



Community Services,
Seniors and Labour

Preventing and Reducing Poverty in Prince Edward Island: A Strategy for Engagement



Discussion Paper
July 2011



ONE ISLAND COMMUNITY

ONE ISLAND FUTURE

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Foreword

On behalf of the government of Prince Edward Island, I am pleased to present this discussion paper, which will assist Islanders and decision-makers in a collective effort to prevent and reduce poverty in Prince Edward Island.

While PEI is fortunate to have the lowest poverty rate in the country at an all-time historically low level, as a Government we recognize that more needs to be done.

We live in a caring and close-knit society which offers a high level of quality of life, inclusion, and well-being. It is important to ensure that these benefits are shared by all Islanders. This paper marks the beginning of a process by our Government to develop a Social Action Plan for PEI – complementing and building on our Island Prosperity Strategy and our Rural Action Plan.

Over the coming months, we look forward to discussions with Islanders from all walks of life to help us take stock of what we have achieved together in preventing and reducing poverty in Prince Edward Island, and what more can and should be done to ensure that our One Island Community is truly One Island Society.



Honourable Janice Sherry
Minister
Community Services, Seniors and Labour

1.0 Introduction: Towards One Island Society

For generations, Prince Edward Island has had a way of life deeply valued by its citizens: a caring, close-knit society founded on a rich heritage and culture. Recent decades have been a time of major social and economic change. During this time, the Island has remained caring and close-knit while also becoming a more diverse and inclusive society.

Looking to the future, further changes lie ahead, posing pressures and challenges to our social fabric. Across Canada and beyond, it is clear that the brunt of economic, technological, and demographic change is falling most heavily on the vulnerable in society. In response, many Canadian jurisdictions have developed poverty reduction strategies in recent years.

In Prince Edward Island, government has also taken action across the range of policy areas contained in most poverty reduction strategies – including child care and early childhood development, education and training, housing, income security, access to employment, minimum wage and employment standards. To make the most of these measures, and to build on them, the 2010 Speech from the Throne committed to take action *“to ensure a better life for Islanders who struggle with low and insecure incomes today – or who are only one mischance from falling into poverty.”*

As a Government we committed to engage Islanders towards the development of a strategy. The 2010 Speech went on to state we would *“...release a Poverty Reduction discussion paper that will begin the process, in consultation with Islanders, of examining further options to improve the well-being of Islanders who are vulnerable or in need.”* As well, the Speech indicated that *employment programs and services, and barriers to employment, would be examined to support increased employment and earnings among Islanders with low or insecure incomes... My government will engage Islanders over the coming months in drawing these and other measures together into an integrated Social Action Plan – complementing and supporting our Island Prosperity Strategy and our Rural Action Plan.”*

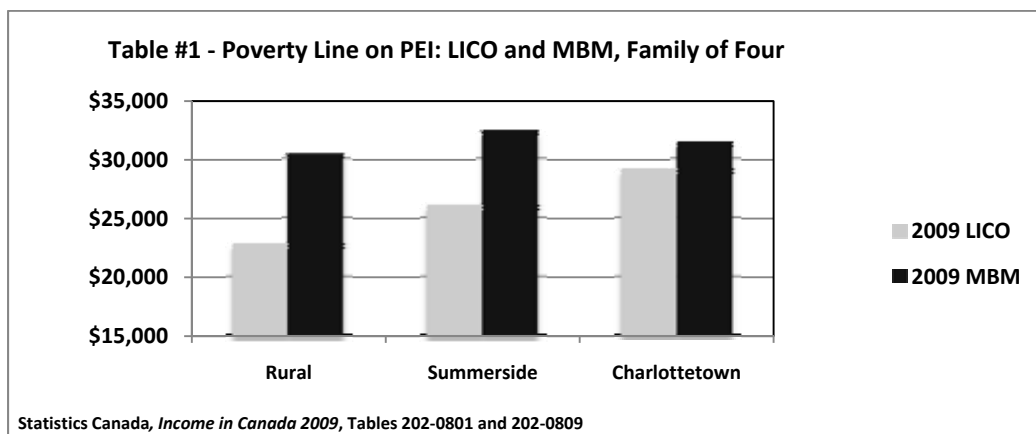
This paper has been prepared in fulfillment of the first commitment – a discussion paper on poverty reduction for review and public comment, to serve as the basis for a poverty reduction strategy. It builds on internal research over the past year which identified a list of key indicators of wellbeing in PEI, benchmarked PEI’s status compared to other provinces, and identified trends and emerging challenges. As well, the paper builds on work over the past year to compile information on approaches in other provinces, and on this Government’s actions to date to renew social policy and to enhance systems, services and supports. This research provides a comprehensive information base for the work ahead.

2.0 Definitions and Methodology

Poverty is complex and has many aspects. To have an effective strategy, we must define what we mean by poverty. At its most basic level, poverty means that people's income falls short of meeting their essential needs. In many cases, this can mean that people have very low incomes; in other cases, people may have reasonable incomes but have needs that pose high costs. In most developed countries, the definition of poverty goes beyond the basics of food, shelter and clothing, to include people's ability to participate in their society.

Because poverty is complex, there is no single accepted way to measure it.¹ The Low Income Cut-Off (LICO), introduced by Statistics Canada in 1968, is Canada's most commonly used and longest-established measure. The LICO is defined as the level at which an individual or family must spend 20% more of their income on the basic necessities of food, shelter, and clothing than the norm for their size of household and of community. Currently, the average Canadian spends 35% of his or her income on these basic necessities, and hence individuals below the LICO spend at least 55% of their income on basic needs.

The Market Basket Measure (MBM) was developed by Human Resources and Skills Development Canada in the late 1990s to describe the disposable income needed to purchase a modest but adequate basket of goods and services across Canada. The MBM is based on a 'typical' two-parent family with two children, and uses disposable income as a key measurement. The 'basket' includes a nutritious food supply, shelter, clothing, transportation, and several other categories. The measure is customized to local costs for 48 regions across Canada, and hence is more sensitive than the LICOs to local and regional differences. In 2010, a major update of the MBM was released, rebalancing the contents and costs of the items in the 'basket.'² In PEI, the MBM is similar to the LICO in the Charlottetown area, and higher than the LICO in the rest of the province.



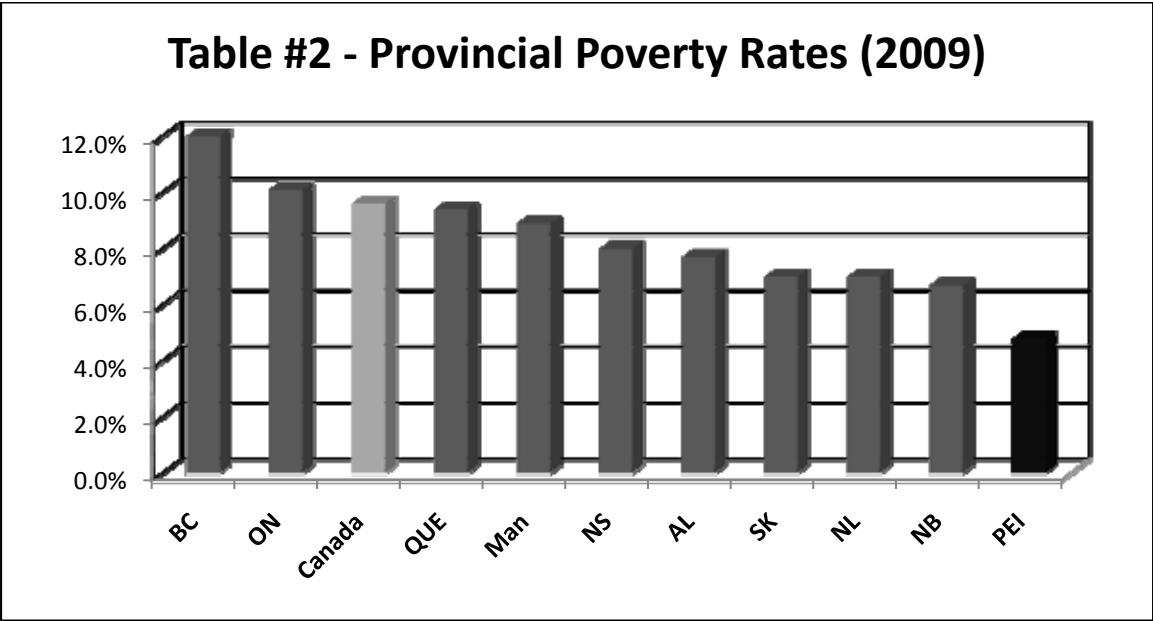
This Paper relies primarily on independent data gathered through the Census and from the *Income in Canada* released by Statistics Canada (the most recent report – 2009).

While the measures used in this Paper are predominantly federal, there has been some work in other jurisdictions which continue to fine tune and measure poverty based on different models. One such example is Ontario’s ‘Deprivation Index’ which measures 10 different activities, goods and services that are widely viewed as important in living in today’s society.

This paper uses the LICO for many indicators, as it is used by the Census and thus provides the greatest level of detail and accuracy over time. After-tax income will be used as it more clearly represents the situation of Islanders and their families after taking taxes and government transfers into account. The MBM also adds valuable insights and is often used.

Income levels are only part of the picture. Individual needs and the cost of living also play important roles. Individuals or families may have reasonable incomes but experience very high costs arising from health conditions or other special circumstances. On the other hand, families with modest cash incomes may have adequate standards of living due to such factors as mortgage-free home ownership, and ways to meet their needs in non-market ways such as home production and barter. And income levels do not account for a broad range of non income based Government services which help lower income Islanders cope.

Based on the most recent LICO statistics (2009), PEI has the lowest provincial rate of poverty in Canada. Further, since the LICO was established in 1968, our poverty rate of 4.8% is at its lowest level ever.



PEI compares well to other provinces...more is required.

3.0 Poverty Reduction Initiatives in Atlantic Canada

During the past decade, a number of other Canadian provinces have developed poverty reduction strategies. The mix of approaches varies in each jurisdiction to reflect different circumstances; however, the strategies share much the same broad areas of policy focus. More detail on provincial strategies³ can be found in the references at the end of this paper.

Newfoundland and Labrador <i>Reducing Poverty: An Action Plan,⁴ 2006</i>		
Process:	Goals:	Priority Actions
1) Government issued a background paper to launch I consultation process. 2) Consultations through workshops, focus groups, phone and email input, helped form the strategy. 3) Ministerial Committee established, supported by Deputies, and working group. 4) Strategy released June, 06 5) Round 2 consultations held in 2008. First progress report released in 2009.	1) Improved access and coordination of services for low income people. 2) A stronger social safety net. 3) Improved earned incomes. 4) More emphasis on ECD. 5) A better educated population.	1) \$5.5M for Early Learning and Child Care Plan. 2) Expanded pharmacare to cover low income residents. 3) \$7.4M to increase social assistance by 5%. 4) \$2M to expand jobs programs for SA clients. 5) Various education and training measures.
Nova Scotia <i>Preventing Poverty, Promoting Prosperity,⁵ 2009</i>		
Process:	Goals:	Priority Actions:
1) Stakeholder meeting, November 2007. 2) An <i>Act to Establish a Poverty Reduction Working Group</i> (PRWG) passed 2007. 3) Government conducted online survey March 2008. 4) PRWG submitted report to Ministerial co-chairs June 2008. 6) Government released its Strategy, April 2009.	1) Enable and reward work. 2) Improve supports. 3) Focus on children. 4) Collaborate and coordinate.	1) \$88M/year for training. 2) \$59M over 3 years for social housing. 3) \$3.5M to expand child care spaces and subsidy. 4) Review of Social Assistance Program including \$2M inflation increase. 5) \$2.5M to expand Low Income Pharmacare and Child Benefit to 3,700 more children.

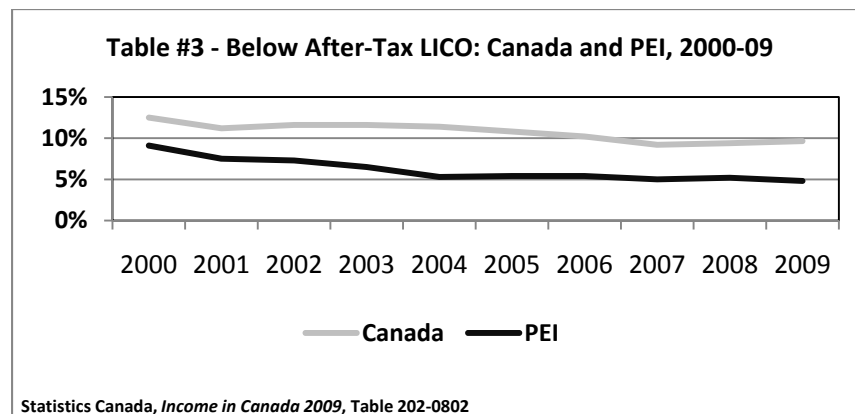
New Brunswick		
<i>Overcoming Poverty Together: The Economic and Social Inclusion Plan,⁶ 2009</i>		
<p>Process:</p> <ol style="list-style-type: none"> 1) Began 2008. Committee of three co-chairs (Government business, community) established, tasked to develop plan. 2) Phase I: public input on needs, ideas: 16 dialogue sessions, online and written input, 25 special consults. 2) Phase II: Roundtable meetings to develop options. 3) Phase III: Two-day, Final Forum to develop and adopt plan Nov 2009. 4) <i>Economic and Social Inclusion Act</i> passed April 2010. 	<p>Goals:</p> <ol style="list-style-type: none"> 1) Opportunities for <u>Being</u> (meeting basic needs). 2) Opportunities for <u>Becoming</u> (lifelong learning and skills acquisition). 3) Opportunities for <u>Belonging</u> (community participation). 	<p>Priority Actions:</p> <ol style="list-style-type: none"> 1) Re 'Being': reform Social Assistance, establish low-income pharmacare, raise minimum wage, support social housing and public transit, integrate service delivery for programs. 2) Re 'Becoming': expand child care system, introduce <i>Early Learning Act</i>, increase literacy in schools, and expand community schools. 3) Re 'Belonging': develop housing strategy, strengthen move of low income people into work, enhance access to continuing education, public awareness campaign.
Prince Edward Island		
<i>Similar Actions to Date – Social Action Plan</i>		
<p>Process:</p> <ol style="list-style-type: none"> 1) Premier commits to a poverty reduction strategy. 2) Internal research work and data gathering begins. 3) Speech from the Throne commits to release of a poverty reduction discussion paper; an end of 'clawback', and eventual Social Action Plan. 4) In May, informal consultations are held with stakeholder groups to design the consultations. 5) Release of this Discussion paper... consultations to follow. 6) Social Action Plan, 2012. 	<p>Goals:</p> <p>Priorities to be defined through consultation process.</p>	<p>Actions:</p> <ol style="list-style-type: none"> 1) Restructured early childhood system and tripled funding. Moved kindergarten into schools. 2) Increased number of teachers and educational assistants. 3) Established George Coles Bursary. Expanded PSE and training across PEI. 4) Enhanced disability services. 5) Enhanced Social Assistance. 6) Increased shelter and food funding, ended 'clawback.' 7) Added 154 social housing units, over , 150 more planned this year. 8) Developed Settlement Strategy. 9) Partnerships with First Nations. 10) Multiple minimum wage increases.

