

A close-up photograph of a person's hand, palm up, holding a silver coin. The hand is positioned diagonally across the frame. The coin is a US dime, showing the profile of Franklin D. Roosevelt. The background is a blurred, warm-toned surface, possibly a wooden table or floor.

# No CHANGE

After 25 years  
of promises,  
it's time to eliminate  
child poverty

November 2014



## Acknowledgements

**John Kolkman and Manuel Escoto** of the Edmonton Social Planning Council (ESPC), and **Bill Moore-Kilgannon** of Public Interest Alberta (PIA) jointly authored this report. **Lori Sigurdson** of the Alberta College of Social Workers (ACSW) and **Joe Ceci** of Momentum Calgary provided content. ACSW covered printing costs. Layout, design and proof-reading by **Terry Jorden** (ESPC). We wish to thank the members of the Public Interest Alberta Human Services and Poverty Reduction Task Force for their input and support.

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## What is the After-Tax Low Income Measure?

Canada does not have an official poverty line. This report uses the After-Tax Low Income Measure (AT LIM). After-Tax LIM is the international standard used to measure poverty and deprivation between countries. It is increasingly being adopted as the de facto Canadian poverty line. AT LIM is calculated after all applicable federal and provincial government transfers have been added, and any federal and provincial income taxes deducted, from a family's income.

Using AT LIM, those with after-tax incomes 50% or below the national after-tax median income, adjusted for family size, are considered to be living in low income. Table 1 below shows the low income (poverty) lines for different family sizes using the After-Tax Low Income Measure (Statistics Canada, 2014a).

| Number of Adults<br>(includes 16 and 17 year olds,<br>and the first child in lone par-<br>ent families regardless of age) | Chart 1: Number of Children Less than 16 Years of Age |        |        |        |
|---|---|--------|--------|--------|
|   | 0   | 1      | 2      | 3      |
| 1   | 16,968  | 23,755 | 28,846 | 33,936 |
| 2   | 23,755  | 28,846 | 33,936 | 39,026 |
| 3   | 30,542  | 35,633 | 40,723 | 45,814 |
| 4   | 37,330  | 42,420 | 47,510 | 52,601 |

Source: Statistics Canada , 2014a

Cover Photo Credit: Bill Moore-Kilgannon

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## Introduction

It has been 25 years since MPs from all political parties in the federal Parliament unanimously adopted a resolution to end child poverty by the year 2000. As this report makes clear we are a long way from achieving this promise.

On September 15, 2014, the Honourable Jim Prentice was sworn into office as Alberta's 16th Premier. Prentice replaced Alison Redford who had committed during the April 2012 provincial election campaign to ending child poverty in five years and reducing poverty overall.

During the leadership campaign, work on the provincial poverty reduction strategy slowed down. The previous commitment to finalize a strategy this year has fallen by the wayside. The strategy will not be released until Spring 2015.

One of Prentice's first actions upon assuming office was to issue mandate letters to his new Ministers. There is reference in the mandate letter sent to the Human Services Minister to poverty reduction and the plan to end homelessness. The language used is vague and open to interpretation as to whether the Conservative government's new leader feels bound by the specific commitments to ending child poverty and homelessness made by his predecessors.

*"Work with communities to align solutions and outcomes around early childhood learning and development, poverty reduction and the plan to end homelessness."*

- Mandate Letter to Hon. Heather Klimchuk, Minister of Human Services

The past year has been marked by disappointments and missed opportunities at the federal level. The recent decision by the federal Conservative government to introduce billions of dollars in tax reductions that overwhelmingly favour higher income families who need it the least, is one of those missed opportunities. Investing in refundable child benefits instead would have gone a long way to putting a significant dent in child poverty in this country.

While poverty reduction efforts are largely stalled at the federal and provincial levels, important work is taking place at the municipal level. An update of these efforts is provided in this report.

Also highlighted are the many worthwhile services, programs and initiatives that already contribute to ending poverty.

Despite the recent softening of oil prices, Alberta can readily afford to end child poverty. According to the government's own numbers, were Albertans to be taxed at the same level as the second lowest taxed province, \$11.6 billion in additional revenue would be generated (Alberta Could, 2014). This report outlines modest changes to personal and corporate taxation that would generate the revenues needed to fund key poverty solutions.

It will take more than money to end child poverty in this province. Yet, without additional investment in key solutions, the goal of ending child poverty will not be achieved. That's why we have outlined the key investments that could be made, as well as how they would be paid for.

This marks the fourth year of a collaboration between the Edmonton Social Planning Council, Public Interest Alberta and the Alberta College of Social Workers in doing a checkup of child and family poverty in this province, and the most effective ways of ending it.

