



The Province of Prince Edward Island

# Demographics of Low Income

Poverty Reduction Action Plan Backgrounder

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## SUMMARY

Many factors contribute to poverty including age, gender, family structure, special populations, region of residence, employment, and the cost of accommodating a disability or health condition or raising children.

For maximum accuracy and detail, the information that follows is based on the 2016 census, which drew its income data from a linkage to taxfiler data from 2015. For a description of the measures used, please refer to the *Backgrounder: Low Income Measures*.

- [Age](#) is a major factor in low income. Youth and children are much more likely to be in low income than adults aged 45 and over, with the 25-44 age group falling in the mid range.
- [Gender](#) differences in low income have narrowed over time, especially with regard to Islanders below the Low Income Cut-offs (LICO). Female rates of low income are higher than men's among two age groups: youth aged 15-24, and seniors.
- [Family structure](#) had a very strong impact on the incidence of low income, with very high rates among single adults and lone-parent families, especially female led. Among couple households, those with children were almost twice as likely to be in low income as those without.
- Among Islanders reporting [Aboriginal identity](#), the Métis population had very low rates of low income, below the provincial average. Low income was concentrated in the very small Inuk population, and among the 1,350 First Nations respondents.
- Data for [immigrants](#) indicated an unusual pattern, with low income concentrated among recent immigrants, arriving 2011 to 2016, and non-permanent residents. These two groups make up just over half the total of 8,940 immigrants reported on the census, but account for over 80 percent of the 2,515 below LICO.
- Census income is not available on incomes for [persons with disabilities](#). Data from the *2012 Canadian Survey on Disability* indicate that half of adult Islanders with a disability had incomes below \$20,000 in 2012, compared to just over one-third of Islanders without disabilities.
- By [Geography](#), significant differences exist between urban and rural areas of Prince Edward Island. Charlottetown's rate below LICO of 9 percent is triple the rural rate of 3.1 percentage, and Summerside's rate of 5.6 percent is almost double.



## INTRODUCTION

The occurrence of poverty depends on many factors including age, gender, family structure, special populations, and region of residence. While many factors influence poverty, employment plays a key role, especially if there is only one income earner in the household, or a person or group of persons faces barriers to employment. Costs also are a key factor, such as the costs required to accommodate a disability or health condition, or to raise children.

The recently released income data for 2016 are based on survey data and are less reliable for sub-groups. Hence the discussion below relies mostly on detailed data from the 2016 census, using 2015 income levels. This analysis relies on the Low Income Cut-Offs After Tax (LICO-AT), which provides useful information on the number and share of Islanders in severe low income, and on the Market Basket Measure (MBM), which is more consistent across PEI and which is relevant to local conditions and Islanders' quality of life.

## AGE

In 2015, 6.3 percent of Islanders (8,735) were below LICO-AT. Youth aged 18-24 were most likely to be in low income, at 11.7 percent or 1,380 youth, and children (age 0-17), were also more likely than average to be below LICO, at 7.4 percent or 2,045. Rates among adults aged 25 to 64 were similar to the provincial average, ranging from 5.9 to 7.1 percent and totaling 4,830 people. Rates dropped sharply among seniors, at 1.8 percent or 475 people.

In 2015, 15.6 percent of Islanders (21,705) were below MBM. Rates below MBM were highest among younger Islanders, and lowest among older Islanders.

- Those aged 0-17 had the highest rate in low income, at 21 percent (5,790), followed by those aged 18-24, at 19 percent (2,270), and those aged 25-34, at 17 percent (2,575).
- The middle age group aged 35-44 was similar to the provincial average at 15.5 percent (2,605).
- Those aged 45-64 had the lowest rate below MBM, at 12% (5,125), followed by seniors at 13% (3,385). It should be noted that although the rates are low, the large size of these older population groups means that they still account for a substantial number of Islanders below MBM.

