

Poverty Reduction Policies and Programs

Prince Edward Island

By Kathleen Flanagan

Social Development Report Series, 2009
Commissioned by the CANADIAN COUNCIL ON SOCIAL DEVELOPMENT



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Poverty Reduction Policies and Programs

PRINCE EDWARD ISLAND

CRADLED BY THE WAVES

Prince Edward Island (PEI) is the smallest and most densely populated of Canada's provinces. With a total land area of approximately 1.4 million acres, "The Island" is 224 km from its eastern to western tips and anywhere from 6 to 64 kilometres from north to south. It is said that wherever you are on the Island, you are no more than 10 miles from the sea.

Life on PEI in 2008 is vastly different than life at the turn of the 20th century – yet very much the same. Historian, Edward MacDonald notes, "In 1900, our provincial government was so dependent on federal funding that it was almost a ward of the state. We considered ourselves to be overtaxed. We were obsessed with a fixed link to the Mainland. We worried about the lack of work and about the outmigration of our young. We were proud and at the same time vulnerable. We were rooted in red soil. Does any of this sound familiar?" (MacDonald, 2000, p. xi)

Historical indicators of economic and social well-being in PEI reflect its challenges. While earlier generations enjoyed periods of prosperity in ship building and fox farming, these industries were not viable over the long term. The geography of PEI limits its opportunities: PEI does not have any capacity for hydroelectric power, and so must rely on fossil fuels for energy or develop alternative systems; forests have been largely depleted over centuries of ship building and clearing land for agricultural use; there are no mineral resources of a commercial quantity; and while natural gas has been found below the seabed on the northeast coast, there has been no indication yet of sufficient amounts to generate commercial investment. On the other hand, most of the land is considered to be productive farm land, and the PEI fishery – while challenged in recent years with low stocks – continues to thrive. The Island's natural beauty has always drawn tourists from around the world, thus contributing to a well-established tourism industry.

The Island has always faced challenges with regard to personal and family incomes. In the 1950s, the per capita income of Islanders was only slightly more than 50% of the Canadian level. Throughout PEI's history, very strong community and social networks have helped to mediate the effects of poverty. As many older Islanders say, "We weren't poor – we just didn't have any money." However, the Island is changing. Large extended families are not as prevalent as they were 50 years ago and rural towns and villages are not as vibrant. Average wages are still low in comparison to other parts of Canada, and new research suggests that the cost of living in PEI is as high as or higher than living costs in other parts of the country, dispelling a long-held belief that it is less expensive to live on the Island.

This report examines how PEI's history provides a context for understanding issues of poverty and social justice today. The first part of the report presents a review of social and economic events, policies, programs, and external influences throughout much of the 20th century. The next part outlines the introduction and evolution of human service/social assistance programs, and the impact and influence of federal funding policies and initiatives, with particular note to the much-debated Comprehensive Development Plan. Present day challenges are examined, including the growing disparity between rural and urban areas; the current crisis in the agricultural sector; employment challenges, low wages, and costs of living; population issues, such as declining birth rates, the aging of the population, and out-migration of young people; and the very real concern with the number of Islanders who are coping just a few steps from poverty. The report also looks to the future, and describes the role of community organizations, current provincial policy initiatives and the potential for future strategic approaches. When relevant and available, statistical data are presented.

HISTORICAL INFLUENCES

1900 to 1930

At the turn of the century, PEI was truly “the million acre farm.” In 1901, 1.2 million of the Island's 1.4 million acres were devoted to agriculture (MacDonald, 2000, p. 6). The capital of Charlottetown was PEI's only city; Summerside was its largest town.¹ Charlottetown and Summerside were home to less than 15% of PEI's population in the early 1900s, but these numbers were destined to grow.

By 1900, a downturn in the PEI economy was evident. The once-flourishing ship building industry had begun to decline in the late 1800s and was completely collapsed by 1900. The forest industry, once a key resource providing steady employment, was “essentially used up” (MacDonald, 2000, p. 26). The economic hardships imposed by these events, combined with a predominance of small family farms, contributed to what would become a constant dependence on federal transfers. As MacDonald described it:

“The heavy dependence on federal transfers came partly by default, since Island governments had few other sources of revenue. A flat-rate income tax of one cent on every dollar earned in excess of \$350 had been introduced in 1894, but it was so riddled with exemptions that it accounted for only 2% of the provincial budget in 1900. In any case, the local economy generated little wealth for the government to tax. In 1900, 64.5% of provincial revenues came directly from federal subsidies. Though no name had yet been coined for it, the foundation of a dependent society had been laid.” (MacDonald, 2000, p. 26)

One way to cope with the economic hardships of life on PEI was to move away. During the early 1900s, record numbers of Islanders migrated to western Canada and to New England in order to earn a living. To this day, Islanders refer to the “Boston states” and many families in PEI have extended family

connections to the region. Despite a strong birth rate, the out-migration over these years resulted in a serious net decline in population.² Between 1891 and 1901, the Island's population fell by 6,000; between 1901 and 1911, it decreased by another 9% or 10,000 people (MacDonald, 2000). And while some people returned, many Islanders settled in regions far from home, returning only for family visits. In fact, Old Home Week – a traditional Island holiday still observed each August – was first introduced by the town of Summerside in 1904, then in Charlottetown in 1905, as an attempt to encourage Islanders to “come home” for a visit (MacDonald, 2000).

The many success stories of former Islanders who had moved to other parts of Canada or to the United States seemed to prove to those who remained that their hardships were not the result of a lack of intelligence, poor work ethics, or lack of initiative and ambition (Key informant). Rather, Islanders became more determined than ever to address their isolation and the lack of opportunities at home. The first part of the 20th century was a time of local advocacy and protest in the quest for more equitable federal transfer payments, for the development of a tunnel/causeway to the “mainland,” for women's rights, and for the rights of workers. As well, support for the farm family as an independent and sustainable unit was a key theme in advocacy efforts at that time (Key informant).

The advent of war in 1914 brought changes to PEI. Prior to the war, a growing fox industry had become lucrative, but European markets for fur products began to dry up, resulting in a decline in profits for fox farmers. Although the industry flourished for some years to come, it never reached the same proportions as before World War I. Among PEI men aged 18 to 45, the volunteer rate for WWI was the lowest in the country, at 19.3% (MacDonald, 2000). MacDonald suggests that by the time war was declared, most of the potential recruits had already moved away from PEI. He notes that some historians cite the number of individual soldiers who were born on PEI but were living in various places across the country at that time.

Although the war years brought better prices for Island farm products, the post-war inflation rate across the country resulted in higher prices across the board – which mitigated the financial benefits realized by PEI farmers. These rising costs underscored the limited capacity of low-wage earners to meet their expenses, and contacts with relatives who had “moved away” made Islanders keenly aware of better wages and living conditions in other parts of Canada. As a result, the years following the war saw the beginnings of an organized labour movement in PEI, with organized efforts from professional organizations. Teachers, for example, won a collective agreement in 1920 which gave wage increases for Island teachers that ranged from 46% to 60% (MacDonald, 2000).

The 1920s also saw the emergence of a public health crisis: in 1921, PEI had the highest rate of tuberculosis in the country (MacDonald, 2000). The spread of TB provided the impetus for the creation of a health care system in PEI, and it marked the beginning of the recognition that the province had a limited capacity to meet the health care needs of its citizens. As MacDonald noted:

“It was in the provision of health care that Prince Edward Island's limited means were most evident. The province's chronic lack of financial resources was of less consequence during the 19th century, when government was not expected to do very much for its citizens and rural self-

sufficiency tempered the paucity of government services. But as the 20th century progressed and the trend in North America swung strongly toward greater provision of services by the state, cash strapped Prince Edward Island simply could not keep pace.” (MacDonald, 2000, p.124)

1930 to 1945

The Great Depression of the 1930s brought severe times to the province and to the entire Maritime region. While economic hardship was not a new phenomenon, these years presented particular challenges. Residents were no longer able to emigrate to the New England states for employment due to restrictions on entry to the United States. As well, other provinces had introduced long residency requirements in order to qualify for social programs (Forbes and Muise, 1993). At the same time, federal support for social relief programs was predicated on a province’s ability to match the federal contributions, which discriminated against poorer provinces such as Prince Edward Island that were unable to afford the provincial portion of dollars.

For some Islanders, “the Depression didn’t change anything. We were poor, and we were still poor” (Personal interview). For those who produced goods for sale, markets dried up; prices dropped, and personal incomes were cut in half. MacDonald notes that “...by the summer of 1931, the Island economy was in free fall” (MacDonald, 2000, p. 156). Between 1929 and 1930, the gross value of production plunged from almost \$33 million to less than \$16 million. In the space of two years, the potato crop – the Island’s best economic indicator – lost 80% of its value (MacDonald, 2000).

The 1930s Depression also highlighted the disparity between the social and economic conditions in the three Maritime Provinces and the rest of Canada. “The region as a whole was given only a fraction of the federal funds it would have received had the money simply been distributed on a per-capita basis. In 1933, the federal contribution to direct relief in the Maritimes, with almost 10 per cent of Canada’s population, was just 3.5 per cent of the total, and by 1938-9 this had declined to 2 per cent” (National Archives of Canada, as reported in Forbes and Muise, 1993, p. 276).

