allocations in Budget 2022 to enable all families below the CFLIM-AT level to access CCB pandemic top-up amounts.

Moreover, in combination with a Dignity Dividend of \$1,800 per low income person and child, achieve an interim target of 50% reduction in child poverty by 2025, as measured by the CFLIM-AT calculated using tax filer data.

- Further to eliminating 50% of poverty by 2025, the federal government must eliminate barriers to accessing the CCB Benefit for families living at higher rates of poverty, i.e. First Nations families living on reserve, children whose parents have irregular immigration status, Black and racialized families, children with disabilities, and women experiencing domestic violence.
- Ensure that preventing food insecurity among families is a built-in goal of the Canada Child Benefit and ensure it is reported on as part of Canada's Poverty Reduction Strategy.
- Convert the Disability Tax Credit to a refundable tax credit and extend compensation to the lowest income people with disabilities.
- Increase funding to the Canada Social Transfer (CST) by \$4 billion and remove arbitrary growth restrictions as first steps towards ensuring that social and disability assistance programs bring incomes up to the CFLIM-AT. Provide sufficient, stable and predictable funding that recognizes regional economic variations. Design the program to ensure that federal, provincial and territorial governments are accountable for meeting their human rights obligations to provide adequate income support and require the development of minimum standards for income benefits and social services funded through the CST. This must include the development of minimum standards such as binding conditions stipulating income supplements including the CCB, Child Disability Benefit, child support payments and ensure that child related Employment Insurance benefits are not deducted.
- Make a binding condition on the CST that pandemic emergency benefits, be they the CERB, the new Canada Recovery Benefit (CRB) or any other, are not clawed back from social assistance benefits, nor negatively impact any other income benefit, including special allowances for diet, medications, rent subsidies and others. **N.B. It should be noted that the PEI government claws back the CERB although this is a federal grant.**
- Federal and provincial governments must collaborate with First Nations, Inuit, and Metis governments and indigenous grass roots organizations to develop plans to: prevent, reduce and eradicate child and family poverty in indigenous communities while ensuring respect for inherent rights, treaties, title and jurisdiction; to assure full participation in economic growth, sufficient, predictable, long-term funding for First Nations governments and institutions to achieve well-being, and evidence-based closure of socio-economic outcome gaps by collecting data to support measurement and reconciliation.
- Pay full compensation to the First Nations children, parents and grandparents who were harmed by inequitable funding for child welfare services on reserve and lack of adherence to Jordan's Principle as well as implement The Spirit Bear Plan to end inequalities across public services.
- Work with provinces/territories to implement operational funding of childcare programs based on set (daily) fees on a sliding ability-to-pay scale, from \$0 to a maximum of \$10, replacing full user fees and individual parent fee subsidies.

- Ensure that public planning and management bodies assume responsibility for creating and maintaining non-profit and public childcare services. Services must be equitably located and include low-income and high-needs communities and rural and less densely populated communities.
- Honour and fund the Indigenous Early Learning and Child Care Framework.
- Take immediate action on the commitment to ending homelessness as part of Canada's international human rights obligations. Reassess the definition of "chronic homelessness" to capture the experiences of women and gender non-conforming people, immigrants, refugees, and First Nations, Inuit and Métis Peoples as suggested in the National report card, 2021.
- Create universal access to postsecondary education by eliminating tuition fees and significantly bolster youth employment programs and apprenticeship opportunities. Create universal access to postsecondary education by eliminating tuition fees and increase the maximum amount of support given to low-income recipients of the Canada Student Grant. Eliminate interest paid on the federal portion of student loans. (national report card 2021)
- Implement post-care financial and social services to First Nations, Metis and Inuit youth who were in child welfare and extend Jordan's Principle past the age of 18. Reduce inflows into homelessness by implementing a targeted housing strategy and establishing a national framework for extended care and support for youth in child welfare, in collaboration with First Voice Advocates, territories and provinces.
- Ensure that First Nations, Inuit and Metis communities co-develop food security strategies to address their unique needs and future reconciliation efforts. As part of this, the federal government must move swiftly to identify and implement more effective strategies to address the very high prevalence of food insecurity among families.
- That the federal government increase the Canada Social Benefit to increase its share of funding of universal public health care up to the level of 35% as requested by the provincial health Ministers.
- Immediately implement a \$15/hr minimum wage indexed annually to inflation as a first step toward achieving a Living Wage.
- Extend emergency benefits beyond 26 weeks, lower the qualifying threshold for temporary EI currently set at 120 hours and set a minimum guarantee (as set by CERB at \$500.00 per week).
- That the federal government comply with the rulings of the Human Rights Tribunal by providing adequate funding for child welfare services on reserve, compensation to parents and grandparents of children in care and ensure full application of Jordan's Principle for First Nations communities.
- That the federal government replace the absolute Market Basket Measure (MBM) with the relative Low Income Measure – After Tax and that the MBM be adopted as a supplementary measure to the Low Income measure
- That the federal government end immediately the division of EI on PEI into 2 zones thereby ending the disparity that currently exists among EI recipients in this province, and that the hours required for qualifying for EI be a uniform 360 hours across the country. It is also necessary to eliminate some of the requirements for receiving EI and to raise the level of benefits.