## GENDER

Census data indicate only modest gender differences in the share of Islanders below LICO-AT in 2015: 6.32 percent for women and 6.23 percent for men. This held true for most age groups, with the exception of youth and seniors: among those aged 18-24, 13 percent of females were below LICO-AT compared to 10.5 percent of male youth. And, among seniors, within the context of very low rates overall, 2.2 percent of female seniors were below LICO AT, compared to 1.5 percent of male seniors. Within the adult population, rates were slightly higher among women aged 25-44, offset by slightly higher rates among men aged 45-64.



A larger gender difference existed in the shares below MBM in 2015: among women, 16.4 percent or 11,720 were below MBM, compared to 14.8 percent or 9,990 men. However, this pattern varied significantly by age group:

- Rates for women were sharply higher than for men among seniors (15.6 percent versus 10.6 percent); women aged 25-34 (19.4 percent versus 14.7 percent); and women aged 35-44 (17.7 percent versus 13.1 percent). A smaller spread existed for youth (20.3 percent versus 18.1 percent).
- Rates for those aged 45-64 were fairly similar and below average for both men and women, with men having higher rates in the 45-54 age group and women having slightly higher rates in the 55-64 age group.
- Among children aged 0-17, rates below MBM were higher for males than females (21.5 percent versus 20.3 percent). By age sub-group, the spread was greatest for children aged 0-5, at 22.8 percent for boys and 21.1 percent for girls.

## **FAMILY STRUCTURE**

Family structure had a very strong impact on the incidence of low income, with very high rates among single adults and among lone-parent families, especially female-led.

In 2015, the rate of single adults below LICO-AT was almost triple the provincial average, at 17.9 percent versus 6.3%. The picture for those under age 65 was even more severe: by age group, 36 percent of single Islanders aged 15 to 29 were below the LICO-AT. Those aged 30 to 64 years fared somewhat better, at 20 percent below LICO. Among single seniors, on the other hand, the rate was 5 percent. These high rates meant that single Islanders account for a high share of those in low income: they make up 15 percent of the population, but 43 percent of those in poverty – 3,745 individuals, out of the total of 8,735 below LICO-AT.

Among families, significant disparities also existed between couples and single-parent families and -- within the single-parent category -- by the presence of children under age 6 and to a lesser extent, by gender of the lone parent:

- Among couple families, 3.1 percent were below the LICO-AT, with even lower rates among those without children, at 2 percent, and higher rates for households with children (3.7 percent) and especially those with children under age 6 (5.2 percent). Despite their lower rates, the overall large size of this group resulted in a substantial number of families below LICO-AT: 2,140 in total, with over three-quarters living in Charlottetown or nearby.
- Among lone-parent families, the share below LICO-AT was triple that of couple families with children, at 11.4 percent, with substantial differences by age of children and gender of lone parent.
  - For those families with children under 18, the rates rose to 13.5 percent for male parent-led families and 17.1 percent for female parent-led families.
  - The highest rates and widest gender gap were for families with children under 6: 19.3% of father-led households were below LICO, versus 27.2 percent of mother-led households.



- In all, there were 1,790 persons in lone-parent families below LICO-AT, accounting for 20.5 percent of all Islanders below LICO-AT. Of those, families with children under 17 totaled 1,510, evenly split between families with children under six and children aged 6 to 17 – 755 in each category.

Looking at MBM, a somewhat different picture emerges between singles and families, reflecting the MBM's inclusion of individuals and families in moderately low income. Under this measure, the presence of children, especially young children, is a key factor, with rates for lone parent families similar to those for single adults, and rates for couple families with children only somewhat lower than the provincial average:

- Among couple families, 8.4 percent or 8,530 were below MBM in 2015, barely half the provincial average of 15.6 percent. However, this diverged to 6.5 percent for couple families without children, and 11.5 percent for those with children. As noted, age of children also played a role: among families with children aged 6 to 17, 10 percent were below MBM, versus 13.5 percent of those with children under six.
- Among lone-parent families, 34.7 percent or 5,540 were below MBM in 2015. As with LICO, age of children played the greatest role in rates, and gender a smaller role.
  - Overall, 26.9 percent of male lone-parent families were below MBM, compared to 36 percent of female lone-parent families.
  - Among families with children aged 0-17, rates rose to 42 percent for male lone-parent families and 51.5 percent for female lone parent families. This was comprised of lower rates for families with children aged 6-17 only, and much higher rates for families with children aged 0-5:
    - among families with children aged 6-17, 32.1 percent of male lone-parent families and 41.4 percent of female lone-parent families were below MBM; and
    - these rates almost doubled among those families with children aged 0-5, at 62.2 percent of male lone-parent families and 74.1 percent of female lone-parent families.

## ABORIGINAL IDENTITY

In Prince Edward Island, Aboriginal identity was reported by a total of 2,740 respondents to the 2016 census. Of those, 530 on-reserve dwellers are not included in the low-income calculations because of factors such as access to band housing, other supports, hunting and fishing products, etc. Of the remaining 2,210 individuals reporting Aboriginal identity, 240 or 10.9 percent were below the Low Income Cut-Offs in 2015, above the provincial average of 6.3 percent. Census data on rates of low income under the Market Basket Measure are not available for the Aboriginal identity factor.

Rates below LICO-AT were higher among those reporting First Nations identity (190 of 1,350 respondents or 14.1 percent) and much lower among those reporting Métis identity (25 of 705 respondents or 3.5 percent).

- Those reporting Inuk identity had the highest rates of low income, at 25 of 75, or one third. Among those reporting Inuk identity, the highest rate of low income was among those aged 0-17, at 20 of 30 or two-thirds. Rates of low income were higher among females (44 percent, or 20 of 45) than among Inuk males (29 percent or 10 of 35).



The small numbers and random rounding involved for those with Inuk identity impedes more detailed analysis, and hence the remainder of this analysis focuses on the 1,350 census respondents reporting First Nations identity and not living on reserve.

- By age, rates below LICO-AT were highest among those aged 18-24, and those aged 55-64, both at 18 percent. Rates were lower for those aged 25-54, at 14 percent or 70 of 550, and for children aged 0-17, at 11 percent or 50 of 460. Among seniors, rates were very low, as with non-Aboriginal Islanders.
- Rates below LICO-AT were higher among women reporting First Nations identity, at 15 percent, then among males, at 12 percent. This divergence was concentrated among those aged 25-64: 19 percent of females or 65 of 340 were below LICO, compared to 10 percent of males or 25 of 260. Rates of low income did not vary greatly by gender for other age groups.

## IMMIGRANT STATUS

Over the past decade, the level of immigration to Prince Edward Island has increased substantially. Of the 8,940 immigrants reported on the 2016 census, 3,360 or 38 percent arrived between 2011 and 2016. A further 1,340 or 15 percent reported being non-permanent residents, a category which includes those on work or study permits, and those claiming refugee status, many of whom also likely came to PEI in recent years.

Nationally, it is well established that immigrants are at greater risk of low income than non-immigrants, and that this risk is greatest for more recent arrivals. This pattern holds even more strongly in this province: 21 percent of immigrants and 46 percent of non-permanent residents were below LICO-AT in 2015, compared to 4.7 percent of the non-immigrant population. Put another way, immigrants and non-permanent residents accounted for 7.4 percent of the population (in 2016) but 31 percent of those below LICO-AT (in 2015). As further discussed in the section below on geography, the vast majority of these immigrants in low income live in the Charlottetown.

This low income was concentrated among two groups: those arriving 2011 to 2016, and non-permanent residents. Together, they accounted for 2,080 of the 2,515 immigrants below LICO-AT, over 80 percent. These two groups have very different characteristics.

