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# Poverty Costs 2.0: Investing in Albertans

A Blueprint for  
Reducing Poverty  
in Alberta

Vibrant Communities  
Calgary and  
Action to End Poverty  
in Alberta

June 2013



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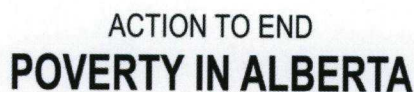
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# Foreword

The Government of Alberta has committed to developing a poverty reduction strategy that will end child poverty within 5 years and reduce overall poverty within 10 years. This promise forms a key initiative in realizing the Government's recently released Social Policy Framework. Alberta has been without a clear plan to reduce poverty and will be the eighth of ten provinces to implement such a strategy. This means that there is ample evidence and precedent for what it takes to truly reduce poverty. Alberta will be able to gauge what has worked and what has not worked elsewhere and use this information to create a made-in-Alberta plan.

*Poverty Costs 2.0: Investing in Albertans* is a follow-up report to the work presented in *Poverty Costs: An Economic Case for a Preventative Poverty Reduction Strategy in Alberta* (2012). Indeed the final chapter of the first Poverty Costs report outlines in a broad way, the kinds of policy driven components a comprehensive strategy to reduce poverty in Alberta would require. Sherri Torjman, an eminent social policy expert, has identified 10 "poverty policy" areas where provincial/territorial governments can create or improve upon existing policies and legislation with a view to preventing and reducing poverty. *Poverty Costs 2.0* groups these 10 policy areas into four overarching categories: sustenance, adaptation, engagement and opportunity.

*Poverty Costs 2.0* has benefitted from the input of numerous Albertans engaged in front-line service delivery, policy development and work in academic settings. Seventeen contributors have provided a brief synopsis on an area of poverty policy and included specific recommendations which if implemented would improve the lives of people living on low incomes. We believe the recommendations shared here, reflect the social policy goals and strategic directions recently articulated in Alberta's Social Policy Framework.

This report goes beyond policy and recommends systems for implementing, monitoring and evaluating the provincial poverty reduction strategy. It proposes the use of two deprivation indices in addition to a poverty line measured through income testing. This report also provides support for a community or place-based approach to poverty reduction. Communities play a large role in poverty reduction. Communities understand their own make-up and can provide a vision of the social infrastructure and human capital, among other areas, necessary to help people move out of poverty. In particular, it draws from the work

on shared spaces and community driven development put forward by the Caledon Institute of Social Policy and the Tamarack Institute for Community Engagement. We believe that a place-based approach to designing and implementing a poverty reduction strategy offers the best hope of long-term success. We have sought to modify these models to fit the Alberta context. Community-based approaches also recognize the value of balancing prevention and intervention which is a policy shift outlined by the Government of Alberta in the Social Policy Framework.

This report will hopefully be used as a conversation starter for discussions about what comprehensive poverty reduction policy in Alberta must address, the structures necessary to support this work and some of the challenges that will need to be overcome along the way. The original Poverty Costs report found that yearly external costs of perpetuating poverty resulted in \$7.1 - \$9.5 Billion dollars being spent with no plan on how this unsustainable expenditure would be reduced. *Poverty Costs 2.0* lays out that plan. Still unaddressed however is a clear estimate of how much a comprehensive and integrated poverty policy driven poverty reduction plan will cost. A report in British Columbia estimated the cost of a provincial poverty reduction strategy was approximately 50% less than the status quo approach - alleviating the effects of poverty rather than addressing the root causes.<sup>1</sup> The next piece of research necessary to move this work forward, and engender even greater political will for key investments to reduce poverty across Alberta, should focus on costing out the policy recommendations contained in this report.

The policy recommendations combined with the monitoring and evaluation mechanisms suggested in this report are tools we can use to reduce poverty in Alberta. Through the use of these tools we can work towards eliminating poverty. Together we can create a province where everyone lives with dignity and engages meaningfully in their community.

- Joe Ceci, Action to End Poverty in Alberta



# Section I

# A Blueprint for Reducing Poverty in Alberta

## Introduction

Interest in reducing poverty in Alberta is the highest it has been in over three decades. Albertans have come to recognize that boom and bust cycles, growing levels of household debt and the increase in precarious and low-wage jobs put many at risk of falling into poverty. Albertans know that people living in or near poverty place extra demands on public services and budgets. Poverty is costing \$7.1 - \$9.5 Billion dollars per year.<sup>2</sup> In 2009, this meant that Alberta lost approximately 4% of the province's GDP. In these tough economic times it makes sense for the Government to invest in a poverty reduction strategy.

This report argues that the key to staying the course in poverty reduction is sharing Alberta's great abundance through long-term steady social investments. A fair distribution of our vast wealth will help ensure both the transition out of poverty and stable attachment to the labour market for many Albertans receiving income supports. It will also provide greater income security and opportunities for advancement for those who are working poor.

The Government of Alberta has been listening. The Premier has committed to eliminating child poverty within five years and reducing overall poverty within ten years. Meeting these targets and timelines will require a comprehensive, coherent and integrated set of policies that focuses on: sustenance (*basic needs*); adaptation (*social and human capital development*); engagement (*removing barriers to participation in work and social life*); and opportunity (*creation of good jobs, labour market integration and asset-building*). To support the Government's efforts, we have developed recommendations in each of these policy areas. Our blueprint is based on a set of goals, values, principles and a vision inspired by the many thoughtful contributions to Alberta's Social Policy Framework.

"Poverty is... the lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life. Poverty in its various forms represents a barrier to communication and access to services as well as a major health risk."

- United Nations World Summit on Social Development, 1995



## Goals

Albertans want a poverty reduction strategy that addresses the whole story of poverty. It was abundantly clear during each of the three phases of development of Alberta's Social Policy Framework, that Albertans want to balance **intervention** and **prevention**.

Although there are many definitions and approaches to prevention, a consistent theme is "being proactive and taking action early before a problem can become established." This means "strengthening the abilities of individuals, families and communities to cope with crises and building upon the personal attributes and skills that are required to ensure healthy lifestyles, especially for those at risk."<sup>3</sup>

Prevention:

- Starts early before a crisis occurs
- Is proactive, intentional and assertive
- Focuses on strengthening the positive conditions that are known to contribute to the well-being of children, families and communities
- Builds upon the personal attributes and skills that are required to ensure healthy lifestyles, especially for those at risk

Balancing intervention and prevention requires focusing on four specific goals.<sup>4</sup> These include:

- Improved human health and well-being
- Enhanced self-sufficiency
- Greater social inclusion
- Greater equity of outcome

Basic needs are basic human rights

## Vision

During Alberta's Social Policy Framework consultation process, Albertans sent a clear message to the government about their vision of society. Albertans want to live in a society where everyone belongs and everyone is included. This needs to be acknowledged and embedded within the provincial poverty reduction strategy. This vision of social change entails creating:

- Vibrant communities
- Engaged citizens
- Collaborative partnerships
- A poverty-free society

Albertans want to create vibrant communities that are caring, prosperous and sustainable. This requires that citizens and governments learn from each other and work together. The basis for a collaborative society is active and engaged citizens realizing a concrete outcome - ending poverty.

Creating this vision means ensuring that each person has what is needed to fulfill his or her potential. This includes:

- Sustenance
- Adaptation
- Engagement
- Opportunity

For Albertans, a strong, vibrant and inclusive society begins with ensuring **sustenance**. Sustenance is concerned with the **basic needs of living** in a competitive and wealthy society, which includes decent and affordable housing, liveable incomes and income security. The mental, physical and emotional health and well-being of poor and marginalized Albertans can be significantly improved by taking action to ensure that heat, electricity and water, nutritious food, clothing, housing, public transportation and recreation are affordable.

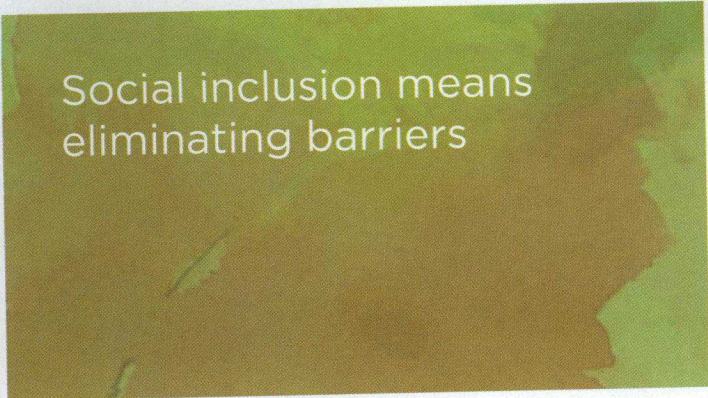


Thriving in a complex and continually changing global economy requires the ability to adapt and to contend with tough pressures. **Adaptation** is concerned with **early childhood intervention** and building supportive family and community networks. Greater self-reliance in adulthood begins with positive development in early childhood. Universal access to stimulating social, recreational and artistic opportunities, language development, and especially to affordable high-quality child care and pre-school learning centres will better prepare young Albertans for the future. Programs and services that support parenting, encourage literacy, high school completion and life-long learning will strengthen all families. Building strong ties outside the family to our neighbourhoods and communities will ensure a more resilient population.



The pathway to resilience  
begins in childhood

Active and meaningful participation in society is about **engagement**. Engagement is concerned with **empowerment**. All Albertans have the right to be involved with the political and economic decisions that shape their lives and the lives of their families and communities. All Albertans have the right to cultural expression.

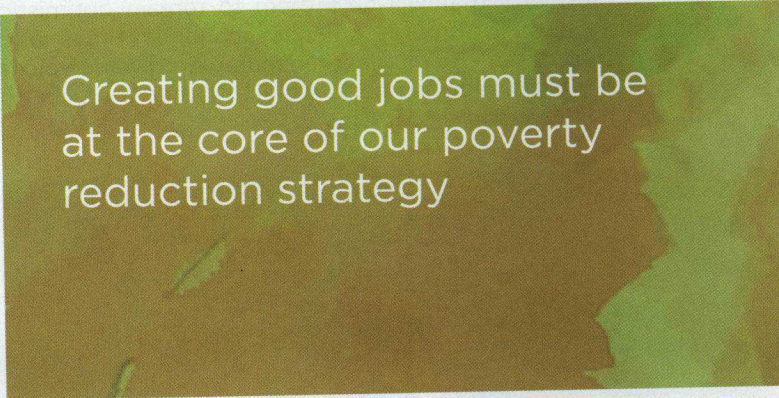


Social inclusion means  
eliminating barriers

Achieving the shared goal of greater social inclusion depends upon the removal of barriers, which in turn means providing supports for youths, newcomers, Indigenous Peoples, women, racialized groups and ethnic minorities, those who are disabled and those who have been incarcerated. It means ensuring - regardless of income - that everyone can express their cultural identities and heritages.

Reducing poverty means taking serious action to optimize **opportunity**. Opportunity is concerned with **regulating economic activities**. Albertans want to achieve the shared goal of a more equal society. Albertans want a fair distribution of our wealth. This depends upon three things: improving labour market integration, supporting asset-building and creating good jobs.

Recent labour market restructuring demands that the Government provide more comprehensive supports for women entering non-traditional trades, for training and re-skilling programs, matching skills to labour shortages and faster recognition of foreign credentials. Helping individuals build financial literacy and assets is now necessary to foster long-term economic self-sufficiency.



Creating good jobs must be  
at the core of our poverty  
reduction strategy



## Values

A provincial poverty reduction strategy must reflect the values that Albertans cherish. Residents of Alberta are hard working and self-sacrificing. Albertans are deeply committed to the well-being and health of their neighbourhoods and communities. The values that many Albertans share include:

- Diversity
- Fairness
- Community involvement
- Cooperation

Many Albertans believe that the Government needs to be sensitive to the “whole person” as a member of: a family; a racial, ethnic, religious and gendered group; a neighbourhood; and a broader community. Based on Alberta’s Social Policy Framework, we know that Albertans believe that everyone, regardless of origin, deserves to be treated fairly and should have the opportunity to thrive and prosper. Many Albertans also believe that communities are the best places for people to learn new skills, to develop talents and find the kind of supports that will help them to remain optimistic and independent through difficult economic times and unexpected crises. Helping and encouraging diverse voices and local networks to lead and work together is crucial to tackling difficult social problems.