This report contains updated information on the extent of child and family poverty in Alberta. Statistics Canada has discontinued the use of the Survey of Labour Income and Dynamics (SLID) upon which child poverty data in previous reports was based. Instead, data on child poverty numbers and rates in this year's report is from compilations by Statistics Canada from the actual tax returns filed by Canadian families. Because data is taken directly from tax records, it is considerably more accurate than the income survey previously used. People with a lower socio-economic status are more likely to be missed in surveys for reasons including not having a telephone or language barriers. Moreover, the taxfiler data counts low income children and youth living on First Nations reserves. They were not counted in the previous income survey.

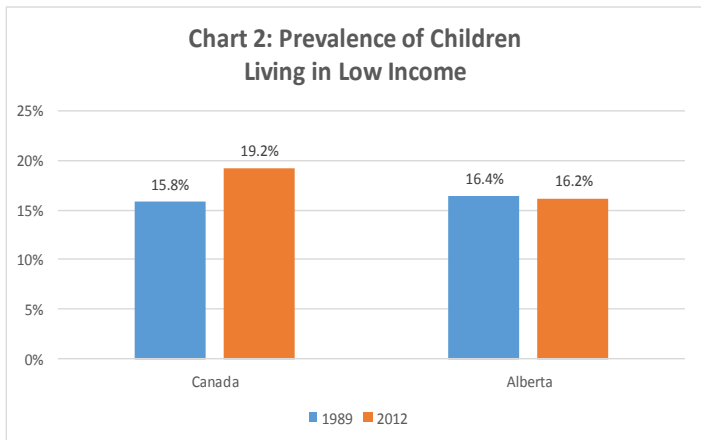
Another advantage of using taxfiler data is that we are able to include in this year's report data on child and family poverty in Alberta's major urban centres and regional cities.

# Alberta Child Poverty Facts

In 1989, the House of Commons approved a resolution to end child poverty by 2000. 25 years later, Canadians are still waiting for viable solutions to end child poverty. Since 1989, the prevalence of children living in low income families in Canada has increased by 3.4 percentage points.

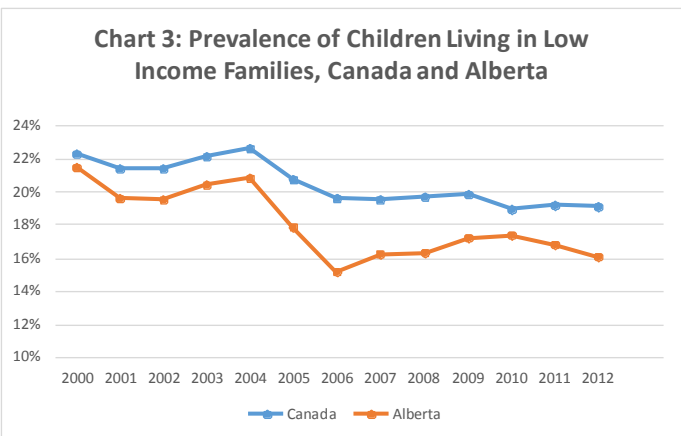
## No change in Alberta child poverty rate in 25 years

In 2012, 143,200 Albertan children lived in poverty, a rate of 16.2%. Chart 2 shows that, in Alberta, child poverty has decreased by only 0.2 percentage points since 1989. However, the number of children in Alberta has grown significantly in the past 25 years. As a result, 28,670 more children are living in poverty in 2012 compared to 1989.



Source: Statistics Canada, 2014b

Chart 3 shows the percentage of children and youth under age 18 living in low income over a 12 year period. Child poverty worsened during the 1990s. Since then, there has been modest improvement. Although rates for both Canada and Alberta have decreased since 2000, rates have remained fairly consistent since 2006.

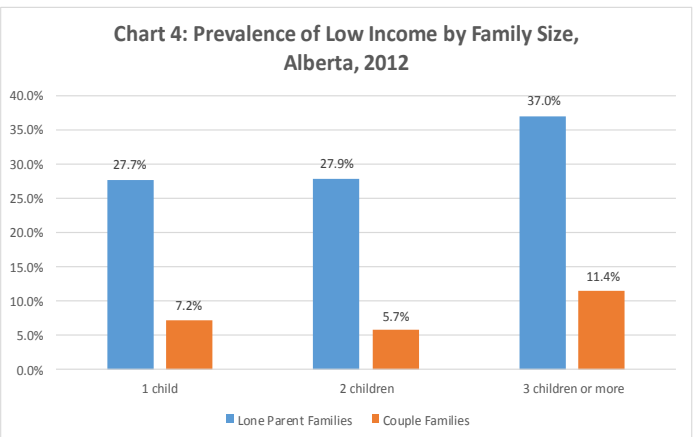


Source: Statistics Canada, 2014c

## Child poverty is higher in lone-parent families

Broken down by family type, 77,570 children and youth (54.2%) lived in low income lone-parent families, and 65,640 children and youth (45.8%) lived in low income couple families.

