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**A Search for a Measure of the Quality of
Life on Prince Edward Island: An
Inter-Provincial ‘Cost of Living’ Inquiry**

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Provincial Government of Prince Edward Island

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for

Dr Michael Mayne, Deputy Minister
Department of Innovation and Advanced Learning
Provincial Government of Prince Edward Island
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31 July 2008

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Attn: Dr. Michael Mayne, Deputy Minister
Department of Innovation and Advanced Learning
Provincial Government of Prince Edward Island
Charlottetown, Canada

31 July 2008

Subject: *A Search for a Measure of the Quality of Life on Prince Edward Island:
An Inter-Provincial 'Cost of Living' Inquiry*

Dear Dr Mayne:

Thank you for this opportunity to investigate the relative cost of living and quality of life on Prince Edward Island (PEI). We appreciate the latitude which we were offered to explore this complex issue, enjoyed the challenge of conducting our research, and we are pleased to present our findings herewith in this report. We also went somewhat beyond our brief to present some interesting insights that apply specifically to Charlottetown.

As co-authors of this study, we probably offer a unique perspective on island life. This is perhaps especially true of PEI, an island with which we each hold personal, vested interests, and, moreover, an island offering relatively discernable assets, liabilities, and value propositions. There are several facets of PEI's value proposition, however, over which we often disagree: where Baldacchino may find assets and opportunities, Funk more often than not finds problems and liabilities; this source of constructive disagreement has proven to be especially fruitful in this study, however, as it has in other discourses. Our often opposing positions have helped us craft what we suggest is an even-keeled analysis. We will discuss the layout of this document after making a statement of our case.

Our investigation into the economic value proposition and the search for a meaningful measurement for the quality of life on PEI is divided into five primary sections: Following an Overview in Section I, each of the following three sections critically investigates and discusses a particular measurement methodology. Section II offers a brief consideration of the most elementary measurement, which we appreciate for its simplicity, but question its ultimate utility. Section III delivers the heart of our project, a descriptive picture of the relative costs-of-living across Canada. Section IV briefly addresses a few limitations to the analysis in Section III, especially as they relate to issues of sustainable development on/for PEI. Section V proposes a different area of inquiry in relation to the provincial capital, Charlottetown. We also consider and suggest a strategy for further investigations.

I: OVERVIEW - Competing and Contradictory Noises

We often encounter anecdotal assertions from a wide-variety of individuals who claim that the one thing they love most about PEI is the relatively low cost of living.

A UPEI economics professor commented in an Op-Ed piece in *The Guardian*, during the 2006 UPEI faculty strike, urging fellow professors to accept lower wages *because the cost of living of PEI is so low*.

When Dr Albert Adegbembo, Senior Dental Health Consultant on PEI, was interviewed about his move to PEI in 2007, he argued: “[Y]our money goes further here. Car insurance and housing are considerably cheaper.” (Riley, 2008).

The entry on a local real estate agent’s website, posted by islander J.P. Robison on January 6, 2008, states:

According to the Canadian Real Estate Association (CREA), the average price of a home on Prince Edward Island in 2006 was \$125,430. In 2007, the average price rose to \$132,400. ... CREA anticipates the average price of homes on Prince Edward Island to rise by 5.1% to 139,200 next year. When you consider the national average cost of a residential home is expected to reach \$322,700 in 2008, *one has to appreciate the relatively low cost of living on this beautiful island*.¹

When prospective employees of Charlottetown’s Trapeze Animation studio review their website², they discover that “the cost of living [on PEI] is 30% less than in Ontario.”

Yet, the assumption that the cost of living on PEI is low is not held universally. We report verbatim from a study that one of us undertook amongst recent settlers to PEI (Baldacchino, 2006a). This particular set of 320 respondents may be trusted to have made some calculations as to whether to choose to come to, and stay on, PEI. Many of these respondents claim that wages on PEI are generally lower than (most of) the rest of the country; while the cost of living and taxes (sales, corporate *and* income) are arguably higher. Provincial taxes on income in the province are almost twice as much as they are in Ontario. Mortgage arrears in Atlantic Canada, at 0.39% of total portfolio, are also the highest in the country (CIBC Household Credit Analysis, 2008). However, most respondents agree that housing, property and/or real estate are generally more affordable on PEI than elsewhere in Canada:

¹ http://www.century21.ca/jp.robison/Blog/The_average_price_for_a_home_on_PEI . Italics are ours.

