

8 July 2020

**Special Committee on Poverty in PEI
Second Report of the First Session of the Sixty-sixth General Assembly
Motion No. 36: Interim Report on Committee Activities**

Mr. Speaker and Members of the Legislative Assembly:

The Special Committee on Poverty in PEI is pleased to present its second report of the First Session Sixty-sixth General Assembly.

Mandate:

The Special Committee on Poverty in PEI was appointed by Motion on July 11, 2019 with the following mandate:

WHEREAS poverty is the primary social determinant of health;

AND WHEREAS poverty is a complex issue and requires bold and creative approaches to understand and address the real causes and consequences of poverty in Prince Edward Island;

AND WHEREAS there is a need to establish clear definitions and measures of poverty in PEI, so as to set appropriate legislative and policy targets;

AND WHEREAS there is significant expertise available from community organizations that have studied this issue and can provide invaluable insights, analysis and data;

THEREFORE, BE IT RESOLVED that a Special Committee of the Legislative Assembly, consisting of two representatives to be named by the Premier; two to be named by the Leader of the Opposition; and two to be named by the Leader of the Third Party, be created to consult with members of the public and community groups across the province;

THEREFORE BE IF FURTHER RESOLVED that the Committee report back to the Legislative Assembly within twelve months with recommendations to establish clear definitions and measures of poverty, and a living wage for Prince Edward Island;

THEREFORE BE IT FURTHER RESOLVED that the Committee report back to the Legislative Assembly within twelve months with fully costed recommendations regarding the creation of a Basic Income Guarantee pilot for Prince Edward Island

Committee Membership:

Trish Altass, Chair (District 23, Tyne Valley-Sherbrooke)

Hannah Bell (District 11, Charlottetown-Belvedere)

Sonny Gallant (Leader of the Third Party; District 24, Evangeline-Miscouche)

Hon. Ernie Hudson (District 26, Alberton-Bloomfield; Minister of Social Development and Housing)

Natalie Jameson (District 9, Charlottetown-Hillsborough Park) (*until June 2, 2020*)

Gordon McNeilly (District 14, Charlottetown-West Royalty)

Brad Trivers (District 18, Rustico-Emerald; Minister of Education and Lifelong Learning) (*as of June 2, 2020*)

Substitute Members included:

Cory Deagle (District 3, Montague-Kilmuir)
Ole Hammarlund (District 12, Charlottetown-Brighton)
Heath MacDonald (District 16, Cornwall-Meadowbank)
Sidney MacEwen (District 7, Morell-Donagh)

Committee Activities:

Since last meeting, your committee has met 10 times.

On **January 9, 2020**, your committee met with Chief Darlene Bernard and Mr. Don MacKenzie from the Mi'kmaq Confederacy of PEI to gain the insight of the Mi'kmaq community regarding poverty and the Basic Income Guarantee Pilot. Chief Bernard highlighted the cycle of poverty that the Mi'kmaq people have suffered as a result of the lack of supports and programs that address their needs and unique challenges. She was in favour of the pilot and emphasized the importance of localizing such support within Indigenous communities so that it is accessible, noting the importance of working with First Nations governments. She stated that the pilot should be implemented island-wide, as it would have positive long-term effects. As an overview, Chief Bernard expressed her belief that individuals with financial security have the leverage to make better choices.

On **January 22, 2020**, your committee met with Chief Lisa Cooper and Matthew MacDonald from the Native Council of PEI (NCPEI) to discuss the basic income guarantee pilot on PEI. The witnesses defined poverty as the impediment to healthy, stable, lives, in which a person can actively participate in their community. Chief Cooper highlighted the lack of culturally relevant programs and support offered by the government for off-reserve Indigenous groups. As a result, the NCPEI provide support programs of their own. Mr. MacDonald stated that the pilot should also aim to better the health, employment, education, and housing opportunities for people living in poverty who suffer with all of these fields. Their recommendations were to create an age range for the pilot's beneficiaries, ensure the inclusion of marginalized groups, with a focus on Métis and non-status Indians, and span across PEI. They also recommended that individuals with additional challenges should be offered additional basic income, without taking away any of the already available programs.

Your committee then met with Mike MacDonald, from the Upper Room Hospitality Ministry, who also advised that a basic income would help several impoverished groups on PEI. He notes that other supports should complement the pilot as well. Mr. MacDonald emphasized the importance of education for children, employment training for adults, and access to health care, housing, and addiction services. He, like Chief Cooper and Mr. Matthew MacDonald, advised against cutting other funding and replacing it with the pilot. He recommended that individuals with children or families receive additional income.