4.0 A Profile of Poverty on Prince Edward Island

To most effectively address poverty, it is essential to have a shared understanding of its extent, its nature, and its trends over time, as well as the risk factors that lead to people becoming impoverished. This section examines low income on PEI in terms of:

- **Incidence:** the share of Islanders in low income
- **Depth:** how far they are below the cut-offs
- **Persistence:** how long they have been in low income.

Overall Level of Low Income PEI's poverty rate has been consistently below national levels. The PEI rate dropped below the national rate in the mid-1980s and has remained below average ever since. Both national and local rates declined steadily over the past two decades. Canada's rate reached its lowest point in 2007, at 9%, and then rose to 9.6% by 2009. PEI's rate dropped to 5% in 2007, and dropped again to an all-time low of 4.8% in 2009.



The MBM shows a similar trend but a greater share of Islanders in low income. This is due to the MBM's use of disposable income rather than after-tax total income, its higher cut-offs in the rural and small town areas where the majority of Islanders live, and the substantial share of Islanders in those regions with incomes just above the LICO. The share of Islanders below the MBM line dropped over the decade from about 15% in 2000 to just below 9% in 2009. PEI's rates were above the national average until 2003, and dropped below the national rate in 2009.

Impacts of the Recession The effects of the recent recession are still being assessed and the impact will not be fully known for some time to come. Nationally, experience of previous recessions indicates a consistent pattern:

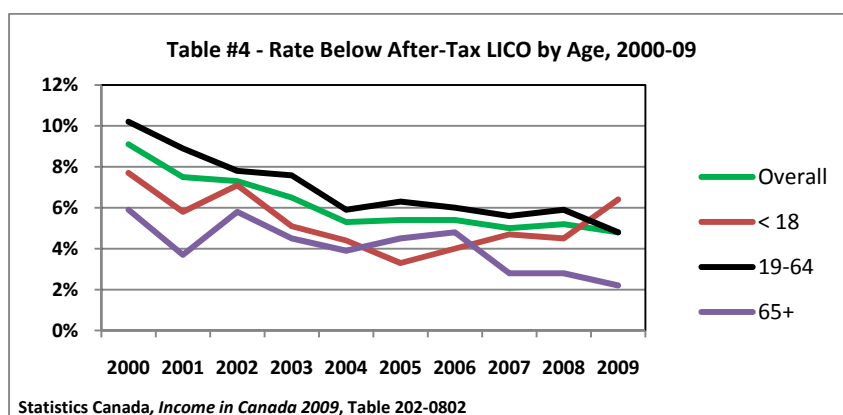
- The impacts were harshest for those in low income.
- The lost ground in poverty reduction took years to recover.
- Many individuals and families never fully regained their pre-recession standard of living.

PEI was not as hard hit by the recession. Our economy remained stable, compared to a 2.4% drop in GDP nationally.⁷ Impacts however occurred including lower levels of employment, which were regained to record highs in early 2010.⁸ PEI also experienced a high proportion of unemployed Islanders eligible for Employment Insurance⁹ increases in food bank use,¹⁰ and increases in social assistance (up 3% during 2009, from 3,500 to 3,600 households¹¹).

Recessions tend to have a lag effect, with the impacts showing up some time after the recession is officially over, especially among vulnerable groups. Unemployment rates rose and fell.¹² Employment Insurance utilization in PEI remained high over the winter of 2010-11 while dropping in most other provinces.¹³ Food bank use increased by 13% in PEI from March 2009 to March 2010,¹⁴ and Social Assistance use is seeing a slight but steady increase.¹⁵

Broader social and economic changes in PEI are adding to these impacts. The working age population and the labour force are growing more quickly than the number of jobs – leading to rising unemployment. The economy is shedding lower skilled jobs and adding higher skilled jobs.¹⁶ This shift has many positive aspects, but it is reducing employment opportunities for lower-skilled Islanders. Taken together, these trends indicate that Islanders are vulnerable to the after-effects of the recession and to the forces of demographic and labour market change, creating a growing risk of increased poverty.

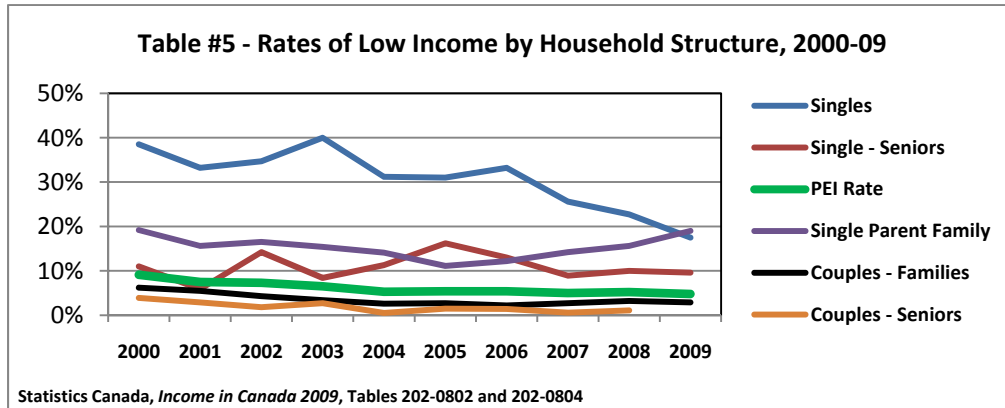
Low Income by Age Group The pattern of low income by age group in PEI has changed significantly since 1976. In 1976, one-fourth of Island seniors and one-fifth of Island children were in low income, compared to one-tenth of working age adults. Seniors fell below the provincial average by 1991, and children by 2000. By 2008, only 3% of seniors and 5% of children were in low income after tax, compared to 6% of working age adults.



Low Income by Gender Over time, rates of low income have been somewhat higher among Island females than males. In 1976, 17% of females were in low income compared to 14% of males. These rates converged in 2003. In 2009, the situation remains relatively the same for both genders: 4.9% for females versus 4.7% among males.

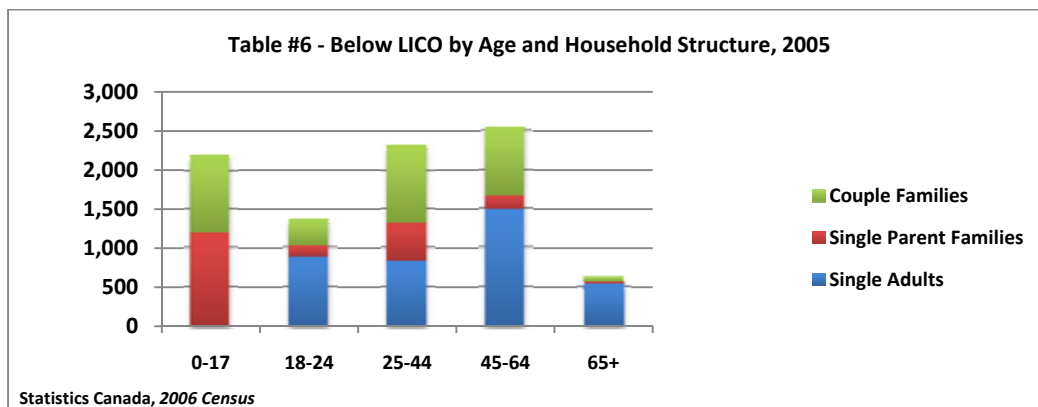
Low Income by Household Structure Households with only one income earner – single individuals and single parent families – have much higher rates of low income than ‘couple’ based households. Household trends in PEI over the past decade include:

- The percentage of single based low income households has fallen sharply over the past decade - from 30% in 2000 to 15% in 2009.
- Couple based families fell from 6% in 2000 to 3% in 2009.
- Single parent families fell in the first half of the decade, but have been trending up in the second half of the decade, reaching 19% in 2009.

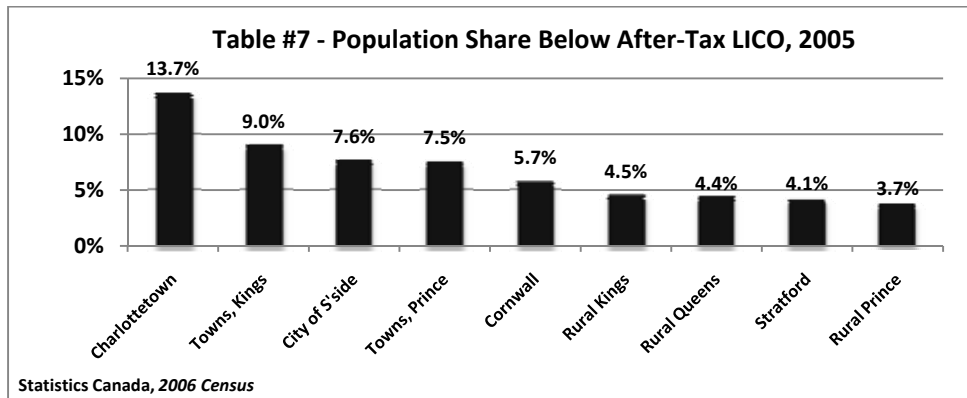


As indicated in Table #5, the rate of low income among senior families is very low. Single seniors, however, are at much higher risk of low income, at 10% in 2009. The coming decade will see a massive growth in the number of ‘young elderly’ senior households as the baby boomers turn 65. This is likely to hold down overall rates of low income among seniors in the short to medium term, since many of these seniors will be in couple households. In the longer term, into the 2020s, the rate of seniors in low income may rise again as the senior population shifts into older age brackets and becomes widowed.

Cross tabulating low income Islanders by age and family structure indicates that the majority of PEI’s 2,200 low income children were in single parent families, while the majority of low-income youth and Islanders aged 45 and older were single.



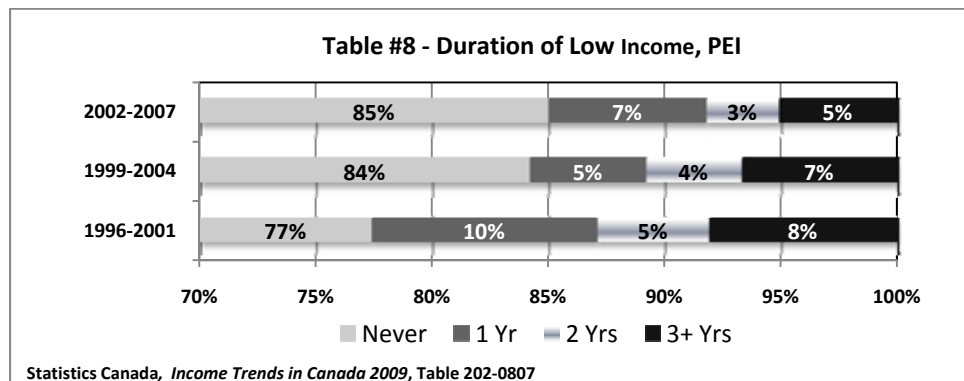
Low Income by Region Islanders in low income are more likely to live in the urban areas of PEI. According to the 2006 Census, the urban areas, especially Charlottetown, accounted for very high proportions of low-income singles and single parent families. The rural areas of the province had below-average shares of all low-income categories other than elderly couples, who were very few in number.



Depth of Low Income Depth of poverty is an important measure. The indicator used for this is the 'gap ratio,' which measures the difference or the 'gap' between actual income and the LICO. Nationally, this gap has stood at about 33% for several decades. That is, the average household's income was 33% lower than the cut-off. On PEI, the gap is lower.

In PEI, the gap was much smaller for families, although similar to national rates for single individuals. However, in 2008 and 2009, Island families became poorer, while the situation of single individuals improved. The gap in PEI is now similar for both groups at about 28 to 30%.

Persistence of Low Income The length of time one spends in low income is a critically important variable. It is important to understand how long a time people spend in low income, and the flow of people into and out of low income. In this regard, PEI saw a positive trend up to 2007. The proportion of Islanders who were never in low income increased from 77% during the six years from 1996 to 2001, to 85% during 2002-2007. The shares of Islanders in low income for one, two, or three-plus years all dropped.



Transitions Into and Out of Low Income Examining the flow of people into and out of low income also helps to clarify the nature and dynamics of poverty in PEI. Data on this aspect suggest that PEI saw an improving trend over the decade, especially from 2005 to 2008. More people exited low income than entered low income. As a result, more people were never in low income and fewer people were in low income throughout. However, this positive trend reversed in 2009, with slightly fewer people never in low income or exiting low income, and more people entering or staying in low income.