In 1939, the advent of World War II brought significant changes to life in PEI. For the most part, the war brought an end to high unemployment and poverty as young men signed up for military service. John Eldon Green described the impact of the war on life in his small community in western PEI: “...the onset of war saw Albany quickly cleared of its young men, for whom the military represented an employment opportunity – at \$1.30 a day, with clothing and keep, it was a far better deal than the seventy-five cents a day paid to a day labourer on the farm or on road crews” (Green, 2006, p.68). The large numbers of Islanders who joined the military (48.1% of all eligible males) not only reduced the number of unemployed, it also meant that in many cases, workers were in short supply. During these years, women joined the labour force in increasing numbers and moved away from traditional female occupations into higher paying employment³ (Forbes and Muise, 1993).

The outbreak of war also brought a sense of renewed hope to Prince Edward Island residents, with the expectation that industries to support the war effort would bring much-needed investment and

employment to the province. However, Forbes and Muise report that the relative decline of the region had already predisposed all three Maritime Provinces to continuing economic difficulty:

“Trends of economic consolidation in central Canada continued, as the Maritimes’ share of the national’s manufacturing declined by about 16%. The mail-order houses continued their inroads into the retail trade, and Toronto and Montreal firms maintained and extended their hegemony over the wholesale. A more insidious factor was reflected in the three provinces’ chronic financial difficulties, as the federal government continued to promulgate the welfare state in a form that limited the Maritimes’ participation. Unemployment relief played a more restricted role in the Maritimes, old-age pensions were qualitatively different there, and per-capita expenditures on health and education fell far below those in the rest of the country and resulted in higher rates of illiteracy and infant mortality.”(Grauer, 1939; as reported in Forbes and Muise, 1993, p. 305)

Thus, the war actually disrupted some regional and provincial industries. Forbes and Muise report that “the concentration in central Canada of wartime industrial production readily adaptable to labour intensive peacetime production accentuated the growing industrial disparity between the centre and the periphery and left the Maritimes more exposed, defenceless, and dependent than before the war” (Forbes and Muise, 1993, p. 322).

At the same time, more attractive opportunities for employment, higher wages, and access to unemployment insurance – which was not available to those who worked in farming and fishing – drew Islanders from rural towns and villages to the “urban” centres of Charlottetown and Summerside – a trend that continues to this day. By the end of the war, the number of people earning their income from farming had declined across the region – another trend that continues today.

1945 to 1970

The end of the war brought concerns about a post-war recession. PEI, along with other provinces, focused on reconstruction and collaboration with federal planners on funding initiatives to bring much-needed financial resources to the province. All Maritime provincial governments were acutely aware of the short-term nature of the economic boom created by the war effort, and of the growing concentration of Canadian industry in central Canada.

“Rural Electrification” was a major political initiative throughout the late 1940s and 1950s, but progress was slow. In the “Great Ice Storm” in January 1956, thousands of power poles in Prince County collapsed under the weight of the ice. A state of emergency was declared in Summerside, and the Premier declared all of Prince County a disaster area. Power was not completely restored to Summerside until April, and it was June before electricity was restored to everyone. In the countryside, however, “life went on” (MacDonald, 2000, p. 246). Many people in the rural areas did not have electricity, so the disaster did not affect their day-to-day living; for those who had electricity, they still remembered how to live without it (MacDonald, 2000, p. 246). Thus, the increased federal transfers to PEI brought welcome news to many Islanders who wanted to enjoy the conveniences of electricity, telephones,

televisions, and automobiles, but it also brought a sense of growing dependence on federal social and economic programs, and on cost-sharing agreements.

With limited opportunities to raise funds, the PEI government had no choice but to negotiate and participate in federally funded initiatives and cost-sharing programs. Even so, the prevailing sense of self-sufficiency is reflected in attempts to improve the economic fortunes of the province. For example, while it was clear that education was the key to creating knowledgeable and skilled citizens and to moving the PEI economy forward, educational opportunities on the Island were limited. PEI had 473 schools in 1944 – and 405 of them were one-room school houses. There were no technical or vocational schools. When the war ended and federal regulations regarding the mobility of teachers were lifted, many of the best qualified teachers left PEI for other provinces where working conditions and wages were better (Forbes and Muise, 1993).

Yet despite having limited financial resources and a growing drain on education budgets due to higher birth rates after 1948, PEI sought to improve educational opportunities. The *Interim Report of the Prince Edward Island Reconstruction Committee*, as reported in Forbes and Muise (1993), describes these efforts, including the introduction of correspondence courses using radio, an upgrading of teacher qualifications and salaries, the introduction of curriculum, and the introduction and improvement of vocational and technical training. Even with these efforts, per capita spending on education in PEI (\$6.90) was the lowest in Canada at the end of the 1940s. However, “as a percentage of the provincial budget, only Alberta spent more on education than Prince Edward Island” (Forbes and Muise, 1993, p. 330).

The post-war economy in the Maritimes depended on relatively low income generated from seasonal industries such as fishing and farming. With such a low tax base, the provincial government tried to enhance their revenues by raising taxes on gasoline, tobacco, and other consumer goods. The long-standing policy of prohibition was finally rescinded in an effort to increase revenues through taxes on liquor sales. Ironically, this impacted families in rural areas where for many years, families had sustained themselves economically through bootlegging (Green, 2006).

With the infusion of federal funding for infrastructure, PEI developed roads, schools, forests, the fishery, telephone services,⁴ and brought electricity to all families in rural areas.⁵ Federally funded training programs were introduced, typically offered during winter months when it was impossible to work on the land or the sea. With little revenue being generated by the development of secondary industries, PEI became increasingly dependent on federal transfers, and as a consequence, subject to federal policies and programs and the economic directions of central Canada.

Projects of the post-war period created employment for men in PEI, but not women. For example, even as the number of opportunities in the civil service grew, married women were not allowed to be employed as civil servants, and it wasn't until 1955 that this federal law was finally repealed (Tulloch, 1985, as reported in Forbes and Muise, 1993). Given the lack of employment opportunities, women returned to their traditional roles in the family home after the war.

There were also significant changes in both the financing and delivery of government services during this period. “By the 1970s, the Atlantic governments were obtaining more than a third of their revenues from federal equalization payments, while comparable amounts were transferred into the regional economy through federal social and development programs” (Forbes and Muise, 1993, p. 421). This included, for example, medicare and co-sharing for health services, the Canada Pension Plan, co-sharing funds for services to those in need under the Canada Assistance Plan, and an expanded Unemployment Insurance system in 1971. By 1976, 21.5% of personal income in PEI came from some type of government transfer, compared to only 4.6% in 1941, and personal incomes were only 68.9% of the Canadian average – although this gap had closed somewhat since the early 1950s when personal income in PEI was slightly more than half the Canadian average (S. Dasgupta, in Smitheram, 1982).

The centrepiece of post-war social and economic development in PEI was the Comprehensive Development Plan (CDP), introduced in 1969. The CDP was a federal-provincial agreement intended to “slingshot the Island economy and its society into the modern age” and it provided for federal and provincial investments over a 15-year period. Controversial from the outset,⁶ there are still varying points of view as to the benefits of the CDP. According to some, “the experts talked only to each other and were forced to make too many assumptions. They misread the capacity and the willingness of the people, in government and out, to implement the plans being developed. Further, in the view of the Islanders, the plans were ‘theirs, not ours’ ” (D. Nemetz, in Smitheram, 1982, p. 173). To many Islanders, the CDP “increased the size of the provincial government and solidified PEI’s dependence on federal transfers” (Key Informant Interview), while others maintain that it brought a heightened sense of professionalism to government, greater consistency in program delivery, enabled the province to attract well-educated individuals to government, and created a solid base for administration, resulting in comprehensive legislation and policy directions (Key Informant Interview).

The impact of the Comprehensive Development Plan is still felt today in the shape and structure of the provincial programs, particularly those aimed at reducing and mitigating the impacts of poverty. The next section of this report looks at the development of these programs in greater detail.

THE EVOLUTION OF SOCIAL ASSISTANCE PROGRAMS

Early Programs

In the early 1950s, “the Island had a makeshift arrangement for people in distress, configured according to Basic English Poor Law rules from 1601. Provincial welfare assistance was paid only to rural residents. People in need of assistance had to wait for a month-end meeting of the ‘welfare advisory committee’ of ministers, who would approve or reject their applications, decide what amounts should be paid, and possibly vary or terminate payments previously approved” (Green, p. 290). “Municipalities were responsible for their own poor residents, but often failed to do so. That task was left to churches and charitable organizations. There were also many of religious persuasion who believed that prosperity was

SOCIAL ASSISTANCE LEGISLATION IN PRINCE EDWARD ISLAND

- Mother's Allowance Act, 1949 & 1951
- Social Assistance Act, 1952
- General Welfare Assistance Act, 1966 (repealed Mother's Allowance Act of 1951 and Social Assistance Act of 1952)
- Welfare Assistance Act, 1974 (repealed General Welfare Assistance Act of 1966)
- Welfare Assistance Act, Amended in 1981, proclaimed in 1982
- Welfare Assistance Act, Amended in 1988
- Social Assistance Act, 2005 (repealed Welfare Assistance Act of 1988)

a sign of God's grace, and that the poor and misfortunate were victims of their own failings, and perhaps needed to pray harder" (Green, 2006, p. 123).