² <http://animation.trapeze.com/studio/about-charlottetown/>.

There is a misconception about the cost of living. While it is true that to buy a home is cheaper than in other provinces, to maintain that home is very expensive. Heating and electricity costs are outrageous, and often double a mortgage payment during the winter months. In addition, the high cost of fuel combined with the limited public transportation make it very difficult for someone new to PEI to get around, find a job they can get to and afford to begin a life here. (Respondent #049).

High Taxes, poor wages compared to other provinces. (Respondent #119).

Low salary with rather high cost of living. High tax rate. (Respondent #131).

I would say the main problem is the lack of decent paying jobs. Anyone with any education can easily go to Ontario, BC, Alberta, etc. and find jobs that pay much more for basically the same work. Also the idea that PEI has a lower cost of living is pretty much an untruth. The fact is that the only thing cheaper on PEI is real estate. Food, electricity, heating, rent, insurance are all the same or more expensive than BC for instance and real estate is not far behind these days. People will generally go where the money and jobs are and that is unfortunately not PEI. (Respondent #135).

A house may be cheap, but the cost of living is high, especially if you make only minimum wage. (Respondent #138).

There is a high tax level (after living in Alberta). (Respondent #148).

Every time I would have a job interview, I would always hear the comment that the cost of living down here is less than Ontario. I know for a fact that this is not true. The only things down here that are less expensive are car insurance and if you want to purchase a house. But the later has also changed in the last few years. The cost of real estate keeps going up. The cost of everything else is either equal or greater than the price in Ontario. (Respondent #150).

Combating the erroneous perceptions of the tax situation in Canada would be a good first step. Canada's taxes support a fair and accessible health care system for all its population, provide a social system that seeks to assure that everyone has at least a minimum level of resources with which to live, etc. The true "value" of the taxes we pay should be a drumbeat in marketing PEI (and Canada generally) to immigrants of other industrialized nations. The affordability of land and housing

on PEI, in comparison with other similar scenic retirement areas, is a sort of an open secret. Waterfront locations in the Eastern U.S., for example, are multiples more expensive. (Respondent #156).

The much-touted "lower cost of living" is dulled by much higher taxes in many cases. The slightly lower cost of living doesn't come close to making up for the dramatically lower pay rates. (Respondent #165).

Everything is more expensive here. (Respondent #181).

The taxes, such as PST tax on top of GST tax is ridiculous plus an outrageous provincial tax of 10%. Provincial income tax is higher here than the rest of Canada. (Respondent #184).

Pay scales are lower and expenses are higher. (Respondent #187).

Even when one considers the relative affordability of housing, pay rates are poor when compared to other Canadian centres. (Respondent #241).

Bien que certaines choses sont moins chères à l'Île (les loyers entre autres), d'autres sont tout aussi dispendieuses qu'à Montréal (épicerie, restaurants, essence, etc) et donc ça a fait très mal au compte de banque. (Respondent #311).

Le niveau de taxation est très élevé à l'Î.-P.-É. ... un taux de taxation (impôts) 2 fois plus élevé qu'en Ontario (environ 33% du taux fédéral en Ontario et environ 65% à l'Île). Thus, if your federal income tax bill is \$5,000, then your Provincial (PEI) Income Tax would be about \$3,250 (65% of \$5,000). In Ontario, the provincial portion would be about \$1,600 (33% of \$5,000). (Respondent #319).

We regularly encounter individuals who despair that the cost of living on PEI is extremely high – and often members from these divided high-cost/low-cost camps list the same factors for their conclusions! Of course they cannot both be right... *Or can they?* In short, although they cannot both be right at the same time, given the same *calculation*, there are differing formulations from which each may be right and the other, wrong. Thus, the root of discrepancy can often be located in the premise that different people – especially people from significantly differentiated demographic or income groups – value (and thus calculate) 'cost of living' using different elements.

Three straight-forward findings in Section III below indicate that **the cost of living on**

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 higher³.