- That government co-develop indicators for material deprivation as well as health and well-being indicators with indigenous led communities and organizations and commit a reasonable timeframe for the development of these measures.
- That the federal government double its contribution to the Canada Housing Benefit and continue to expand it to a universal benefit.
- That the federal government invest more dollars annually to build housing for people suffering from physical and mental disabilities.
- Increase Canada Child Benefit (CCB) allocations in Budget 2022 so that all families with incomes below the CFLIM-AT can access CCB pandemic top-up amounts, no matter the age of their children.
- Ensure government transfers are accessible: repeal legislation tying eligibility of the CCB to immigration status; expand the circle of people able to attest to residency and ensure that kinship, customary care, and families caring for children outside a formal care arrangement have access to the CCB; Set the qualifying threshold Canada Workers Benefit to \$0, untying the benefit from employment and substantially increase benefit amounts.
- Invest \$4 billion into the Canada Social Transfer (CST) to support social assistance adequacy and remove arbitrary growth restrictions as first steps towards ensuring that income and disability assistance programs bring incomes up to the CFLIM-AT. Require the development of minimum standards for income benefits and social services funded through the CST. These minimum standards must include binding conditions stipulating that income supplements – including the CCB, Child Disability Benefit, child support payments, and child-related Employment Insurance benefits – are not deducted from social assistance.
- Fast-track the implementation of two new federal disability benefits – one for adults and one for children – using research and data already available and including people with disabilities in meaningful and active ways through every step of the process. Ensure that the benefit: reaches those with low incomes with expanded criteria; is refundable; and allows workers to keep earned income.
- Immediately implement a CERB Repayment Amnesty for everyone living below or near the low income measure after tax and cease treating it as earned income. Immediately reinstate the CRB at the full amount of \$500 weekly until Employment Insurance is reformed.
- Research and develop a parallel community-based benefit eligibility and delivery system for low-income, marginalized non-tax filers. The federal government must look to other jurisdictions for best practices on financial inclusion immediately.
- Address growing income inequality and generate revenue for poverty reduction programming by eliminating or reducing highly regressive and expensive tax loopholes, closing tax havens, taxing extreme wealth, and implementing excess profit tax focused on corporate pandemic windfalls.

Appendix 11

In her latest update on the progress of the Job Guarantee, Dr. Pavlina R. Tchernova makes the following points:

That the Climate Crisis is expected to wipe out millions of jobs; a minimum of 80 million full time jobs by 2030, not counting those lost as a result of wildfires, floods, storms, and other extreme weather events. These will come on the heels of the historically unprecedented 255 million job losses globally in 2020.”

While all programs aimed at alleviating poverty are slow to get actualized, the Job Guarantee (JG) has the ability to get off the ground in a fairly short time.

The JG is an antidote to both climate change and jobs taken by robots. It is a public-employment policy that ensures a decent job at a family-sustaining wage, with benefits to any person who needs one. It tempers inflationary pressures and is the clearest answer to the international consensus enshrined in the 2015 Paris climate agreement, that any climate action must uphold a commitment to “the imperatives of a just transition of the workforce, and the creation of decent work and quality jobs in accordance with nationally defined development practices.

The JG is taking off in many countries around the world. It is a crucial element for the US Congress proposal for the Green New Deal (GND). In 2020 the “democratizing work” manifesto which appeared in 43 newspapers in 27 languages around the world, identified the Right to Employment as a core demand and a crucial component in decarbonizing the economy. The International Labour Organization also has formally recognized the idea as the best means for shaping “a fair, inclusive and secure future of work with full, productive, and freely chosen employment and decent work for all.”

The GND’s federal job guarantee would provide the missing jobs that conventional market mechanisms fail to supply, spearheading projects that serve a public purpose, including tackling the most urgent climate-related challenges.

A JG is the bridge to decent jobs for fossil-fuel workers caught in the green transition. It brings an end to extractive industries and provides the very employment needed to rebuild communities and mend the planet thus opening up the shortest path to a post-pandemic recovery.