It is time for all Albertans to  
share in the abundance

## Principles

A provincial poverty reduction strategy must be guided by principles that support the values, goals and vision of Albertans. It must also reflect an understanding of the complexity of poverty with many causes that often leads to marginalization. A provincial poverty reduction strategy therefore needs to reflect the following principles:

- Equity
- Inclusion
- Dignity
- Respect
- Responsibility

Although Albertans have inherently different abilities, talents and ambitions, we are equal in our humanity. Achieving a poverty-free Alberta requires that we take responsibility for each other. Everyone has the right to be treated with dignity, respect and without prejudice. Everyone has the right to participate in their communities and the decisions that affect their lives. Everyone has the right to develop healthy social relations and to prosper in ways that are meaningful and that strengthen the individual, family and community.



# Section II

## Why Is There Poverty In Alberta?

### Who Is Poor?

Albertans live in the wealthiest province in Canada. Over the past twenty-five years, we have led all provinces and territories in economic growth and now have the highest average income in the country.<sup>5</sup> Yet we also have the highest level of income inequality and those who are poor in Alberta are further behind than in any other province in the country.<sup>6</sup>

**Figure 2.1 Income ratio of the richest 1% to average income, per province<sup>7</sup>**



Poverty in Alberta is real. There are more Albertans living in or near poverty than our society should tolerate, more than our economy can afford, and far more than existing programs and services can cope with.<sup>8</sup> Its persistence, at a time when the majority of Albertans enjoy the highest standard of living in Canada, is unacceptable.

Even through economic good times, poverty in Alberta has stubbornly remained around 12% positioning us towards the middle of the pack in Canada and only slightly below the Canadian average of 12.5%.<sup>9</sup>

Too many families in Alberta have been marginalized by poverty. 25,990 two-parent families, representing 6.8% of our population with children under the age of 18, live in poverty. The poverty rate among female-headed lone-parent families is considerably worse at 33.4%.

A staggering 11.3% of children in Alberta live in poverty. This means that there are 91,000 children under the age of 18 living below the poverty line. 53% of these, or 48,200 children, are under the age of six.<sup>10</sup>

The reality of poverty is significantly greater for newcomers, persons with disabilities, Indigenous Peoples and those with low educational attainment.

Women living in poverty are especially vulnerable. They face additional barriers as part of further marginalized groups, including Indigenous women, women of colour, immigrant and refugee women, single mothers, lesbian women, women who have been incarcerated and women living with disabilities. Women also struggle with greater financial challenges<sup>11</sup>:

- Women in Alberta earn only 68 cents for every dollar men earn
- Women make up 70% of all part-time workers and 66% of all minimum wage workers in Alberta
- Women use health services more than men
- The threat of male violence can result in higher rates of homelessness



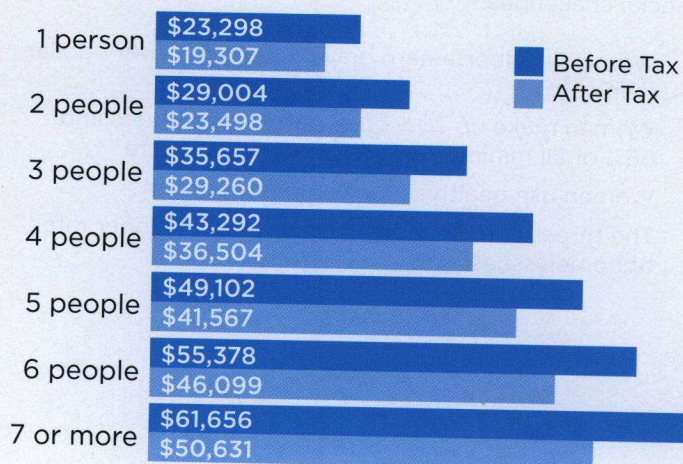
# Why is Working Not Enough?

We need to dispel two myths about the poor: first that the poor do not want to work because they are lazy; and second, that the poor are mostly on welfare. In fact, the majority of people who receive social assistance are *permanently* outside the workforce. They are the severely physically and mentally disabled and mothers who are lone heads of households caring for infants (and these latter usually only receive benefits for short periods of time). These myths about poverty neglect the very considerable group whose poverty is not associated with an absence of earnings, but with *insufficiency* of earnings. The majority of people who are poor in Alberta are working full-time, full-year.

Working poverty can be defined in a number of ways. A useful definition, originating in Ontario (see Table 2.1),<sup>12</sup> could similarly be utilized in Alberta.

Table 2.1	
Someone qualifies as working poor if she / he:	
Has an after-tax income below the Low Income Measure (LIM);	
Has earnings of at least \$3,000 a year;	
Is between the ages of 18 and 64;	
Is not a student; and	
Lives independantly.	

**Figure 2.2 Low Income Cut-Offs (2011) - Census Metropolitan Areas (CMAs) of 500,000 individuals or more**



An Albertan earning the minimum wage of \$9.75/hour, working 40 hours per week and 50 weeks per year earns \$19,500 before taxes, which is \$2,633 **below** the Low Income Cut-Off (before tax) for an individual living in a city (see Figure 2.2).<sup>13, 14, 15</sup>

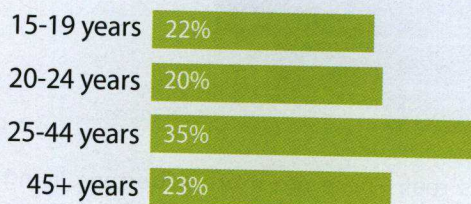
The average annual earnings of a person working full-time for minimum wage in Calgary is \$69,990 **less** than the median income and \$68,430 **less** than the total median income in Edmonton (see Figure 2.3).<sup>16</sup> The situation is worse for disadvantaged groups working full-time, full-year for low wages. Many live at or below the poverty line and in some cases, represent more than double the provincial average (see Figure 2.4).<sup>17</sup>

Most Albertans who reflect on this and compare it to their situation will agree that living standards at or just above the poverty line are likely to be modest indeed.

**Figure 2.3 Median Income (2010)**



**Figure 2.4 Albertans earning \$15 per hour or less (2011)**





# What are the Key Characteristics of Working Poor?

Working poor are likely to:

- Live in large urban centres;
- Have slightly lower educational attainment;
- Work in the service sector; and,
- Belong to one or more of the following: Indigenous Peoples, newcomers, disabled and lone mothers.

## Levels of employment

Working poor tend to work a similar number of hours per year and a similar number of weeks per year to the average Albertan, however, as in Ontario, working poor more often have more than one job.<sup>18</sup>

## More sales and services occupations

Alberta has a significantly larger number of people working in sales and service than in any other employment sector. In Alberta, on average, people working in this sector earned 35% or \$9.82 less per hour than the average hourly wage.<sup>19</sup>

## More core-age workers among working poor

The widespread assumption that youths comprise the majority of those who are working poor is inaccurate. Working poor are over-represented among the core-age group when compared to the total low-income rate among the working-age population. The percentage of working poor individuals between the ages of 25 and 44 earning less than \$15 per hour is 35% as compared to 6.5% of the total working-age population in Alberta.

## More marginalized groups among working poor

In Alberta, lone mothers, newcomers, Indigenous Peoples and the disabled are disproportionately represented among working poor. Taken as an average, 18.3% of off-reserve Indigenous Peoples, lone mothers, newcomers and persons with disabilities are among working poor compared to 6.5% of the total working-age population.

## Levels of education

In Alberta there is a strong correlation between employment earnings and education. Those with post-secondary degrees have higher labour market participation rates and hourly wages compared with those who have only a high school diploma or less. 22.3% of off-reserve Indigenous Peoples have less than a high school diploma compared with 12.3% of Albertans. Reflecting this correlation between education and employment rates, unemployment rates among off-reserve Indigenous Peoples is twice that of all Albertans; 11.1% and 5.5%, respectively.<sup>20</sup> Levels of education and employment show similar characteristics for all vulnerable groups as well as Albertans generally.

The persistence of poverty in Alberta means that poverty is a deeply-rooted and complex problem, and one that requires a comprehensive, coherent and integrated set of policy solutions. The cost of doing nothing is well known. The recommendations proposed here reflect our shared goals and values. Only by acting on these recommendations now, is the Government likely to meet its commitment to end child poverty within five years and reduce overall poverty in ten years.

The vast majority of poor people in Alberta are working full-time, full-year and often more than one job



# Section III

## A Vibrant Action Plan To End Poverty In Alberta

We recognize that poverty is a complex issue requiring a thoughtful, comprehensive and interlinking set of policy responses to successfully reduce - and ideally - eliminate poverty.

A strong provincial poverty reduction strategy must respond to the fundamental policy areas that comprise the building blocks of a poverty reduction strategy. These include:

**Sustenance** - ensuring that all Albertans live with dignity. This requires that the basic needs of life such as adequate income supports, clothing, food, transportation, utilities, housing and liveable wages are provided.

**Adaptation** - ensuring that all Albertans develop the resilience necessary to weather unexpected crises and can take advantage of new opportunities. This requires a focus on early intervention and encouraging and supporting life-long learning.

**Engagement** - ensuring that all Albertans have the opportunity to participate in the decisions that affect their lives and to build healthy relationships with their families and communities.

**Opportunity** - ensuring that all Albertans have meaningful employment, that marginalized groups are supported in the labour market, and that low-income persons have the opportunity to build assets to sustain themselves during difficult economic and personal times.

“We are committed to a political, economic, ethical and spiritual vision for social development that is based on human dignity, human rights, equality, respect, peace, democracy, mutual responsibility and cooperation, and full respect for the various religious and ethical values and cultural backgrounds of people.”

- United Nations World Summit on Social Development, 1995



# Alberta's MLA Committee to Review Low-Income Programs

In 2001 the Alberta MLA Committee to Review Low-Income Programs conducted a comprehensive review of the province's income supports system and identified a number of serious problems:

- Benefit levels were neither sufficient nor indexed to the cost of living.
- Government programs and services did not adequately encourage and support people able to work to meet their full employment potential.
- Government programs and services were overly complex and insufficiently responsive to the diverse and unique circumstances and needs of low-income Albertans.
- Information about programs was often not available from a single source and eligibility criteria were difficult to understand.
- Government departments as well as non-governmental organizations, such as non-profit agencies, were not necessarily working together. As a result, programs and services were neither coordinated nor aligned.<sup>21</sup>
- Income supports and benefits adjusted with increased independence – as employment earnings increase, income supports and benefits decline; income and benefits outside the support system exceed those within.
- Local cost differences recognized – shelter adjustments for high-cost areas, for those receiving income support (e.g. SFI), and for low-income working Albertans.
- For Albertans able to work, added incentives to encourage their labour force participation and self-sufficiency.
- A more comprehensive, integrated approach with a broader reach. ie. Extend specific benefits to working-poor families, including Income Support, the adult health benefit, and employment and skills training.<sup>23</sup>

The MLA Committee recommended some fundamental changes in the way programs and services for low-income Albertans are structured and delivered. Some of the central elements of their proposed changes included "one consolidated low-income program; flexible, equitable and responsive support levels and benefits; new incentives for employment; extending benefits to low-income working Albertans; and "one-window" access for clients."<sup>22</sup> The Committee recommended reforms that included the following:

- Create a single, consolidated income support program of reduced complexity, which is flexible and has a single entry point for clients.
- A building-block approach – program benefits and supports customized to the needs of individuals and families.
- New supports and portable benefits for people eligible for the department's programs, as well as for those who were not. An expanded array of supports would be available to low-income Albertans, who were often working, to help maximize their employment participation and opportunities.
- Assign each community one of five Market Basket Measures and adjust the income support benefit accordingly.

**"Current benefit levels do not meet the needs of many Albertans who rely on income supports"**

- MLA Committee to Review Low-Income Programs, November 2001

The Government's response to these recommendations was modest. Health benefits were extended to include employable singles and childless couples who left income support for employment; a \$100 shelter benefit was introduced; income supports were increased very modestly across the board and there were changes to the Alberta Family Employment Tax Credit program that allowed more low-income families to benefit from a refundable tax credit. The income support rate was raised again in 2008. Put otherwise, the Alberta Works program has failed to remain current.