II: CONSUMER PRICE INDEX

If one asks people at large about their conception of the cost-of-living, experience suggests that most will begin to describe and detail costs which more or less correlate to the Consumer Price Index (CPI): CPI figures for June 2008 and for comparable months are provided below (Table 1)⁴. **The CPI for PEI is currently higher than for every other province in Canada, with the exception of Alberta.**

	June 2008	May 2008	June 2007	May to June 2008	June 2007 to June 2008
NL	115.4	114.5	111.9	0.8	3.1
PE	119.5	118.9	114.1	0.5	4.7
NS	117.8	117.1	113.0	0.6	4.2
NB	114.5	113.9	112.1	0.5	2.1
QC	114.1	113.6	110.7	0.4	3.1
ON	114.2	113.6	111.1	0.5	2.8
MB	114.4	113.5	111.7	0.8	2.4
SK	117.0	116.2	113.1	0.7	3.4
AB	124.0	122.2	118.8	1.5	4.4
BC	113.6	112.8	110.3	0.7	3.0
Whitehorse	114.6	113.6	109.7	0.9	4.5
Yellowknife	116.6	115.7	111.6	0.8	4.5
Iqaluit	110.5	109.8	108.0	0.6	2.3

³ For example, the value of exports of goods and services from PEI increased by 17% (by \$335million) over 2000-2007; while the value of imports of goods and services increased by 29% (by \$759million) both in annualized dollars. *Source:* Statistics Canada Table 384-0002- CANSIM Database. *Also:* PEI Annual Statistical Review, 2007, p. 62.

⁴ Table 1: Consumer Price Index by Province, and for Whitehorse, Yellowknife & Iqaluit (2002=100). *Source:* Statistics Canada Release. <http://www.statcan.ca/Daily/English/080723/d080723a.htm>

Highlights of a recent (May 2008) CPI report identify some of the forces behind this situation (emphasis ours):

Consumer prices rose 2.2% in May 2008, compared with May 2007, up from the 1.7% increase reported in April, as drivers faced significant increases in gasoline prices. ... Prices for fuel oil and other fuels, which are products derived from crude oil, rose 49.3% in May compared with May 2007: the fastest increase since March 2003. ... Several components put downward pressure on the rate of growth in consumer prices. For example, the price to purchase and lease vehicles declined 8.1% between May 2007 and May 2008. ... **Consumers in Prince Edward Island faced the fastest increase in prices** [by province, in Canada] between May 2007 and May 2008. Prices rose 4.1% in the province during that period, a sharp increase from the 12-month change of 2.6% posted in April. Rising energy prices contributed substantially to the 1.5 percentage-point acceleration in Prince Edward Island. This growth was due mainly to upward pressure from fuel oil, gasoline and electricity prices.

And again, in the CPI report of June 2008:

Among the provinces, **Prince Edward Island (+4.7%)** and Alberta (+4.4%) experienced the **most substantial increases** in consumer prices, driven mainly by upward pressure from energy components.

Indeed, for May 2008, the consumer price index of 118.9 on Prince Edward Island is overtaken only by Alberta with an index of 122.2. As few would be surprised to note, based upon the methodology deployed in Section III, the cost of living in Alberta is actually the second *lowest* (to British Columbia) in Canada.

Statistics Canada (1996) suggests that the CPI is rather tightly correlated with the cost-of-living, encouraging us to “think of the CPI as a measure of the percentage change over time in the average cost of a large basket of goods and services,” and that “consumers can compare movements in the CPI to changes in their personal income to monitor and evaluate changes in their financial situation” .

Yet, are such assertions true? The problem is that *other variables*, such as the ability to *pay* for that basket of goods, are *also* changing and *also* vary considerably from province to province. Moreover, as we begin to peel back the layers of this considerable onion, there are other, more significant, variables involved, some of which are extraordinarily difficult to quantify.

True, the CPI may prove somewhat useful for certain, limited demographics – such as retirees and others on fixed incomes (including lottery winners). But for the *Average Canadian Household* (hereafter ACH), as we will see, the CPI offers limited utility. True, the CPI offers a piece of useful data; but this is only the tip of an enigmatic iceberg.