Charitable organizations in Prince Edward Island were clearly divided along religious lines. The Catholic Family Services Bureau was founded in 1931. The agency began as a Social Service Department at the Charlottetown Hospital (the Catholic hospital), staffed by nurses and Sisters of Saint Martha. Services provided at that time included home visits, the distribution of food and clothing, and financial assistance to the needy during the Great Depression. In 1948, the organization became known officially as The Catholic Social Welfare Bureau. Likewise, the Protestant Family Services Bureau was established in 1956. As well, there were "Catholic and Protestant orphanages,

Catholic and Protestant youth centres, Catholic and Protestant hospitals, Catholic and Protestant medical clinics, even Catholic and Protestant drugstores, distinguished by the availability of condoms only in the latter" (Green, 2006, p. 146).^{7,8}

During those years, the funding and administration of any available social assistance programs were governed by the provisions of the Social Assistance Act of 1952: *An Act to Provide for the Granting of Assistance to Certain Persons under Certain Conditions* (Dillon, 1952). As well, the Mother's Allowance Act (1949, 1951) outlined eligibility criteria for social assistance benefits. By today's standards, the criteria were stringent. For example, if a mother with a child was deserted by her spouse, she would only be eligible to receive benefits after a two-year period following the desertion; if a parent or child was disabled, the individual had to have become disabled while living in PEI; for children, there was a three-year PEI residency requirement before benefits could be provided and if the child was younger than age 3, the mother had to have lived in PEI when the child was born, and the child must have resided in PEI since birth (Dillon, 1952).

ONE EXAMPLE: PENSIONS

The eventual introduction of an old age pension in Prince Edward Island was only accomplished once the federal government increased its portion of cost sharing to 75%. In PEI, the provincial government was able to afford its 25% share of the cost by reducing the amount of the pension and introducing limited criteria for eligibility. As a result, "only 1 in 5 of those over 70 qualified for a pension, and the pensions averaged less than 60% of those paid in Ontario in Western Canada. The disparity in the federal pension structure continued to the 1950s." (Canadian Annual Review of Public Affairs, 1934; Bryden, 1974; as reported in Forbes and Muise, 1993, p.281)

Beginning in the 1950s and continuing through the 1960s, the federal government introduced policies to “assume responsibility for some basic social programs, while transferring sufficient monies to the poorer provinces to ensure minimal standards in social and educational services throughout the country” (Forbes and Muise, 1993, p. 421). And while these initiatives were intended to improve the availability of social services in provinces such as PEI, cost-shared programs required the province to be able to afford its portion of the cost – and often this was not possible.

Following the introduction of the Canada Assistance Plan in 1966, the municipal and provincial social assistance programs were combined within one General Welfare Assistance Program. At that time, “payments to individuals were approved by a Welfare Advisory Board, consisting of five legislators who reviewed between 100 and 250 files per month by constituency and by county. Awards were arbitrary as the Board had discretion up to prescribed limits” (Welfare Assistance Review Committee, 1989, p. 6).

Shifts in the 1970s

With funds earmarked in the Comprehensive Development Plan, the management team and staff of the Department of Social Services was expanded in the late 1960s and early 1970s. Many well-educated and experienced social workers were recruited from other parts of Canada, and they brought with them a variety of expertise with respect to social assistance programs. The team was “of the belief that reducing pressures on families and individuals would be more likely to give them a chance at normal living than would increasing those pressures. It did not take genius to see that traditional Poor Law measures did little but intensify misery and encourage deceit” (Green, 2006, p. 293). Key informants interviewed for this report indicated that the team was frustrated by the lack of clear policy direction from government regarding eligibility criteria, funding levels, and administrative accountability, despite their many appeals for program revisions.

A late-night compromise in 1972 brought about change. In his memoirs, John Eldon Green describes a conversation during his tenure as Deputy Minister of Social Services for the province. While working late one evening, the minister returned from Cabinet to inform Deputy Minister Green that a substantial amount of money needed to be cut from the welfare assistance budget for a one-year period. Although Green objected, he realized that the reduction was non-negotiable, so he proposed accepting the budget cut with two conditions: that the program would get new regulations and that the cabinet welfare committee would be disbanded (Green, 2006). The minister agreed and Cabinet subsequently approved the plan, but when asked how he could agree to the budget cut so quickly when he had strongly argued against it, Green responded:

“I explained that, since the cut was to be for one year only, we would simply change the regulations to permit payment in advance, instead of in arrears. The April month-end cheque would be dated May 1, reducing the next fiscal year to eleven months rather than twelve. Cabinet would be satisfied; we would go back to twelve months the next year with the cut restored as promised; and the only consequence would be that clients would get cheques one day late – much better than a ten per cent reduction. Also, when they came to us in dire need

and penniless, as was usually the case when they first asked for assistance, they would not have to wait until month's end for relief. We could begin payment promptly, the same day if needed." (Green, 2006, p. 294-295)

As a result, a comprehensive set of policy guidelines was introduced in 1972, with authority delegated to the Director of Financial Assistance. This was followed by the enactment of legislation and regulations in 1974, with responsibility delegated to five regions in 1975.

Building on this change, key informants have identified an evolution in thinking and philosophy concerning the purpose and perception of the welfare/social assistance program. After taking responsibility for administration of the program, the province quickly realized that families and individuals in need of financial assistance were often dealing with multiple causes of family stress – which included such issues as lack of transportation, mental health issues, addictions, disabilities, and/or family violence (Green, 2006; Key Informant Interviews; Author's personal notes). Beginning in the late 1970s, PEI adopted an integrated approach to case management for social assistance recipients.

The Job Creation Program

The early 1980s found growing unemployment in PEI and as a result, growing numbers of young single Islanders applying for financial help from welfare assistance. In response, the Job Creation Program (JCP) was introduced in 1983 to support individuals to regain their financial independence. Funding was provided to employers to hire individuals on welfare assistance who were considered to have employment skills. The JCP placement provided a period of work experience, improved skills, and encouraged the possibility of gaining full-time employment.

In addition to the goal of creating financial independence, the program also had another very simple and practical rationale. If funds from the Welfare Assistance program could be used to support eligible clients to seek paid employment, they would then have employment earnings, and after a period of time, be eligible for Unemployment Insurance. The province did not need any matching dollars for federal unemployment insurance, so if necessary, the unemployment insurance payments could be topped up with provincial dollars to ensure that the client received at least what the welfare assistance payments would have provided. The goal was for clients to be able to maintain employment, but if that was not possible, it would be almost a year before they would be back to apply for social assistance.

Dignity, Security and Opportunity

The next major review of welfare assistance came in 1989. Key informant interviews have noted that in the early days of the program, eligibility for welfare assistance was perceived as an end in itself – most likely in response to the practices of the 1950s and 1960s, when eligibility was subjective and often based on political connections. The final report of the 1989 review, entitled "Dignity, Security and Opportunity," recommended that the program be re-oriented to more fully reflect its legislated mandate to foster and support an individual's or household's pursuit of economic security and self-

**Prince Edward Island –
Provincial Governments**

Alex W. Matheson (Liberal)
1953 – 1959

Walter R. Shaw (Progressive Conservative)
1959 – 1966

Alexander B. Campbell (Liberal)
1966 – 1978

Bennett Campbell (Liberal)
1978 – 1979

Angus MacLean (Progressive Conservative)
1979 – 1981

James Lee (Progressive Conservative)
1981 – 1986

Joe Ghiz (Liberal)
1986 – 1993

Catherine Callbeck (Liberal)
1993 – 1996

Keith Milligan (Liberal)
1996

Pat Binns (Progressive Conservative)
1996 – 2007

Robert Ghiz (Liberal)
2007 - present

sufficiency. “The Prince Edward Island Welfare Assistance Program is intended to help meet your immediate financial needs by ensuring adequate resources for food/clothing/shelter plus some of the special needs that may be required by you or your family, until you are able to gain or regain your financial independence. Other services, programs, and benefits will be made available to support your efforts in this regard.” (Welfare Assistance Review Committee, 1989, p.17)

In tabling the report in March 1989, the Honourable Wayne Cheverie, Minister of Health and Social Services commented, “We have learned...that many recipients do have employment potential, most are highly motivated to become employed, but all face some barriers to employment. These recipients require opportunities to eliminate those barriers through education, job training, and work experience.” (Response of the Minister of Health and Social Services to the Report of the Social Assistance Evaluation Committee, 1989, Author’s personal files)

The Review’s recommendations were well received by the PEI Government. The National Council on Welfare reports that “Prince Edward Island entered the 1990s with a series of improvements that made the province’s welfare system one of the most progressive in Canada. The province raised benefit levels, introduced new special allowances, and improved supplements for school-related expenses and for disabled people

living at home. The reforms continued with further rate increases in the summer of 1991 and 1992.” (National Council on Welfare, 1997)

In 1993, however, when faced with economic pressures and growing numbers of people applying for financial assistance, the province announced a freeze on welfare assistance rates and subsequently cut the welfare budget in each of the next two years. These measures were particularly difficult during the early 1990s, as the economic downturn resulted in greater numbers of Islanders becoming unemployed. During this period, the number of Islanders on welfare assistance rose from 8,600 in March 1990 to

13,100 by March 1994 (National Council on Welfare, 1997). At the same time, the budget cuts resulted in significant reductions in income for all welfare recipients.