Historically, the likelihood of entering or being in low income has varied significantly by age, education, and gender. Over time, however, these differences have narrowed. During the decade, the risk of low income increased slightly among children and youth, and fell among those aged 55 and over. By education, the groups most at risk are those with less than a high school diploma or with uncompleted post-secondary. By gender, women were slightly at greater risk.¹⁷

Overall Income Trends In order to prevent poverty, it is also important to look at the characteristics of the population at risk of falling into low income. While PEI's share of population in severe low income is less than in other provinces, many Islanders live with very modest incomes only slightly above the low-income cut-offs. Even above these income levels, many Islanders live paycheque to paycheque, and are highly vulnerable to events such as job loss, family changes, or illness.

Compared to the national average, PEI has significantly fewer families in both the under \$10,000 and over \$100,000 income ranges, and more families in the \$20-70,000 annual range. A similar pattern holds for single individuals, with fewer Islanders in the under \$10,000 and over \$40,000 categories, and a much higher share in the \$20-40,000 categories.¹⁸

Average and median incomes increased in PEI over the past decade. In constant dollars, between 2000 and 2008, average incomes rose by 15% for families and 17% for single individuals. Median incomes, the level at which half make less and half make more, grew more strongly. Median family income rose by 19% and median single income grew by 18%.

In 2009, however, both average and median incomes dipped slightly.¹⁹

Although overall incomes have been rising in PEI, there are some indications of declining economic security. Islanders' savings rate is falling and has become negative in recent years. Consumer insolvencies grew significantly over the past four years, from 363 in 2007²⁰ to 651 in the twelve months ending April 2011.²¹ These trends suggest that a growing number of Island families are living at or beyond the limit of their means and are increasingly vulnerable.

These overall 'profiles' provide a macro level picture of Islanders living in low income. The next section of the Paper will examine at a more micro level those groups of Islanders who may be at risk.

5.0 Populations at Risk

Some groups within society are at a greater risk of low income than others. Employment is usually the key determinant of income, and income is usually the key determinant of poverty. Although a job is not a guarantee of sufficient income, those without employment are far more likely to be impoverished.

As such, households with only one income earner are at greater risk of and more likely to be in poverty. Factors that create barriers to labour force attachment, such as disability or ill health, low levels of education and skills, and language barriers among newcomers, also create a risk of impoverishment. Where multiple risk factors exist, individuals are much more vulnerable.

Across Canada and beyond, research has consistently identified that the following five groups are most likely to be in low income, and account for the majority of people in low income:

- Single parent families (especially if female-led)
- Single individuals aged 45-64
- Persons with disabilities
- Aboriginals
- Recent newcomers (non economic class)

An overview prepared for Social Service deputy ministers in 2009²² outlined the relative risk of low income for each of these groups by province. The study using MBM found that members of these five vulnerable groups were almost three times as likely to be below MBM.

While education and employment helped Canadians in these five categories, it did not fully overcome these risk factors. Members of these groups with post-secondary credentials were at higher risk of low income than not-at-risk Canadians with less than high school. Members of the five groups accounted for 30% of all workers, but 48% of the 'working poor.' The most common reasons for entering low income were entering a risk category (e.g. becoming disabled); absence or loss of a second income earner; and losing employment. Reasons for exiting low income were leaving a risk category, presence of a second income earner, and work.

Nationally, people with disabilities were most at risk of being below MBM, while in PEI, single individuals aged 45 to 64 were the group most at risk. Islanders with disabilities and Islanders without risk factors were less likely to be below MBM than nationally.

Single Parent Families Families headed by a single parent are at greater risk of low income as they mostly have only one income earner. As well, single parent households have higher costs for housing, child care, and other basic needs than do households without children. On average, Island women working full-time earn only 82% as much as men in the labour market,²³ and hence female-led single parent families are at particular risk of low income.

Census data indicate that the number of single parent families increased sharply in the 1990s and then levelled out in the past decade. By 2006, there were 6,390 single parent households in PEI, with 5,260 or 82% led by women. Single parents accounted for 27% of all households with children. These rates were similar to regional averages but higher than the national average.

Single parent households have fewer children on average than couple households. One in four Island children, or 25%, is living in a single parent household today, up from 20% a decade ago.

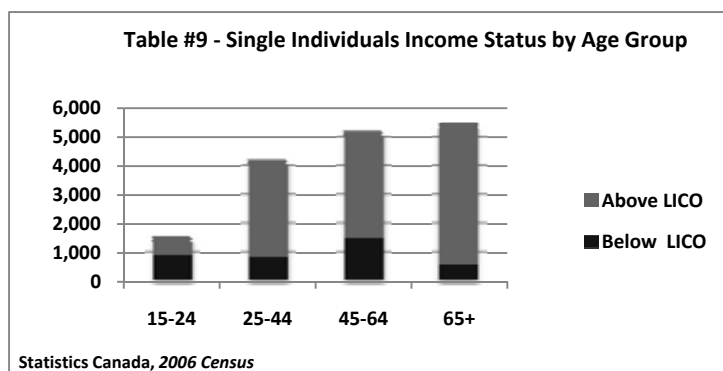
In PEI, the proportion of single parents below LICO dropped from 40% in 1995 to 14% in 2005. However, levels remained uneven across PEI, with 20% of single parents in the Charlottetown area below LICO compared to 11% in rural PEI. As well, recent income data suggest the rate worsened among single parent families during the recession, rising from 15% to 19% in 2009.

Across Canada, 24% of mother-led families and 11% of father-led families were below LICO in 2005. This gap exists on PEI as well.

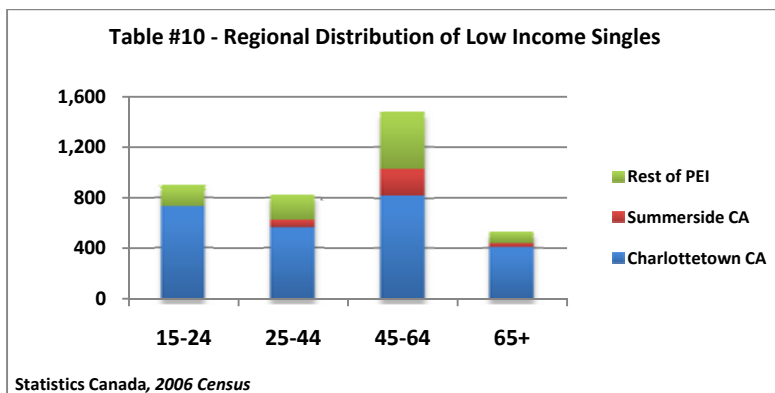
About 700 single parent families were receiving Social Assistance in May 2011, accounting for almost 20% of the caseload. Almost 400 couple families were receiving Social Assistance, accounting for 10% of the caseload. Demonstrating their greater vulnerability, 10% of single parent families in PEI receive Social Assistance vs. 1% of Island families overall.

Singles While things have improved, singles remain at greater risk than persons in families. While there has been a significant decline in this category single Islanders having a higher rate than those living in a family structure.

Based on the most recent census, 3,700 single Islanders were in low income, representing 22% of the single adult population. This is particularly acute amongst our Island youth. Further research is required into the youth group to identify the sub-groups of low income youth, including students no longer at home, youth with Grade 12 in low-waged work, working school dropouts, and youth “not in education, employment or training” (NEET).



Low income single Islanders also tend to migrate to urban centres, notably Charlottetown. This is true across all age categories.

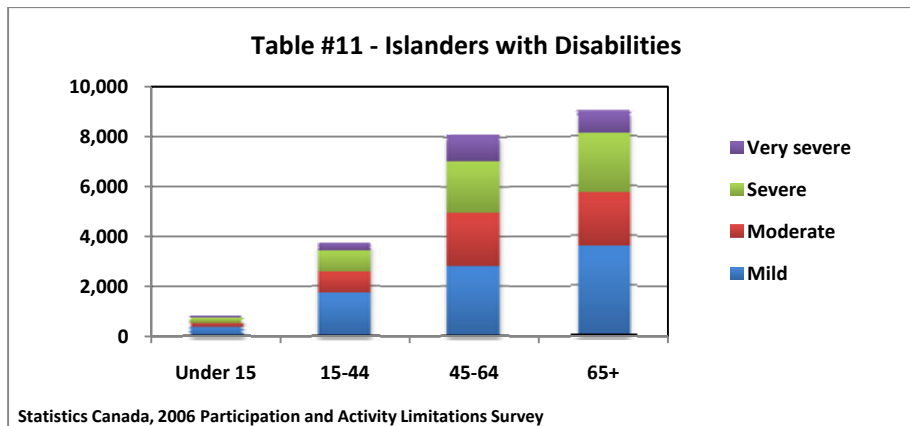


Finally, single individuals make up a substantial share of Social Assistance recipients in PEI, and account for much of the increase over the past year. In May 2011, almost 2,800 single individuals were receiving Social Assistance, up from 2,650 in May 2010.

Persons with Disabilities People with disabilities face a heightened risk of low income. The disability may affect their capacity for paid employment. As well, people with disabilities are more likely to be single, which also increases the risk of low income. A further consideration is that Islanders with disabilities often face extra costs related to their disability, for housing, transportation, assistive aids, medications, and supports.

Information on the income situation of Islanders with disabilities is drawn from Statistics Canada’s Participation and Activity Limitations Survey, carried out every five years and last completed in 2006.²⁴ The survey does not indicate the share below LICO, but does provide information on average and median incomes, labour force participation, and source of income. The surveys indicate that a growing number and share of Islanders have disabilities, and that their incomes are below the PEI average and falling farther behind.

In 2006, 16.3% of Islanders or 21,750 reported one or more disabilities, up from 14.3% or 19,000 in 2001. Among adult Islanders, women are more likely to have a disability than men, although the gap narrowed between 2001 and 2006. As can be seen in Table #11, Islanders aged 45 and older account for the vast majority of disabilities. Persons with disabilities face additional challenges in finding work. The greater the severity, the greater the barrier. This directly contributes to their risk profile with respect to poverty.



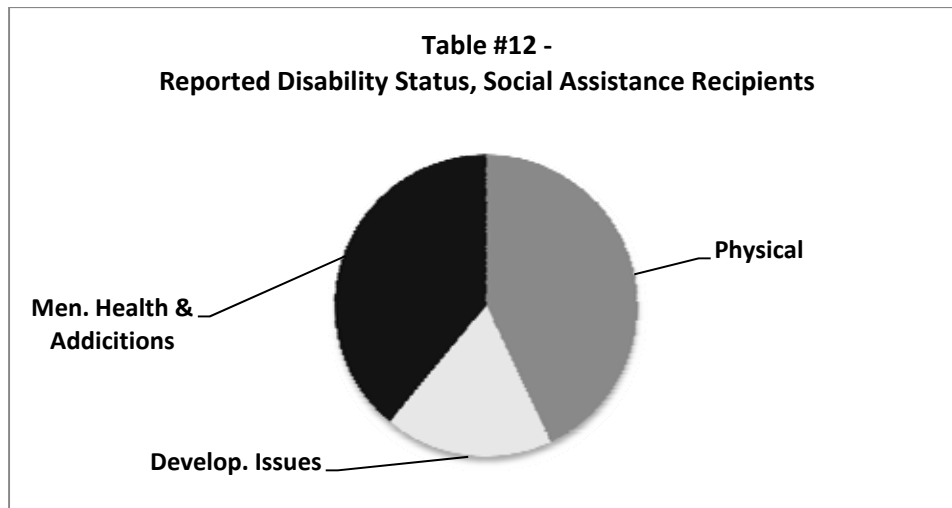
Among Islanders with disabilities almost 6,500 were in the labour force in 2006, while 5,300 were not in the labour force. Their participation rate was 55%, the highest east of Ontario, but well below the 83% rate for Islanders without disabilities.

In 2006, of the almost 12,000 Islanders with disabilities, 2,600 reported that they were completely prevented from working, while a further 3,800 indicated that they were limited in their ability to work. Key barriers to employment included a fear of loss of income or disability supports (25%); lack of jobs (12%), adequate training (10%), accessible transportation (6%), feared discrimination, isolation, or lack of adaptation in the workplace (17%).

Persons with disabilities report lower average and median incomes. Federal income support programs play a major role in the incomes of Islanders with disabilities. Over 8,700 Island seniors with disabilities received OAS-GIS in 2006. A further 11,200 Islanders with disabilities received CPP, suggesting a mix of retirement pensions and CPP disability pensions for those under age 65. Average payments under both programs are substantially higher for Islanders with disabilities than Islanders without disabilities.

Provincial programs including the Social Assistance Program and the Disability Support Program also provide income or supports to Islanders with disabilities. In May 2011, 68% of Social Assistance recipients had an identified disability. Almost 40% of the heads of household receiving Social Assistance are permanently exempt from seeking employment, and a further 13% are temporarily exempt. Those provincial programs are discussed further in this paper.