First, one needs to review what happens when economic growth, employment growth, unemployment rates, personal income growth, retail sales, and housing starts are contemplated in light of the CPI. The *RBC Economics Provincial Outlook* analyzes all these inputs, and had this to say recently about the economic health of the province:

Prince Edward Island's economic growth is forecast to slow to the low-to-mid one per cent range for 2008 and 1.6 per cent in 2009, as stiff economic headwinds blow on key industrial sectors, including tourism, according to the latest provincial forecast released today by RBC.

The 100th anniversary celebrations of the publication of 'Anne of Green Gables' are facing some tough challenges from the strong Canadian dollar, record-high gasoline prices and a weak U.S. economy," said Craig Wright, senior vice-president and chief economist, RBC. "These factors threaten to pour cold water on the economic impact of the event and, more generally, the province's all-important tourism sector.

With only Canadian travellers sustaining growth in visits to the Island recently, the sharp rise in gasoline prices since the spring might well keep even domestic visitors closer to home this year. Nevertheless, the province's economy should continue to benefit from work on infrastructure projects, as well as steady growth in employment (RBC News, 2008).

And so, although we have begun to paint a more detailed picture of the economic landscape, the *RBC Economics Provincial Outlook* is better suited to inform the business community, rather than the ACH.

III. COST OF LIVING

As noted in our proposal, we assess mean levels of Canadian household financial health by province for 2008. Comparative provincial financial health reports are being generated on the basis of 2008 estimated household average (1) disposable income; (2) expenditures; (3) liquid assets; (4) liabilities; and (5) home equity.

The most useful analysis for the ACH may be discovered, and further derived, primarily, from the extraordinarily detailed, valuable, and relevant Revenue Canada, Pitney Bowes MapInfo, Strategic Projections, Inc., and Statistics Canada data collated and published annually by the *Financial Post* (FP). Although these annual projections span several decades, a recent methodological change offers 2006, 2007, and 2008 projections as the most ideal candidates for year-to-year comparative analysis (FP, 2008, p. 5). A careful mining and sifting through FP's tremendous data-set reveals a valuable, singular measure of provincial costs-of-living: *Discretionary Income*. The 2008 discretionary income (hereafter DI) year-end projections are the following:

PE: \$13,778.00	NS: \$14,442.00	NB: \$14,481.00	NL: \$13,563.00
ON: \$20,066.00	MB: \$16,754.00	SK: \$17,481.00	AB: \$19,249.00
	BC: \$17,090.00	QC: \$14,306.00	

Indeed, we are beginning to paint a more comprehensive portrait of the quality of life for the ACH. Given DI alone, the ACH may infer that the costs of living on PEI are the second highest in Canada by province, with costs being higher only in the province of Newfoundland and Labrador (NL). But, referring back to the CPI figures for 2007 and 2008 in Section II, one may recall that PEI's discretionary dollars do not buy nearly as much as equivalent discretionary dollars in NL. Thus, the ACH may validly conclude that **the costs of living on PEI are higher than in any other province in Canada**.

We also note that there is one other, singular and valuable benchmark for the ACH: *Provincial arrears rates*. One could certainly argue that these rates are even more reliable and demonstrative than DI, since this measure reflects the number of ACHs unable to meet debt obligations in each province. However, since federal transfer payments often distort this number to the point of meaninglessness (so, for example, if PEI farmers are given federal aid, the arrears rate lowers) we prefer DI. It is worth noting, however, that even though PEI receives over 30% of its income through federal aid, *both* its cost of living *and*, in general, arrears rates (such as credit cards, mortgages, car payments) remained the highest in the country (CIBC, 2008).

Returning to the validity and usefulness of DI, however, we find it to be a widely representative and a pertinent tool for our analysis. Yet, in our quest to derive an even more robust figure, we expanded our search. FP also offers annual provincial household figures for total liquid assets and total liabilities, which help to smoothen and eliminate

annual aberrations (outliers) by bringing a long-term orientation to the equation (that is, atypically, annual DI values will not radically impact ACH balance sheet positions since the latter are the results of decades of economic performance, and not of any single or even several years). But there is one balance sheet entry, one other crucial piece of data, that FP has not published consistently: this is data pertaining to fluctuations in *average residential home values*. As the most significant investment the ACH makes, this data represented an essential input we brought in to conduct our third and final valuation in this section, and which may represent the most detailed, most representative portrait of provincial household financial health. Adding home appreciation to liquid net worth (LNW) gives us *total net worth* (TNW).