In 1995, the federal government signalled its intention to end the Canada Assistance Plan and introduce “block funding” to provinces and territories for programs and services previously cost-shared through CAP. However, this shift in funding also brought about budget cuts to all provinces. At the same time, the federal government announced a new Employment Insurance system that included stricter eligibility criteria for benefits. These federal policy decisions had devastating impacts on the welfare assistance program in PEI and created hardships for individuals and families involved in seasonal employment such as fishing and farming who were no longer able to meet the new eligibility criteria for unemployment insurance benefits. In 1996, further cuts to shelter allowances were particularly difficult for single persons (Author’s personal notes).

Continuing Emphasis on Job Creation

Along with the Job Creation Program, PEI introduced other initiatives to encourage employment, including the Employment Enhancement Program (EEP) which provided training to individuals to gain employment-related skills, the Employment Assistance for Persons with Disabilities (EAPD), and the Wage Exemption policy which provided financial support for designated costs associated with employment, such as transportation costs and the like. These programs were designed to encourage individuals in receipt of social/financial assistance to use the opportunities to seek employment and financial security, and to shift perceptions about welfare assistance so that it was seen as a temporary measure to support Islanders in regaining their financial independence, rather than as a goal in itself.

Figure 1

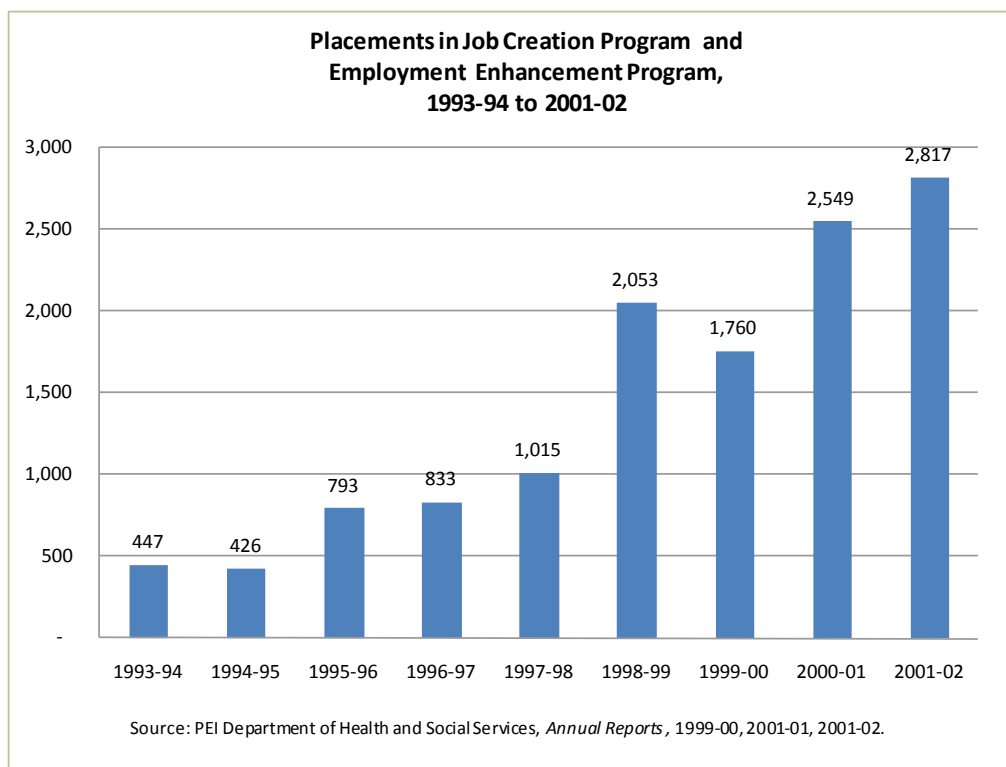


Figure 1 shows the participation rates in the JCP and EEP programs between 1993-94 and 2000-01. Over that same period, the number of individuals collecting welfare assistance declined (see Figure 2 below). In combination with the improving economy through the late 1990s, these findings provide some evidence of the success of JCP and EEP in moving recipients off welfare assistance.

What is not known, however, is whether these individuals actually improved their economic security or standard of living. How many former recipients still lived in poverty? Many of the jobs created with funding from the JCP offered low wages. Moreover, once recipients left the Welfare Assistance program (including the JCP), they lost access to important supports such as child care subsidies that facilitated their labour market participation. Families would then be required to pay partial or full costs of child care, thus eating into already low earnings. In these kinds of situations, families faced the real quandary of having to turn down employment opportunities because they could not afford to work, given the loss of subsidies, drug benefits, and the like; alternately, they would be forced to find less expensive, unregulated child care arrangements, often with questionable quality for the children. As will be noted later, these “job creation” programs have continued, but with a broader focus and a shift in management.

Other Programs

In addition to the above, other programs were introduced to further shift the focus of the social assistance program to those who had no other recourse for financial support. The first of these, the Family Support Orders program, was introduced in 1994 to seek support payments from non-custodial parents by making referrals to the province’s Maintenance Enforcement Program. The program was effective in reducing the number of people who needed to resort to social assistance, however, key informants have identified drawbacks to this success, with some recipients – primarily women – reluctant to initiate contact with potentially abusive husbands, or in some cases, reluctant to identify the child’s father.

In October 2001, the Disability Support Program (DSP) was introduced – the first of its kind in Canada. The DSP replaced the Family Support and the Employment Assistance for Persons with Disabilities (EAPD) programs and was intended to provide support (financial or otherwise) to persons with disabilities based primarily on an assessment of their needs, rather than a sole focus on income-based criteria. Eligibility is determined by meeting the applicable definition of disability and the identification of required disability-specific supports. It is designed to respond to individual needs and to encourage economic independence by supporting people to earn income. The DSP also offers support to eligible children and youth with disabilities and their families.

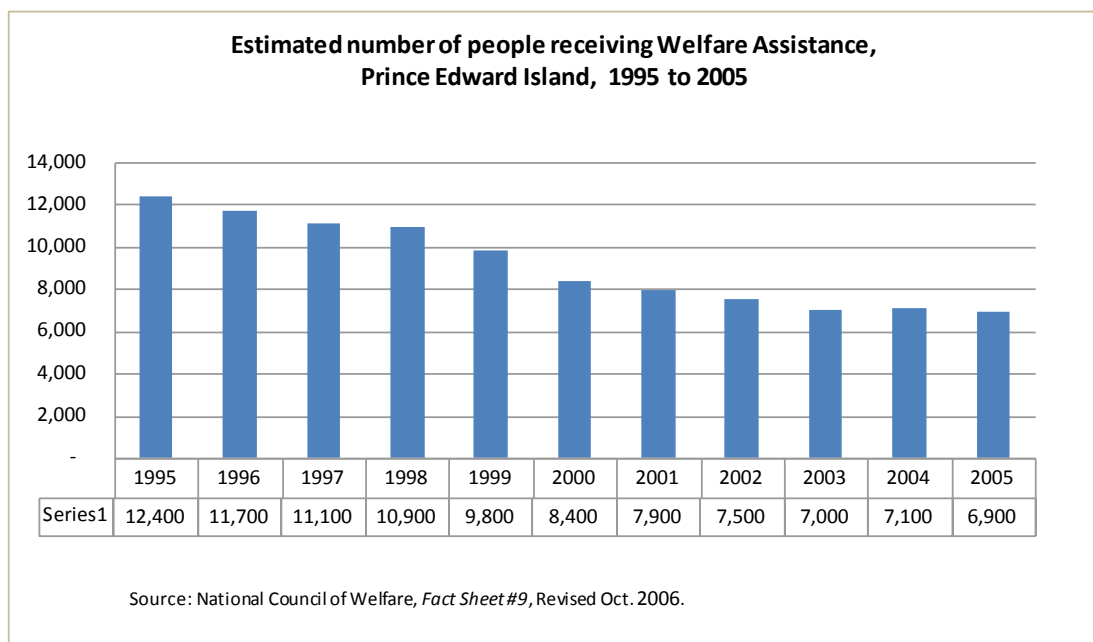
In response to concerns regarding the assessment of disability and levels of financial support provided by the program, the provincial government recently established the Disability Services Review Committee. It is to carry out a comprehensive review of all the programs and services available to individuals with disabilities in Prince Edward Island, including and beyond the DSP. In August 2008, the

committee tabled its report on the first phase of the review on provincial consultations. Phase 2 will analyze feedback from the consultations and develop specific recommendations.

Reinvestment dollars from the National Child Benefit (NCB) have been targeted to assist families with the costs of regulated child care, in order to support healthy child development and facilitate the labour market participation of parents. The PEI Family Health Benefits Program was also launched with NCB funds, to provide all families with children and annual incomes within an established range with basic coverage for prescription drugs. The household income thresholds are based on family size and range from \$24,800 for a family with one child to \$33,800 for a family with four children; for families with more than four children, the income threshold is raised by increments of \$3,000 for each additional child. This supplementary coverage for prescription drugs is meant to ensure that lower-income working families do not fall back onto social assistance because of the health needs of their children; it is also designed to assist families on social assistance to enter the workforce by ensuring continued access to child health benefits.

The National Council of Welfare reported that from 1995 to 2005, the estimated number of individuals on assistance in PEI decreased by almost 50%, from 12,400 in 1995 to 6,900 by 2005 (see Figure 2 below). A drop of this size in the welfare assistance caseload is likely due to several factors, including the reduction in benefit levels noted earlier and the introduction of programs such as JCP and the DSP. The other significant factor was the growth in the PEI economy that began in the mid-1990s and continued into the early years of the 21st century.