Your committee next met on **January 29, 2020**. At this meeting, your committee intended to meet with representatives from the Hamilton Roundtable on Poverty Reduction via video-conferencing. Due to a technical difficulty, the meeting with this group had to be rescheduled. Your committee then went *in camera* to discuss matters relating to its report.

On **February 12, 2020**, your committee met with David Keedwell, Karen McCaffrey, and Pat MacDonald from the Department of Social Development and Housing. The witnesses presented the conditions of, and recent changes to, the Social Assistance Programs. They also highlighted that the goal of the program is helping Islanders meet their basic needs. The highest category of individuals receiving social assistance is single persons; however, it was noted they receive the least aid in terms of monetary support when compared to the market basket measure.

On **February 18, 2020**, your committee met with Tom Cooper, Laura Cattari, and Tom McDowell via Skype to gain insight into the Ontario Basic Income Pilot. The main participants of the pilot were groups that struggled with finding permanent full-time employment. These groups included young workers with several part-time jobs, disabled persons, and persons with illnesses or a family member that needed continuous care. Other impediments to employment included transportation and poor mental health. People who participated in the pilot recorded less alcohol and tobacco use, improved diet, mental health, lifestyle, and relationships. The pilot allowed participants to have long-term plans, such as enrolling in an educational institution. The witnesses highlighted that cancelling the pilot after a single year, after it was promised to run for three years, was devastating, broke faith with the participants, and ruined their long-term plans. The witnesses advised that there be clear communication, structure, and delivery of the program. They also recommended hiring staff to answer questions that participants may have, and advised against regulating what the Basic Income can be used for.

On **February 26, 2020**, your committee met with Kelly MacWilliams and Bruce Davison to gain their insight regarding the Basic Income Guarantee Pilot for PEI. The witnesses highlighted the importance of accessibility to basic needs such as housing, food, and water, to be able to move on to higher needs, and identified poverty as a violation of the most basic human rights. They stated that poverty creates systemic barriers that lead to intergenerational poverty and trauma. They recommended that the pilot be universal, that all adults be eligible, and that the basic income should be \$20,000 per adult. MacWilliams finally said, “overcoming poverty is an act of justice.”

Your committee then met with Aditya Rao and Leonard Gallant from CUPE PEI regarding the basic income guarantee pilot. Gallant stated that pilot might seem costly; it would save the province long-term healthcare and economic costs. Gallant pointed out that cutting the pilot off after a set period would hurt the individuals receiving the basic income; therefore, he recommended that the pilot be a permanent program managed by public employees and not private third parties. He advised against the pilot replacing other available social programs and assistance. Gallant said that in ensuring poverty is eradicated, it is important to look into a living wage on PEI, which would be around \$20 based on jurisdictional scans. Rao then urged the committee to define poverty in a holistic and human rights approach. Such measures can include protection against landlords and eviction, and ensuring access to publicly funded childcare and other services. Rao stated that the income should be universal and be determined based on the market-basket measure.

On **March 4, 2020**, your committee received a briefing regarding the Income Tax System by Nigel Burns from the Department of Finance. Prince Edward Island has a Tax Collection Agreement with the Federal government, where the Federal government administers PEI’s income tax on its behalf. Previously, PEI had a tax-on-tax system based on the Basic Federal Tax; hence, changes in Federal tax flowed through automatically. With the current system, PEI has more policy control over its taxes and programs and is not directly affected by the Basic Federal Tax. Income tax is PEI’s largest own-source revenue and largest source of funding for provincial programs. PEI has a progressive income tax, with higher taxes for higher income brackets, and a ‘Low Income Tax Reduction’ Program, where individuals with low income receive tax reductions and other benefits, such as non-refundable credits. However, as income rises, supports are phased out, and more taxes are phased in, causing people to reconsider working more hours so as not to

lose qualification for supports and benefits. Therefore, creating a clear explanation regarding the relation of taxes and benefits would help with the elimination of loopholes and the improvement of programs.

On March 13, 2020, your committee met with Mary Boyd and Carl Pursey from the MacKillop Centre for Social Justice to discuss poverty eradication strategies on Prince Edward Island. Boyd and Pursey proposed that a job guarantee would work better at eradicating poverty than a basic income guarantee. They view the LIM measure of poverty as more accurate than the Market Basket Measure, which “understates the extent of poverty.” Their approach to ending poverty is ending or reducing unemployment. Their proposed solution is a job bank of permanent, public service jobs, which would be cheaper than a basic income guarantee and permanently reduces welfare expenditures. The job guarantee should offer decent work, a living wage, and benefits. A job bank achieves long-term social justice, while a basic income guarantee is more short-term.