- Census data indicate that 43.5 percent of those arriving from 2011 to 2016, or 1,460 of 3,360 newcomers, were below LICO-AT in 2015. During 2011-16, the province welcomed an increased number of refugees than in earlier years, and members of this group are at risk of low income as they seek to establish themselves. On the other hand, the majority of recent immigrants have been in the economic class, and bring significant assets and/or key labour market skills. It is possible that the reported low income rates for some in this group may reflect that they are in the process of establishing their business and are not yet generating significant income. As such, the low income rates for immigrants arriving 2011-16 may be overstated.
- Low-income rates among non-permanent residents were even higher, at 46.5 percent or 620 of 1,335. Within this group, those aged 18-24 have especially high rates below LICO-AT, with 285 of 340 or 84



percent below LICO in 2015. Those aged 25 to 54 also had high rates of low income, with 39 percent or 255 of 660 below LICO-AT. The rate among children aged 0-17 were somewhat lower at 29 percent, and the rates among the relatively small number of those aged 55 and over were very low.

These factors – the high rate of low income among recent immigrants, the very high rates of recent immigration, and the concentration of newcomers in the Charlottetown area – play a role in the fluctuating low income rates outline above, as well as the geographical differences discussed later in this section.

Census data on rates of low income under the Market Basket Measure are not available for the immigrant/non-immigrant population.

## PRESENCE OF DISABILITY

The Census does not gather information on presence of disability, and national surveys on the income of persons with disabilities are only carried out periodically and do not always provide provincial level information. A Statistics Canada study, “Low Income among Persons with Disabilities,” released in August 2017, on Canadians aged 25 to 64, indicated that the following.

- Approximately one Canadian in five in this age group had a disability in 2014. Just over 12 percent had a physical-sensory disability, 2.6 percent had a mental-cognitive disability, and 5.7 percent had a combination of the two.
- Persons with disabilities are more likely to be in low income: 23 percent were below the Low Income Measure After Tax (LIM-AT), compared to 8.6 percent of Canadians without a disability.
- The type of disability affected the likelihood of being in low income. Persons aged 25 to 64 with a mental-cognitive disability or combined disabilities were more at risk of living in low income than those with a physical-sensory disability:
  - In 2014, 17 percent of those who had a physical-sensory disability were in low income. Among those who had this type of disability, 12 percent of those with a "mild" disability were in low income, compared with 24 percent among those who had a more severe disability.
  - The low income rates were higher for those who had a mental-cognitive disability (27 percent) and for those who had combined disabilities (35 percent). In these two groups, the rates did not differ significantly based on the severity of the disability.

Data from the *2012 Canadian Survey on Disability* indicate that half of adult Islanders with a disability had incomes below \$20,000 in 2012, compared to just over one-third of Islanders without disabilities. The reverse was true for incomes over \$30,000, accounting for less than one-third of persons with disabilities, and almost one-half of Islanders without disabilities. Between these extremes, the remaining one-fifth fell into the \$20,000-\$30,000 income group, regardless of disability.

According to the Conference Board of Canada’s *How Canada Performs* index...

- In 2012 the average disposable income of persons with disabilities was 72 percent of that of persons



without disabilities. Prince Edward Island's rate was slightly better, at 73 percent.

- Employment plays a key role in this outcome: nationally, about half of persons with disabilities aged 15 to 64 are employed, compared to three-quarters of those without disabilities. Again, PEI's rates are slightly better, in fourth place just behind the three prairie provinces. Nonetheless, in this age group, in 2012:
  - 59 percent of Islanders with disabilities participated in the labour force, versus 84 percent of Islanders without disabilities;
  - 51 percent of Islanders with disabilities were employed, versus 75 percent of Islanders without disabilities.

## GEOGRAPHY

As discussed earlier in this document, the Low Income Cut-Offs are set at substantially lower levels in rural areas and Summerside than in Charlottetown, whereas the Market Basket Measure levels are fairly similar across the three categories and the LIM is identical. As a result, the LICO shows much lower rates of low income in rural Prince Edward Island than do the other two measures. This should be taken into account in interpreting the findings below.