# Sustenance: A Foundation for Improved Health and Well-Being

Sustenance is concerned with the basic needs of living in a competitive and wealthy society

## Alberta Works

Alberta Works funds and administers two Income Support programs. They are: Expected to Work and Barriers to Full-Employment. Alberta Works also offers an emergency assistance program and assistance for Learners.

Those eligible for benefits under the Expected to Work program receive a core essential benefit, a shelter benefit, and, a supplementary benefit (where applicable). The core essential benefit ranges from \$583 per month for a single person to \$1,240 per month for a two-parent family with three children under the age of 12. The core shelter benefit is for rent, mortgage, utilities, heating, telephone, municipal taxes, condo fees and damage deposit. The core shelter benefit amount varies depending on a person's housing situation, but for most single renters it is \$100 per month. A person may also be eligible for a supplementary benefit for unexpected or unusual needs, but it is time limited and infrequently available. The emergency allowance is offered in exceptional circumstances and as a one-time payment and usually for those escaping abuse.

In addition to the benefits offered by these programs, modest subsidies are available for low-income Albertans requiring addiction treatment, child care, medical supplies, local and limited transportation, school allowance, foods for special diets and assistance with utilities. Earnings exemptions are \$230 per month for a single person with a 25% claw back on additional earnings; \$115 per month for couples with a 25% clawback on additional earnings for each of the couple; and \$230 per month for a single parent with a 25% clawback on additional earnings. Recipients are eligible for free health care, dental and vision care, and some pharmaceuticals.

Those accessing this program may retain personal liquid assets of \$5,000 plus a house of any value and up to

\$10,000 equity in vehicles. Further, there are no deductions to benefits individuals and families receive from provincial programs such as Canada Child Tax Benefit, Universal Child Care Benefits, Goods and Services Tax (GST) credits, Alberta Family Employment Tax Credit, and the Working Income Tax Benefit. In summary, under the Alberta Works Expected to Work program, a single recipient can receive benefits of as little as \$7,248 per year. This is \$12,059 below the poverty line (LICO after tax). Even if a single person is eligible to claim the full suite of benefits, she/he would still be living at 50% below the poverty line in Alberta.<sup>24</sup>

Those eligible for the province's Barriers to Full Employment program are also entitled to a core essential benefit, a core shelter benefit as well as a continuous needs benefit. The income support range for each of these benefits is marginally higher than that for recipients of the Expected to Work program, especially for those households with children. This program also provides higher benefit levels for health and mobility supports.

Income Support benefits are meager when the actual cost of goods and services is considered.

Assured Income for the Severely Handicapped (AISH) is another provincial income support program, but one that exists outside the structure of Alberta Works. In 2012, the benefit rate for AISH recipients was raised from \$1,188 to \$1,588 per month and the employment income exemptions doubled from \$400 to \$800 per month for singles and from \$975 to \$1,950 for families. AISH also provides a monthly modified living allowance consisting of a personal allowance and an accommodation rate to assist clients living in a facility. The accommodation allowance may be as high as \$1,700 per month and is paid directly to the care centre. The personal spending allowance is \$315 per month and is paid directly to the recipient.



For low-income Albertans, the monthly household cost of food can be as much as 32% of the monthly household budget.

These benefit rates are meager when the actual cost of food, clothing, utilities, rent, transportation and recreation are taken into account.

**The Cost of Utilities** - Regulated residential natural gas and electricity yearly costs in 2011 were estimated at \$427.45 and \$932.62 respectively. Other residential household costs may include: (1) Digital cable TV \$26.00 upwards/month (2) Phone \$30.00 upwards/month (3) Water \$40.00 upwards/month and (4) High speed Internet \$30.00 upwards/month.<sup>25</sup>

**Food Security** - In Alberta's largest city the cost to feed a family of four is \$784 per month. The monthly household cost of food should not exceed 15% of the household budget. But for low-income Albertans, it can cost as much as 32% of the monthly household budget.<sup>26</sup> In March 2012, 53,512 Albertans accessed the food bank. Children, single parent families, First Nations, Inuit and Métis, and social assistance recipients were most likely to use food banks.<sup>27</sup> One half of the households assisted by local food banks receive the majority of their income from social assistance programs.

**Clothing** - In 2011 Albertans on average spent \$3,926 on clothing and accessories.<sup>28</sup> The average cost of a pair of jeans in Alberta is \$45 - \$75 and a pair of shoes costs between \$80 - \$120. Most low-income Albertans cannot afford to purchase new clothing or suitable work attire.

**Child Care** - The cost of child care in Alberta ranges from \$950 - \$1,200 per child per month. The Government provides a child care subsidy to parents in need that ranges from \$200 - \$650 per month depending on the age of the child, and the type of care the child receives. On April 1st, 2012, the Government took a positive step and increased the income threshold for the child care subsidy from \$35,000 to \$50,000 per household.

**Transportation** - Albertans spend on average \$13,465 per year on personal vehicle transportation. Many low-income families do not have access to or cannot afford to maintain a personal vehicle and therefore must rely on public transit. In 2013, the average cost of public transportation in Alberta is \$2.58 per ride and \$62.60 for a monthly pass.<sup>29</sup> Public and affordable transportation in rural areas is especially difficult.

**Recreation** - Participating in community activities and in arts, cultural and sporting programs is an important component for strengthening social skills and enhancing personal and community well-being. In 2011, Albertans spent on average \$4,680 per person on recreation. The high cost of recreation means that it is often unavailable to low and modest income Albertans.

The conclusions of the MLA Committee Review were a positive step and promised a new foundation for strengthening the income security of all low-income Albertans. Unfortunately, the lack of follow-through has seriously limited the ability of many low-income Albertans to move out of poverty over the last decade. It is essential that the Government begin with recommendations proposed by the MLA Committee and update them where needed to reflect the current economic and social context. Our recommendations build on those proposed by the MLA Committee.

## Recommendations

- Follow-through on the MLA Committee recommendations for restructuring the social assistance system.
- Increase the benefit rates for social assistance recipients to within 10% of the poverty line for all family types by 2023 and index benefit rates to the cost of living.
- Provide all social assistance recipients with a monthly food allowance of up to \$100 per person.
- Provide all social assistance recipients and households with an annual school clothing allowance of \$250 per child under the age of 18 years and an annual winter clothing allowance of \$250 per person.
- Increase earnings exemptions for Alberta Works recipients to match those provided to AISH recipients.
- Introduce an Alberta Child Benefit for low and modest income families to parallel the Canada Child Tax Benefit up to a yearly maximum of \$1,300 by 2016.
- Index AISH benefits rate to the cost of living.
- Increase the monthly personal spending allowance for those living on an AISH-modified allowance from \$315 to \$630 per month and index it to the cost of living.
- Provide free public transportation and recreation to all low and modest-income Albertans.
- Double liquid asset exemption to \$10,000 per person to a maximum of \$50,000 per household.



## Wages

Any serious poverty reduction strategy begins with addressing wages. We know that income inequality has increased significantly across the country and over the past 25 years.<sup>30</sup> We also know that the income gap between the richest and poorest in Canada is greatest in Alberta (Figure 3.1).<sup>31</sup>

**Figure 3.1 Income ratio of the richest 1% to average income, per major city**



Over the past two decades, most of the gains went to the very small 1% of the “super rich.” For the most part, those at both ends of the income scale work full-time, full-year for a paycheck, yet, a person working for minimum wage today is less well off than she was in the mid-1970s. The reason for this is that wages at the top have more than doubled during this period while wages for those at the bottom have stagnated or decreased (in terms of purchasing power parity). Still, the minimum wage in Alberta is the lowest in Canada (Figure 3.2).

Alberta has a pay equity law that clearly states: “Where employees of both sexes perform the same or substantially similar work for an employer in an establishment the employer shall pay the employees at the same rate of pay,”<sup>32</sup> yet women in Alberta still make less per hour than men for work of equal value. Where a woman and a man have the same education and are completing the same job, women, on average, make 7% less.<sup>33</sup>

In addition, women make 68 cents on the male dollar. This is the widest gender wage gap in the country.<sup>34</sup>

In addition, the steady erosion of labour market regulations and the rights of Albertans to freely organize themselves and collectively bargain in good faith has seriously weakened two essential tools which traditionally have helped to ensure steady wage gains for many workers. Examples include the reduction of minimum compensation for many workers from four hours to two hours and in many sectors the legal age for work has been lowered from fifteen to twelve years. The list of those exempted from minimum wage laws (farm workers, camp instructors, interns, some in the culture industry) continues to grow. Currently, the vast majority of Albertans earning low and modest wages work in service sector jobs without health benefits, pensions or the protection of a union.

**Figure 3.2 Minimum Wages in Canada, as of May 2013**

Nunavut:	\$11.00
Yukon:	\$10.54
Nova Scotia:	\$10.30
B.C:	\$10.25
Manitoba:	\$10.25
Ontario:	\$10.25
Quebec:	\$10.15
Newfoundland:	\$10.00
N.W.T:	\$10.00
P.E.I:	\$10.00
New Brunswick:	\$10.00
Saskatchewan:	\$10.00
Alberta:	\$9.75

## Recommendations

- Increase minimum wage to \$11.00 per hour immediately and index to the rate of inflation. Encourage employers to adopt a Living Wage.
- Revise legal age for all workers upwards from 12 to 15 years.
- Revise minimum compensation period for all workers upwards from 2 to 4 hours.
- Legislate that all workers, regardless of sector (farming, insurance sales, culture workers etc.) be paid no less than the prevailing minimum wage.
- Enforce Pay Equity Laws.
- Conduct a comprehensive review of the Alberta Labour Code that includes all key stakeholders, especially organized labour.
- Ensure that vulnerable workers (domestic workers, farm workers etc) are given rights to form unions.
- Establish laws to provide for first collective agreement arbitration.<sup>35</sup>



## Housing

Access to safe, clean and affordable housing is critical to ensuring that people can both move out of poverty and stay out of poverty. Alberta is leading the country in ending homelessness. The Provincial Government has continued to deliver on its promise to reach the goal of eradicating homelessness in Alberta by 2018.<sup>36</sup> In January of this year, the Government of Alberta has taken a commendable step in establishing the Interagency Council on Homelessness to provide guidance and to monitor and ensure a successful outcome in this area.<sup>37</sup>

Alberta is leading the country in ending homelessness.

However, the equally serious and overlooked issue of housing insecurity requires similar and immediate Government attention. Albertans live in one of Canada's most expensive housing markets. The gap between incomes and rent is especially challenging for urban-based, low and modest income Albertans. Currently, an estimated 5,300 households are on waiting lists for social housing in Calgary and Edmonton. It is further estimated that double this number are long-term housing insecure. This means that many Albertans are forced to move regularly and to live in dangerous, unsanitary and temporary situations. In Edmonton, there is an estimated housing gap of 20,000 emergency, transitional, and long-term housing units, in addition to approximately 20,000 affordable housing units which are urgently needed.<sup>38</sup>

There are several ways to improve this situation. One is to increase the number of affordable housing units in the province and another is to repair and retrofit existing housing stock. This will help preserve neighbourhoods and provide accessibility for seniors and persons with disabilities. A third approach is to provide a housing benefit to ease affordability. Quebec, Manitoba and British Columbia have implemented a housing benefit. Additionally, establishing a rent bank would help low-income households pay for rent arrears and prevent eviction.

Housing insecurity is a growing issue in Alberta's largest cities.

## Recommendations

- Extend Alberta's existing housing benefit to all low-income Albertans regardless of their source of income. The benefit would continue to be equal to 75% of the difference between rent paid and 30% of the individuals' and families' income. Pay the benefit directly to the recipient.
- Establish a provincial rent bank to help all low-income households. Renters would be eligible for financial assistance from the rent bank once every two years and would receive up to two months help. The rent bank would also provide flexible funds for emergency housing needs to prevent future homelessness.
- Increase existing affordable housing stock to meet demand.
- Retrofit and repair existing housing stock.