Islanders with mental health and addictions issues are a sub-group of particular concern. They are heavily overrepresented among PEI's most vulnerable populations. Table #12 shows they account for over 25% of households receiving Social Assistance. As well, recent internal research within the correctional system indicated that approximately 67% of offenders have addictions issues. Mental health issues are also widespread, with about 5% of offenders having severe mental health issues and a further 38% having moderate mental health issues. Among female offenders, these issues are even more severe, with 70% reporting mental health issues, 35% previous suicide attempts, 62% alcohol issues, and 87% drug use issues. Almost half of female offenders are also on the Social Assistance caseload.²⁵

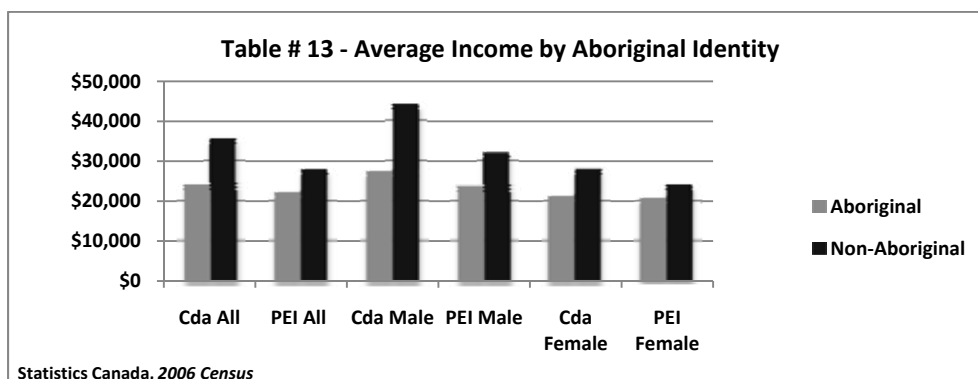


Community Services, Seniors and Labour, *Social Assistance Program Data*, May 2011

While mental health and addiction issues are not confined to people in low income, they are more prevalent, as they can both cause people to become poor, and can arise or intensify from the stresses of living in poverty. Individuals with addictions may direct their income toward the addiction to the point that they fall short of meeting their basic needs. As such, strategies and services in the areas of mental health and addictions have an important role to play in poverty prevention and reduction.

Aboriginal Islanders In the 2006 Census, almost 3,700 Islanders self-identified as being of Aboriginal ancestry. Of those, 1,730 reported an Aboriginal identity, primarily North American Indian. Of the 1,730 Aboriginal Islanders, 925 held Registered Indian status. The data below pertain to the Aboriginal identity population.

Nationally, Aboriginal Canadians have much lower incomes than non-Aboriginal Canadians. As indicated in the chart, the gaps are smaller in PEI, partly due to lower incomes overall. Aboriginal Islanders have incomes much closer to those of non-Aboriginal Islanders, particularly among females.



Aboriginal labour force participation is rising while that of non-Aboriginal Islanders is declining slightly. Average earnings are lower among Aboriginal Islanders, but are growing more rapidly, closing the gap. Educational attainment is rising as well, with over two-thirds of Aboriginal Islanders holding a Grade 12 diploma or higher. From 2000 to 2005, both overall incomes and employment income rose more rapidly for Aboriginal Islanders than non-Aboriginal Islanders.

Potential exists for further gains in future, as population aging begins to shrink the workforce, and demand increases for the role that the youthful and rapidly growing Aboriginal population can play in PEI's labour force. Supports in the areas of employment, training, and family services are important to realize this potential and to achieve more equitable outcomes for Aboriginal men and women across PEI in all age groups.

Newcomers Nationally, immigrants are likely to have lower incomes than native-born Canadians, and the gap widens for more recent immigrants. In PEI, the income situation of immigrants is more positive, as the majority of its immigrants over the years have been in the economic category. According to the Census, in 2005, immigrants who had arrived prior to 2000 had a higher average income than native-born Islanders. However, immigrants who arrived from 2001 to 2004 had substantially lower incomes than both earlier immigrants and Islanders at large. Their average income in 2005 was \$20,700, compared to about \$30,000 for all earlier immigrants, and \$27,800 for native-born Islanders. Since 2005, Prince Edward Island has seen a major increase in the number of economic immigrants, which will likely lead to an increase in average incomes when the next Census is completed.

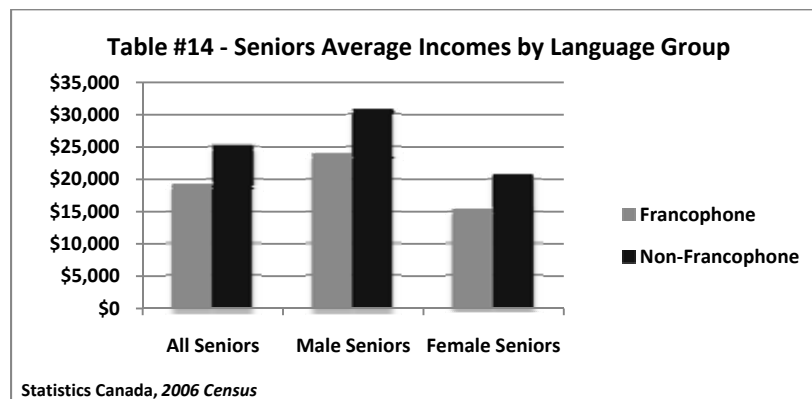
Concerns about low income are most significant among newcomers in the refugee category, who number about 80 a year. Those individuals and families ordinarily arrive in Canada with very limited assets and resources and with a history of difficult circumstances, and require significant supports to establish themselves. For their first year in PEI, these supports are federally funded, after which the Province assumes responsibility. Community organizations, churches, employers and Islanders also provide substantial assistance and resources. These supports play a vital role in building capacity among these newcomer families to participate socially and economically and to achieve self-sufficiency and inclusion.

6.0 Other Key Populations

Seniors As outlined earlier in this paper, seniors are less likely to be living in poverty. However, seniors at all income levels face varying and often high costs of living, depending on their housing, transportation, health status, and requirements for assistive aids, services and supports. Given that seniors are on fixed incomes, these costs may pose hardships even where households are above the low-income measures used here. To address these issues, seniors receive federal income supports which will see an increase in the coming year, as well as a range of provincial supports such as drug cost assistance, subsidized housing and long-term care, and home repair.

Detailed information from the 2006 Census indicates that 600 Island seniors were below LICO in 2005, or 3.4% of all seniors. Almost 90% of these low income seniors were single. The majority of low income seniors lived in the Charlottetown area, and the remaining resided across PEI.

Francophone seniors form a sub-group with lower incomes than other seniors and much lower incomes than younger francophones. In 2005, there were over 1,100 francophone seniors, making up almost one-quarter of the francophone population. The income situation was more pronounced for female francophone seniors, whose average income was half that of a non-francophone male senior.



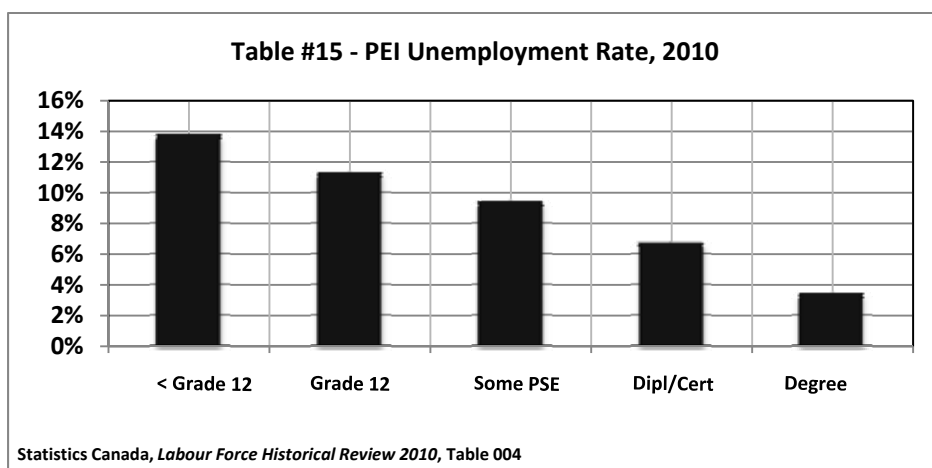
Low-Waged Workers Prince Edward Island's labour market is successful in generating opportunities for employment, leading to high labour force participation by Islanders and the highest employment rates east of the Prairies. However, average wage levels are lower than in other provinces, and a relatively high though declining share of the jobs are part-year. This results in lower levels of earned income and higher levels of unemployment.

The combination of low wages and reliance on Employment Insurance, especially among two-earner families, may be sufficient to lift them above the LICO, but not by much. Approximately 12% of Islanders are at or near the minimum wage. Social Assistance program data suggest that a substantial number of families and individuals rely on short-term and intermittent social assistance to tide them through periods of unstable employment and gaps in earned and EI

income. Food bank utilization data show that in PEI, clients are almost twice as likely as in any other province to have a labour market attachment, with 44% reporting earned or EI income.

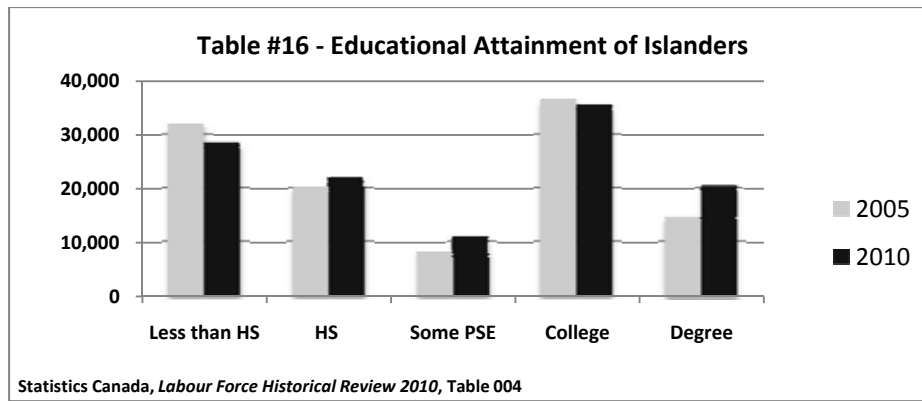
The 'working poor' on PEI are vulnerable given their income proximity to LICO or MBM measures. The future well-being of our province depends on our ability to adapt to this changing world of scarce workers. Employment and training programs will play key roles in helping lower income Islanders take up these opportunities.

Islanders with Low Levels of Educational Attainment Adult Islanders with low levels of education are less likely to be in the workforce, less likely to be employed, and more likely to have low earnings either placing them in poverty or close to poverty. Poverty is a function of employment; employment is a function of education. Consider the following unemployment rates on PEI for those with varying levels of attained education:



Not only will highly educated Islanders be more likely to find work, but their level of income generally rises with higher levels of attained education.

During the past three decades, the educational attainment of the adult population improved dramatically. High school completion has seen especially strong progress and now stands at over 90% for the Class of 2011. The past five years have seen a further drop in the number of Islanders with less than a high school diploma, and gains in the number of Islanders with Grade 12, some post-secondary, and a post-secondary credential. Within the group with post secondary, very strong growth in university degrees has been partly offset by a drop in the number of Islanders with a college diploma.



The educational progress of the 1990s and early 2000s helped Prince Edward Island improve its literacy levels. Comparative data from the International Adult Literacy and Skills Survey (IALSS) indicate that PEI’s adult literacy levels were similar to the national average in 2003, and higher than in Newfoundland, New Brunswick, and Quebec -- an improvement over historical levels. Despite this, literacy remains a serious issue in PEI and elsewhere. For prose literacy, 20% of Islanders (and of Canadians) were at Level One, indicating that they read at a very basic level. A further 30% of Islanders were at Level Two, slightly above the national average for this level. Outcomes were similar for document literacy and slightly worse for numeracy and problem solving. Furthermore, the IALSS data indicate very little progress since 1994 in improving these literacy levels, in Canada or in other countries.²⁶

Improving adult literacy remains a central challenge for a poverty reduction strategy, and highlights the vital importance of improving outcomes in Prince Edward Island’s early childhood and school systems.

Recipients of Social Assistance The Social Assistance (SA) Program is the main provincial program aimed at alleviating poverty for families and individuals. This program plays a safety net function for Islanders whose income falls short of meeting their basic needs. Over time, the number of Island households receiving support from the program has dropped from a high of 6,300 in the early 1990s, to a low of 3,300 households in 2007. Since then, the number has risen slowly but steadily to its present level of just over 3,800 households involving almost 5,900 Islanders in May 2011. This represents 4% of PEI’s population. In comparison, 5.3% of Nova Scotians and 4.6% of New Brunswickers receive Social Assistance.

On PEI, SA clients include:

Family Structure	Number (rounded)
1) Singles	2,700
2) Single Parent Families	700
3) Couples with children	200
4) Couples without Children	200
Total	3,800
1) Children	1,600
2) Seniors	400
1) Live in Rental Unit	2,200
2) Community Care Facilities	500
3) Homeowner	300
4) Other	800
Total	3,800

These profiles demonstrate the complex nature of poverty in Prince Edward Island, and the many factors and circumstances that can impoverish people. Many measures and supports are in place to deal with these factors, and have had positive impacts over the years. To make more progress in a changing world, a strategy is needed to make the most of the measures already in place and to identify where changes or new measures can help to reduce and prevent poverty in our province. This paper now examines the many ways in which poverty reduction will benefit all Islanders.

7.0 Impacts of Poverty: Why a Poverty Reduction Strategy is Needed

Because of the toll poverty takes on Island families, individuals and the community at large, from a social justice perspective alone, a continued and sustained effort is needed on the poverty front.

The rationale for poverty reduction however, goes well beyond social justice. Poverty costs PEI in many ways and at many levels; and preventing and reducing poverty will bring a significant return on investment. Those costs and benefits are briefly outlined below.

The Impact of Poverty on Health Population health depends on the determinants of health as well as individual lifestyle behaviours. Income is a major determinant of health and it is well established that poverty has a negative impact on health. Poverty reduces the capacity of individuals and families to have adequate housing in safe neighbourhoods, nutritious food, access to physical activity, needed medications, and social and recreational activities that promote inclusion, a sense of belonging, and mental health.

