

Background:

1. Introduce tax breaks for lower and middle income earners in PEI and create a more equitable tax system for all Islanders.

PEI's tax brackets are antiquated, having not been updated since 2008. A Green Government would make changes to PEI's tax system to make it fairer for Islanders and in particular would:

- Raise the low-income tax reduction threshold from \$20,000 to \$25,000 over 4 years,
- Create additional tax brackets to better tax high incomes; and
- Index tax brackets to inflation to protect against bracket creep and keep more money in the pockets of Islanders.

2. Create a refundable tax credit for lower- and middle-income workers to complement the Canada Workers Benefit. This will help 32,000 Islanders.

To provide targeted tax relief to lower- and middle-income Island workers earning income between \$30,000 and \$50,000, we would create a refundable tax credit at a cost of \$8 million per year in Y1, with increased investment in subsequent years. The tax credit would be designed with a sliding scale so lower-income workers would receive a larger benefit. The average benefit would be approximately \$250.

3. Immediately increase the minimum wage to \$15.20 to ensure our minimum wage keeps pace with inflation, and increase the minimum wage by at least \$1 per year thereafter until it reaches a living wage.

A living wage was estimated a few years ago at around \$19-\$20 an hour. With recent inflation this is likely now around \$21-\$22 per hour.

Raising the minimum wage by \$1 per year would be much more rapid than increases in recent years. It would likely be well ahead of inflation, thus closing the gap more every year. We would aim to have minimum wage catch up to the living wage in about 5 years.

One of their main challenges of minimum wage increases for businesses is that they have little time to adjust and plan for their labour costs. Currently, government gives businesses approximately 6 months notice for minimum wage increases. Having a clear plan on what minimum wage increases will be coming over the next several years will provide much more predictability for businesses and allow them to plan ahead for how they will meet their labour costs.

4. Create a basic income pilot, as recommended by the Special Committee on Poverty in PEI. Strongly advocate for financial support from the federal government to create a full universal basic income.

The Special Committee on Poverty recommended in its [2020 final report](#)

That in the event that the federal government is not supportive of a full program, the Government of Prince Edward Island initiate the development and implementation of a Basic Income Guarantee Pilot for Prince Edward Island.

It further recommended that a pilot include approximately 3,000 to 4,200 people and cost that option at \$20M to \$26.5M. Allowing for the significant inflation that has occurred since then, this would now be up to \$30M. However, work since the Special Committee's report has found ways to significantly reduce the cost of a basic income program. A national working group will soon be publishing a detailed proposal for a universal guaranteed basic income for PEI that will outline these cost reductions. (Green candidate Trish Altass was part of this working group.)

5. Increase social assistance rates and index them to inflation.

Government must ensure that all Islanders are able to live in dignity and afford their basic needs. Social assistance rates are not indexed to inflation which can cause social assistance receipts to fall behind every year. This is especially true in times of high inflation. Making sure Islanders are housed and fed means better outcomes for healthcare, education, and our economy.