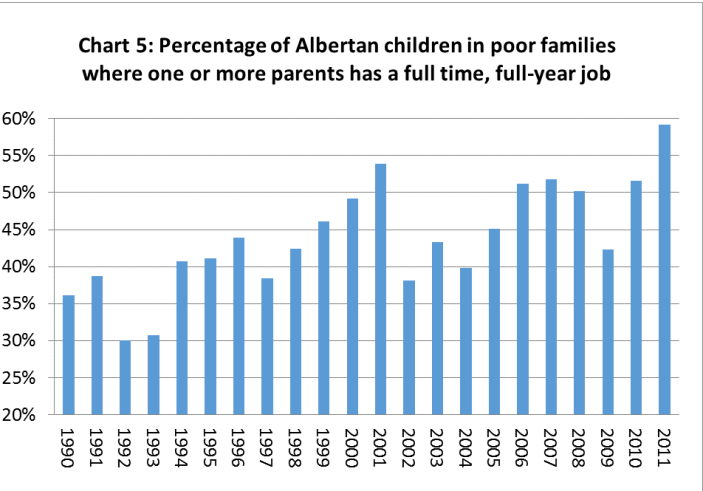
Chart 4 illustrates low income rates by family size for both lone-parent and couple families. Rates remain fairly stable for one child and two child families, but they dramatically increase for families with three or more children. The number of children living in lone-parent low income families is 19,010 with one child, 23,310 with two children, and 35,250 with three or more children. The breakdown for couple families includes 8,880 with one child, 18,630 with two children, and 38,210 with three or more children.



Source: Statistics Canada, 2014c

## Most low income parents work full-time

For many low-income families, employment is not a guaranteed ticket out of poverty. Full-time work, even when combined with income transfers from government is still inadequate to lift children out of dire circumstances.



Source: Statistics Canada, 2013

In 2011, as shown on Chart 5, an all-time record of 59.2% of children in poverty lived in a household where one or more persons were working full-time for the entire year.

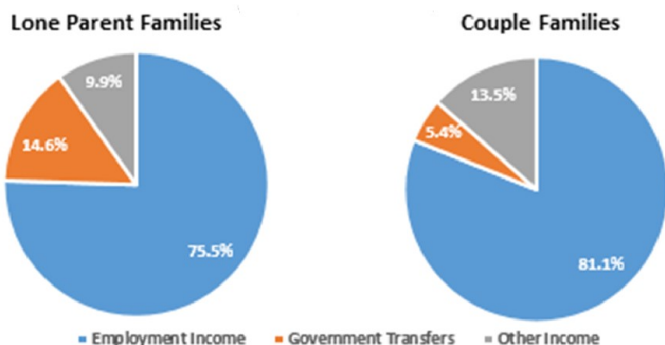
Unfortunately, Statistics Canada has stopped tracking this data so information beyond 2011 is unavailable.

### Most income from jobs, not transfers

Chart 6 illustrates sources of income for Albertans. Employment income is from paid or net self-employment. Government income transfers include child tax benefits, social assistance, employment insurance, the GST tax credit, public pensions, and other payments to persons by the federal and provincial governments. Other income includes investment income, private pensions and child support payment and income from Registered Retirement Savings Plans.

Employment is the primary source of income for all Alberta lone parent and couple families.

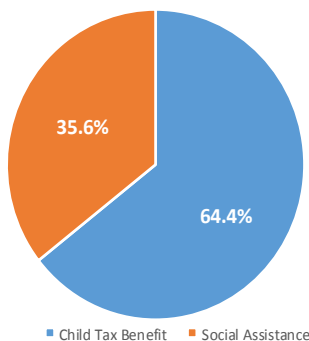
Chart 6: Source of Income, Alberta, 2012



Source: Statistics Canada, 2014d

In 2012, lone-parent families in Alberta received \$447.5 million in federal child tax benefits and \$247.4 million in social assistance (Alberta Works and AISH). Chart 7 below shows the corresponding percentages. This shows that, in Alberta, federal child tax benefits are more important in reducing child poverty than provincial social assistance.

Chart 7: Relative Shares of Government Transfers, Lone Parent Families, Alberta, 2012



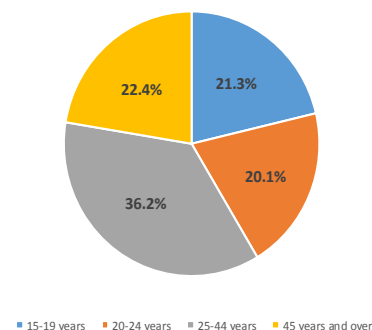
Source: Statistics Canada, 2014d

### Low wages for adults and women

23% of Alberta's total labour force worked for low wages of \$16 per hour or less between July 2013 to June 2014. Chart 8 shows that 56.2% of low wage working Albertans were 25 years old or older.