Next, your committee also met with Dr. Christine Saulnier from the Canadian Centre for Policy Alternatives via Skype. Dr. Saulnier presented to the committee regarding the living wage and how it is calculated. The living wage considers the costs of living in a community, wages, benefits, and government programs that all could contribute to an individual’s income. The living wage, unlike the minimum wage, is not legislated, nor a legal requirement. It is a voluntary commitment taken by some employers. It is calculated to ensure there is a buffer zone between the person’s income and the poverty line so that they could have a decent quality of life. People receiving a living wage reported better mental health and morale, more productivity and loyalty to the workplace, and lower absenteeism. Other aids that significantly alleviate poverty are affordable housing and childcare. In general, filling gaps in public services and investing in post-secondary education and affordable housing helps the community. The largest group of low-income workers are women, and mainly racialized women.

Your committee had two additional planned meetings for March 18, 2020 and March 25, 2020. Scheduled for March 18, 2020, the committee intended to begin its deliberations on its report to the Legislative Assembly. On March 25, 2020, your committee was scheduled to meet with Dr. Stephen Butler with the Department of Psychology from the University of Prince Edward Island. As a result of the COVID-19 pandemic, and public health measures implemented to combat the pandemic, these two meetings were cancelled. Your committee would like to thank Dr. Stephen Butler, who was able to provide a written submission in relation to young people (ages 18-24) receiving a basic income guarantee, and provided an overview of additional supports that young people entering “emerging adulthood” may require.

Once restrictions on Prince Edward Island began to ease, your committee endeavored to meet to discuss its report. Your committee next met on the following days to deliberate on its report to the Legislative Assembly: **June 10, 2020**; and **June 24, 2020**.

Recommendations

Recommendation One:

In relation to the committee’s first goal on the establishment of clear definitions and measures of poverty, your committee is pleased to make the following recommendation:

- 1) Your committee recommends that the provincial government adopt the “market-basket measure” as its official measure of poverty when making changes to legislation, regulations and policy.**

Over the course its meetings in fall 2019 and winter 2020, the committee heard from multiple presenters that the market-basket measure (MBM) is a good baseline tool of measurement for poverty in the province. Several benefits of the MBM have been noted by presenters. First, it is a measure that is based by region (Prince Edward Island has three regions: Charlottetown, Summerside, and rural), and it measures the basic necessities for living, including: housing, transportation, food, clothing, and heat. Another benefit noted is that it is used by the federal government as its official measurement of poverty. It has been indicated that there are benefits to the province being aligned with the federal government.

At this time, your committee recommends that the “market-basket measure” be the official measure of poverty for all government consideration of matters in relation to poverty: legislation, regulations and policy. On this note, your committee would like caution government to also implement a more holistic approach when addressing matters of poverty. During the first presentation on September 19, 2019, the PEI Working Group for a Livable Income said the following: “The PEI Working Group for a Livable Income considers a livable income to include enough to pay rent or mortgage and monthly utility bills, to buy nutritious food and medicine, to use transportation, to continue learning, to access child care or elder care, to participate in the community and to cover emergencies. A livable income very importantly, supports people to live in good health and dignity. So as you can guess, with a definition that encompassing there isn’t a poverty line or measure of poverty that meets that bar for providing a livable income. However, when we use a poverty line for comparison purposes or research purposes, we have used the market basket measure and we do consider it the most appropriate measurement tool for Prince Edward Island and we were pleased to see that this measure was named as the basis of the federal poverty action plan.” (September 19, 2019; page 23-24). On October 25, 2019, your committee heard from Dr. Evelyn Forget, who noted the following on setting a measure of poverty: “The problem is, there is no place out there where a dollar more and you’re not in poverty, and a dollar less, you’ve got a real problem. It’s obviously a continuum.” (October 25, 2019; page 89).

Recommendation Two:

In relation to the committee’s two other goals (establishing a living wage for Prince Edward Island and reporting back to the Legislative Assembly with fully costed recommendations regarding the creation of a Basic Income Guarantee pilot of Prince Edward Island within twelve months), your committee makes the following recommendation:

2) Your committee requests an extension to the twelve month deadline for an additional five months until November 2020.

Your committee has held close to 20 meetings since Motion No. 36 was passed to create the Special Committee on Poverty in PEI. The committee has heard from a variety of presenters, including government department officials, local community groups and national experts in the fields of living wage and basic income guarantee.

In order to complete its work in relation to a living wage and a basic income guarantee, your committee is seeking the approval of the Legislative Assembly to extend the committee’s original deadline to report in July 2020 by an additional fourth months. With the adoption of this report, your committee will report its final findings during the fall sitting of the Legislative Assembly.

Conclusions:

Your committee would like to recognize the important work done by community organizations in the province of Prince Edward Island. Over the last several months, the committee has been able to meet with groups who work in this field, and dedicate their time and energy to assisting people living in poverty.