# Adaptation: Enhanced Self-Sufficiency

An important goal in designing a poverty reduction strategy is to build resilience both in individuals and in the communities in which they live. Adaptation refers to resilience. Resilience means having the ability to contend with change. This is necessary to ensure self-sufficiency and stability during a personal crisis or during difficult economic times. Resilience, therefore, is concerned primarily with developing basic coping skills. These skills are introduced in childhood and shaped and strengthened across a person's life.

## Early Childhood Development

Despite the commitment of numerous federal and provincial governments to address child poverty the sad fact remains that in a wealthy and prosperous country such as Canada, and in a rich and young province such as Alberta, very young children and their families continue to live in impoverished conditions. The consensus on strategies to address child poverty (which is really family poverty) is that they need to be broad-based, sustained and far-reaching. There are no silver bullets; and no miracle cures, however, there are proven longer term strategies that can contribute to significant positive change for young children and their families.<sup>39</sup>

The public provision of high quality early learning and care can - as one component of a wide array of supports for children and families - help to alleviate child poverty. The public provision of early learning and care performs a redistributive economic function. Countries with universal access to early learning and child care for children below the mandatory school age tend to have lower rates of child poverty.<sup>40</sup>

The average cost of full-time child care in Alberta ranges from \$950 - \$1200 per child per month.

The relationship between the provision of publicly funded early learning and care and the reduction of child and family poverty can be understood from two related perspectives: first, from the standpoint of support for early childhood development and second in terms of family support and well-being.

High quality early learning and care is often unavailable or inaccessible to low-income families.

Advances in neuroscience, developmental psychology and research on early learning highlight the critical importance of the early years in a young child's life. During their first 6 to 8 years children grow and develop at a rapid rate. Strong, nurturing relationships, rich learning experiences, healthy foods, and safe environments are critical in supporting this growth. Negative experiences and stressful environments can leave young children developmentally vulnerable and set them on a path of reduced growth and opportunity.<sup>41</sup>

The widely-documented relationship between socio-economic status and health is mirrored by a parallel relationship between economic status and early child development.<sup>42</sup> Children who grow up in low-income families are more likely to be assessed as vulnerable when they enter school, have lower levels of language development, are more likely to experience difficulties in developing higher level executive functions (working memory, inhibitory control, and cognitive flexibility) and may experience lower levels of physical health and nutrition.

Publicly-funded, affordable, high quality early learning and care can help address these challenges. It can provide children with supportive community places in which to grow and learn with their age peers supplementing and extending the resources available to families on low incomes. In high quality early learning and care environments young children



have access to rich, stimulating experiences that may not be available to them at home given the daily stresses that growing up in poverty brings.

As an extension of this support for early childhood development, accessible, high quality early learning and child care serve as critical resources for parents and families as well. Family poverty is linked to a complex set of interrelated factors including - unemployment, underemployment, family structure, health related concerns and the relative absence of community connections and social capital.

In Alberta, the majority of low-income families include at least one parent who works, and yet the terms and nature of this employment often make it difficult for them to generate a sufficient level of income to cover the costs of raising a family. Other low-income families include parents trying to upgrade their education or schooling to enable them to participate in competitive modern labour markets, while others include parents who have few social connections in their local community and face the challenges of raising and supporting young children largely alone.

High quality, affordable early learning and care can significantly reduce these and other burdens which low-income families with young children encounter on a daily basis. It can help them better balance the demands of work and family life while at the same time relieving some of the daily stresses and isolation that financial insecurity commonly brings.

At present, many low-income families in Alberta have only limited access to affordable, high quality early learning and care.<sup>43</sup> There are licensed or regulated child care or family day home spaces for less than one in four children below the mandatory school age, and where services are available their costs are often prohibitive for lower income families. The average costs of infant care for very young children, for example, are commonly over \$1,000 per month in Alberta's major cities - some \$400 per month higher than the maximum subsidy support available to families seeking economic assistance. Despite the presence of small numbers of targeted programs across the province, high quality early learning and care is frequently either unavailable or inaccessible to those families who are the most economically vulnerable; the most isolated, stressed and disconnected from the communities in which they live.

Significant new public investments in a new early learning and care system in Alberta that is publicly managed, accessible to all families and of a high quality would go a long way to addressing the sustained challenge of child and family poverty. Such a system would both support children's growth and development during the critical early years, while at the same time easing the work and care burdens that can leave low-income families economically and socially vulnerable.

## Recommendations

- **Begin the roll-out of fully funded, universal, full-day Kindergarten.**
- **Create 5,000 new affordable public child care spaces immediately and develop a provincial strategy that will provide public child care spaces for all who need one.**
- **Increase public child care subsidies to 90% of the total cost for all low-income working families.**
- **Increase the wages of child care staff and Early Childhood Educators to a living wage.**

**"The presence of social capital is a prerequisite to the development of human capital"**

- Sustainable Development:  
Innovation and the Quality of Life  
May 2001

The concepts of social and human capital development operate at two levels: at the individual level and at the level of the community. Both imply that the basic needs of citizens are being met and that individuals enjoy a general sense of wellbeing. In addition, it requires resources and capacity at the community level to support the collective actions necessary to protect a community's natural resources, plan for and weather changes in the economic environment and to rebound from adversity. As such, the components of a provincial poverty reduction strategy also require a focus on both individual values and community resources.

## Human Capital Development

Education and literacy are among the most important "springboards" out of poverty. In a knowledge-based economy, higher educational attainment and literacy proficiency are essential. We know that there is a direct link between increases in human capital and increases in our gross domestic product (GDP).

Alberta is leading the country in education. We have much to be proud of. Alberta now has one of the highest levels of student literacy and numeracy in Canada. Literacy and numeracy refers to the ability to read, understand, use and reflect upon written texts, and the ability of students to



identify and understand the role that mathematics plays in a broader sense. Alberta also has the highest levels of proficiency in English, Math and is very close to the top in Sciences and Engineering.

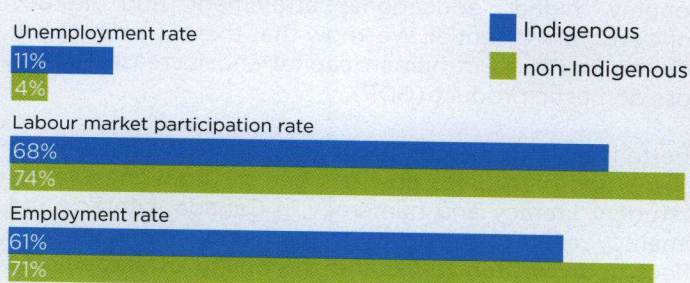
Alberta has made significant progress on high school completion rates. In six years (2003-2009) Alberta has moved from a position near the bottom to one near the top. In 2012, 79.5% of all students completed a high school certification within five years of starting their program. The Government accomplished this using a comprehensive High School Completion Framework based on five strategies: student engagement, successful transitions, collaborative partnerships, positive connections and tracking progress.<sup>44</sup>

Unfortunately, high school completion rates remain dramatically lower for Indigenous Peoples attending school in Alberta. In 2010, of employed Albertans, 35% of Indigenous Peoples and 22.6% of Métis peoples had less than a high school diploma, compared to 14% of non-Indigenous Peoples. There is a similar trend across all fields of educational attainment and across time.

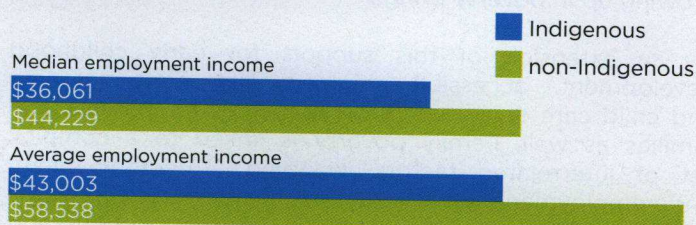
**Figure 3.3 Indigenous and non-Indigenous population education attainment in Alberta<sup>45</sup>**



**Figure 3.4 Indigenous and non-Indigenous employment in Alberta<sup>46</sup>**



**Figure 3.5 Indigenous and non-Indigenous employment income in Alberta<sup>47</sup>**



## Recommendations

- Greater focus on programs and services to improve high school and post-secondary educational attainments for Indigenous Peoples.
- Greater representation and responsiveness to culturally appropriate curricula.
- Eliminate school fees from kindergarten to Grade 12 to ensure full participation by all children in school programs.
- Initiate jointly with school boards, programs that increase high school completion both for those still in school and for those who have already dropped-out. Provide effective counseling, student-directed tutoring, adequate funding and other necessary supports.
- Provide a subsidy of \$1,500 per year over 4 years for high school students from low-income families to use when they go to college or university.
- Eliminate fees for post-secondary skills training for the first two years of college (e.g. for programs such as health care aide, elder and child care, dental hygiene, and various trades) to meet Alberta's labour shortage and to better align Alberta's future workforce with the changing needs of the economy.
- Amend the student loan repayment policy so that repayment is based on a schedule determined on earnings after graduation with no repayment in years of low income. Lower interest rates on provincial student loans to match private institution rates of prime plus 1% (floating) and prime plus 2% (fixed).<sup>48</sup>

## Adult Literacy and Numeracy

Beyond high school completion and post-secondary education and training, high levels of adult literacy, numeracy and lifelong learning opportunities are necessary to meet the demand for highly skilled and adaptable workers.

In terms of adult literacy - the ability to understand and use information - Alberta continues to do very well. Adult literacy in Canada is measured by the proportion of those 16 years of age and older that are able to understand and use printed information such as news stories or instruction manuals. Literacy is measured on a scale of 1 to 5, with 1 being the lowest level and 4-5 being the most advanced.



Level 3 is considered the level at which it is necessary to function well in Canadian society. By the mid-2000s, approximately 61% of Albertans had a literacy level of 3 or higher.<sup>49</sup>

In terms of adult numeracy - the ability to understand and use mathematical information in everyday life, for example budgeting, handling money, and using measurements for cooking or reading a map - Alberta is also doing very well. Adult numeracy is also measured on a scale of 1 to 5 with 1 being the lowest and 4-5 being the most advanced. Like literacy, a numeracy level of 3 is considered to be the level at which individuals demonstrate the skills and knowledge necessary to function well in Canadian society. By the mid-2000s, 51% of Albertans had achieved numeracy levels of 3 or above. Alberta has one of the highest proportions of the population with numeracy levels of 3 or higher.<sup>50</sup> We encourage the Government of Alberta to continue its exemplary efforts in human capital development.

### Recommendation

- Continue to support programs and policies that promote adult literacy and numeracy among high risk groups.

## Social Capital Development

In order to cope with the stress and demands of economic and technological changes, it is necessary to build resilience in the individual and in the broader community. This can be achieved through the creation and deepening of social capital. Social capital refers to those features of social organization such as networks that facilitate cooperation for mutual benefit. The key elements of social capital include:

- Relationships (social networks);
- Trust and trustworthiness;
- Shared norms and sanctions;
- Shared obligations and expectations;
- Shared values, shared understanding and shared support;
- Cooperative action.

## Social Capital and Vulnerable Populations

Isolation is a fact of life for many individuals and families living in vulnerable situations. These individuals are more likely to suffer from high levels of stress and social isolation due to financial insecurity and health problems, lack of support networks and job related difficulties. Additionally, many socially-isolated individuals and families have a greater sense of hopelessness and are unable to manage a crisis alone. The solution is to build strong ties outside the family to our neighbourhoods and communities. This includes investing in and developing accessible social services, building community hubs, designing programs that engage citizens at the community and neighbourhood level, and investing in the social economy.<sup>51</sup>

### Recommendations

- Develop a "single-point of entry" for all income support programs and services at the community level with a single application to avoid duplication efforts and collecting the same information once.
- Set standards, with community input, that can be universalized across the province for all initiatives, programs and services.
- Invest in the creation of community hubs as a means to bring together a range of community partners to better coordinate social services and supports to meet the needs of the community.
- Invest in public libraries. It has been well established that public libraries are key vehicles for promoting social inclusion and that they have significant long-term economic impacts for a community.<sup>52</sup>

Social isolation can be combated with accessible social services, community hubs and investment in the social economy.