The regions examined are the two urban "Census Agglomerations" or CA's. Each CA includes its city, plus the surrounding areas where at least half the residents work in Charlottetown. The Charlottetown CA is very large, including 67,820 people or 49 percent of the Island's population. The Summerside CA is much smaller, at 16,210 people or 11.6 percent of the population. The remaining areas are more rural in nature, and have a population of 55,655 or 40 percent of the total.

Under the LICO-AT, rates of low income vary significantly between urban and rural areas, with the highest rates and the largest number of people in low income living in the Charlottetown CA. Summerside CA rates below LICO-AT are slightly below the provincial average while rates in rural PEI are well below average.

- The Charlottetown CA accounts for 49 percent of the provincial population — but 69 percent of the population below the LICO-AT in 2015: 6,605 people out of a total of 8,735. In the Summerside CA, with 11.6 percent of PEI's population, 940 or 10.8 percent of the provincial total were below LICO-AT. Islanders living outside the two urban areas have the most positive situation, accounting for 40 percent of the population but only 20 percent of those below LICO-AT, at 1,730 people.
- These patterns are reflected in the rates: around the provincial rate of 6.3 percent, Charlottetown's rate below LICO stands at 9%, Summerside's at 5.8 percent, and areas outside the two cities at 3.1 percent.
- In addition to the difference in urban and rural LICO levels, this outcome is a result of two factors:
  - the Charlottetown area has a high number and share of people in population groups particularly likely to be in low income; and
  - within some of those groups, those living in Charlottetown are more likely to be in low income than their counterparts outside the Charlottetown area.