This, our third, and final valuation, brings PEI up two places from last to 8th (of the 10 provinces analyzed). See [Table 2](#) (.xls spreadsheet on page 12).

Meanwhile, our optimism, for all its worth, remains tempered. As we noted from the CPI figures and analysis in Section I, rapidly rising fuel costs are taking their toll on the ACH on PEI. Relatively speaking, over the following years, and all things being equal, we anticipate that this problem will continue to affect PEI households more severely than households in other provinces, as **PEI remains one of the very few provinces without municipal natural gas pipelines**, and the only province that does not have this municipal service on the near horizon. While some laudable initiatives and investments in alternative energy (such as wind) have been made, the dependence of the province on fossil fuels remains alarmingly significant.

**Table 2 - Provincial Financial Health for the Average
Canadian Household (2008) ¹**

	(1)	(2)	(3)	(LNW) = (1) + (2) - (3)	
	Discretionary Income ²	Liquid Assets ³	Liabilities	Liquid Net Worth	Ranking
PEI	13778	112704	57808	68674	8
NL	13563	76830	49445	40948	10
NS	14442	131646	66831	79257	7
NB	14481	100356	51025	63812	9
QC	14306	139424	58388	95342	6
AB	19249	193881	97799	115331	5
BC	17090	217711	112655	122146	4
SK	17481	177081	52677	141885	2
MB	16754	175599	56769	135584	3
ON	20066	243465	96576	166955	1

	(5)	(6)	(7) = (6) - (5)	(8) = (LNW) + (7)	(6)	(TNW) = (6) + (8)	
	2007 Home Value ⁴	Est. 2008 Value	Home Appreciation	Financial Health	Home Value	Total Net Worth	Ranking
PEI	132400	139200	6800	75474	139200	214674	8
NL	144444	149900	5456	46404	149900	196304	10
NS	184800	198600	13800	93057	198600	291657	7
NB	136300	142100	5800	69612	142100	211712	9
QC	207100	219700	12600	107942	219700	327642	4
AB	355600	379000	23400	138731	379000	517731	2
BC	429700	454200	24500	146646	454200	600846	1
SK	155000	163600	8600	150485	163600	314085	6
MB	167100	180000	12900	148484	180000	328484	5
ON	302300	316700	14400	181355	316700	498055	3

¹ All household economic data based on FP Markets 2008 and Canadian Demographics data.

² Household Income left after federal and provincial taxes, statutory deductions and necessities as part of the Discretionary Income Product

³ Interest bearing Investments per Household, plus Equity Investments per Household

⁴ Real estate valuations based on current Canadian Real Estate Ass'n, MLS residential data & 2008 year-end forecasts

IV. QUALITY OF LIFE?

Although we have produced a portrait of the contemporary financial health of the ACH, does it in fact reflect, or even faintly resemble, the ACH's *quality of life*?

What about the 'costs' of crime? What about the benefits derived from higher instances of "other-regarding" behaviours and quiet island life? Is it possible to place a value on the sounds of songbirds or the psychological costs associated with the noise pollution produced by rush-hour traffic? Police sirens? Gunshots? What about homicides? The psychological costs associated with a seamless visual stream of billboards, neon lights, and ubiquitous flat-screen televisions which beg for conspicuous consumption? How valuable is the water table? Water quality? Could we derive a measure for the costs associated with a probability function of contracting gastrointestinal cancer from a tainted water source? The costs and negative externalities – especially as they pertain to an island like PEI – associated with motor vehicle fatalities? What about air quality? Are there costs associated with federal transfer payment dependence?⁵ Is it possible that the negative costs associated with receiving these transfer payments could actually outweigh the benefits?⁶ Are their benefits to relative sustenance independence? Are there economic and biological benefits associated with relative insularity (Funk, 2008)?

There is also an economic dimension to policy governance and democratic practice on the Island. Simpson (2007) argues that three components account for the 'costs' of running PEI:

The first is the omnipresence of government – a condition that can't be avoided given the size of the jurisdiction and its constitutional obligations. The second is reliance on substantial financial transfers from the federal government to operate. The third is the ratio of short-term, seasonal and part-time employment to year-round employment and the overall low wage structure...