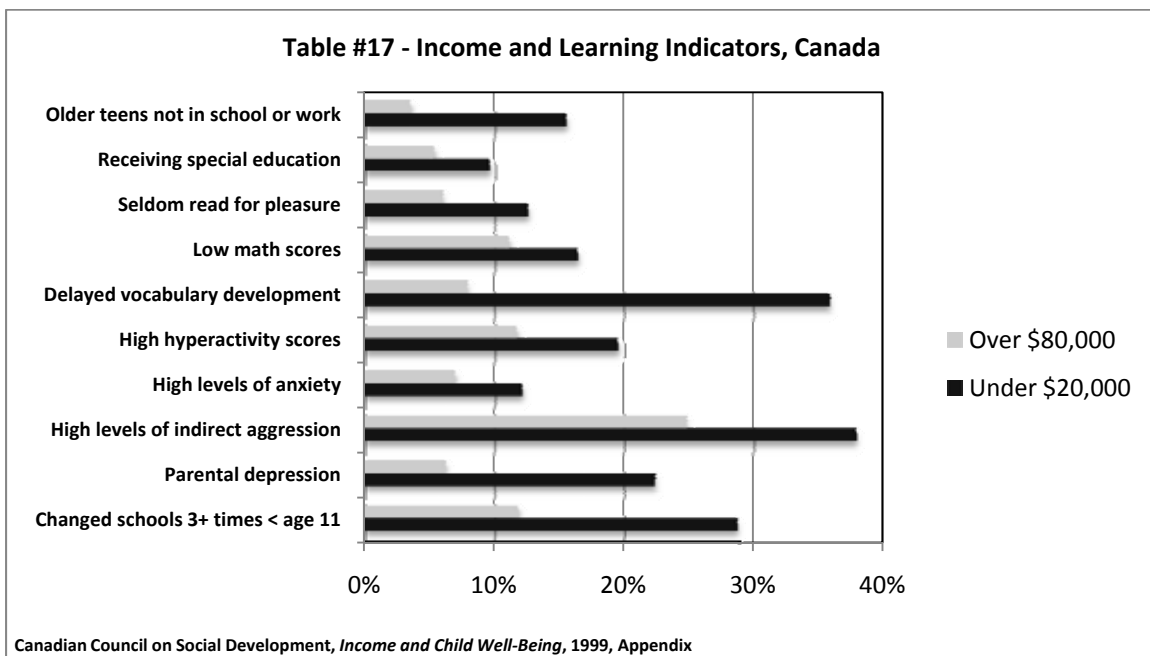
As a result, impoverished people are disproportionately likely to have poor health having to draw more often on the resources of the health care system. The Public Health Agency of Canada compared Canadians in the highest-income and lowest-income households²⁷ and found that the lowest-income Canadians:

- are four times more likely to report fair or poor health
- are twice as likely to have a long-term activity limitation
- have almost eight fewer years of life expectancy
- have significantly more disability.

In a population health survey in the 1990s, fewer than half of Canadians in the lowest income group reported their health as excellent, compared to almost three-quarters of those in the highest income group.²⁸ Data from the National Longitudinal Survey on Children and Youth indicates that fewer than half of children in low-income families were reported by their parents as being in excellent health, compared to over two-thirds of children in high income families. As well, children in low income families were two and a half times as likely to have functional health problems as children in high income families.²⁹

These patterns of poor health have an impact on the health care system. Research led by the Ontario Association of Food Banks suggests that nationally, the 20% of the population with the lowest incomes accounts for 31% of the health care spending.³⁰ The Caledon Centre for Policy Alternatives has applied this research in Atlantic Canada, concluding that the lowest income 20% of Islanders accounted for \$157 million of PEI's health care spending in 2008, or \$34 million more than the next-lowest income 20% of Islanders.³¹ With the health care system facing mounting demand pressures by an aging population, poverty reduction offers a clear opportunity to improve the health of Islanders today and over the long term.

The Impact of Poverty on Learning Extensive research indicates that poverty has a negative effect on learning. “The evidence is clear and unanimous that poor children arrive at school at a cognitive and behavioural disadvantage,” notes a 2007 overview of the research.³² The nature of those disadvantages was detailed in by the Canadian Council on Social Development in a 1999 review³³ of the evidence from the National Longitudinal Survey of Children and Youth, which is tracking outcomes over time for a cohort of almost 30,000 Canadian children. The following chart shows the proportion of children from families with household incomes below \$20,000 and over \$80,000 respectively for a number of indicators related to learning. The study found that family incomes of at least \$30,000 were needed to see a significant improvement in these indicators.



Data from the *Understanding the Early Years Project*³⁴ suggest that Prince Edward Island’s outcomes for young children may be somewhat better than those shown in the chart. During the past decade, the UEY Project carried out research on children’s healthy development in locations across Canada, with the province of PEI forming one of the locations. Island five-year-olds consistently scored above the average and above most other locations on measures of physical health, emotional maturity, language and cognitive development, communications, and social competence. These findings were based on self-report data and were somewhat more positive than the findings of the school system at Grade 1 entry. However, as the UEY data were gathered in the same way across Canada, they do suggest that outcomes were comparatively better in PEI.

More recent research is using the Early Development Instrument to map these outcomes across Canada for kindergarten students.³⁵ This research also suggests that fewer of Prince Edward Island’s five-year-olds are vulnerable than in the other cities and provinces of Canada being studied. These studies have identified PEI’s safe, supportive and stable communities as a major factor in these positive outcomes, partially offsetting the effects of below-average incomes,

below-average levels of parental education, and high unemployment. Recent measures to expand the early childhood system in PEI should help to build on these positive outcomes.

As part of moving kindergarten into the school system, all children are assessed when they enter kindergarten and again at the end of the year. These assessments indicate that approximately one out of four children has a need or a learning barrier as they enter Grade One. As Island children move into higher grades additional learning issues emerge or intensify. Various data sources indicate growing concerns about PEI's learning outcomes including:

- The proportion of children classified as special needs increased from 13% in 2002-03 to 35% in 2008-09.³⁶ The national averages for those years were 10 and 12% respectively.
- PISA scores are not at the level they need to be.
- While the rate of high school completion has improved significantly, only about two-thirds of Grade 12 graduates have the full range of academic courses needed to succeed in post-secondary study.

The national research clearly shows a strong link between poverty and learning problems among children. A reduction in poverty is likely to reduce the level of special needs and learning challenges among our children and to improve learning outcomes. In turn, the future prospects for children will improve while reducing pressures on our educational system.

Low income is also a significant barrier to post-secondary participation. According to the Canadian Council on Learning,³⁷ only 20% of youth from families with incomes below \$25,000 pursue university studies, compared to over 45% of those from families with incomes over \$100,000.

Low income and low parental education are inter-related, and create multiple overlapping barriers. The barriers are both direct and indirect. Low income families are more likely to overestimate the cost of post-secondary and less likely to be aware of available assistance. Demonstrating this, over 4,000 low-income Island families are currently eligible for the Canada Learning Bond, which provides up to \$2,000 per child over a 16-year period, but less than 600 have opened an account for this federal program. As well, for the reasons outlined above, low income children tend to have poorer educational outcomes and to have motivational barriers, especially where parents have low educational attainment.

School system supports for learning and student financial aid are necessary measures to address these barriers, but not sufficient. Experience in other jurisdictions indicates that a multi-faceted approach targeting both children and their families and starting in the intermediate years is needed to significantly increase the number and share of low-income children progressing to post-secondary.

The Impact of Poverty on the Economy While the cost of poverty falls most heavily on individuals and families, it also takes a toll on Prince Edward Island's economy and fiscal capacity. Action to reduce poverty will bring major economic returns to the Province.

- Measures to improve educational outcomes and labour force attachment will lead to a more skilled and productive labour force and thus to more competitive businesses.
- Measures to increase incomes of Islanders in poverty, whether earned income or transfer income, will provide a stimulus to the economy. Such income tends to be almost entirely spent locally on goods and services leading to a higher multiplier effect.
- An increase in incomes will lead directly to an increase in tax revenues and indirectly to reduced costs in areas such as health care, and educational special needs support, Social Assistance, social services and supports, and correctional services.

The Impact of Poverty on Society Poverty has significant impacts on social cohesion and well-being. Societies with greater income equality and social inclusion fare better on many indicators of social health. Compared to other provinces, Prince Edward Island has less poverty and more equality of incomes. PEI also has relatively strong standings on many measures of social wellbeing. Almost 60% of Islanders volunteer and almost 90% are charitable donors, among the highest rates in Canada.³⁸ Almost 90% of Islanders feel they have a high level of social support,³⁹ and 86% report providing informal help to family, friends, and neighbours – again among the highest levels in Canada.⁴⁰ Over 70% of Islanders report a strong or very strong sense of belonging to their communities, surpassed only by Newfoundland.⁴¹ These strengths of our community make a major contribution to poverty reduction. In turn, further progress in reducing poverty and enhancing social inclusion will build a better society for all Islanders.

Action to reduce poverty should also contribute to a safer society. Family violence and crime can happen at all income levels, and no direct causal link has been established between poverty and crime. However, the factors that lead to impoverishment – such as low educational attainment, lack of employment, difficult childhoods, and mental health or addictions issues – also are risk factors for crime. PEI's violent crime rate is the lowest in Canada and its property crime rate is the fourth lowest, and both rates are declining⁴² – again reflecting the comparatively positive social conditions that already exist in the province. A strategy that addresses the determinants of poverty is likely to also further reduce violence and crime.

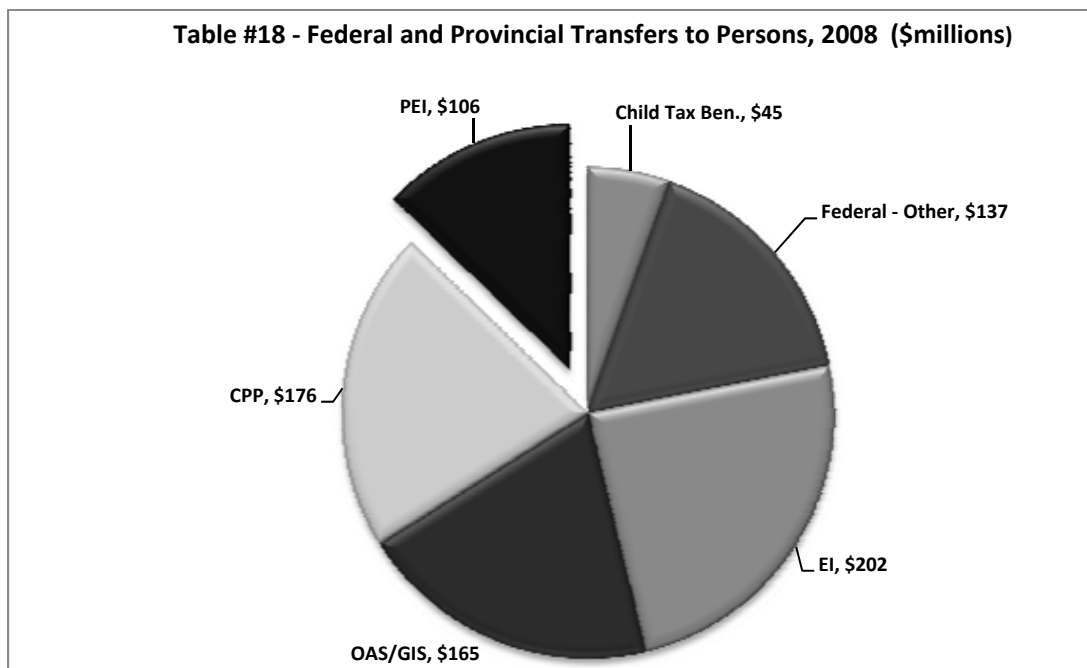
8.0 Overcoming Poverty in Prince Edward Island

Prevention and reduction of poverty are responsibilities shared between individuals and society. A fundamental expectation in our society is that individuals contribute to their own self-sufficiency to the fullest of their capacity to do so. Where barriers exist to self-sufficiency, society assists in various ways to address and reduce those barriers. Where self-sufficiency is not possible, society provides resources to individuals to meet their basic needs. These supports and resources are provided by governments, and many caring, community based organizations including churches, social action groups, not profit organizations, etc...

Much of government's spending, both social and economic, contributes directly or indirectly to poverty prevention and reduction. Education provides individuals with the means to achieve self-sufficiency, health services prevent or manage ill health and disability, and economic development maintains and builds employment opportunities. These broad areas are largely the responsibility of the provincial level of government.

The federal government plays a major role in preventing and reducing low income through the income support system built over the past several decades. In addition, the federal government provides transfer funding to the provinces, both for programs such as labour market development and social housing, and more broadly through the Canada Health and Social Transfers and the equalization system. These transfers also help to fund provincial measures to prevent and reduce low income. As a result, the federal government plays a crucial role in any poverty reduction strategy.

In 2008, federal and provincial direct spending on transfers to persons totalled approximately \$820 million in Prince Edward Island.⁴³ In addition, provincial programs such as drug programs, social housing, and family services help ease poverty.



The evolution over time of these services and supports has resulted in a complex patchwork of measures. The foundation consists of a number of federal income support programs which are consistent across Canada and which represent the largest share of investment in poverty reduction. These supports are augmented by a diverse range of provincial programs which vary widely across Canada. In PEI as elsewhere, these programs have emerged over time within different departments to meet different needs and goals. A critical element of a poverty reduction strategy is to identify how our existing efforts can work together better and be more responsive to the needs of low income Islanders.

In PEI as elsewhere, the community also plays a vitally important role. Community based organizations touch the lives of virtually every Islander, but many play a particularly important role for impoverished Islanders. To cite only a few examples of this valued contribution:

- Community organizations such as the Working Group for a Livable Income, ALERT, the Health Coalition, Cooper Institute, and the McKillop Centre have worked to bring public attention to the issue of poverty and its impacts.⁴⁴
- Labour organizations have supported this work for social justice, and have also striven to improve the wages and working conditions of Islanders.
- A number of organizations serve persons with disabilities and Islanders in low income, providing employment services, housing, community supports, advocacy, and companionship in a responsive and holistic way.
- Churches make major contributions to a better life for Islanders in poverty, providing emergency assistance with a wide range of basic needs, mobilizing their congregations to help their neighbour, and supporting the spiritual well-being of Islanders.

Municipalities have a key role in shaping the culture and environment for social inclusion. As the level of government 'closer to the ground', their role has been and will continue to be vital in a go forward strategy.