Figure 2



In 2003, the province transferred funding for the Family Support Orders program to the Attorney General's office in order to enhance women's access to legal aid services. Two years later, the government transferred funding and responsibility for its various employment initiatives from the social

assistance program to the PEI Employment Development Agency (EDA), which operates under its own legislation and reports to the Minister for Innovation and Advanced Learning. The EDA is responsible for providing employment opportunities and training incentives to targeted individuals in Prince Edward Island. The EDA administers what is now called the Special Projects Program which provides wage support to create innovative employment and training opportunities for “employment disadvantaged Islanders”, as well as the Workplace Resources Program which provides assistance to unemployed Islanders in learning effective job search skills, understanding the labour market, etc.

Key informants have reservations about the long-term impact of this shift. While the new programs are available to all unemployed Islanders – rather than being limited to those on or eligible for social assistance – a certain amount of initiative and self-confidence are needed to even begin the process. Key informants note that individuals receiving or eligible for assistance often do not have this level of self-confidence and they require additional supports to develop their employment awareness and skills, as well as supports to address other barriers to employment.

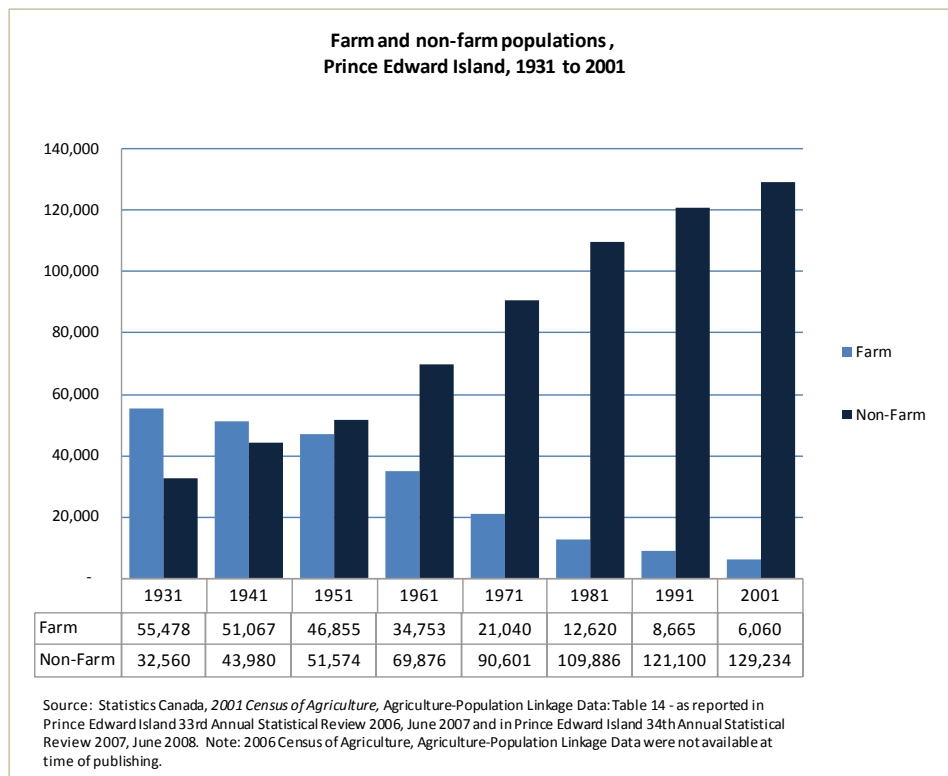
CHALLENGES IN THE 21ST CENTURY

Looking forward, Prince Edward Island faces several challenges in improving the economic security of Islanders, particularly those struggling on low incomes. These challenges are not new; the shift from rural areas to towns and cities has continued for the last 100 years. What is new are the ways in which these trends are shaping the social and economic landscape of the island and the ramifications on current poverty reduction efforts.

The Rural/Urban Shift

The shift from rural areas to urban centres that began at the end of World War II continues to this day in PEI. The number of families involved in farming and the number of Islanders living in rural towns and villages continue to decrease. Between 1991 and 2006, the number of farms dropped by 28%, with a 7.9% decrease recorded between 2001 and 2006. As shown in Figure 3, the proportion of the PEI population living and working on farms has steadily declined over the last 75 years.

Figure 3



In 1931, 63% of the Island’s population worked on farms; by 2001, this had dropped to 4.5%. Only 37% of the PEI population lived in cities, towns or villages in 1931; by 2001, it was 95.5%. Even so, the population in rural Prince Edward Island comprised a much larger share of the total population in 2001 compared to the national rural share – 44.9% compared to 20.6% (de Peuter and Sorenson, 2005, p. 18).

This shift has had an impact on employment patterns, job opportunities, school enrolment, the availability and content of post-secondary training, and the Island’s economy (Key Informant Interview). In the past, employment opportunities in the agriculture sector did not require post-secondary credentials, just a “strong back,” and seasonal jobs on farms and in fish plants were a source of employment for unskilled workers. In recent years, however, the number of farms has decreased significantly and the introduction of new technologies and agricultural equipment has meant that many farm workers now require specific training and skills.

Rural/Urban Differences

Traditionally, urban areas have presented both educational and employment opportunities that are not available in towns and villages – and in PEI, Islanders have felt the draw of the larger urban centres for a century. An analysis of Census data from 1991 to 2001 reveals that there is a great deal of variation in the economic, education, and social indicators between urban and rural areas in Prince Edward Island, and also within rural and small towns. While rural residents comprise almost 45% of the Island’s population, they are more likely than urban residents to be seasonally employed or unemployed, more likely to rely on employment insurance or social assistance, they spend a higher percentage of their

incomes on shelter, and have lower levels of education. Rural residents are also more likely to have lower median wages than urban residents – in fact, the median wage in rural areas fell between 1991 and 2001. In addition, housing values are lower in rural areas, and residents have little or no access to public transportation (de Peuter, J., and Sorensen, M., 2005).

In the coming years, other factors that are expected to have an impact on the rural/urban shift involve access to emergency health care, plans to close a number of churches, declining school enrolments and recommendations being considered to close nine rural schools.

Out-migration

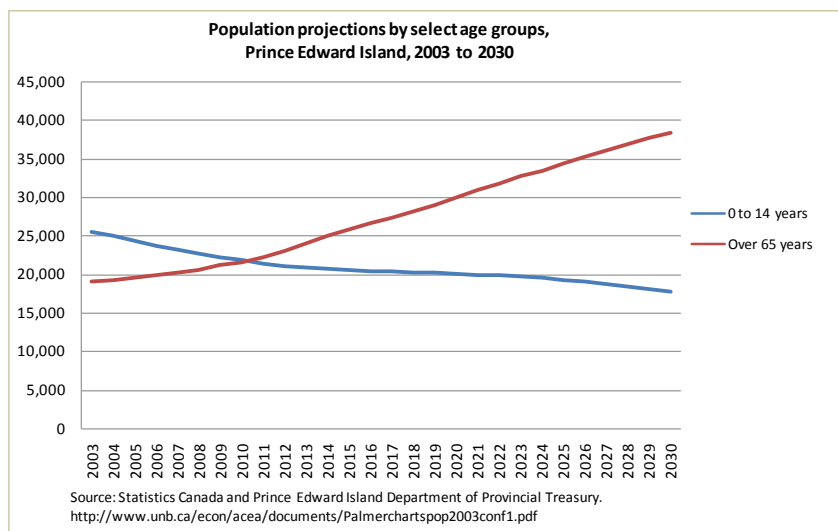
Data in the 2006 Census show that the stream of out-migration from PEI has slowed. The province's population rose slightly (by 0.4%) between 2006 and 2007, although this was below the national average of 1.0% (Prince Edward Island, 2008, p.14). There is, however, still a heavy out-migration of young Islanders aged 15 to 29, primarily to western Canada for employment, but this has been balanced by in-migration of people from other parts of Canada and from other countries.

Aging Population

Overall, the population of Prince Edward Island is growing older. This aging of the population will have an impact on the size of the Island's labour force and on the need for health care and related services in the future. In PEI, "the median age has risen from 24.8 years in 1971 to 40.3 years in 2007. Furthermore, while 11% of the population was 65 years and older in 1971, this proportion had risen to 14.5% in 2007" (Prince Edward Island, 2008, p. 15). An age dependency rate is calculated by considering the population aged 65 and older as a percentage of the population aged 15 to 64. According to Statistics Canada, the age dependency rate for PEI is higher than the Canadian average (Statistics Canada, *The Daily*, November 29, 2007, Annual Demographic Statistics Compendium 2006/07, CD ROM, March 2008).