⁵ The motto of Prince Edward Island - *Parva sub ingenti*, "the small under the protection of the great" - is a bitterly paradoxical expression of the Island's status as a 'have not' province still dependent on others for survival, first as a colony under British rule and then as a somewhat reluctant new province of Canada. "The goal of greater self-sufficiency and self-reliance [for PEI] remains as elusive as ever" (Baldacchino *et al.* 1998, p 175).

⁶ The perverse effects attributed to the welfare state can be interpreted from a strictly behavioural perspective. If people overestimate the magnitude of immediate benefits relative to more distant ones, they will tend to under-invest. Making their present more liveable with cash gifts amplifies this tendency. (Beaulier & Caplan, 2007, p. 487).

Various analytical tools and methodologies, such as the Human Development Index⁷, Mercer's *Quality of Life Surveys*⁸ and The Economist Magazine *World's Most Liveable Cities List*⁹, address some of these complex factors to varying degrees. A problem with these rankings is that Charlottetown is too small population-wise to feature on any.

Moreover, different individuals do privilege aspects of their quality of life differently along the course of their life cycle. And what does the term 'Quality of Life' mean? A recent 2007 study of residents in Tyne Valley, PEI, found that 20-39-year olds assign top priority to "friends and family" (26.6%) followed by "community" (17.0%) and "safety" (11.7%); whereas those aged 60 years and over in the same locality placed "community" first (28.8%); followed by "friends and family" (16.6%) and then "access to services" (12.1%) (Quality of Island Life Coop, 2007). These are nevertheless some of the key indicators of what 'quality of life' may mean to different age cohorts of Islanders.

Context analysis is one technique that can be used to sift through large amounts of textual data, and systematically identify key properties such as the frequency of keywords most used. One such exercise deployed in relation to the 2006 study of 320 recent immigrants to PEI (Baldacchino, 2007, p. 7), reveals that the most commonly used words by recent immigrants in describing the positive 'selling points', or pull factors, to PEI tend to gravitate around **family, children, people and community**; with some appreciation for the **affordability of housing and property**. In this respect, and comparing these results with those from the Tyne Valley indicative study, the suggestion is that the immigrants' broad interpretation of 'quality of life' tends to somewhat match that held by Islanders.

Finally, would it be prudent or even plausible to attempt to evaluate "happiness" ? Happiness is generally considered an ultimate goal of life. The United States Declaration of Independence of 1776 takes it as a self-evident truth that the "pursuit of happiness" is an "unalienable right" , comparable to life and liberty. It follows that economics is - or should be - about individual happiness; in particular, how economic

⁷ The Human Development Index - is a composite index that measures a country's average achievements in health (measured by life expectancy at birth), knowledge (measured by a combination of the adult literacy rate and combined primary, secondary, and tertiary gross enrolment ratio); and standard of living (measured by GDP per capita at PPP US\$) (UNDP, 2008).

⁸ According to Mercer's 2008 *Quality of Living Survey*. Zurich retains its 2007 title as the highest ranked city. Vancouver is No. 4. Other highly ranked Canadian cities are: Toronto (15th) Ottawa (19th) and Montreal (22nd). The survey also identified cities with high personal safety ranking. Calgary, Montreal, Ottawa, Toronto and Vancouver are ranked jointly at No. 22 (City Mayors Environment, 2008).

⁹ On this list, Vancouver is on top in 2008, with Toronto in 5th place and Calgary in 7th.

growth, unemployment and inflation, and institutional factors such as governance affect individual well-being. The complex and elusive properties of happiness and independence remain inherently difficult to quantify (Frey & Stutzer, 2000).

V. QUALITY OF LIFE IN CHARLOTTETOWN?

We were not expected, nor were we planning, to carry out any investigation into the 'quality of life' in/of the provincial capital of Charlottetown *per se*. However, this Census Agglomeration, with its 58,625 residents (Statistics Canada, 2006), has some distinct characteristics that may be worth identifying in this study. The place of residence of some 43% of the island province's population, the greater Charlottetown area has the largest proportionate concentration of residents by province. While the provincial population is essentially stable (zero growth), that of Charlottetown is growing at 6.5%. It has attracted 53% of immigrants that settled in the province (2001 Census data). While the registered unemployment rate in 2005 was 10.9% in Prince Edward Island, it was 7.8% in Charlottetown.