Employers also are an integral part of the solution. Over the past decade, many Island employers have maintained and generated employment, significantly increased wage levels, and provided safer working conditions and improved benefits. These achievements play an important role in PEI's comparatively positive outcomes over the years in reducing low income. The input of employers will be sought to help develop the strategy.

As well, individual Islanders provide a high level of informal supports to those in low income or encountering misfortune. Not only do they have among Canada's highest levels of charitable donations, volunteer involvement, and informal help as noted earlier; they also are generous in their support of benefits and fundraisers for their neighbours facing misfortunes.

Poverty reduction neither resides in nor is vested to any one group, Government, community or individual. It is a collective issue; a collective responsibility and it requires a collective response.

9.0 Preventing Poverty

Employment is the surest protection against impoverishment, and education is an increasingly essential route to secure, steady employment. Poverty prevention begins with education to prepare our children for their futures, and adult training and employment programs to better include all adult Islanders in the workforce to the fullest of their potential.

Early Childhood Development Children's development in their early years is a key determinant of their lifelong health, well-being, learning, and success. Worldwide, recognition is growing of the crucial importance of the early years. As a result, poverty reduction efforts in many jurisdictions have placed high priority on reducing child poverty and enhancing children's healthy development.

Strong labour force participation by parents has helped Prince Edward Island achieve Canada's lowest rate of children below LICO for many years. In addition, Governments have contributed strongly to healthy child development through a number of programs and supports.

Early learning on PEI has been transformed, with investment increasing from just over \$10 million in 2007 to \$26 million in 2011. Kindergarten has been moved into the public school system and made a full day program for children aged four years nine months and up. This measure has been complemented with the Preschool Excellence Initiative, which has transformed child care in PEI to a province-wide early learning system with trained staff, consistent fees, and enhanced facilities and equipment. As of March 2011, forty centres were in operation, providing 1,340 spaces. In 2011-12, the early learning budget increased by \$3.3 million to provide full annual funding and expand spaces at centres already open, and to enable six more centres to open – increasing spaces to 1,800 when complete. Infant spaces at centres have increased by over 70% since the summer of 2010, and more spaces are being developed.⁴⁵

To enable access to early learning, the Child Care Subsidy Program assists about 1,400 families a year with the costs of licensed care and early learning for their 2,200 children. In PEI, approximately 9% of children under the age of five are in a subsidized child care space, compared to a national average of 4%. Under the Preschool Excellence Initiative, subsidy per diems were increased to be consistent with the fee structure at Early Years Centres, eliminating extra billing. In 2011-12, funding for the program increased by a further \$300,000 or 8%.

More broadly, the PEI Children's Secretariat brings together almost two dozen representatives of community networks and government partners working to improve outcomes for children up to age eight. The Secretariat has focused on policy, advocacy, and public education. Current priorities include development of a province-wide early intervention strategy, development of an early years research and data collection framework, and delivery of *Take 30 for the Family*, a social marketing initiative.

Services are also provided to vulnerable families and children by both government and community organizations to address child development risks and to prevent and address family violence. These issues know no boundaries.

With provincial core funding of \$1 million, the CHANCES Best Start program provides in-home supports to families of infants from birth to age two, via PEI's province-wide network of Family Resource Centres. Workers visit their families weekly and provide support on physical care and safety of the infant, breastfeeding and nutrition, infant stimulation and mental health, child development, and parent-child activities. The program is voluntary; public health nurses assess newborn infants and identify those whose families are most likely to benefit from Best Start. About 400 families a year are assisted by the program.

Family breakdown is a key trigger for impoverishment, and family violence is both aggravated by poverty and a factor in poor educational and life outcomes for those affected. The Department of Community Services, Seniors and Labour also works to protect vulnerable Islanders from violence and abuse and to support and strengthen families. These services include child protection, programs and supports for youth at risk, and elder abuse prevention. Further valued supports and family services are provided by community organizations, with core funding from government, as well as churches, foster families, and volunteers.

In 2010, the Child and Youth Services Commissioner was appointed to review and consult on the full range of programs and services delivered by Government's social departments to children and youth. The review is examining the efficiency and effectiveness of those services, and identifying best practices from other jurisdictions on how those services could be integrated.⁴⁶ This work will make an important contribution to the overall poverty strategy.

In addition to the targeted child development measures described above, Island children in low-income families also benefit from a number of the programs discussed later in this paper, including dental and drug programs, family housing, social assistance, and public transit.

Public Education The school system plays a foundational role in equalizing access to opportunity, security, and success for Island children. Completion of Grade 12 is the minimum requirement for most jobs in our economy, and to access to post-secondary education.

The share of Island youth completing high school has improved over the past two decades: 91% of youth aged 20-24 had finished Grade 12 in 2010, up from 81% in 1990. The school system has implemented a number of measures to make programming more flexible and responsive to the learning styles and interests of students, including programs in tourism and culinary, agriculture and trades, as well as greater use of technology in the classroom.

Government has made a number of investments in the public school system to promote better learning outcomes for Island children, including the following:

- Moving Kindergarten into the school system.
- Increasing the overall number of teachers through declines in student enrolment which has resulted in the overall student-teacher ratio going from 15.5 in 2006 to 13.1 in 2010 – a 15% improvement in four short years. PEI's student-teacher ratio is amongst the best in the country.
- The complement of educational assistants increased from 264 in 2006 to an all-time high of over 400 in the current school year.
- Strong action has been taken in the primary grades to improve literacy outcomes.
- Schools have been modernized thus creating better learning environments.

These investments are contributing to strong improvements in outcomes in Grades 1 to 3, and further gains are expected as children from the strengthened early learning and kindergarten system move into the primary grades.

In the coming year, emphasis will be placed on measures and supports to improve academic outcomes in the intermediate and senior high school grades – building on the progress already made in the early years and elementary level.

Key questions for a poverty reduction strategy include the following:

- ***How can measures to support student learning in the higher grades best contribute to poverty prevention in Prince Edward Island?***
- ***How can children with diverse learning styles be supported in their learning?***
- ***What actions would help to more fully engage students and families in education?***
- ***How can low-income children see a clearer path to further learning and careers?***

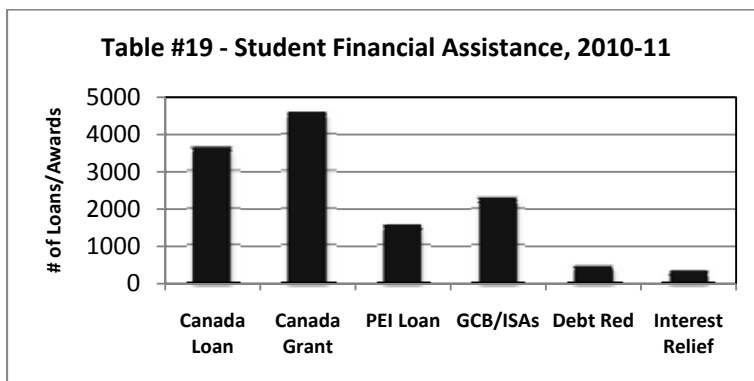
Access to Post Secondary Education Attainment of a post-secondary credential is strongly associated with employment and income, significantly reducing the risk of poverty. It is also critically important to our society and economy that we have a well trained workforce.

Currently, the federal and provincial governments partner to provide financial aid to students from low and moderate income families. The Canada and PEI Student Loan Programs are targeted to students from low and moderate income families, and provide loans at no interest during studies, repayable upon completion. The provincial program provides interest relief for graduates who are having difficulty with repayment, and debt reduction grants of up to \$2,000 per year for each year where the student has borrowed over \$6,000.

The PEI government provides several types of grants to learners. The George Coles Bursary provides \$2,000 to Island students enrolled in their first year of studies at the University of Prince Edward Island or Holland College. The Island Student Awards provide support in the second, third, and fourth years of university studies. The Island Skills Award provides equivalent

support to second-year students at Holland College and the College Acadie. The Canada Student Loan Program also provides upfront grants to eligible learners.

In 2010-11, Island students held over 4,000 federal grants and loans, over 1,500 provincial student loans, and almost 2,300 provincial grants. Among graduates, over 400 are receiving debt reduction grants and about 300 a month are receiving interest relief.



In addition, the federal government encourages families to save for their children's education through the Registered Education Savings Plan (RESP). Historically, this program has had limited relevance for families whose incomes were too low to allow discretionary savings. Recent federal enhancements respond to this issue through the Canada Learning Bond for families receiving the National Child Benefit Supplement. The Bond provides an initial \$500 grant and \$100 a year to a maximum of \$2,000, with no family investment required. Over 4,000 families qualify for this benefit in PEI.

Distance from post-secondary programs is also a barrier to post-secondary participation, and this barrier is compounded by low income. To make post-secondary learning more accessible, the provincial government has expanded its post secondary presence across PEI.

Post-secondary education is vital to prevent poverty in PEI over the long term, and measures to increase its affordability and accessibility are key elements of a poverty reduction strategy. Questions for consideration include:

- ***How can affordability and accessibility best be increased?***
- ***Should student financial aid programs continue to be broadly accessible to learners from low and middle income families, or should there be increased emphasis on access for learners from the lowest income families?***
- ***Are there opportunities to better access federal supports?***
- ***How can these programs best work in concert with the adult learning and training programs described below?***
- ***Are additional supports and interventions needed during the intermediate and senior high years to increase aspirations and access to post-secondary education among learners who grow up in poverty?***

Adult Learning and Training Adult learning and training play a vital role in preventing and reducing poverty. Prince Edward Island's labour market is becoming increasingly skilled and the jobs of the future will more and more demand advanced training.

The Province provides support to adult Islanders to complete their Grade 12 equivalency certificate and to obtain skills training through the Canada-PEI Labour Market Development Agreement. Through this agreement, delivered by the Province since 2009, about \$15 million a year is provided for skills training and related supports. Participants receive assistance for 75% of the cost of tuition, as well as specific needs such as child care, travel, and books. In addition, participants on Employment Insurance are able to continue drawing benefits while training.

In 2010, over 1,200 Islanders received direct training support from Skills PEI. Just over half were enrolled in programs ranging from health care, trades, administration, truck driving, business, early childhood and education, and information technology. A further one-quarter were taking apprenticeship training, and the remaining one-quarter were enrolled in adult education. In addition, 800 Islanders received training support through the Labour Market Agreement which assists workers not eligible for EI.

The most recent national survey of adult education and training indicates that Islanders are among Canada's leaders in their participation in lifelong learning and training. Among Islanders aged 18 to 64, 51% took part in education and/or training during 2007-08, exceeded only by Alberta at 52%. Participation in job-related education and training was third highest in Canada at 41%, and showed a significant jump from 27% and eighth place in 2001-02.⁴⁷

The LMDA and LMA training supports will continue to play a central role in preventing and reducing poverty in Prince Edward Island over the coming years. The question for a poverty reduction strategy is how this can best be achieved.

- ***To what extent should training dollars be focused on those occupations that are most in demand in the labour market, and on the learners most likely to succeed?***
- ***How should this be balanced with responsiveness to Islanders' personal learning goals and career aspirations, and access to opportunities for those facing multiple barriers and disadvantages?***

Employment and Labour Market Programs Several programs exist to help Islanders with labour market barriers find work and gain work experience. Employment and wage legislation and regulations also provide a framework of protection for working Islanders.

Employment Programs PEI provides employment opportunities to Islanders to help them overcome barriers and improve their job situation. In all, well over 2,000 Islanders are assisted to gain and hold employment each year, giving them work experience, contact with employers, enhanced skills, and improved incomes. In addition, these participants become eligible for Employment Insurance and thus gain access to further opportunities for adult learning and training as described above.

Through the LMDA and LMA programs Government provided over \$17 million in 2010-11 to assist Islanders to gain and hold employment. About \$12 million of this funding helped almost 1,400 Islanders in 2010-11. In addition, \$2.6 million was provided to Career Development Services and \$2.5 million was provided to a range of community organizations to provide labour market supports, information, and advice to Islanders seeking work.

Questions for consideration in developing a poverty reduction strategy are similar to those for training:

- ***To what extent should labour market programming focus on developing a strong, productive, highly trained workforce to strengthen the Island economy?***
- ***How should this be balanced with providing opportunities for Islanders who face many barriers to successful labour force participation?***

The Employment Development Agency provides further opportunities for employment for Islanders aged thirty and older who face significant labour market barriers, and for Island youth. In 2010-11, \$6.4 million was expended to provide short-term employment to 540 students and youth and 760 adult Islanders, for a total of 1,300 positions.

A review of the EDA's adult employment programs client base indicates that two-thirds are female, the average age is 49, and those with Grade 12 or less is 87%. Two-thirds of the clients have used the program before, suggesting that the focus is on alleviating poverty on an ongoing basis rather than providing a stepping stone to more secure employment.