Your committee would also like to thank the experts across the country who made time to meet with the committee. This winter, your committee continued using Skype to meet with experts across the country. Their input is invaluable to the committee's mandate.

Your committee was impressed with the quality of the presentations, and the depth of knowledge and passion of those who provided input. This is an interim report to the Legislative Assembly on the committee's work since last reporting in November 2019. Your committee intends to continue its work, and looks forward to reporting back with final recommendations during the November 2020 sitting of the Legislative Assembly.

Respectfully submitted,

Patricia Altass, MLA
Chair
Special Committee on Poverty in PEI

Attachments to the Report include:

Appendix A – List of intervenors from 2019/2020

Appendix B - Guiding principles for a basic income guarantee for the Special Committee on Poverty in PEI

Appendix A – list of intervenors from 2019/2020

Intervenors Fall 2019:

- PEI Working Group for a Livable Income (Jane Ledwell and Ann Wheatley)
- Hon. Hugh Segal (former member of the Senate of Canada)
- Dr. Evelyn Forget
- Michael Mendelson (Maytree fellow)
- Poverty Reduction Council (Co-chairs Deborah Bradley, Assistant Deputy Minister of Social Development and Housing; and Andrea MacDonald, Executive Director of United Way PEI)
- The Adventure Group (Roxanne Carter-Thompson and Alyse Rossiter)
- The PEI Council for Persons with Disabilities (Marcia Carroll)
- Bedford MacDonald House (Major Tim Leslie and Michael Redmond)
- Harvey Stevens
- Reach Foundation (written submission)
- Blooming House (written confidential submission)

Intervenors Winter 2020:

- PEI Mi'qmaq Confederacy (Chief Darlene Bernard and Don MacKenzie)
- PEI Native Council (Chief Lisa Cooper and Matthew MacDonald)
- Upper Room Hospitality Ministry (Mike MacDonald)
- Department of Social Development and Housing (David Keedwell, Deputy Minister of Social Development and Housing; Karen McCaffrey, Director of Social Programs; and Pat MacDonald, Manager of Social Supports)
- Hamilton Roundtable on Poverty Reduction (Laura Cattari, Tom Cooper and Dr. Tom McDowell)
- Canadian Association of Social Workers (Kelly MacWilliams)
- PEI Association of Social Workers (Bruce Davison)
- Canadian Union of Public Employees (Leonard Gallant and Aditya Rao)
- Department of Finance (Nigel Burns, Director of Economic Statistics and Federal Fiscal Relations)
- Canadian Centre for Policy Alternatives (Dr. Christine Saulnier)
- PEI Coalition for a Poverty Eradication Strategy (Mary Boyd and Carl Pursey)
- Dr. Stephen Butler (Department of Psychology from the University of Prince Edward Island) (written submission)

Appendix B - Guiding Principles for a Basic Income Guarantee for the Special Committee on Poverty in PEI

- 1) The Special Committee on Poverty in PEI believes a basic income guarantee should be universal and unconditional to all adult residents (Prince Edward Island residency of at least one year), subject to income, but regardless of work status, relationship status, or age.
- 2) Support provided by a basic income guarantee should be available to all adult residents, age 18 and above, and include seniors.
- 3) The PEI basic income guarantee should recognize that not all people have the same basic needs. Any program implemented should be sufficient to provide for people's basic needs with dignity and self-determination. Sufficient needs includes, but may not be limited to: housing, transportation, food, medicine, learning opportunities, childcare and eldercare, participation in community and emergencies.
- 4) The Special Committee on Poverty in PEI expects a basic income guarantee to transform some social programs and services, such as income support. The committee believes that many social programs and service should be maintained, included disability supports. It should be recognized that many will need more supports in addition to a basic income guarantee, including support programs for needs that money cannot fill.
- 5) The basic income guarantee should be administered through the income tax system, and respond to people's changing income levels in a timely matter, meaning that the system can adjust to fluctuations in income throughout the year. At such a time where the basic income guarantee is reduced, the committee believes that any reductions in the basic income guarantee should occur gradually. Calculations of a basic income guarantee should be made based on income, and should not include assets held by individuals.
- 6) The Special Committee on Poverty in PEI supports an evidence-based basic income guarantee, and that appropriate lenses are applied to ensure the program is equitable for all people (such lenses include but may not be limited to: gender, diversity, age, ability, mental health, class, culture, language and literacy, sexuality and gender identity and geography).
- 7) The Special Committee on Poverty in PEI supports the establishment of an arms-length third-party agency that would be responsible to monitor, measure and evaluate the basic income guarantee program.