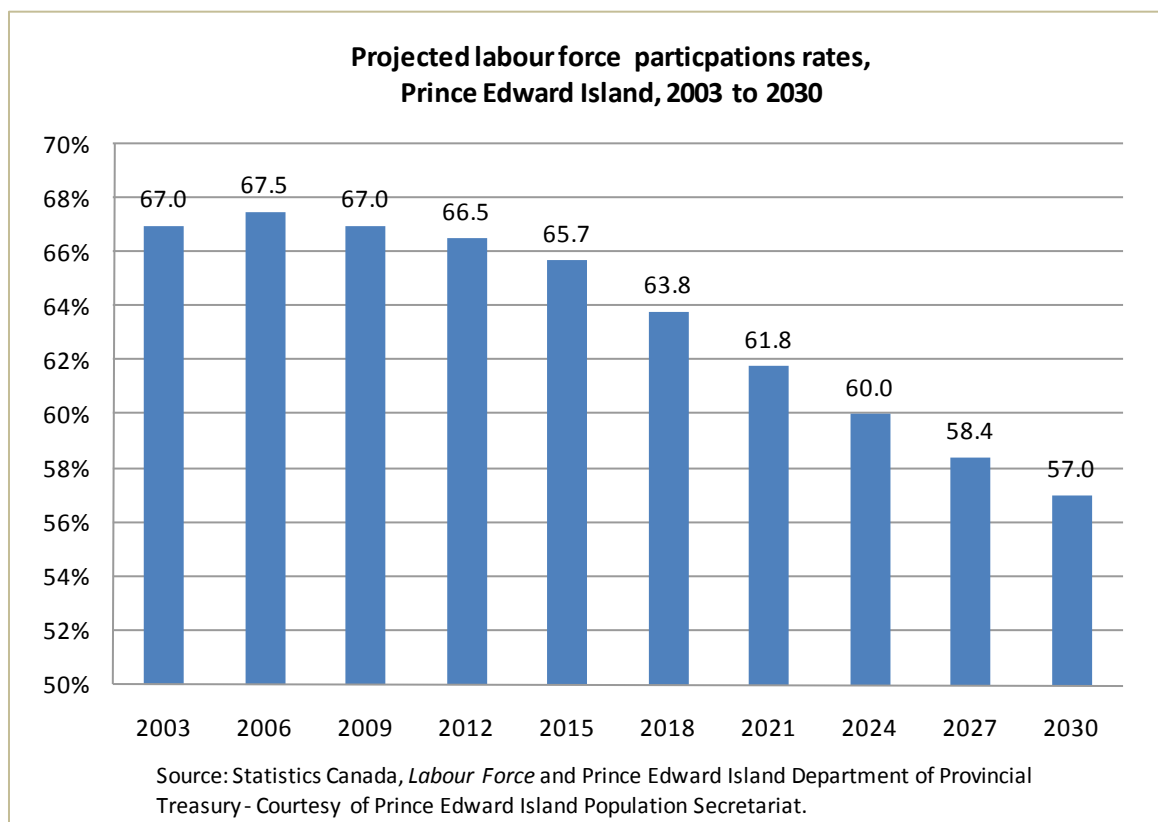
Figure 4 illustrates population projections with respect to age.

Figure 4



The aging population, a declining birth rate, and significant out-migration of young workers are expected to have a negative impact on the size of PEI's labour force. Figure 5 shows the projected decline in labour force participation rates for the province.

Figure 5



In a recent report, the Atlantic Provinces Economic Council (APEC), an independent think tank on economic development in Atlantic Canada, said the Atlantic region had lost about 10% of its population aged 15 to 34 over the last 10 years. The report also explained that “large-scale population outflow impacts many areas of the economy by depressing resale housing markets and leaving local employers unable to secure new recruits. Outmigration also undermines the local tax base and leaves governments struggling to deliver public services. As well, many older workers with limited formal education often find very restricted options for alternative employment or retraining in these depopulated communities” (Beale, 2008).

Crisis in Agriculture

Changing demographics are dovetailed with changes in the Island's economy. Outmigration from the rural areas is intricately tied to the ongoing crisis in the agricultural sector, once the Island's primary employer. In 2008, a combination of factors such as a strong Canadian dollar, higher prices for animal feed and fertilizer, higher gas prices, international competition, and centralized buying patterns wrecked

havoc on the sector and drove down farm incomes. Even among farmers, there are discussions about what PEI might look like without agriculture. And livestock farmers in particular are getting out of the business in alarming numbers.

In 2002, there were about 400 hog farmers on PEI; current estimates put the number at about 75. The beef industry has fared better, but prospects for the future are poor. Provincial Treasurer Wes Sheridan estimated that 30% to 40% of livestock farmers will close their businesses within the next year, either by choice or because they will be forced out by banks. Extremely wet weather in August 2008 wrecked further havoc in the sector; many farmers reported that acres of crops could not be harvested, forcing them to make tough decisions about how to feed their livestock over the winter. In September 2008, suppliers advised farmers that prices for fertilizer are expected to double by the spring. Many more farms are likely to close in 2009.

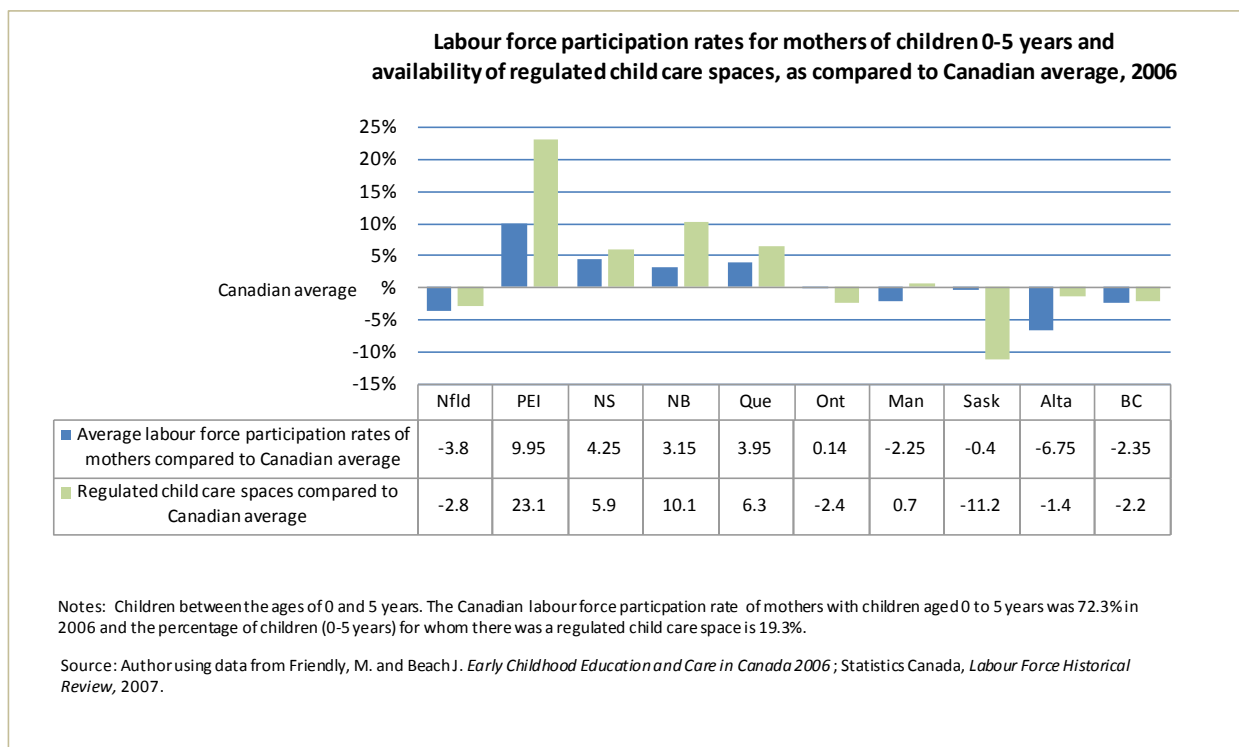
Employment

The structure of PEI's economy is changing, shifting away from the traditional focus on agriculture and resources towards services such as tourism. Islanders have found employment in these new sectors even as young people leave the province to pursue employment opportunities in other parts of Canada. Indeed, labour force participation rates in PEI are typically higher than rates in the other Atlantic Provinces and they have been slightly higher than the Canadian average since 1995. At the same time, however, much of the employment on offer is part-time work or seasonal in nature. For example, the number of full-time full-year workers in PEI is less than half the number of all workers (Statistics Canada, CANSIM Table 202-0101, as reported in Prince Edward Island: 33rd Annual Statistical Review 2006, June 2007).

It is interesting to note that the labour force participation rate for PEI mothers with young children is the highest in Canada. One of the main reasons for this high participation rate is the broad availability of regulated child care spaces in PEI for children up to age 6. The large number of child care spaces appears to be unique to PEI; it is the highest in Canada – even surpassing the availability in Quebec.

Data in Figure 6 illustrate how the availability of regulated child care spaces relates to the labour force participation rates of mothers with young children across Canada. In jurisdictions with participation rates above the Canadian average, the availability of regulated child care spaces for young children (aged 0-5 years) in those jurisdictions is also generally above the Canadian average.

Figure 6

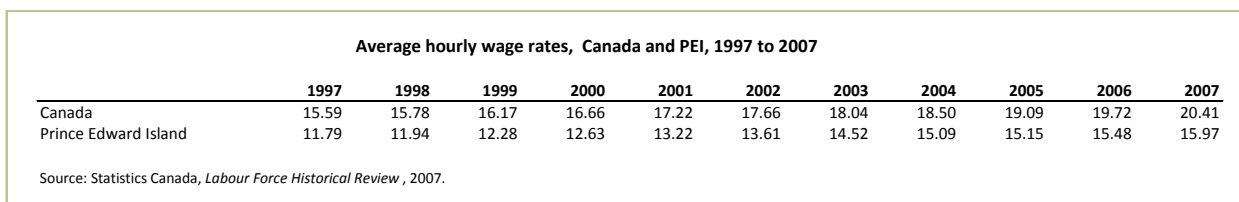


Child care programs in PEI are typically small. In part, this is in response to the provincially regulated maximum size of 50 spaces for centres and partly in response to the use of small community facilities. As well, kindergarten in PEI is delivered in early childhood education programs with universal funding from the province. However, this arrangement will change in the next few years as kindergarten is moved to the public school system; workers are predicting that the decision will have a devastating impact on early childhood education in the province and on the care sector.