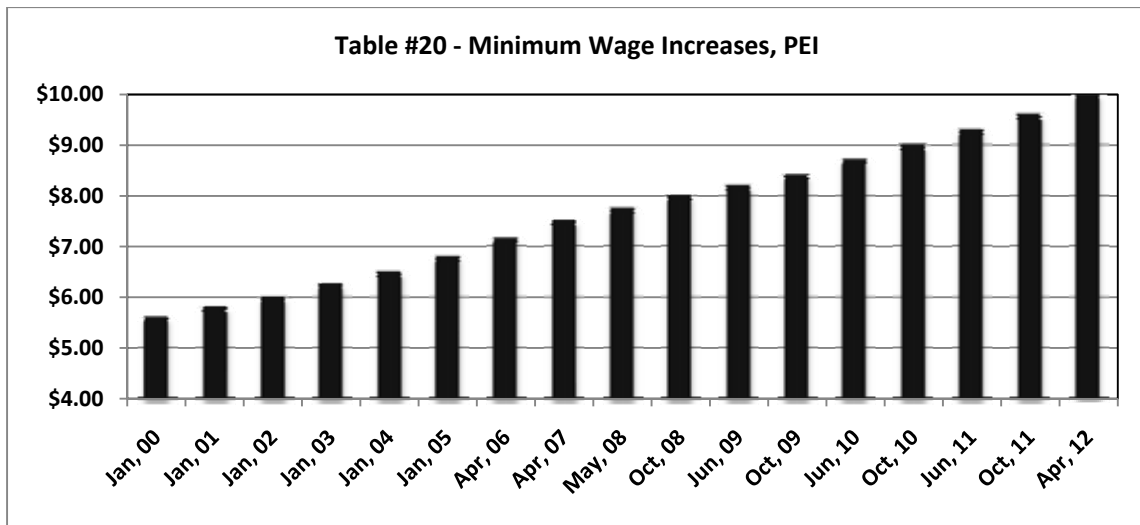
The questions facing a poverty reduction strategy are:

- ***Is this focus on a longer-term client group appropriate?***
- ***Should there be more emphasis on using the program to bridge people out of poverty?***

Minimum Wage Minimum wage serves as a floor income for working Islanders, and is seen as a key instrument to reduce low income. The minimum wage has increased strongly since 2008, and is scheduled to increase further to \$10 per hour by April 2012.

In 2009, a total of 3,100 Island workers or 5% earned minimum wage, down from the peak of 7% in 2007. However, another 4,600 Islanders worked for wages just above that level, for a total of 13% of Islanders working at or below minimum wage plus 10%.

Minimum wage work is strongly linked to part-time employment. Part-time jobs are six times as likely to pay minimum wage as full-time jobs and account for over half of all minimum wage jobs. By industry, minimum wage work was concentrated in trade, accommodation and food, and agriculture industries.⁴⁸



Minimum wage increases are a priority for many poverty advocacy groups as a means to reduce poverty and move toward a “living wage”. Employer groups express concern that rapid increases in minimum wage can have some negative consequences in terms of job cuts, reductions in hours, and that the concentration of minimum wage among youth limits its effectiveness as a poverty reduction tool. Questions facing a poverty reduction strategy are:

- ***Should the minimum wage continue to increase rapidly beyond April 2012?***
- ***Should it be indexed to inflation?***
- ***Or is it necessary to stabilize it for a period of time to reduce losses in entry-level jobs?***

Employment Standards For Islanders in the labour market, employment standards play an important role in their security of employment, pay, working conditions, access to benefits, and ability to balance work with family needs. In 2010, the *Employment Standards Act* was significantly updated for the first time since the mid-1990s. Changes came into effect October 1, 2010, and included enhanced vacation leave, sick leave, bereavement leave, and maternity/parental leave.

Temporary foreign workers represent an emerging group of vulnerable workers, currently at over 600 and forecast to grow further. To date, the federal government has had the lead role in protecting these workers, and the need for a greater provincial role requires consideration.

Questions for a poverty reduction strategy include:

- ***What future role should employment standards have in improving pay and working conditions for low income, vulnerable workers?***

10.0 Promoting Social Inclusion

Social inclusion is a central goal of poverty reduction strategies in most jurisdictions. It looks beyond providing the basic necessities of life, and seeks to create the conditions and supports that help people to participate in and contribute in their society, culture and economy.

Poverty is both a cause and a consequence of being excluded and marginalized. While all people living in poverty face an elevated risk of exclusion, certain groups are particularly vulnerable.

Excluded groups receive some protection against discrimination and exclusion from international, national and provincial human rights provisions. Key elements of this framework include the United Nations Convention on the Rights of the Child and the more recent Convention on the Rights of Persons with Disabilities; Canada's Charter of Rights, and Prince Edward Island's *Human Rights Act* and related legislation. In addition, specific programs, strategies, and partnerships have been put in place to actively promote inclusion and reduce poverty among key populations. These measures recognize that members of these groups have valuable strengths and assets, and a great capacity to make a positive contribution to PEI.

Disability Supports The Disability Support Program was established in 2001, providing a flexible range of supports to Islanders with disabilities to promote their social and economic participation. This program has been widely recognized for its flexibility in integrating disability supports within a single program, separating them from eligibility for social assistance. In 2010-11, the program had a budget of \$11 million, and provided assistance and supports to approximately 1,500 Islanders. In addition, Islanders with disabilities receive a wide range of valuable supports from almost 20 community and non-profit organizations. These organizations receive core funding of approximately \$6.3 million from the Province.

In 2008, a comprehensive review of PEI's disability supports was carried out under the leadership of the Disability Services Review Committee. The Final Report, submitted in February 2009, set out recommendations on a foundation of core values and principles, and ways to improve the coordination and delivery of supports.⁴⁹ A 19-member Disability Action Council was established with representation from stakeholder groups to guide implementation of the report. The DAC identified 14 priority areas and implementation is currently underway.⁵⁰

Settlement Services Newcomers are another group at potential risk of exclusion and poverty. As described earlier, in Prince Edward Island, the risk of poverty is concentrated among the refugee claimant group of newcomers; however, many newcomers face the risk of social and economic exclusion, with potential impacts on their income as well as their overall wellbeing.

The majority of direct services to newcomers are provided by the PEI Association of Newcomers to Canada, with funding support from the federal and provincial governments. Over 5,000 newcomers have been served since 2007. Short-term services include orientation, translation,

interpretation, referral to community resources, counselling, and general information. Longer-term integration services include employment services, public awareness and education, community outreach to link newcomers to Islanders.

The education sector at all levels also plays a key role in providing the language training so vital to successful integration. Over 2,000 learners have been enrolled in Language Instruction for Newcomers since 2007, and some 750 children are enrolled in English as an Additional Language programs in the school system.

To promote inclusion and participation, Government released the PEI Settlement Strategy in November 2010.⁵¹ The strategy sets out a number of actions in three main areas: measures to enhance language training for newcomers; initiatives to find work, establish businesses, and integrate post-secondary students; and measures to improve newcomers' quality of life in the areas of settlement services, health care, and community integration. In support of the strategy, in March 2011, Government released an updated and expanded Newcomers Guide.⁵² Further implementation of the strategy is currently underway.

Aboriginal Partnerships Aboriginal self-governance and the constitutional role of the federal government shape the nature and extent of the Province's role in poverty reduction among Prince Edward Island's Aboriginal Islanders. This role is guided by the Canada/Prince Edward Island/Mi'kmaq Partnership Agreement, signed in December 2007 between the federal and provincial governments and the Abegweit and Lennox Island First Nations. A range of measures have occurred within this framework, including:

- the Mi'kmaq Family PRIDE Program of Child and Family Services, launched in 2008;
- deployment of some \$700,000 in federal trust funding in 2009 to improve housing for low-income Aboriginal seniors, first-time homeowners, and transitional housing; and
- a federal/provincial/First Nations Memorandum of Understanding in 2010 to support Aboriginal learners from early childhood through to post-secondary education.

Aboriginal Islanders who do not hold Registered Indian status are served by the full range of provincial programs and supports described above and following.

11.0 Reducing Poverty

Income Supports Federal income supports play a crucially important role in preventing and reducing poverty in Prince Edward Island, providing over \$600 million a year in transfer income. The Province plays a much smaller but still important role through the Social Assistance Program, as well as a range of tax reductions, exemptions, and deferrals.

Prince Edward Island's Social Assistance support levels vary by family type. Support levels for couples with children have been the highest in Canada since 2004, standing at 83% of LICO and 76% of MBM in 2009. Support levels for single parents and in the mid-range among provinces, and are closer to the low-income thresholds, standing at 88% of LICO and 80% of MBM in 2009. Assistance levels for single individuals, however, are relatively lower, standing at less than half the low-income thresholds in 2009.⁵³

The Social Assistance Program has received several major increases in recent years. In 2009, almost \$1 million was provided to increase the food allowance by 10%, the first increase in over a decade, and to increase the shelter allowance by 5%. In 2010, the shelter allowance increased another 2%, in line with allowable rent increases. In 2011, \$750,000 was provided to end the 'clawback' of the National Child Benefit from social assistance income benefits to families. Taken together, these measures represent over \$2 million in additional support to PEI's most vulnerable families since 2007. As well, the Province has taken action to exempt income from the federal Working Income Tax Benefit (WITB) and assets under a Registered Disability Savings Plan (RDSP) from calculation of eligibility and support under the Social Assistance Program and the Disability Support Program.

In 2010, the Standing Legislative Committee on Health, Social Development, and Seniors reviewed the policies and directions of programs under the *Social Assistance Act*. The Committee heard testimony from a number of community organizations representing people in poverty. Its report, in November 2010, contained several recommendations key to a poverty reduction strategy, to modernize the Act's provisions and delivery approach, to encourage and facilitate a move from social assistance to employment, and to improve access to and coordination of supports for low income Islanders.⁵⁴ Revisions to social assistance programs and legislation have been a major feature of poverty reduction strategies in most other provinces, and will form an element of PEI's strategy as well.

Questions for consideration include:

- ***What are the priorities to reduce the depth of poverty among Islanders receiving Social Assistance?***
- ***How can the program be modified better facilitate and encourage employment and self-sufficiency? Which are the priority barriers to address?***
- ***How can other programs be better integrated with Social Assistance to increase opportunities for greater self-sufficiency and inclusion?***
- ***What can be done to promote the dignity of Islanders receiving Social Assistance?***

Housing Housing is a major burden for low-income Islanders, and often drains their limited resources from other essential needs such as food and clothing. People in poverty have fewer choices and options for housing. These issues are compounded for people with disabilities who face a scarcity of accessible housing. These concerns contribute to poorer health, learning, and social outcomes for low-income families. As a result, access to safe, adequate, affordable housing plays a major role in poverty reduction strategies across Canada, and is a priority for a number of community organizations.

Prince Edward Island's housing costs are lower than in central and Western Canada but somewhat high compared to the rest of the region, according to federal research done to update the Market Basket Measure.⁵⁵ The new base identifies the annual cost in 2008 of a two-bedroom apartment in 49 cities and rural areas across Canada. PEI's costs for housing in rural areas and cities under 30,000 were the highest in Atlantic Canada, and the cost of housing in Charlottetown was exceeded only by Halifax.

Despite this, PEI has relatively moderate levels of housing need as defined by the Canada Mortgage and Housing Corporation.^{1*} In 2007, PEI had Canada's lowest level of housing need, at 7.7 %, well below the national average of 12.4 %. This represents a strong improvement from earlier in the decade, when rates were in the 12% range.⁵⁶

Renters, who account for just over one-quarter of all PEI households, are far more vulnerable than homeowners. In 2006, 28% of PEI's 13,000 tenant households were in core housing need, compared to 7% of PEI's 37,800 homeowner households. Limited rental housing is available in rural PEI and this is a factor in the movement of low-income Islanders to the cities.

Government addresses the need for affordable housing in a number of ways. Most significantly, the Province in partnership with the Federal Government provides Islanders with subsidized rental housing across the Island, with rent geared to 25% of income. These subsidized units account for just over one-sixth of PEI's rental housing stock. An internal inventory in 2007 provides a profile of this housing, which at the time included 2,700 units:

- Over 1,100 seniors housing units are owned by the PEI Housing Corporation.
- Almost 500 family housing units are owned by community-level housing authorities.
- Over 700 units are operated by co-op and NGO's and directly funded by the Federal Government, for seniors, families, persons with disabilities, victims of family violence, and Aboriginal Islanders.
- A further 400 units in various categories include federally owned and managed on - and off-reserve housing for Aboriginals, rent supplements for private rental arrangements, and units supported under the Canada-PEI Affordable Housing Agreement.

^{1*} CMHC uses three metrics to assess housing need: affordability (housing costing over 30% of xxxx income); adequacy (housing requiring major repairs); and suitability (crowding, i.e. more than one person per room). Affordability issues are the main concern. The three measures are combined into a single 'core housing need' measure.

Since 2007, Government has added 154 social housing units across the province to the housing stock described above, and increased funding for repairs to existing units. Through the federal Aboriginal Housing Trust, housing is being expanded for off-reserve seniors, people in transition to urban living, and Aboriginal homeowners. In the coming year, a further 34 units for seniors will be constructed in Summerside, and 120 new units will become available to seniors, families, and persons with disabilities through the Canada-PEI Affordable Housing Agreements.

In addition to social housing, some 2,400 Island households receive support for shelter costs under the Social Assistance Program, including over 500 Islanders with health issues, mostly seniors, living in community care facilities. As well, over half of the nursing beds in the long-term care system are subsidized.

The direct provision of housing is complemented by several other provincially delivered programs and services. The *Landlord and Tenant Act* and the *Rental of Residential Property Act* protect the rights of tenants and regulate rent increases. Building codes provide for safe, adequate, accessible housing. The Seniors Home Repair Program, restored in 2007, covers half the cost of needed structural home repairs for seniors with incomes below \$35,000, and has helped almost 1,500 senior families since its reinstatement. The Office of Energy Efficiency has provided grants to over 4,000 low income Island households since 2008 to make their homes more energy efficient -- increasing comfort and safety and reducing energy costs. The *PEI Energy Accord* reduced Islanders' electricity costs by 14% for a two year period.

Community organizations also play a valued role in meeting the housing needs of Islanders. The PEI Community Advisory Committee on Homelessness works with stakeholders to determine needs and priorities, and to allocate federal funding to address homelessness. Habitat for Humanity has built over sixty homes in PEI to date, using their model of homeowner sweat equity down payments, volunteer effort, and no-interest mortgages. Various community organizations administer housing for special populations such as people with intellectual disabilities or mental health issues, and advocate on behalf of those groups. Key areas of need, according to those groups, involve accessible housing for persons with disabilities, housing for people with intellectual challenges now living with aging parents, and at-risk youth.