# Engagement: Greater Social Inclusion

Alberta needs an anti-poverty strategy that addresses the social isolation that many marginalized individuals and racialized groups living in poverty face. We know that newcomers, women, people with disabilities, Indigenous Peoples and ethnic and racialized minorities and those who have been incarcerated are especially at risk of experiencing social exclusion.

The solution to ending social exclusion is engagement. Engagement means empowerment. All Albertans have the right to be involved with the decisions that shape their lives and the lives of their families and communities. However, active participation in all aspects of life - political, economic, social and cultural - depends upon the removal of barriers. The Government needs to identify and address population-specific barriers to social inclusion as part of a provincial poverty reduction strategy.

## Removal of Barriers

The Government needs to ensure that all Albertans have the opportunity to participate in the decisions that affect their lives. This means providing opportunities for marginalized individuals and groups to actively develop healthy relationships with their families and their communities. Supporting active engagement in family and community life can include promoting barrier-free cultural events and celebrations, recreational and sporting activities, participation in decision-making bodies, as well as offering plain language and translation services and disability supports.

The solution to ending social exclusion is engagement.  
Engagement is empowerment.

The Government of Alberta continues to make progress in terms of supporting these areas of engagement, however, there are several groups and barriers to engagement that have not received the investment needed. These include Indigenous women's health, Indigenous children taken into

state care, youth who have been incarcerated and those with disabilities. It is especially important that a poverty reduction strategy include mental, physical, emotional and psychological health services and programs that are barrier-free.

## Indigenous Women's Health

Given that income and social status are key determinants of health, the Government must emphasize culturally responsive and context appropriate, comprehensive health supports. Indigenous populations, in particular, face higher rates of social exclusion related to poor health outcomes than their non-Indigenous counterparts.

For example, Indigenous Peoples continue to report being at an increased risk of infectious diseases.<sup>53</sup> Chronic conditions are sometimes called the diseases of modernization, or western diseases, because they arise from lifestyles typical of western industrialized nations: reduced physical exercise, and an over-reliance on foods of poor nutritional quality. As a result of this lifestyle, cardiovascular disease, cancer, metabolic disorders (diabetes) and respiratory and digestive disorders are significant problems in Indigenous communities. The picture of health conditions that emerges indicates that Indigenous Peoples are increasingly living with chronic conditions requiring access not only to primary but also to secondary and tertiary prevention and interventions.

Indigenous women are especially more likely to experience greater health problems than non-Indigenous women. Barriers related to health faced by Indigenous women are deeply connected to a history and legacy of colonization. Given this legacy, Indigenous women require programs and policies that create equity in access to health for them whether they reside in urban areas or off reserve. The Government of Alberta has begun to offer programs and services that focus on Indigenous women's health (such as HIV, diabetes, alcohol and drug abuses as well as cervical cancer care) and are targeted to Indigenous women with low incomes. However, lesbian and two spirited women are not targeted in Alberta's health programming and Indigenous women living off reserve are often neglected.



## Recommendations

- Mainstream health services need to develop culturally appropriate care in order to improve social inclusion especially for Indigenous women.
- The Government must expand its health programs and services to all Indigenous women living in poverty.
- The Government needs to create a more representative, responsive and culturally appropriate health care system; one that addresses the existing health gaps and that will incorporate greater Indigenous voice into health program design and delivery at the local level.

## Incarcerated Youth

Those who are at risk of incarceration or who were incarcerated, especially youth, face considerable barriers to mainstream (re)integration, community participation and the ability to make self-empowering decisions. The lack of social skills, education, training, and positive social supports make employment and retaining employment extremely difficult. Additionally, developmental and mental health considerations as well as addictions and associated behaviours contribute to criminal activity and consequential incarceration and require effective prevention and intervention.

We know that poverty and low income are key risk factors linked to youth incarceration. In 2006, approximately 18% of youth aged 15-24 were living in low-income situations and were considered at risk of becoming involved with the juvenile justice system. In the same year, approximately 11,000 youth under the age of 18 years were charged under the Criminal Code in Alberta. We also know that incarcerated youth are more likely to drop out of school, have repetitive involvement with the justice system over their lifetime, struggle with substance abuse and face long-term challenges with employment.<sup>54</sup>

## Recommendations

- Develop a single-entry-point service database, and provide a comprehensive directory of available services and programs.
- Establish alternative probationary requirements to fit the needs of the offender and to reduce probation order breaches.
- Extend social support services for formerly incarcerated youth beyond the age of 18 to the age of 24.
- Establish a universal, fully funded mentoring system.
- Expand restorative justice programs for youth and adults.

## Indigenous Children in State Care

Many children in the guardianship of the state face cultural and social barriers that inhibit healthy transition into their own communities as adults. This is especially challenging for Indigenous children who carry intergenerational trauma of pain and separation from language, family and community social relations and traditions as a result of the legacy of residential schools.<sup>55</sup> The lack of healthy transmission of parenting practices from one generation to the next due to this legacy can result in Indigenous children who, when taken into state guardianship, become completely disconnected from their communities of origin. Some of the consequences of this separation are evidenced in the high rates of Aboriginal teen pregnancies and a cycle of losing children to the state.

## Recommendation

- All decisions regarding Indigenous children in state care should include their families and caregivers and must privilege and support the parenting needs of Indigenous communities.

## Albertans Living with Disabilities

Many Albertans with disabilities are less likely than their non-disabled counterparts to be actively engaged in their communities. Persons with disabilities are less likely to work than those without disabilities and when they do work they earn, on average, less in hourly wages and are more likely to work part-time, part-year. Weak attachment to their communities and the labour force leaves many persons with disabilities living in deep poverty and extreme social isolation. Work, leisure and community participation provide important avenues to establish meaningful and healthy social relationships.

## Recommendations

- Increase employer and community awareness of disabilities.
- Increase accommodation and selected measures to help persons with disabilities to function at their best in the work-place and in their communities.
- Increase caregiver supports for those providing unpaid care in the home to persons with disabilities, the elderly and those with short-term illnesses.
- Update the Alberta Aids to Daily Living program regularly.
- Ensure that all Albertans living with disabilities are aware of the health services, supports and benefits available to them.
- Provide opportunities for paid work in the social economy for persons with disabilities such as mentoring, public awareness, and program delivery.



# Opportunity: Greater Equity of Outcome

Work-based earnings remain the primary source of income for the majority of Albertans. Therefore, the creation of economic opportunity must be at the core of any serious poverty reduction strategy. This calls on the Government to intervene in economic activities in a manner that will ensure that individuals can lift themselves out of poverty and stay out of poverty. It will also ensure that our province's great abundance is shared equitably.

In terms of the labour force, we know that Albertans work more hours per year than anywhere else in the country. We also know that Albertans work for the lowest hourly minimum wage in Canada and that low-wage work is increasingly concentrated among women, newcomers, racialized groups and among those who work part-time, often at more than one job and without employment benefits or workplace security.<sup>56</sup>

A provincial poverty reduction strategy will need to address a broad range of labour market issues including labour market integration, job creation and asset-building. This means pre-employment preparation, skills training, accreditation, job retention, career advancement, matching skills to labour shortages, and providing additional supports for women in non-traditional trades. It also requires creating good jobs that pay a living wage and that provide a full suite of workplace benefits and workplace protections. In addition, supporting and encouraging financial literacy and asset-building have become necessary for fostering economic self-sufficiency in a global and constantly changing economy.

## Labour Market Integration

Rapid changes in technology and labour market restructuring have had a profound impact on many categories of workers. Workers who have found themselves redundant often lack the skills and training necessary to match the demands of new forms of work. Keeping pace with new knowledge requires ongoing skills-upgrading of the workforce. Workers are often unaware of those fields where jobs are available and how to acquire the skills and training to take advantage of the opportunities those fields may offer.

### Recommendations

- Improve existing "customized training" programs.
- Streamline skills-training to ensure that potential workers receive relevant training and do not forgo employment opportunities.

- Identify current and prospective labour shortages in various sectors, assessing the skills, training and knowledge of those who are unemployed, underemployed and/or recipients of social assistance.
- Ensure that interested individuals receive market-relevant training and are then more quickly matched to prospective employers.

## Accreditation

Many newcomers and those working in Alberta on Temporary Foreign Worker Visas have many of the skills and off-shore experience necessary as well as levels of education and training required to meet many of the province's job shortages.

### Recommendations

- Provide opportunities to upgrade foreign credentials and to gain Canadian work experience where needed.
- Require all professional associations to expedite and make assessments of foreign credentials more transparent and to speed up the certification and licensing of internationally trained immigrants.
- Legislate that all temporary foreign workers be paid no less than the prevailing minimum wage.

## Job Creation

Many of the policy recommendations above will reduce poverty and address the social, political and economic isolation of many Albertans, but further efforts are needed to ensure that the benefits of these policies are enduring. The Government needs to develop a jobs strategy centred on creating good jobs in Alberta. This includes focusing on sustainable jobs in future-oriented sectors such as the green economy and the social economy.

Supporting local, community-based businesses will help to increase the number of employers who look within their neighbourhoods to recruit employees. It will increase the availability and quality of neighbourhood-based services and supports and increase private investments at the neighbourhood level.



## Recommendations

- Promote job creation in the social economy including province-wide community-based human services, health care and early childhood learning centres and elder care relief centres.
- Develop the green-based economy. Focus on economic diversification and stronger regulation of non-renewable resources.
- Expand and support the non-profit sector and community-based entrepreneurship.
- Improve supports for community-based, independent businesses.

## Financial Literacy and Asset-building

Many individuals and families in Alberta have to cope with increasingly complex financial decisions and are challenged to navigate the financial services sector to ensure their own wellbeing and security. Lower-income households in particular face challenges due to lack of access to appropriate financial information and advice to help them to save or to access social supports to which they are entitled. While improving financial literacy skills for all levels of income is important, lower-income households face additional risks from financial decisions due to the fact that they have fewer resources.<sup>57</sup> The lowest income earners in Alberta annually spend 122% of their income.<sup>58</sup>

Financial literacy means having the knowledge, skills and confidence to make educated financial decisions. Financial literacy includes budgeting, investing and saving. These are skills that strengthen long-term planning and help to ensure sustained wellbeing. With financial knowledge, skills and confidence, Albertans are better able to:

- Make day-to-day choices about how to spend their money and stay on top of financial obligations
- Navigate the ever-changing financial marketplace and buy the products and services that make the most sense to their own needs
- Plan ahead about how to use their hard-earned dollars for life goals, such as buying a home or preparing for retirement
- Deal with local, provincial and national government programs and systems that are often complicated and confusing even to experts
- Evaluate the financial information and advice they get, whether from friends, the media or professionals
- Make the best use of resources they have, including workplace benefits, private and public pensions, tax credits, public benefits, investments, home equity, access to credit and consumer spending power<sup>59</sup>

Asset-building is another important tool in reducing poverty. Without assets, people are often unable to plan for the future and have little cushion against sudden unemployment,

serious illness or an emergency situation. Assets are the ladder rungs for people to climb out of and remain out poverty. While Alberta is a leader in exempting RRSP-based assets, the province lags behind in exempting liquid assets for single employable applicants to Alberta Works programs. Alberta has lower liquid asset limits than five other provinces for a single applicant and lower limits than eight other provinces for lone parent families. Asset-based policies can help persons in low-income households acquire and maintain assets such as personal savings and various types of property ownership (tools, vehicles, and homes).

Without an income, people can't get by, but without assets, people can't get ahead.

Assets confer a sense of security and stability. In order to avoid debt, especially for those receiving income supports, it is important to save, grow assets and build personal financial security.<sup>60</sup> Asset-based intervention and support can improve the quality of life of both individuals and communities. Currently, 18 American states are investing in matched savings. The State of Oregon has a matched savings program that has successfully operated for over five years. Alberta has conducted research on financial literacy and asset-building policy options since 2009 but has not implemented a comprehensive approach to financial literacy or asset-building.