Low Wages

High levels of part-time and temporary employment are creating economic insecurity for many Islanders. In addition, average wage rates are comparatively low which compounds the economic challenges. Figure 7 presents hourly wage rates over a 10-year period and shows that the average hourly wage in PEI was consistently below the Canadian average; in fact, it was the lowest in the country.

Figure 7



And 26% of workers in PEI earn less than \$10 per hour, the second highest percentage in Canada (Labour Force Historical Review 2006, CD-ROM, as reported by Federation of Labour in June 2008 Brief to PEI Cabinet). The Federation of Labour also noted that PEI's minimum wage is the second lowest in Canada (tied with BC), and only provides workers with an income equivalent to the low income cut-off for 2002.

Cost of Living

Some people argue that the cost of living in PEI is lower than in other parts of Canada, so low wages in the province simply reflect that reality; others disagree. A survey of 320 individuals who had recently moved to PEI reported that most respondents agreed that costs for housing and real estate were lower in PEI, but many found the wages in PEI to be lower than in most of the rest of Canada and "the cost of living and taxes (sales, corporate and income) are arguably higher. Provincial taxes on income in PEI are almost twice as much as they are in Ontario" (Baldacchino and Funk, 2008, p. 4). Based on the survey and an analysis of costs of living in the rest of Canada, the authors determined that "the cost of living in PEI – in comparison to the costs of living in the other Canadian provinces – is the highest by one measure, the second highest by another, and the third highest in accordance with our most detailed, long-term measurement. We also suggest that, given PEI's relatively low level of insularity, dependence on global markets and trade as well as fossil fuels will continue to drive the costs of living on PEI higher." (Baldacchino and Funk, 2008, p. 7)

Welfare Assistance

The most recent information on welfare benefit levels for different households in Prince Edward Island are presented below. In 2007, benefits ranged from \$6,577 per year for a single working-age adult to \$22,906 per year for a couple with two children. As is the case elsewhere in Canada, welfare rates are low compared to average and median incomes, and significantly lower than the poverty line. For example, welfare benefits for a single employable person in PEI in 2007 was only about one-third (35%) of the poverty line (using the before-tax Low Income Cut-off), and 44% of the after-tax LICO. For persons with disabilities, the comparable figures were 47% and 58%; for single parents with one child, 68% and 86%; and for couples with two children, 66% and 81% (NCW, 2008).

Figure 8

Welfare Statistics by household type, Prince Edward Island, 2007				
	Single Employable	Person with Disability	Single Parent One Child	Couple Two Children
Welfare Income* (\$)	6,577	8,623	15,781	22,906
Estimated Before-tax Average Income (\$)	25,150	25,150	30,875	37,111
Welfare as % of Average Income	26.0%	34.0%	51.0%	62.0%
Estimated Before-tax Median Income (\$)	21,367	21,367	32,306	85,468
Welfare as % of Median Income	31.0%	40.0%	49.0%	27.0%
Peak Year for Welfare Income	1,992	1,992	1,992	1,986
Peak Amount (\$)	10,733	12,211	16,745	25,215
2007 Amount (\$)	6,577	8,623	15,781	22,906
Peak compared to 2007:				
Change in dollar amount (\$)	-4,156	-3,588	-964	-2,309
% change	-38.7%	-29.4%	-5.8%	-9.2%
Before-tax Low Income Cut-off (\$)	18,544	18,544	23,084	34,457
Poverty Gap (\$)	-11,968	-9,921	-7,303	-11,551
Welfare Income as % of LICO	35.0%	47.0%	68.0%	66.0%
Estimated Market Basket Measure (\$)	15,186	15,186	19,741	30,371
Estimated MBM Gap (\$)	8,609	6,562	3,960	7,465
Welfare Income as % of MBM	43.0%	57.0%	80.0%	75.0%

Notes: * includes the federal GST credit
Source: National Council of Welfare, *Welfare Incomes 2006 and 2007*, Winter 2008

Hidden Poverty – “Living on the Edge”

Many families in PEI would not consider themselves to be living “in poverty,” but they exist “on the edge” financially, often barely able to afford their expenses from month to month. This creates enormous stress that at any moment, an additional expense (such as for repairs to the home, furnace, or automobile; even the cost of needed medication) can make the family vulnerable and unable to cope financially. This is especially true for families in rural areas, where high costs for transportation⁹ and food have an even greater impact on a family’s financial security. That is certainly true for PEI families that must rely on social assistance, as noted above, and for families trying to piece together enough hours of employment to sustain the household.

The reality of families that are just barely able to cope with their monthly financial issues is a problem in both rural and urban areas and in all provinces. But it is most noticeable in the Atlantic. A recent study on the incidence of debt and assets across Canada paid particular focus to the Atlantic region. Given the

relationship between financial insecurity and stress-related disease, “the results indicate that, for many households [in the Atlantic region], current levels of indebtedness are unsustainable and their debt burden has become a major source of financial insecurity and emotional anxiety that detracts from their well-being.” (Tran and Coleman, 2008, p. 2)

The authors also noted that just like the growing gap between the wealthy and the poor in Canada, there is a growing gap between the wealthy and poor provinces. “Atlantic Canada has a declining share of Canada’s growing wealth, owning only 4.9% of the country’s total household wealth – down from 5.4% in 1999 – even though the region makes up 7.4% of Canada’s households. The ongoing shift of

“The richest 10% of Atlantic households own about half the region’s wealth, while the poorest 40% together own only 3.6%. In fact, a higher percentage of Atlantic Canadians have negative wealth (more debts than assets) than in any other region, and these households tend to be deeper in debt than poor households in other regions. About 77,000 Atlantic households have negative wealth, and one-quarter of Atlantic Canadian households have no wealth at all, since their debts, on average, are at least as great as their assets.”

(Tran and Coleman, 2008, p.ii)

wealth out of this region continues a long-term trend in which Atlantic Canada has not shared fully in the increase in Canada’s wealth. Households in Atlantic Canada experienced the fastest growth in debt in Canada during the six-year period between 1999 and 2005. The region also saw a larger gap between debt growth (62%) and asset growth (35%) than in any other region, which contributed to its declining share of national wealth.” (Tran and Coleman, 2008, p. iii)

Many families and individuals are living on the economic edge. This is particularly true for women in rural areas. Employment opportunities for women are limited, and when they do exist, the wages paid are often lower than wages available in jobs typically done by men. For example, men in PEI are over-represented in primary industries such as farming and fishing, while women are over-represented in low-paying, seasonal jobs in processing (McAleer, 2007).

Even when rural communities are able to secure funding for small-scale economic ventures such as hockey tournaments or cultural festivals, men are more likely to be able to take advantage of the paid employment opportunities in related construction, refereeing, ice preparation, or security, for example, while the women are responsible for the unpaid volunteer efforts, such as food preparation, selling tickets, and the like (McAleer, 2007).

In order to move the poverty reduction agenda forward in PEI, effective strategies are needed targeting the labour market, income security, housing, education and literacy, and early childhood development – to name some key pillars. At the same time, it is critical that the social and economic dynamics of the province be taken into account. The particular vulnerability of rural women is a good example of why it is imperative to seek out and listen to the life experiences of those who are living in economically precarious circumstances. These circumstances that give rise to poverty will not change until poverty reduction strategies are grounded in the everyday lives of community members.

LOOKING TO THE FUTURE

Community Action

Communities are stepping forward to tackle poverty and low income in Prince Edward Island. Indeed, PEI has a long history of active citizen involvement in community-based advocacy. As noted earlier in this report, the early 1900s were a time of protest and advocacy in the quest for federal transfer payments, a fixed link to the mainland, support for women's rights, and advocacy for the rights of workers. And church-based community organizations have been active since the early 1930s in supporting and advocating for families.

In rural areas, farmers and fishers often worked cooperatively for economic reasons.¹⁰ The Acadian community has a particularly strong history of co-operatives, including groups like the Acadian Fishermen's Co-operative Association (AFC) which was formed in 1955 in Abram's Village, a small fishing community on the south shore of PEI. The AFC was formed through the amalgamation of two other cooperatives which had been in existence since 1945.

Although the community was always able to present its voice to government through religious, agricultural and business organizations, it was in the 1970s that the Island saw real growth in the number of community-based organizations and associations focused on a variety of issues. Milne noted that "...the list goes on and on. These groups voiced the real political opposition during the decade, outmanoeuvring the opposition parties, using the electronic media to make their case to Islanders, and sometimes dealing directly in negotiations with the executive. They are now becoming a vital part of the structure of island politics" (D. Milne, in V. Smitheram, 1982, p. 63). Nemetz found that one of the most important reasons PEI's Comprehensive Development Plan failed to achieve its original

THE ACADIAN CO-OPERATIVE MOVEMENT

Ever since Acadians first arrived on the Island several centuries ago, they have always believed in the value of working together to provide for their community. Individual fishers and farmers were often forced to sell their fish, produce and grains to buyers at ridiculously low prices. But when they banded together, they had a lot more clout on the market and were in a more favourable position to negotiate with the buyers.