The town has been described as a unique settlement:

It is a combination of downtown chic baroque residences, a university town (the University of Prince Edward Island, the Island's only University, has its campus here), a provincial capital (federal and provincial departments; Lieutenant-Governor's office, apart from a city with a municipal council); and the site of the bulk of the administrative and civic infrastructure befitting a provincial jurisdiction (including an airport, cruise ship passenger terminal, arts centre, hospital, churches, court house, movie theatres, shopping malls, gyms, swimming pools, farmers' market, technical college and ... a public transit system) – all within an atmosphere that is distinctly rural, intimate and laid back. No other city in Canada comes close. (Baldacchino, 2006b, p. 108).

What we do *not* have in Charlottetown are any significant banking institutions. This may turn out to be a blessing: had there been a significant finance industry on PEI, its bankers and financiers would otherwise compete for limited real estate, especially in Charlottetown. This would push up the price of residential real-estate, which, as has been noted in this and other reports, is a household's most typical significant investment. In the absence of the financial class, upper-middle class wage earners - doctors, lawyers, teachers, professors, federal and provincial government employees ... may find living in Charlottetown attractive *and* affordable. The price of residential property remains a significant draw for actual and potential residents of the province, and especially of its capital.

Some very interesting insights about the city can be additionally gleaned from a 2006 study that sought to explore the relationship between the 'creative class' (Florida, 2002) and economic development in Atlantic Canada. The study (Barrieau & Savoie, 2006) looked closely at Charlottetown, and made some spectacular observations. These include:

Charlottetown has relatively high proportions of both university-educated individuals and professional artists. **“Charlottetown, along with Guelph, posted somewhat surprising results by outperforming several large urban centres in both categories”**. This data is a valuable indicator for both the talent and bohemian indices.

Using a combination of Florida's creative occupations list and Statistic Canada's knowledge economy occupations category, one can take stock of Atlantic Canada's creative class and determine its weight relative to the overall labour force. Nationally, 24.3% of the labour force was employed in a creative class occupation. **“Within Atlantic Canada, Charlottetown [with St. John's and Halifax] surpassed the Canadian average”**.

Halifax had a high percentage of university graduates in Canada, ranking 5th overall at 22.6%. **Charlottetown [along with St. John's] also ranked above the national average**, with 18.1% of the respective '20 years and over' age group having at least a bachelor's degree.

And, especially:

Almost 7 Canadians per 1,000 declared being an artistic professional in 2001. Interestingly, it also shows that three out of the four Atlantic urban centres figure prominently at the top of the bohemian index ranking. Halifax led the Atlantic region with 7.6 artists per 1,000 residents. **“Charlottetown, despite being the least populated urban centre in our sampling [ranked 45th in the country] was not far behind at 6.9. The Island capital is the only small city to appear near the top of the ranking”**. ... In real terms, the number of artistic professionals can be broken down as follows: 1,180 in St. John's, 405 in Charlottetown, 2,735 in Halifax, and 540 in Moncton.

In sharp contrast to the rest of Canada, municipalities in Atlantic Canada dedicate very little of their total expenditures to culture. This result may be partly explained by the lower rate of urbanization in the region, as well as the small size and limited financial capacity of municipalities. Despite these

limitations, Atlantic Canada's major urban centres (Halifax, **Charlottetown** and St. John's in particular) **rank favourably in terms of creative capacity**.

The summative conclusion of these indicators – indicative though they may be - is that, while Charlottetown is *not* a multicultural city (with very few foreign-born residents) and has no significant technology intensive employment, it nevertheless has some very powerful attractions to well educated, middle class residents: affordable housing, a concentration of diverse graduate residents, and a concentration of diverse artists (with some overlap between the latter two categories). Should these be aspects of the 'quality of life' that such individuals or households are looking for, then Charlottetown may fit their bill... even though it might mean that their money travels less than in other parts of the country.