## Recommendations

- Exempt all registered savings such as Registered Savings Accounts and Tax Free Savings Accounts up to \$10,000 per person to a household maximum of \$50,000 for the first 90 days of receiving public benefits.
- Pilot a province-wide financial advisory service for low-income Albertans. Simplify financial products and integrate financial literacy training into delivery.
- Expand government support of matched funds, grants and bonds programs.
- Explore use of micro-credit programs as a tool for people to build assets through the non-profit sector.



# Section IV

## Ensuring Alberta Succeeds

### Measuring Poverty by Income

There are a number of ways to measure poverty. One of the most common is to use a poverty line. A poverty line is an arbitrary boundary, where all those with incomes below are considered to be living in poverty while those living above are not. For many reasons the selection of a poverty line is often confusing. On one end of the spectrum is an approach based on an absolute measure of poverty. This poverty line uses a dollar measure for the bare necessities a person needs to survive. The poverty line implied by such a minimum level of existence would be very low. On the other end of the spectrum is a relative measure of poverty. This poverty line is based on the idea of equity. It implies that a person is poor if they are living outside of or are deprived of the ability to live within the norms of the surrounding community.

Because there is no official poverty line in Canada, governments and organizations use many different measures to estimate poverty levels. The three most common measures include: Low Income Cut-Offs (LICO), Low Income Measures (LIM), and a Market Basket Measure (MBM).

Indicators are the cornerstone of any poverty reduction strategy

### Low Income Cut-Offs (LICO)

LICO represents levels of income below which a family spends a larger share of its income for the necessities of food, shelter and clothing than the average family. Statistics Canada defines this to be 20 percentage points higher than that of the average family. The Low Income Cut-Offs vary by the size of family unit and community population. LICO is measured before and after-tax. Before-tax LICO uses total income including government transfer payments, but before the deductions of federal and provincial income taxes. After-tax LICO uses income after the payment of federal and provincial/territorial income taxes, but not other kinds of taxes that affect disposable income such as payroll taxes, sales taxes or property taxes. LICO is the mostly widely used measure in Canada. LICO is updated on an annual basis, however, the measure uses 1992 data as a baseline.

We propose the use of LIM (After Tax) because it is updated annually and it is a measure that is easy to use and understand.



## Low Income Measure (LIM)

LIM is based on 50% of median family income and is adjusted for family size. However, LIM is not adjusted for community size. LIM is also calculated before-tax income and after-tax income. LIM is regularly updated and is used in international comparisons of poverty.

## Market Basket Measure (MBM)

The MBM reflects the cost of buying a specified basket of goods and services. The basket includes such items as food, clothing and footwear, shelter, transportation, personal care, basic telephone service, school supplies, reading material, recreation and entertainment. The MBM is adjusted to location and family income, including deductions for child care costs, child support payments, payroll taxes and contributions, certain out-of-pocket expenses for health care and the cost of prescribed aids for persons with disabilities.

None of these measures, by themselves, is perfect. They are designed to measure income. They can tell us nothing about inequality and social exclusion. Therefore, it is necessary to incorporate a set of measures that provide a more comprehensive and cumulative picture of poverty - that takes into consideration both the absolute (physical survival) and relative (social and psychological) needs of citizens. To this end, we propose that two distinct measures: **A Child Specific Deprivation Index** and **A General Deprivation Index** be adopted in combination with the helpful income data provided by the **Low Income Measure After-Tax (LIM AT)**.

A comprehensive set of quantitative and qualitative indicators are critical elements of an effective poverty reduction strategy



# Developing a General Deprivation Index

“A deprivation index is a list of items (or activities) considered necessary to have a standard of living above the poverty level, given prevailing social and economic conditions, but those who are poor are unlikely to be able to afford.”

-The Daily Bread Food Bank and the Caledon Institute of Social Policy

A deprivation index is not a comprehensive list of needs. Rather, it reflects the real life experience of being poor and measures the actual standard of living. Deprivation indices are used widely in Continental Europe, England, Ireland, Australia, New Zealand and Japan. In 2009, Roy Romanow and Monique Bégin developed the first Canadian Wellbeing Index. Although this index does not provide in-depth analysis of poverty, it does incorporate a comprehensive set of social, health, economic, and environmental measures.<sup>61</sup> In 2000, the Pembina Institute developed Alberta's first comprehensive well-being index called the Genuine Progress Indicator (GPI). The GPI represents a groundbreaking system for measuring overall wellbeing in Alberta. The GPI uses 51 indicators to tell us how the province is doing in social, economic and environmental areas.<sup>62</sup>

A Deprivation Index is the new standard in measuring poverty.

However, like the Canadian Wellbeing Index, the GPI is limited in its ability to provide a specific picture of social deprivation.

We propose that the Government of Alberta develop a general deprivation index that provides a clear picture of the three main characteristics of poverty:

- Social isolation
- Inability to exercise control over one's life
- Extreme difficulty in making choices

Social isolation is intensified for poor people when they cannot contribute to or participate in family and community celebrations, leisure activities or pursue hobbies and special interests. The lack of affordable and safe housing, appropriate clothing, transportation and dental care limits the ability to exercise control over one's life and to secure a good job. Financial insecurity means having to make difficult choices between nutritious and regular meals, keeping warm and paying the rent.

Ontario, for example, has developed a deprivation index in partnership with community organizations, a policy think tank, the Government and Statistics Canada – it is Canada's first truly community-based measure of poverty (see Table 4.1).<sup>63</sup> Alberta could do something very similar.

**Table 4.1**

## **A General Deprivation Index**

1. Being able to get dental care if needed
2. Replace or repair broken electrical goods such as a stove or toaster
3. Being able to buy modest presents for family/friends at least once per year
4. Appropriate clothing for job interviews
5. Having friends or family over for a meal at least once a month
6. Fresh fruit and vegetables every day
7. Being able to get around your community, either by having a car or in a larger centre a monthly bus pass or equivalent
8. Hobby or leisure activity
9. Meat, fish or vegetarian equivalent at least every other day
10. Having a home or apartment free of pests, such as cockroaches, bedbugs and mice



# Developing a Child Specific Deprivation Index

In order to prevent children from falling into poverty and to monitor progress on the Provincial Government's promise to eliminate child poverty in Alberta within five years, we need a set of *child specific indicators* of social deprivation. Low-income measures can only tell us if a household has the financial means to satisfy its needs. It does not provide information as to the degree to which these needs are actually met or how household income is distributed among its members. It also does not tell us if a child's needs are not being met because of choice or because of inability to pay for them.

Measuring social deprivation using a set of child specific indicators has been most fully developed by the United Nations Children's Fund (UNICEF). UNICEF has constructed a 14-item Child Deprivation Index that, together with measuring household income, provides the best available picture of child poverty across the world's wealthiest countries (See Table 4.2).<sup>64</sup>

**Table 4.2**

## **A Child Specific Deprivation Index**

1. Three meals a day
2. At least one meal a day with meat, chicken or fish (or a vegetarian equivalent)
3. Fresh fruit and vegetables every day
4. Books suitable for the child's age and knowledge level
5. Outdoor leisure equipment (bicycle, roller-skates etc.)
6. Regular leisure activities (swimming, playing an instrument, participating in youth organizations etc.)
7. Indoor games (at least one per child, including educational baby toys, building blocks, board games, computer games etc.)
8. Money to participate in school trips and events
9. A quiet place with enough room and light to do homework
10. An Internet connection
11. Some new clothes (i.e. not all second-hand)
12. Two pairs of properly fitting shoes (including at least one pair of all-weather shoes)
13. The opportunity, from time to time, to invite friends home to play and eat
14. The opportunity to celebrate special occasions such as birthdays, name days, religious events, etc.

We encourage Alberta to lead Canada in developing a child specific deprivation index.

We encourage the Government of Alberta to develop and include a child specific deprivation index as part of the Early Development Instruments (EDI) survey criteria currently being used in the province's Early Childhood Development Mapping Initiative. This initiative gauges the overall 'readiness to learn' of 5 year-olds as measured by the EDI through 5 factors:

- Physical health and well-being
- Social competence
- Emotional maturity
- Language and cognitive development
- Communication skills and general knowledge

It also collects information on socio-economic factors that influence a child's development; these factors include household income, for example. It is also important to view this through a poverty line measure discussed earlier. As such, the Low Income Measure (LIM) is the final factor to consider in child development. These factors together provide a clear picture of child development and child poverty in Alberta.

In Canada, the Daily Bread Food Bank and the Caledon Institute of Social Policy have pioneered work in the field of a general deprivation index.<sup>65</sup> The Ontario poverty reduction strategy, *Breaking the Cycle*, is the only jurisdiction to incorporate a general deprivation index as part of its toolbox for measuring child and youth poverty.<sup>66</sup> However, no jurisdiction in Canada has developed a child specific index. Alberta is in a position to lead the country in developing the first child specific deprivation index.



# Implementation: An Integrated Community-based Approach

In a large and diverse province like Alberta, the Government needs a coherent and uncomplicated system for implementing a poverty reduction strategy. We propose the creation of two parallel, province-wide 'Networks for Poverty Reduction' that are committed to coordinating and implementing a poverty reduction strategy. The formation of these networks would be the best way to ensure that implementation is inclusive, comprehensive, transparent and accountable.

One Network would be inclusive of Indigenous Peoples including First Nations, Métis and Inuit. The second Network would be inclusive of all other groups. We recommend that both Networks for Poverty Reduction be fully funded by the provincial government with stable, long-term funding specifically earmarked to support the Networks' leadership role in implementing the province's poverty reduction strategy. This governance model would be a mechanism for coordinating action on a provincial poverty reduction strategy. It is not a vehicle for devolution of provincial government responsibilities.

The non-Indigenous Network for Poverty Reduction would be developed along similar lines to the newly created Alberta Interagency Council on Homelessness and the innovative New Brunswick Economic and Social Inclusion Plan.<sup>67</sup> This larger of the two Networks would also serve to generate valuable community-level data similar to the Community Accounts system in Newfoundland and Labrador.<sup>68</sup>

The mandate of the proposed Networks for Poverty Reduction would include:

- Building regional-based relationships between community agencies, organizations, people with lived experience, business, and municipal governments for implementing and monitoring a provincial poverty reduction strategy;
- Identifying what the specific social and economic needs are in each region;
- Identifying and supporting those community-based initiatives that are working and eliminating or redesigning those that are not working;
- Gathering, maintaining and sharing data related to general and child specific indices; as well as,
- Measuring poverty at the community level (see Table 4.3).<sup>69</sup>

**Table 4.3**

## **Measuring Poverty in Communities**

1. Income – rate and depth of poverty
2. Ability to gain employment
3. Access to affordable housing
4. Access to quality education (children, youth, adults and seniors)
5. Access to affordable and high quality child care
6. Access to goods and services
7. Access to credit
8. Ability to buy a home
9. Access to affordable transportation
10. Ability to build assets

## **Building a Network for Poverty Reduction in Alberta**

We propose that under Ministerial directive, a hosting institution with existing capacity, resources and community backing be selected to provide initial support and guidance. In agreement with key stakeholders, the host institution would provide expertise to build capacity where needed and encourage and strengthen cross-sectoral relationships as each regional group within the Network becomes established.

A Network for Poverty Reduction would be comprised of regional steering committees with representation from government, business, labour, non-profit organizations, major citizen groups (women, children's advocates, newcomers, racialized and minority groups) and those with lived experience of poverty. Each regional steering committee would have four Chairs (one each from business, the non-profit sector, a person with lived experience and a government official) each of whom would be paid an annual honorarium from the Government. The Chairs would rotate after a period of no more than two years. In addition, each region would have the necessary number of full-time, researchers and administrators to generate and manage data, organize meetings and ensure that the Chairs and steering committees can do their work.



All administrative costs of the Network (inclusive of each region) will be borne by the Provincial Government. The Chairs and the steering committees would meet quarterly to identify local needs, establish priorities and to ensure that data collection is being conducted in a focused, rigorous and helpful way. The Government would host an annual conference where the Chairs from each region would exchange progress reports and share best practices and lessons learned. In summary:

- Each region would operate under a host institution until fully established;
- Each region would be guided by a steering committee with representation from the business community, non-profit organizations, those with lived experience and government officials;
- Regions would build relationships between all social partners and their communities;
- Each region would be responsible for generating and analysing data using community-based indicators as well as general and child specific indices;
- Each region would develop expert annual progress reports on their regions;
- The proposed Networks for Poverty Reduction would meet annually with the Minister of Human Services;
- The Networks would be accountable to and fully supported by, the Provincial Government.