In 1862, a group of farmers from Egmont Bay got together to form a seed bank under co-operative principles, setting the foundation for the co-operative movement of the next 150 years. Co-operatives as we know them probably started in 1936. The Wellington Co-operative Association opened its doors in 1937, and in 1990, it moved to its current location in the Place du Village mini-mall where it still operates a successful retail business.

Another important feature of the historical Acadian co-operative movement were the "cercles d'études," which were conducted from 1936 to the mid-1940s. Community members would get together to learn about the benefits of co-operatives and to pass on their knowledge of business and religion. By 1937, "Caisses populaires" or credit unions were established, and in 1970, the Evangeline Credit Union was established. The Conseil coopératif de l'Île-du-Prince-Édouard was formed in 1977 to act as the voice for all French co-operatives on PEI.

goals was that the experts who were recruited did not know or understand PEI culture, but they also failed to connect with local citizens to get their input (D. Nemetz, in V. Smitheram, 1982).

Community organizations today still provide an alternative perspective to government policies, and they serve to educate the public on a number of issues. Since the 1970s, PEI organizations have tended to form coalitions in order to bring together a variety of viewpoints and constituencies to reach consensus on an issue, thereby creating a more unified and stronger voice – in many ways, following the same philosophy and spirit underlying the establishment of the workers’ economic co-operatives. These community voices have had a significant impact on the evolution of public policy in Prince Edward Island, and notably around issues of social development.

With respect to issues of poverty and social justice, a growing number of community-based and labour organizations are collaborating in their efforts. For example, the Cooper Institute, founded in 1984, works with groups that are organized for social change, such as primary producers, workers, First Nations, and women’s organizations. As a result of the Cooper Institute’s community development work in raising awareness about low-wage employment and working conditions, a number of other community-based organizations have formed coalitions to promote the goal of a liveable income for Islanders.

The PEI Working Group for a Liveable Income, established in 2003, believes that all citizens of PEI have the right to an income that allows them to live in good health and with dignity. The Working Group is made up of organizations working for social change, including the following:

- ALERT
- Association des femmes acadiennes et francophones d’Î.-P.-É.
- Cooper Institute
- PEI Advisory Council on the Status of Women
- PEI Federation of Labour
- PEI People First
- Société Saint-Thomas-d’Aquin (SSTA)
- Women’s Network PEI
- PEI Healthy Eating Alliance

Although each of these organizations has its own membership and works towards its particular goals and objectives, each also brings expertise and human resources to the Working Group. Members of the Working Group are clear in their understanding of the concept of “income” as being broader than simply a focus on “wages.” Since many families and individuals living in poverty are unable to maintain employment for wages, “income” may include social assistance, disability support, or other means of financial support. The Group defines “a liveable income” as: “an income that allows a family or an individual to pay their rent or mortgage and their monthly bills, buy medicine and healthy food, use transportation and childcare, and have money left for some extras (like sports activities or kid’s birthdays) as well as to cover emergencies, such as cars or furnaces breaking down, or having a family member laid off or hurt.”

Over the last few years, the Working Group has participated in reviews of the Employment Standards Act and made presentations to various Ministers and to both governing and opposition caucuses. In 2006, the group organized public meetings to encourage Islanders to name livable income as an issue in the provincial election campaign. Working Group members keep livable income “on the radar” by writing opinion pieces and letters to the editor, and by making sure that the perspective of a liveable income is on the agenda in any discussions about health, the economy, or jobs at workshops, public meetings or conferences. The goal is to try to influence the attitudes and actions of the community, employees, employers, and public policy-makers on the advantages of a livable income for all people.

Another coalition – the PEI Food Security Network – includes members from many of the same organizations, as well as representatives from government and from the PEI Association of Family Resource Centres. The Network has three working groups, focussing on research and awareness of food security issues, food costing, and food production/food systems.

A common thread in the work of these coalitions – and in the work of each of the individual organizations – is the belief that people have the right to live with dignity, and that issues caused by poverty are matters of social justice, not charity. Both of the coalitions noted above emphasize that while “one-time only” donations and funding initiatives help to alleviate some of the burdens of poverty, these measures are not solutions and they do not allow individuals to develop their capacity to live, work, and have dignity in their lives. The Working Group and PEI Food Security Network continue to make the case that the operation of food banks, community kitchens, and the annual “CBC turkey drive” – while important for the families involved – are no substitute for a public policy framework focused on poverty reduction for Islanders.

CONCLUSION

PEI faces enormous challenges – low wages, a seasonal economy, a lack of natural resources, high costs for fuel and electricity, a heavy dependence on government transfers, growing disparity between rural and urban areas, an aging population, a declining birth rate, and heavy outmigration of young people to western Canada. These challenges, while frustrating, are not completely new. The history of PEI shows that some of these trends can be traced back almost 100 years.

Today, frustration with these long-standing challenges is being balanced with a cautious sense of optimism. Community organizations and coalitions like the PEI Working Group for a Liveable Income are encouraged by growing interest among people from other sectors in moving forward in a strategic way towards poverty reduction. Over the last months of 2008, representatives from federal and provincial levels of government, from business groups, religious organizations, labour, and the non-profit community-based sector came together to share their perspectives on the causes of and solutions to poverty in PEI. As a result, the PEI Poverty Reduction Network has been formed to explore possible initiatives for the Island.

Community activists are also encouraged by the trend towards developing a “long-term” vision for PEI and the growing public awareness of social justice issues. Minimum wage levels – while still inadequate – were revised in two stages during 2008, and are now established at \$8.00 per hour. And in October 2008, the PEI Employment Standards Board launched a province-wide community consultation in order to inform the Board’s recommendations to Government for changes to the minimum wage for 2009.

There is also a renewed sense of possibility for rural areas and for agriculture in the province. The recently formed PEI Rural Alliance has brought together people from rural communities across the Island to advocate for services in rural areas and to explore options to keep rural schools open. As well, the PEI Commission on the Future of Agriculture – while acknowledging that the sector is in crisis – has put forward specific recommendations for immediate and long-term action, and outlined a strategy to save the sector.

New research now provides greater clarity and understanding about the high cost of living in PEI, which will require the often-used “rationale” for low wages to be re-examined. Educational attainment among Islanders has increased, and there are examples of government and community partners working collaboratively to explore innovative approaches to alleviate poverty and build prosperity for future generations. Already, innovations in energy production, business, and education hold promise for positive changes in the nature of living and working in PEI. Islanders are hardworking, resourceful, compassionate, and above all, proud of their province. The coming years will require sustained efforts and committed partnerships to truly make a difference in the lives of Islanders living in poverty.

ENDNOTES

¹ Summerside was incorporated as a town on April 1, 1877, and eventually became PEI's second city in 1995 when the town merged with the adjacent communities of Wilmot, St. Eleanor's and Sherbrooke to form the new city. (<http://www.gov.pe.ca/placefinder/index.php3?cgndb=BADSZ&city=Summerside>). In 2008, Charlottetown and Summerside are the only two cities in Prince Edward Island.

² As a result of the population decline, PEI's representation in Parliament was reduced from six seats to four, as representation at the time was based on population.

³ The separation of husbands and wives, the absence of fathers from the home, and women's participation in the paid labour market all contributed to increasing family stress. At the time, the Island chapter of the Canadian Legion actually campaigned for easier and less expensive divorce procedures, and advocated for a provincial divorce court. (Provincial Archives of PEI, 1945; as reported in Forbes and Muise, 1993) During these years, applications for divorce in Prince Edward Island were required to be submitted to, reviewed, and approved in Ottawa (Key Informant Interview).

⁴ It was not until the mid-1980s that all rural families were able to have a private telephone line; in the 1970s, it was not unusual to have up to 14 homes on a "party line." By 1980, "crank up" telephones were replaced by those with a dial pad, and generally a maximum of four homes would be on a shared party line. By 1986, the introduction of private lines also meant that families were able to use the internet – something not previously possible with a party line. In 2008, it is still impossible to have high speed internet in many rural areas of the province.

⁵ Even by the late 1970s, there were many rural families – primarily older Islanders – who still lived without electricity.

⁶ For example, a planned investment for a "fixed link" between PEI and NB was cancelled two days before the agreement was to be signed. Many Islanders felt that government had traded the proposed causeway/tunnel for the Comprehensive Development Plan. The fixed link (Confederation Bridge) – first proposed and lobbied for at the turn of the century – was finally completed in 1998.

⁷ One key informant recalled that when their family had moved to a small village in the mid-1970s, they were advised as to which gas station was for Catholics and which was for Protestants. Likewise, others have noted the separation of schools, sports, and other social activities for Catholic and Protestant children during the 1950s and 1960s.

⁸ Catholic Islanders were not given the right to vote in PEI until after the Emancipation Act of the British Parliament in 1829. (Green, 2006)

⁹ Since there is no public transportation system in the province, families in rural towns and villages must have access to a vehicle to buy groceries, go to work, etc.

¹⁰ PEI's history of co-operative efforts has not been limited to fishing, agricultural or banking pursuits. In the late 1990s, a co-operative was established on the eastern end of the province when private companies would not bring cable television to the rural areas. The co-operative brought in the cable TV, and later sold the business to a private company. (Author's personal notes)

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