VI. CONCLUSION

We present this report with a view to open up a broader dialogue regarding the possibility of alternative and complementary explorations of the quality of life on PEI. Indeed, this topic is presently bubbling over on PEI: one merely needs to glance at the long, emotionally-charged chains of contributions which annotated *The Guardian*'s coverage of the fish kills over the summer of 2008 to see how the issue of Quality-of-Life and the various "costs" associated with living on 'our Island' shape mainstream dialogues. We hope that our investigation of the cost of living and the quality of life on PEI is useful, and we look forward to discussing this and/or any other topics of interest.

ABBREVIATIONS & DEFINITIONS

ACH An **Average Canadian Household** refers to a person or group of persons (other than foreign residents), who occupy the same dwelling and do not have a usual place of residence elsewhere in Canada. It may consist of a family group (consensus family) with or without other nonfamily persons, of two or more families sharing a dwelling, of a group of unrelated persons, or of one person living alone. For census purposes, every person is a member of one and only one household. Unless otherwise specified, all household data in this publication are for private households only (FP 2008, p. 589).

CPI The **Consumer Price Index** (CPI) is a measure of the rate of price change for goods and services bought by Canadian consumers. It is the most widely used indicator of price changes in Canada. The Canadian CPI began with a study conducted by the Department of Labour in the early 1900' s. The study was based on a hypothetical family budget that represented weekly expenditures of an urban working class family of five. Retail prices of 29 food items and five fuel and lighting items were collected in approximately 60 cities. In addition, information was obtained on the rent for a representative worker' s dwelling. Since then, the CPI has grown in comprehensiveness and detail to keep pace with increases in its use. The CPI is defined, more precisely, as an indicator of the changes in consumer prices experienced by Canadians. It is obtained by comparing, through time, the cost of a fixed basket of commodities purchased by Canadian consumers in a particular year. Since the basket contains commodities of unchanging or equivalent quantity and quality, the index reflects only pure price movements (Canada, 1996, p 1).

DI **Discretionary Income** refers to the household income that is left after federal and provincial taxes, statutory deductions and other necessities have been met. MapInfo Canada has defined the following “necessities” as part of its Discretionary Income product: food, housing (only principal accommodation expenditures, utilities, maintenance, and property taxes), transportation (less airline fares), apparel (less jewellery) and health care expenditures (FP, 2008, p 588.)

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APPENDIX I – ORIGINAL PROJECT PROPOSAL

Measuring the Quality of Life: An Inter-Provincial 'Cost of Living' Inquiry

By

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1. Project Rationale

Can one come up with the 'hard science' to show that part of the enviable 'quality of life' in certain provinces in Canada has to do with the differential 'purchasing power' of their residents? Although the mean level of earnings/income per annum is lower/higher in certain provinces than others, (and such mean earnings may be lower in the rural areas than in the urban ones), yet expenditures and overall costs of consumption may be lower/higher. Various persons think they are; and various others think they aren't, and neither party appears (so far) to have come up with systematic statistics to back their position or refute the alternative: usage of data is sketchy, anecdotal and fragmented, at best. Thus, by way of example, lot or property purchases and rents, gas bills, professional services, and University tuition costs on Prince Edward Island are presumably amongst the lowest, if not the lowest, in the country. But so are average wages. Moreover, the cost of food, white goods, as well as the levels of provincial taxation, is presumably higher. The fuel/gas bill has also been getting increasingly higher these past couple of years. This very focused study will come up with a measure of the cost of living, or 'household financial health', and use this to compare the state of affairs in the various provinces of Canada.

2. Method

Statistics Canada produces annual and monthly consumer price index (CPI) calculations. However, further analysis is required before consumers are able to ascertain the true costs of living – that is, relative to income, assets and liabilities. This project will assess mean levels of Canadian household financial health by province for 2008. Both national and comparative provincial financial health reports will be generated on the basis of 2008 estimated household average (1) disposable income; (2) expenditures; (3) liquid assets; (4) liabilities; and (5) home equity.

3. Outcome

The outcome of such a study would need to be prepared to withstand strong criticism, irrespective of its outcome. It should use official and the latest statistics exclusively, if possible. Comparable data must be defined in the same way to ensure validity and reliability. While time and target group specific, the outcome of such a study will help dispel, or confirm, myths or what remain as uncorroborated perceptions, that PEI is an overall more/less expensive province to live in.

Thank You

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