The JG is proving to be a popular and effective program in Europe, India, South Africa, Argentina and especially the USA where the majority of voters and politicians prefer it.[A JG for PEI would cost around 1% to 1.5% of Gross Provincial Product but once established it would be close to revenue neutral.]

The GND insists that a Green transformation requires basic economic security for all. Its demands are strongly supported by many corners of civil society. It offers decent jobs at decent pay to the most disadvantaged of society and to all who wish to work. It also offers hands-on training. Green jobs are, “those that address all forms of destitution and neglect of our most valuable resources, both natural and human.

The GND calls for a wholesale transformation, necessary to produce a rapid and robust answer to global warming. It is an all-hands-on-deck industrial strategy that has been called the “moonshot of our time” and linked to “wartime mobilization.” It results in economic security for all. Green projects rehabilitate the environment, strengthen communities, and improve the social determinants of health. “Every climate solution and the manner of its implementation will have deep economic, social and political ramifications.

With a JG in place, economists could no longer justify unemployment as a “natural tribute” in the fight against inflation. But in its absence, “decent work for all” will remain an empty slogan, and unemployment a perennial threat. We cannot speak earnestly of inclusion if people of colour, caregivers, those with disabilities, and youth are systematically excluded from good jobs.

Coal mining communities in West Virginia and Kentucky are beginning to see its transformative potential. From New England to Appalachia to California, a growing coalition of individuals, organizations, and civil-rights leaders in the U.S. are making the policy a central demand.

In a 2020 poll in the US, 79% of respondents spanning “democratic, partisan and gender lines” backed the idea, as did 72% of respondents in a UK poll taken around the same time. In France, 70% of voters support a federal JG, and the policy has been endorsed by the Mayors of Paris and Lille. More recently, a stunning 93% of US respondents supported a national employment and training initiative that creates paid work for the unemployed, as a component of COVID-19 recovery efforts.

The biggest pandemic budgets are coming from monetarily sovereign countries that issue and control their currencies, and where government finance is provided by central banks and finance ministries. But whether governments understand it or not, the cause of inaction or delayed action in tackling the climate crisis is already baked into each country’s budget. Misplaced fiscal rectitude cannot be allowed to cripple a bold policy agenda. As US House Budget Committee Chair John Yarmuth recently pointed out, monetarily sovereign might face resource and inflation constraints, but they cannot run out of funding. And as the biggest polluters, they have a moral obligation to launch a global Green Marshall Plan.

There are myriad ways to arrange human economic affairs. The Job Guarantee is the basic foundation from which to build solutions to the economic challenges in front of us.¹⁰

Notes

Pavlina R. Tcherneva, *the Case for a Job Guarantee*, Polity Press, Medford, MS

Canadian Labour Force Summary for October 2021

Pavlina R. Tcherneva, *A Federal Job Guarantee*, Harvard Law School Forum, March 2018

Christine Saulnier, *The Living Wage for Charlottetown*, November 2, 2020

Ibid

Annual Report of IRAC, 2020

Jesse Snyder, Charlottetown Guardian, *Liberals could post \$381-billion deficit, December 2, 2020*

Mike MacDonald, information by phone, November 2021

James K. Galbraith, University of Texas, Austin

Noam Chomsky to Pavlina R. Tcherneva, 2020

Annual Report of IRAC, 2020, 2021

Stu Neatby, *Two- year Moratorium On Renovictions*, Charlottetown Guardian, November 18, 2021

Kelton, Stephanie, *The Debt and Deficit Myth*, Public Affairs, New York, 2020

Cody McEachern, *Fighting for Their Homes* Charlottetown Guardian, November 1, 2021

Ryan Ross, *Help Needed for Rural Homelessness*, Charlottetown Guardian, November 17, 2021

Pavlina Tcherneva on MMT and the jobs Guarantee, Current Affairs

¹ Burgess Jennifer, Department of Social Development and Housing, PEI Government

² Interprovincial Working Group and PEI Federation of Labour.

³ Statistics Canada Weekly Wage update, November 2021.

⁴ Office of the Director of Residential Rental Property, Island Regulatory and Appeals Commission Annual Report, 2020

⁵ Stu Neatby, A Two-year Moratorium on Renovictions, Charlottetown Guardian, November 18, 2021

⁶ Christine Saulnier, A Living Wage for Charlottetown, November 2, 2020

⁷ An Economic Bill of Rights for the 21st Century, Paul William Darity Jr., and Darrick Hamilton, March 5, 2018.

⁸ Ibid

⁹ William E. Gladstone, Forbes Notes

¹⁰ Pavlina Tcherneva, A Just Transition Needs a Job Guarantee, New Summits, September 15, 2021