The questions facing a poverty reduction strategy include:

- ***What are the remaining gaps and unmet needs?***
- ***Are PEI's existing social housing units and housing supports being directed as effectively as possible to those in need?***
- ***Can the provision of social housing be better integrated with other supports?***
- ***Where should the emphasis be in future development?***

Public Transit Transportation represents both a challenge for impoverished people, and an opportunity to reduce poverty. Cost represents the major challenge, with car ownership the only option for most Islanders living outside the Charlottetown area. The new MBM sets \$4,147 as the annual cost of transportation for a family of four in PEI, based on a used sedan.

The inability to afford a car, or disability-related limitations on driving, are key factors in the shift of low-income populations to cities where needs can be met closer at hand.

The development of a public transit system in the Charlottetown area over the past several years has been of major benefit to the almost 5,000 low-income Islanders who live in the capital region. As routes are added and expanded, these Islanders gain increasing access to work, learning, health care, and essential services and supports. Utilization of the system is climbing steadily, to almost 1,000 users a day. While the initial system was established with federal assistance, municipal governments are responsible for ongoing operating funding. The 2011 Budget provided \$342,000 in provincial funding to expand public transit in the Charlottetown area and to support public transit between Charlottetown and Summerside. Further development of public transit is one potential element of a poverty reduction strategy. Questions for consideration include:

- ***How can the existing system be improved?***
- ***How much emphasis should be put on expanding public transit and rural transportation options as an element of a poverty reduction strategy?***
- ***Where in PEI should further development take place?***

Health and Wellness Programs Disability, chronic illnesses, mental illness, and addictions are both causes and consequences of impoverishment. Most provincial health programs and services are universal rather than targeted to low income populations. However, the higher risk of various health conditions among those in poverty makes the following programs particularly relevant to Islanders in poverty.

Drug Programs Prince Edward Island offers numerous drug programs, some targeted to low-income groups, some to specific age groups, and a number to specific health conditions. Key programs include:

- The Drug Cost Assistance Program for Island seniors has a budget of over \$15 million in 2011-12. It provides assistance to over 16,000 Island seniors, covering the cost of drugs apart from the dispensing fee and a co-pay, reduced in 2010 to \$8.25. As well, the cost of drugs is covered for seniors in manors and nursing homes, assisting 1,100 Islanders.
- The \$7 million Financial Assistance Drug Program covers the full cost of drugs for Islanders receiving Social Assistance.
- The Family Health Benefit, with a budget of \$400,000, fully covers the cost of drugs for the children of some 1,100 low-income Island families not receiving Social Assistance. Families pay only the dispensing fee.

About one out of every ten Island households spends more than 5% of its disposable income on drugs, a rate well above the national average. Factors in this include higher than average spending on prescription drugs, fewer Islanders with private or public coverage, and the lower average income levels of PEI households. Groups particularly affected by high drug costs include single Islanders aged 45 to 64, and Islanders with chronic health conditions that put

them at particular risk of low income, such as mental health conditions, or that require expensive drugs. For people seeking to move from Social Assistance to employment, the loss of drug coverage is viewed as a major barrier.

Work is currently underway to review and modernize Prince Edward Island's drug programs, and this work will be aligned with the development of the poverty reduction strategy.

Questions for a poverty reduction strategy include:

- ***Which groups of Islanders are experiencing gaps and unmet needs at present?***
- ***Where should priority be placed in redesign and development of drug programs?***
- ***How can equitable access to needed medicines be improved for low-income Islanders?***

Dental Care The Children's Dental Care Program (CDCP) provides all children ages 3 to 17 with dental services such as preventive cleaning and fluoride treatments, a yearly check, treatment for cavities, and appliance-based orthodontic services. This widely recognized program has resulted in major improvements in the dental health of Islanders since the 1970s.

Families who earn less than \$30,000 per year can provide proof of income to Dental Public Health and are then exempted from the 20% co-pay in all private and public clinics. Orthodontic treatments that involve the use of retainers are provided for all children and youth eligible for the CDCP for the cost of the appliances. Children whose treatment needs involve the use of fixed braces are not covered by this program.

Dental care to treat pain or infection is also provided to Social Assistance recipients and preventive dental care is provided to residents in long-term care facilities.

Questions for a poverty reduction strategy include:

- ***Are there ways in which the children's dental health program could further improve the dental health of Island children?***
- ***Can the dental programs be better integrated with other supports and services?***
- ***What are the unmet needs and priorities for the adult and seniors populations?***

Health and Wellness The Province promotes wellness under the Healthy Living Strategy, established in 2003. Through partnerships with community organizations, the strategy focuses on promoting healthy lifestyle behaviours related to physical activity, nutrition, and tobacco reduction. In addition, Government directly promotes wellness through social marketing initiatives such as the current Go!PEI campaign. Measures focused on low-income Islanders include funding for Sport PEI to participate in sport and recreation by low-income children.

Scope exists to renew and update the current healthy living strategy to better support poverty reduction. Questions for consideration include:

- ***What steps can be put in place to promote wellbeing for low income Islanders?***
- ***How can sport and recreation be made more affordable and accessible for Islanders in low income?***

Mental Health and Addictions As noted earlier in this paper, mental health and addictions issues are both a cause and a consequence of poverty, and are prominent among PEI's most vulnerable populations. PEI is not unique in this regard: mental health and addictions strategies play an important role in the poverty reduction strategies of several other provinces.

Mental Health and Addiction issues cut across all parts of our society and impact individuals, families, communities, and public services at large.

Health PEI is responsible for delivery of mental health and addiction services and is restructuring and expanding those services. Various actions have been taken to date to examine service delivery approaches in an effort to be more responsive to key client groups including low income Islanders.

Services in these areas are an integral part in the development of Primary Health Care Networks. With respect to addictions, a new youth strategy was developed in 2008 to focus on the particular needs of young Islanders suffering from substance abuse.

Community organizations also play a major and valued role in the delivery of supports and services to individuals with mental health and addictions issues. Organizations such as the Canadian Mental Health Association and numerous self help groups have played, and will continue to play a critical role in supporting low income Islanders who suffer from mental health and addictions challenges.

Questions for a poverty reduction strategy include:

- ***What are the gaps and unmet needs for Islanders with mental health and addictions problems who are impoverished or at risk of poverty?***
- ***What opportunities are there to improve access to quality mental health and addictions care?***
- ***How can mental health and addictions services be better integrated with other services and supports?***
- ***What are the priorities for future development of mental health and addictions care?***

Workers Compensation The Workers Compensation system provides wage loss benefits for injured workers, funded wholly by employer premiums. The system assisted approximately 2,000 injured workers in 2010, with expenditures of \$19 million – \$14 million in wage loss benefits, and \$5 million in health care and rehabilitation costs. The average duration of a claim is a month; just over 1,100 workers receive extended benefits.

Increasing emphasis is being placed on public education, inspections, and training workshops to make Island workplaces safer and reduce the number and severity of workplace injuries. From 2005 to 2010, the rate of injuries per 100 workers dropped 6%, falling from 1.42 to 1.33.

Tax Measures The tax system is an important social policy tool for income redistribution. It can also help prevent poverty by encouraging people to save for retirement, post-secondary education, and dependents with disabilities. It reduces the costs of essentials like child care, dependent care, and medical care. The personal income tax is progressive: people pay higher rates of tax as their income reaches higher levels.

To reduce poverty, the strategy needs to consider government expenditure programs and the tax system together. Social benefits delivered through a program or service or through the tax system are different routes to the same goal and need to work well together. Measure include:

- The Low Income Tax Reduction reduces or eliminates provincial tax owing by low-income Islanders. Over 12,000 individuals and families benefit at a cost of \$1.7 million.
- Various basic needs, notably heating oil, electricity, clothing and footwear, are exempt from Provincial Sales Tax, benefitting all families.
- Tuition and education tax credits reduce the cost of post-secondary education.
- Tax fairness measures, including the gas tax reduction, property tax freeze, and indexing of income tax brackets and credits, have saved Islanders over \$90 million since 2007.
- The Seniors Property Tax Deferral Program allows seniors with incomes below \$35,000 to defer payment of property tax during their lifespan, to be covered by their estate.

Questions for a poverty reduction strategy include:

- ***Is the current balance between tax measures and spending measures the right one?***
- ***How large a role should tax measures play in the strategy?***
- ***What are the priorities for further development?***
- ***How can tax measures be better integrated to reduce poverty?***
- ***How can provincial tax measures be better integrated with federal tax measures?***

Justice Programs and Services The Department of Justice and Public Safety is responsible for several programs and services that play an important role in poverty reduction.

Consumer Protection In addition to the tenant protection and rental regulations, the Province also protects the rights of consumers under the *Consumer Protection Act* and other legislation. In 2009, the Province passed the *Payday Loans Act*, providing for licensing and increased regulation of lenders, and greater protection for borrowers.

Access to Justice The Legal Aid Program enables low income Islanders to access essential legal services in criminal or family law areas, through its seven lawyers and through referrals to private lawyers. Approximately 1,600 Islanders are assisted by the program each year. As well, the Family Law Centre coordinates programs and services for families going through divorce and separation. These include parent education, the Positive Parenting from Two Homes Program, determination of child support, and counselling and mediation on custody and access orders. It also includes the Maintenance Enforcement Program, which served over 4,000 families and distributed almost \$6 million in support payments last year. In light of the greater risk of impoverishment among single-parent families, these services play an important role in establishing appropriate levels of support, and ensuring timely receipt of payments.

Community Safety The Department is responsible for policing standards and policy in PEI, and works with a broad range of stakeholders through Partners in Community Safety to prevent crime and promote community safety. The province-wide initiative, *Making PEI a Safer Place to Live, Work, and Play*,⁵⁷ is focusing on building community capacity, reducing risk factors, and enhancing protective measures.

Corrections Last year, almost 1,000 Islanders were incarcerated at PEI's correctional facilities, and several dozen more were in federal prisons. A recent profile of offenders in PEI's correctional facilities identified high levels of addictions and mental health issues, family violence, unemployment and underemployment; low levels of education; and difficult childhoods. Rehabilitation and counselling services provided in the correctional system and links to supports following completion of sentences can help offenders to address these challenges and to begin improving their situation.

Questions for a poverty reduction strategy include:

- ***How can existing justice programs be modified to better prevent and reduce poverty?***
- ***How can Justice programs be better integrated?***
- ***What are the priorities for future development?***

12.0 Potential Elements of a Poverty Reduction Strategy

As the previous section has shown, Prince Edward Island already works on many fronts to prevent and reduce poverty. In some policy areas, such as early childhood development, PEI is a national leader. In a number of other areas, PEI's programs and services are comparable to those offered by other provinces as part of their poverty reduction strategies. In some areas, such as social assistance and drug programs, modernization is needed.

A poverty reduction strategy should make a difference in several ways. The establishment of a vision, values, goals, and targets will increase our collective focus and priority on reducing poverty. Discussion of the issues and solutions will build public awareness and understanding of poverty and the need for poverty reduction. A comprehensive look at programs and services will identify more clearly what needs to be changed or added. Better integration of services will increase their impact and effectiveness, and make them more responsive to the varied needs of Islanders and their families.

Broad questions for a poverty reduction strategy include:

- ***What vision and values should guide the strategy?***
- ***What balance should be struck between poverty prevention and poverty reduction?***
- ***What are the priorities?***
- ***How should progress be measured? What targets should be set?***
- ***What structures should be put in place to ensure an integrated approach within government and partnerships with the community?***
- ***What monitoring and reporting mechanisms are needed to track progress and ensure accountability?***

13.0 Next Steps

This paper outlines information and data to assist Islanders through the engagement piece necessary in developing a strategy aimed at poverty reduction. The next step must be to hear from community stakeholders and from impoverished Islanders. In addition to the various questions posed throughout this Paper, we want to hear from Islanders as to their views on:

- 1. How does poverty affect you and your family? How does it affect your community?**
- 2. What is working well to reduce poverty in PEI?**
- 3. What needs to be improved?**
- 4. How can individuals, families, community groups, businesses and Governments help reduce poverty?**
- 5. What are the top three things that can help reduce poverty in PEI?**
- 6. Other comments or suggestions?**

In addition, feedback on the information in the paper and advice on the specific policy questions throughout the paper would be welcomed. Input can be provided in several ways:

- Visit the website, www.peipovertystrategy.ca, and fill in the comment form provided.
- Email your views to peipovertystrategy@gov.pe.ca
- Write or drop off your feedback to:

Poverty Reduction Strategy
Community Services, Seniors and Labour
2nd fl Jones Bldg., 11 Kent Street
P.O. Box 2000
Charlottetown PE C1A 7N8

Individuals and groups who wish to have a face to face meeting to discuss their views and advice are requested to indicate so, by calling 1-866-594-3777.

The advice and input from Islanders will be drawn together as it is received, and made public in the fall of 2011, to support further discussion of solutions, approaches, and priorities. This work will lead to the completion of PEI's first Social Action Plan to reduce poverty, in 2012.

References

- ¹ For a discussion of the history, methodology, and advantages and disadvantages of the various measures, see Statistics Canada, *Low Income Lines 2008-09*, Cat. No 75F0002M – No 5, June 2010, and Statistics Canada, *Low Income Measurement in Canada: What do the Different Lines and Indexes Tell Us?*, Cat. No 75F0002M – No 3, May 2010
- ² Michael Hatfield et al, *First Comprehensive Review of the Market Basket Measure of Low Income*, June 2010. Human Resources and Skills Development Canada and Statistics Canada
- ³ In 2009, the Canadian Council on Social Development compiled overviews of poverty reduction approaches in all Canadian provinces and at the national level. They can be accessed online by the search term, CCSD poverty reduction policies and programs. See also, e.g., House of Commons, *Federal Poverty Reduction Plan: Working in Partnership Towards Reducing Poverty in Canada*, November 2010, chapter 2; Government of Ontario, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, August 2009; Government of Manitoba: *All Aboard: Manitoba's Poverty Reduction Strategy*, 2009.
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