A network for poverty reduction would be the best way to ensure that implementation is inclusive, comprehensive, transparent and accountable.

## An Indigenous Peoples Network for Poverty Reduction in Alberta: First Nations, Métis and Inuit

A parallel Network for Poverty Reduction dedicated to Indigenous Peoples would be developed through respectful government-to-government (First Nation, Métis and Inuit) engagement. Implementing a provincial poverty reduction strategy would be based upon individual discussions with Treaty No. 6, 7 and 8; both Métis groups (Métis Settlements General Council in each of their 8 regions and the Métis Nation of Alberta)<sup>70</sup>; and with Inuit representative groups such as the Edmonton Inuit Cultural Society.<sup>71</sup>

In terms of engaging with First Nations governments, the Government of Alberta would request an invitation to the All Chiefs quarterly meetings. The All Chiefs meeting would provide the Provincial Government with guidance on the implementation process and feedback on how an Indigenous Peoples Network for Poverty Reduction should be designed and how the programs and supports should be organized, delivered and monitored by each First Nations governing body. This would be based on thoughtful and comprehensive discussions with First Nations Communities, Tribal Councils and Treaty Territories. The Memorandum of Understanding for First Nations Education in Alberta with Treaty 6, 7 and 8 offers an excellent template for developing government-to-government agreements on implementing a provincial poverty reduction strategy.<sup>72</sup>

Similarly, the Provincial Government would invite government officials from the Métis Settlements General Council as well as the Métis Nation of Alberta to guide development and lead implementation of the provincial poverty reduction strategy in a manner that honours Métis knowledge, culture, and governing practices.



# Moving Forward on the Government's Commitment to Poverty Reduction

## Legislation

If the Government of Alberta is committed to significantly reduce poverty in the province, it will introduce legislation to formalize its promises and ensure continued non-partisan political engagement and public support. A majority of provinces and territories with active poverty reduction strategies have adopted legislation. In 2012, Poverty Talks! a group whose members are comprised of low-income Albertans, developed a comprehensive Bill called **An Act To End Poverty In The Province of Alberta**. It offers excellent ideas for developing legislation.<sup>73</sup>

## Monitoring and Evaluating

Ensuring that the Government of Alberta meets its poverty reduction goals, targets and timelines requires thought about ways to monitor and evaluate the strategy and our progress. In addition to **formative** and **summative** evaluations that focus on refining and judging the strategy, we also need developmental evaluation.<sup>74</sup> A developmental method of evaluation is a more global approach to monitoring and evaluating progress. This approach will help communities quickly adapt the strategy to shifting contexts, innovation and complexity. This means determining which measures are necessary, gathering and analyzing data on them and quickly adapting decisions to ensure positive outcomes. It also means taking into account those aspects of poverty reduction that are difficult to measure such as culture and leisure. We propose a process of monitoring and evaluating our provincial poverty reduction strategy that is formative, summative and developmental. This includes:

### Formative evaluation

- Annual statement of progress from the Minister of Human Services;
- Biennial public consultations;
- Progress reports in years 3, 5, 7 and 10 providing a comprehensive and disaggregated analysis of the strategy's impact on those living in or near poverty.

### Summative evaluation

- Determining which initiatives are working and why;
- Determining which initiatives are not working and why;
- Identifying gaps and redundancies in the strategy.

### Developmental evaluation

- Rapid feedback;
- Reasonable level of evidence;
- Addition and deletion of measures as required;
- Searching widely for outcomes;
- Accepting that unintended consequences may also contribute to the attainment of goals.

Everyone has a role to play in reducing and eliminating poverty in a complex and dynamic society like Alberta. We are not looking to the Government to make all the decisions and to do all the work. Many Albertans and municipalities across the province have been involved in mobilizing their communities and citizens around poverty reduction. We all have a stake in coordinating, implementing and ensuring that the Government meets its targets and timelines. It is important that the Government listen to communities and work cooperatively with its partners. This includes non-profit organizations, labour, business, academia, visible minorities, racialized communities, individuals, Indigenous Peoples, women's groups and with other orders of government. This requires an integrated, community-based approach.

A developmental method of evaluation will help communities quickly adapt to shifting contexts, innovation and complexity.



# Place-Based Interventions

We have presented a comprehensive set of policy measures in core social and economic areas that supports the Government's efforts to eliminate child poverty within five years and reduce overall poverty within ten years. This framework for Investing in Albertans rests on the notion that place-based interventions are the preferred strategy to address the complexities of poverty in the 21st century.<sup>75</sup> Prevention at the community level is crucial if we are to ensure that meaningful and enduring poverty reduction occurs in a timely manner.

Communities play a key role in guiding a new vision for social infrastructure and human capital development, for removing barriers, for promoting liveable incomes, and for ensuring sustainable job creation and asset-building. At the most basic level, communities provide "places" for citizen engagement and participation in decision-making. In this way, communities are ideal places for developing local initiatives and interventions influenced and supported by multi-stakeholder decision-making bodies.

Local multi-stakeholder decision-making bodies are comprised of business, non-profits, those with lived experience, voluntary organizations, faith-based groups and government. In this setting, key stakeholders are better able to connect diverse systems such as child care, education, skills-building and literacy programs in a manner that addresses the challenges unique to each community. Additionally, communities are ideally situated to know best how to link employment needs with community needs such as transportation, training and affordable housing.

We believe that a place-based approach to poverty reduction offers the greatest opportunity for success. Communities know what their unique needs are. Communities know which initiatives are essential to ensure low-income individuals and households gain the supports to which they are entitled and take advantage of opportunities to move out of poverty. Communities provide an important base for gathering community-level data as well as monitoring and evaluating local progress.

A place-based approach rests on three key principles: robust methods for measuring, monitoring and evaluating poverty reduction at the local level; the creation of place-based joined-up systems; and cooperative implementation of a strategic plan. Albertans want to know who is poor in our province and how many people live below the poverty line. They want to know if the overall rate and depth of poverty is decreasing or increasing. Albertans want to know how the province is doing compared to other provinces and territories as well as other prosperous countries. It is important for many people, organizations and government officials actively involved in fighting poverty in our province to know how close we are to achieving the Government's five and ten-year poverty reduction targets. In other words, for Albertans to plan, monitor change and assess progress, we need the correct tools.

For this, we have recommended a set of indicators, a structure for implementation and mechanisms to monitor and evaluate progress. Indicators are a set of tools that help us to understand where we are, where we are going and how far we are from our goal. Implementation of a poverty reduction strategy will require the coordination of multiple regions that each honour their unique set of community assets and circumstances. Creating and enacting a successful poverty reduction strategy must include an inter-connected, multi-stakeholder approach with sophisticated methods for measuring, monitoring and evaluating progress.

We have recommended a set of indicators, a structure for implementation and mechanisms to monitor and evaluate progress.



# Conclusion

The Government of Alberta is taking strides this year to follow through on the Premier's promises to end child poverty in five years and reduce overall poverty in ten years. Alberta's Social Policy Framework released in March 2013 identified a poverty reduction strategy as a priority transformational initiative. The province must be commended for pursuing the development of a poverty reduction strategy.

This report provides recommendations for government policy to be implemented at the provincial level. While the first Poverty Costs report made the case that the cost of addressing the symptoms of poverty is much higher than the cost to reduce it, *Poverty Costs 2.0: Investing in Albertans* makes concrete recommendations to the Provincial Government that will have a significant impact in reducing poverty. In addition to policy recommendations on poverty reduction, this report also provides suggestions on best measures and indicators by which the Government may evaluate progress.

This report was guided initially and principally by Alberta's Social Policy Framework. Contributions, thoughts and feedback was solicited from a diverse range of organizations and influencers working on the ground to improve the lives of low-income Albertans. Individuals, community leaders and government officials from across the country were also consulted for their own best practices and learnings. As the Government of Alberta will be the eighth of ten provincial governments to embark upon an agenda to reduce poverty there are several models and ideas to consider that have been developed and implemented elsewhere. However, Alberta's unique economic circumstances and culture deserve a made-in-Alberta solution to truly and sustainably reduce or eliminate poverty. Even within the province, it also must be recognized that poverty is not uniform between communities. Any poverty reduction strategy must be nimble enough to accommodate those differences. A top-down, one-size-fits-all approach will not work.

As such, this report recommends a place-based approach. This means that communities play a large role in their own poverty reduction. Communities are uniquely suited to not only understand the make-up of poverty in their community but also can provide a local, unique vision for leveraging social infrastructure, developing human capital, removing barriers, and promoting liveable incomes. This community-level approach also provides the ideal conditions to recognize the value of prevention in ensuring meaningful and enduring poverty reduction occurs.

Through engagement and monitoring of progress Alberta will be on the right track towards reducing poverty. Alberta is well positioned to take on the ambitious goals of ending child poverty and reducing overall poverty but it will take financial investment, service investment, and input from a broad base of contributors. Poverty reduction is not solely the responsibility of Government. The non-profit and, indeed, the private sector have roles to play to ensure that Alberta succeeds in its poverty reduction goals. Consultation with Albertans with experience of living in poverty is critical throughout the creation and implementation of a poverty reduction strategy. This dialogue between Government and all Albertans must continue so the goals of the Social Policy Framework can be met.

A made-in-Alberta poverty reduction strategy must be nimble enough to accommodate differences. A top-down, one-size-fits-all approach will not work.



# Appendix I

## Revenue

These recommendations will cost money to implement. Research conducted in Alberta and in other provinces suggests that the cost of implementing a poverty reduction strategy costs less than tackling the symptoms of poverty as is done currently. Poverty costs Albertans between \$7.1 - \$9.5 Billion dollars each year.<sup>76</sup> Estimates in other provinces suggest the cost of implementing a poverty reduction strategy at around 50% of the cost of poverty itself. For example in British Columbia the cost of poverty was estimated at between \$8.1 - \$9.2 Billion dollars each year. Reducing poverty would cost only \$3 - \$4 Billion dollars initially and that cost would decrease over time as poverty is reduced.<sup>77</sup>

Alberta is in an excellent position to pay for these recommendations. The Provincial Government can afford the steps necessary to fulfill promises to eliminate child poverty within five years and overall poverty within ten years. Alberta is the wealthiest province in Canada. Indeed, Alberta is one of the most prosperous jurisdictions in the world. Alberta is home to more than 10% of the world's proven oil reserves, while having a population of only 3.6 million. In the three years following the recession of 2008, there was \$229 Billion dollars worth of fossil fuels produced in the province, or nearly \$60 million per Albertan.<sup>78</sup>

Yet, despite being the wealthiest province, over the past decade the Government of Alberta has spent less per capita on health care and social assistance than most other provinces and posted its sixth straight budget deficit this March. The source of the province's social spending and budgetary troubles is forgone revenues.

Alberta's flat income tax, instituted in 2000, has not led to a tax advantage for lower and middle income Albertans. Upper income Albertans pay by far the lowest income tax rate in Canada, while low income Albertans pay amongst the highest. This tax cut for the wealthy cost the Government \$1.8 Billion dollars in lost revenue in 2010 alone.<sup>79</sup> By returning Alberta to a progressive tax system, as exists in all other provinces, federally, and in most jurisdictions around the world, the province could stabilize its revenue, implement a plan to reduce poverty, and save oil and gas revenue to benefit future generations.

Alberta also has very low income tax rates for corporations. The provincial Government lowered the general corporate income tax rate from 15.5% in 2001 to 10% where it remains today.<sup>80</sup> An increase of taxes on large corporations from 10% to 12% would bring in an additional \$840 million in revenue and bring Alberta on par with rates in Saskatchewan and Manitoba.<sup>81</sup>

By instituting changes to revenue policy, Alberta can both maintain a significant tax advantage over other provinces and balance its budget. The province is well-positioned with several options to raise the revenue necessary to fund a provincial poverty reduction strategy.