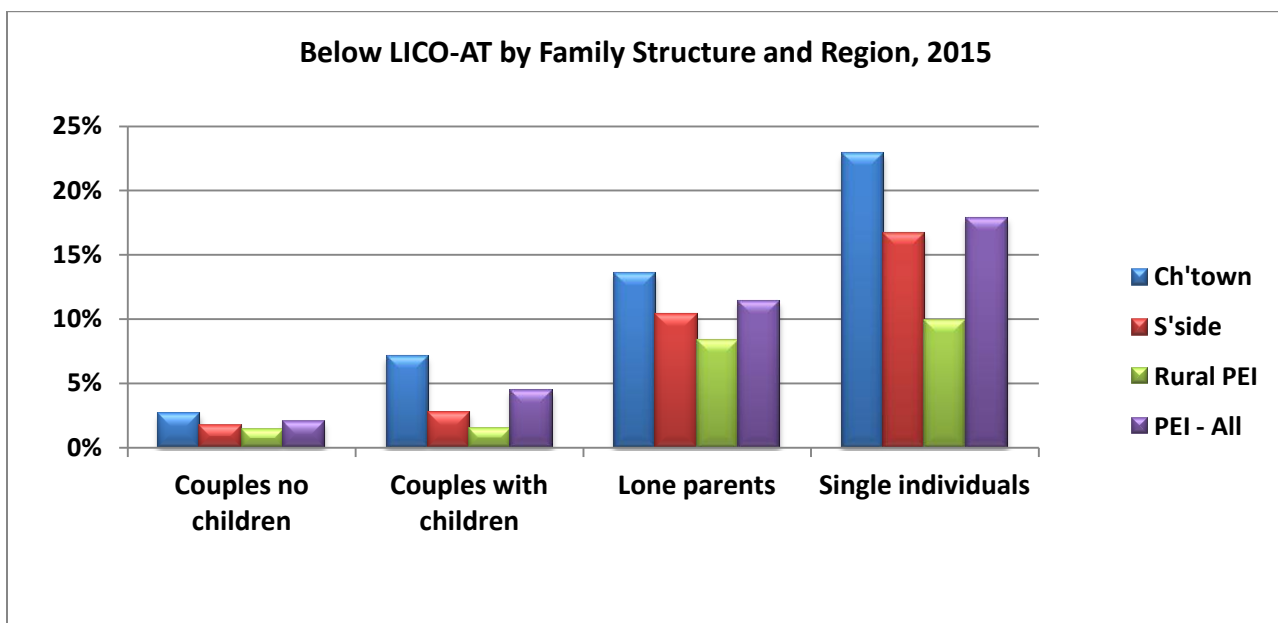




- This pattern of Charlottetown LICO-AT rates being one-and-a half times Summerside’s rate and triple the rural rate held true for most age groups, with two exceptions.
  - Among youth aged 18-24, in Charlottetown, 17.8 percent of this group were below LICO-AT in 2015, compared to 8.4 percent of Summerside youth and 3.3 percent of rural youth. By the numbers, out of a total of 1,380 youth below LICO-AT, 1,140 or 83 percent were in the Charlottetown CA, 100 or 7 percent were in the Summerside CA, and 140 or 10 percent were outside these urban areas. This reflects, in part, the large number of youth in Charlottetown who are students and hence working only part-year and/or part-time.
  - For the 55-64 age group, rates were lower in Charlottetown, at 7.4 percent then in Summerside, at 8 percent. This age group also had the highest rates of low income in rural PEI, at 4.4 percent.

With regard to family structure, differences in regional rates varied by type of household.

- Couple economic families in Charlottetown were far more likely to be below LICO-AT, at 4.8 percent, than in Summerside (2.2 percent) or rural Prince Edward Island (1.3 percent). The rates diverged even more for couple families with children aged 0-17, ranging from 7.1 percent in Charlottetown to 1.5 percent in rural areas.
- Lone parents had higher rates of low income overall as noted above, at 11.1 percent below LICO-AT, but more consistency by region. Rates ranged from 13.9 percent in Charlottetown to 8.4 percent in rural areas.
- Single individuals had the highest rate below LICO-AT, at 17.9 percent, and were in the middle in terms of variations among regions – ranging from 22.9 percent in Charlottetown to 16.7 percent in Summerside and 9.9 percent in rural areas.



With regard to Aboriginal Islanders who are First Nations, excluding those living on reserves, 14.1 percent or



190 out of 1,350 were below LICO-AT in 2015. Regionally, 115 of the 735 residing in Charlottetown were below LICO-AT, for a rate of 15.6 percent. In Summerside, although overall numbers were low, rates were very high, at 50 out of 140 or a rate of 36 percent below LICO-AT. In rural areas, rates were lowest, at 25 out of 475 or just over 5 percent below LICO-AT.

With regard to immigrants, as noted above, low income is concentrated among those arriving between 2011 and 2016, and the non-permanent category. In turn, these groups are overwhelmingly located in the Charlottetown CA. Of the 2,515 immigrants and non-permanent residents below LICO-AT in 2015, 2,315 or 92 percent were in the Charlottetown CA.

A further 70 lived in Summerside, and 130 lived in rural areas. While immigrants living outside Charlottetown had rates of low income only slightly higher than non-immigrant Islanders, a different pattern existed among non-permanent residents in rural PEI, of whom 60 or 27% were below the LICO-AT.