Alberta could increase its taxes up to \$11 Billion dollars per year and still be the lowest tax jurisdiction in the country.



## Appendix II

In a federated system like Canada, implementing a successful provincial poverty reduction strategy requires cooperation and support from other orders of government. This includes municipal governments as well as the federal government. To this end, we include a brief discussion about the important role these orders of government have in Alberta's provincial poverty reduction strategy.

### Municipal Government

#### The Role of Municipal Government in Alberta's Provincial Poverty Reduction Strategy

(Janice Melnychuk)<sup>82</sup>

Municipalities are changing and expanding their role with over 80% of Canada's populations moving to more urbanized or concentrated locations. This has led to a growing pressure for municipal governments to go beyond the provision of physical infrastructure to the development of social infrastructure that supports the development of people, community and society. Considered the level of government closest to the people, local governments respond in different ways as a result of the socio-political realities within their communities. Municipal law making allows a response to social infrastructure issues, but does not require it to be part of municipal jurisdiction, leading to different levels of response in different places. In Canada we have come to expect that local communities will in some way contribute to our social safety net through place based initiatives.

In Alberta, municipalities can respond to the complexity of poverty through policy areas that lead to poverty alleviation and poverty reduction. They can use tax dollars for capital expenditures to build transit systems, libraries and recreation/cultural facilities that support education, employment and general inclusion of people in the communities where they live. They often go beyond the provision of physical infrastructure to enact inclusionary policies by reducing fares or entry fees for specific groups such as seniors, children and low-income citizens. They can change their community by encouraging the development of affordable housing through direct funding, partnerships and land use policy that can encourage mixed housing type communities which can reduce the marginalization of low-income citizens. Each of these policy areas applied separately, reduces the impact of poverty on people's lives or alleviates poverty, but applied together or comprehensively, they can become part of a poverty reduction strategy that moves people out of poverty.

Within Alberta, the Family and Community Support Services (FCSS) program allows local priorities for preventative social programs to be addressed via 80/20 funding partnerships between the province and municipalities. The program areas may include early childhood, immigrant services, seniors' services and generally supports for healthier families and individuals. While FCSS programs allow for different approaches that reflect local needs, they do not allow for direct income support or subsidies for participants. FCSS programs are a voluntary offering of local governments, that must provide funding through property tax revenue of a minimum 20%, which has led to a large variation in programs across Alberta to reflect local funding and socio-political realities. While individual programs may not lift citizens out of poverty, they can contribute to comprehensiveness in poverty reduction in local communities and for the province as a whole.

Municipalities, being the order of government closest to the people, sees the negative effects of poverty on individuals while trying to deal with the related social problems or symptoms of poverty that undermine the health and safety of the communities they govern. They are a political voice for those individual and community problems to other orders of government where the legal mandate for social supports and income transfer reside. As they lead their communities by convening and facilitating multi-sector initiatives for poverty reduction, they are also a living experiment on their evolving role in political and social change. Municipalities create community and have an undeniable role in poverty reduction through a broad range of political, policy and place based initiatives that reflect their proximity to the people.

#### Recommendations for Municipal Role in Poverty Reduction

- Municipal governments, provincial government and community organizations need to expand their understanding of poverty reduction and the roles they can play. The province needs to support the development of a learning and evaluation initiative on poverty reduction that creates the opportunity for risk taking, innovation and cross fertilization of ideas within our province.
- There are many challenges for municipal governments to address poverty reduction, including the limits of property tax for addressing social problems which reside under the mandate of federal and provincial governments. A provincial poverty reduction strategy, that wants local governments' involvement, must address funding as an issue in creating quality social infrastructure for comprehensive poverty reduction across all communities.



# Appendix III

## Federal Government

### The Canada Social Transfer and the Deconstruction of Pan-Canadian Social Policy

(Dr. Donna E. Wood)<sup>83</sup>

Canada's social programs of today grew out of the economic devastation of the Great Depression as well as the struggle and sacrifice of World War II. In the 1950s and 1960s the Government of Canada used the federal spending power to transfer funds to provinces so that they could carry out their constitutional responsibilities for health care, postsecondary education, social assistance and welfare services. At the time all governments agreed that the 'sharing community' was Canada, and collectively agreed to various mechanisms to ensure that all citizens across the country had access to relatively similar programs. This fundamentally changed in 1996 when the federal Liberals merged Established Programs Financing (for health care and postsecondary education) with the Canada Assistance Plan (for social assistance and welfare services) into a largely unconditional block transfer. Where once Ottawa covered 50 per cent of provincial program costs, beyond 2011 the Parliamentary Budget Officer projects that the federal share will average 18.6 per cent for health, and 10 per cent for other social programs.

Almost all attention with respect to federal-provincial transfers has focused on the Canada Health Transfer (CST). Governing other social programs seems to have been left completely to the provinces, resulting in a significant decentralization or 'provincialization' of Canada's social union. This note looks at social programs covered by the \$12.2 Billion Canada Social Transfer (CST), that provides a federal contribution to provincial postsecondary education (PSE), social assistance, social services and (since 2000) early childhood development, learning and child care programs. How have they fared post 1996 and to what degree is there still a pan-Canadian dimension to their operation, given that the only remaining national condition is that provinces must not impose a residency requirement on social assistance? With a diminished federal funding role, how do provincial and territorial governments collectively govern social policy matters beyond health care and who else – if anyone – is involved?<sup>84</sup>

On social assistance matters, the end of the Canada Assistance Plan essentially marked the beginning of workfare in Canada, and the end of a citizen's right to assistance. Since 1996, all provinces have undertaken reform of their last resort programs, resulting in a significant downwards convergence of both caseloads and costs.

Many commentators have outlined the extreme hardship that has resulted from provincial welfare reform. Today it is every province for itself, with the Government of Canada not even assuming a research, coordination or information-facilitating role. For a while governments came together to plan and implement a new national program to reduce child poverty – the National Child Benefit (NCB). However, since the Conservatives assumed power in 2006 no further investments have been made. Despite all provinces (except for British Columbia and Saskatchewan) launching comprehensive poverty reduction strategies over the past six years, the federal government refuses to engage, viewing poverty reduction as solely a provincial responsibility.

The availability of federal funding through the Canada Assistance Plan triggered an expansion of provincial social services and children's programming, special care facilities, homemaker services, attendant-care, child care, work activity, counseling, and civil legal aid. Today most view provincial legal aid to be in crisis; the hope of a national child care program is not on the agenda of the current Conservative government who cancelled the federal-provincial early learning and child care agreements in 2006. Social Services Ministers who used to meet regularly to coordinate social programs for persons with disabilities under the In Unison strategy and for children through the National Children's Agenda and the National Child Benefit have not met since 2006. The Social Union Framework Agreement (SUFA) – agreed to in 1999 by all governments (except Québec) – is a dead letter. With the loss of federal funding, institutions that used to facilitate dialogue and undertake research on pan-Canadian social policy issues – Canadian Policy Research Networks, the Canadian Council on Social Development and the National Council on Welfare – have all closed.

On post-secondary matters, rather than invest through transfers to provinces, post-1996 both federal Liberal and Conservative governments chose instead to spend directly – through tax credits, student assistance and funding university research. These decisions were taken unilaterally, without consultation with provincial governments who are responsible for the sector under the Canadian constitution. With reduced federal funding the provincial share of PSE has declined overall; as a result student tuition fees have taken up the slack, resulting in increased student debt. The current institutional place for governments to talk to one another about this and other issues the Council of Ministers of Education Canada does not include the Government of Canada. Intermediary institutions funded by the Liberals to facilitate research and analysis on PSE matters – the Canadian Millennium Scholarships Foundation and the Canadian Council on Learning – were defunded after the Conservatives assumed power and have since closed.

The main social policy initiative of the Harper Conservatives has been their social justice and crime agenda, developed and announced unilaterally despite the impact on provincial prison and court costs. Their view of federalism is that governments operate in water-tight compartments; they have shown no interest in placing conditions on the Canada Social Transfer, despite many calls from stakeholders keen



to re-assert a pan-Canadian dimension to social programs. As the stakeholder groups are fragmented and do not speak with a collective voice, they are easy to ignore. By far the most vocal are PSE advocates, seeking a dedicated transfer, restoration of funding to 1992 levels, and defined conditions that provinces must fulfill in exchange for funding. Social development interests, including women's groups, have somewhat similar views. Don Drummond – as chair of the Ontario Commission on the reform of Ontario's public services – suggested that the CST be eliminated and replaced with tax points, with no residual federal role. Provincial governments rarely make reference to the CST. They would be highly adverse to the imposition of federal conditions on a relatively small transfer where they view their accountability is to their provincial citizens – not the Government of Canada.

By stealth and with the collusion of provincial governments, federal transfers that used to cover provincial costs for postsecondary education, social assistance and social services have been transformed, with few noticing or seeming to care. Although it took Canada over sixty years to build a welfare state through collaborative federal-provincial action, it has taken less than seventeen short years for it to deteriorate significantly. Priorities seem to have fundamentally shifted since the 1960s and 70s, refocusing Canadian social citizenship almost exclusively on access to health care, ignoring needs such as adequate food, clothing and housing through income security programs; social services and supports; and postsecondary education.

Is this important? Does a dedicated federal transfer for provincial social programs still matter? If it does, taking action to split the CST would be challenging, but would be eased by recent federal decisions to 'notionally' allocate the \$12.2 Billion CST to children (10.4%); postsecondary education (30.7%) and social programs (including social assistance and welfare services (58.8%). But even more challenging would be the imposition of national standards or conditions on provincial governments where none currently exist. Governments would not undertake this exercise willingly, on either the federal or provincial side. The intergovernmental structures that might facilitate such conversations are extremely weak – the federal Minister refuses to engage with her provincial social services counterparts, and provincial education Ministers refuse to engage with the federal Human Resources Minister. And we have lost the research institutes and connecting groups that might facilitate dialogue between governments and ensure that conversations also include civil society organizations.

Canada's post-secondary education, social assistance and social services programs are at a crossroads. If the Canada Social Transfer is to survive and thrive as a mechanism to support pan-Canadian social programs, civil society actors and citizens from across Canada must take the initiative to form a strategic coalition for social policy research, reflection and reconstruction in order to force a collective pan-Canadian conversation. The first challenge will be getting the attention of their fourteen governments who seemed to be consumed by health care matters. A second challenge is to find a way to facilitate positive collaborative

intergovernmental action around social services and education matters, including a way to control federal action or – in today's context – inaction and a refusal to engage at all. A third challenge is that, with the withdrawal of federal funding, many civil society organizations that would take on this battle have folded. Social assistance and social services advocates have even greater challenges given the dominance of postsecondary education advocates on this file. However, models for this kind of action are readily available, drawing on 'soft' coordination approaches used in the European Union (EU)<sup>85</sup> or, closer to home, benchmarking activities already underway in the health care and education sectors. These draw on the collective political will and interest of the participating partners (Canadian provinces and EU member states), not money from a higher authority. The Canada Social Transfer could be viewed as a support to these undertakings, not the driver.

Before federal funding to provinces through the CST erodes even further or disappears completely, it needs to be brought back into the picture. In the absence of government action, Canadian citizens and civil society organizations will need to raise the flag if they still think that a dedicated federal contribution to human capital development programs is a national necessity. They certainly did this after the Second World War, resulting in the development of the Canadian welfare state under federal leadership. However, in today's world this leadership cannot come from the federal government, but must come from provincial governments who are constitutionally responsible for these policy domains. If collective action is not taken soon, Canada's postsecondary education, social assistance and social services programs will become subject to the exclusive control of each individual provincial government, with the notion of a pan-Canadian system considered as just a postscript to the legacy of a once more coordinated and inclusive Canadian welfare state, available to all as a right of social citizenship.



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84. The detailed paper from which this summary is extracted is available at [www.vibrantcalgary.com](http://www.vibrantcalgary.com).
85. Canadian Public Administration 56:2 (June 2013) will dedicate an entire special issue to comparing Canadian and EU approaches to social policy governance.