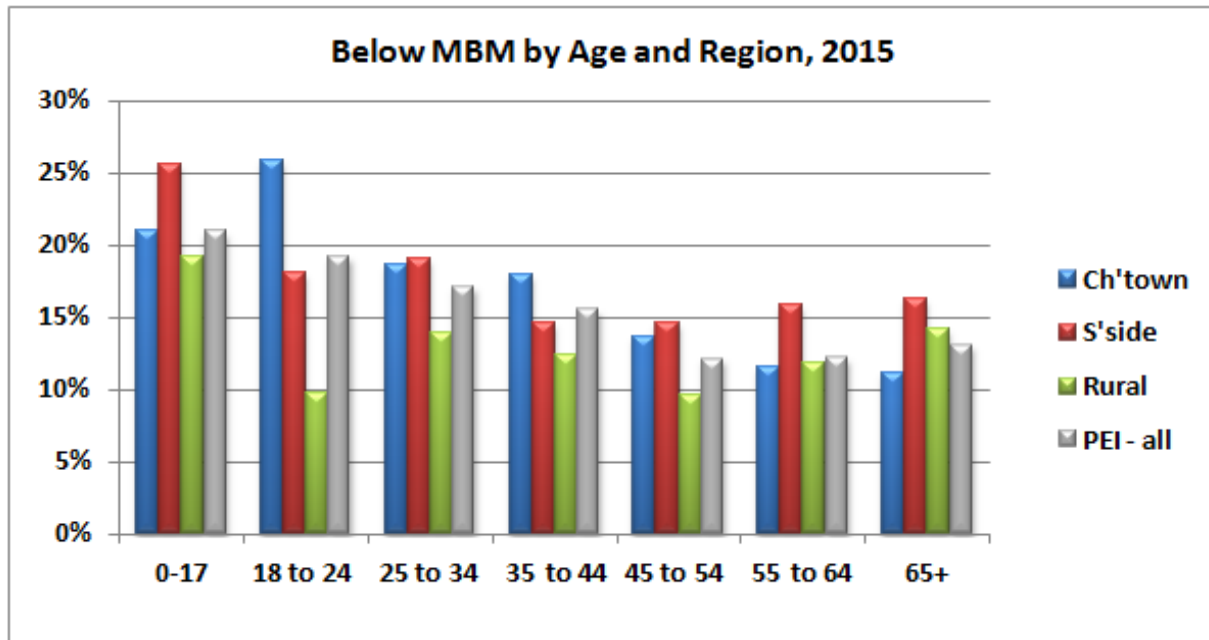
Analysis of regional differences among those below the Market Basket Measure or MBM offers additional insights. As noted above, MBM ceilings are fairly similar across the province and in fact are highest in Summerside. As well, those ceilings are well above the LICO-AT, especially in Summerside and rural areas. As such, analysis of this rate provides information about the number of Islanders in moderately low income, that is, with incomes higher than LICO but lower than MBM. It also provides insights into their distribution across Prince Edward Island using similar yardsticks.

Compared to the provincial rate of 15.6 percent or 21,710 Islanders below MBM in 2015:

- in the Charlottetown CA, 11,300 residents or 16.7 percent were below MBM;
- in the Summerside CA, 2,940 residents or 18.1 percent were below MBM; and
- in rural PEI, 7,470 residents or 13.5 percent were below MBM.

By age, Charlottetown's rates below MBM were lower than Summerside's for children aged 0-17 and for those aged over 45. On the other hand, Summerside's rates were well below Charlottetown's for youth aged 18-24. Rates were similar in the two cities for the 25-44 age brackets.

Rural Prince Edward Island's rates below MBM were only slightly lower than Charlottetown's for children aged 0-17, but significantly lower than the cities for all other age groups except seniors. Among seniors, 11 percent were below MBM in Charlottetown, 14 percent in the rural areas, and 16 percent in Summerside.



By gender, as noted earlier, compared to a provincial rate of 15.6 percent below MBM, the rate for males was 14.8 percent and the rate for females was 16.4 percent. These differences were concentrated outside the Charlottetown CA:

- in the Charlottetown CA, rates by gender were similar, at an overall rate of 16.7 percent, comprised of 16.4 percent for males and 17 percent for females;
- in the Summerside CA, rates by gender diverged, at an overall rate of 18.1 percent, comprised of 15.5 percent for males and 20.5 percent for females; and
- Rural Prince Edward Island had the lowest overall rate, at 13.5 percent below MBM, with some gender disparity: a rate of 12.6 percent for males and 14.4 percent for females.

By family structure, rates below MBM showed a similar pattern to age, with rates for both families and singles highest in Summerside, slightly lower in Charlottetown, and lowest in rural areas;

- within the family category with children aged 0-17, couple families were most likely to be below MBM in the Charlottetown CA (11 percent);
- male lone parents were most likely to be below MBM in rural Prince Edward Island (51 percent); and
- female lone parents were most likely to be below MBM in Summerside (61.6 percent).

These patterns were strongest among families with children aged 0-5.