This shows that most Albertans working for low wages are older adults many with family responsibilities. There is also a significant gender disparity when it comes to low wage work. Over two-thirds of low wage workers (68.8%) 25 years or older are women (PIA, 2014). Many more women than men work in low wage occupations in sectors like retail trade, personal care, childcare, and accommodation and food services (Labour Force Profile, 2014). Moreover, the Alberta government's decision to implement a lower two-tiered minimum wage negatively impacts women who are disproportionately employed in establishments that serve liquor.

Chart 8: Albertans Earning \$16 per hour or less, by Age Group, (July 2013-June 2014)

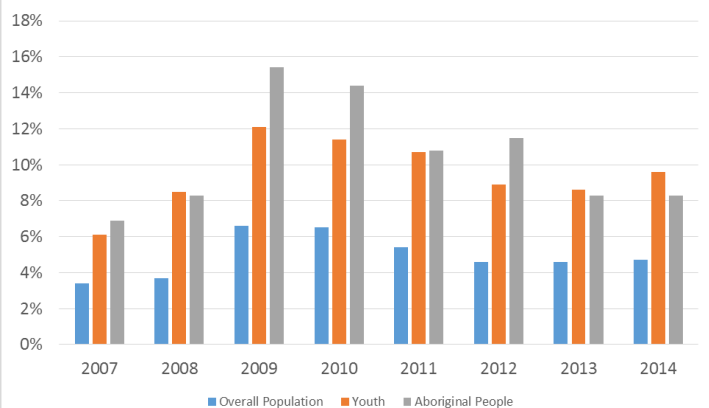


Source: Statistics Canada, 2014e

### Unemployment rates levelling off

Chart 9 shows that unemployment rates in Alberta peaked in 2009 during the economic recession. Although unemployment rates continued to decrease between the years 2009 to 2013, the trend stagnated in 2014.

Chart 9: Unemployment Rates in Alberta

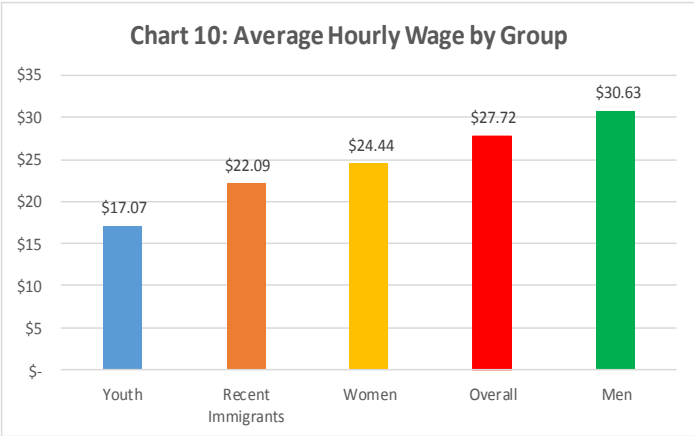


Source: Government of Alberta, 2014 (First 9 months of 2014)

Overall, unemployment increased by 0.1 percentage point, youth unemployment increased by 1.0 percentage point and Aboriginal unemployment remained the same at 8.3%. Despite the 62,000 net new jobs created in the first 10 months of 2014, Alberta’s labour force has been growing even faster.

**Lower wages for youth, immigrants, women**

Although Alberta is on pace to have the strongest provincial economy in 2014 (The Conference Board of Canada, 2014) not all groups are benefiting proportionally. Chart 10 shows that men earn 10.5% more than the provincial average hourly wage and 25.3% more than women. Recent immigrants who have been in Canada for five years or less earn only 81% of the average hourly wage, and youth earn only 62% .



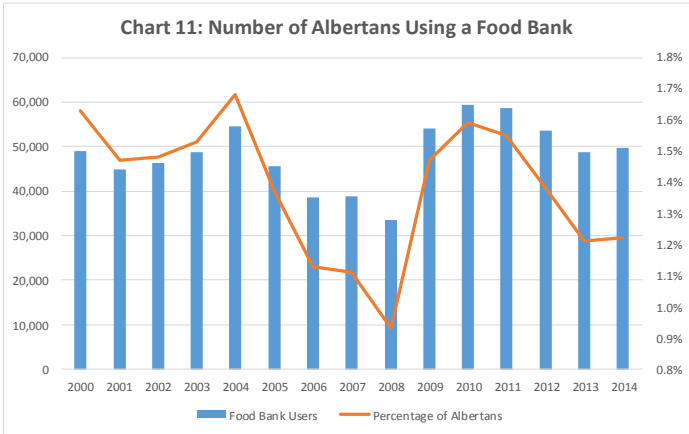
Source: Government of Alberta, 2014

**Food Bank use up slightly**

As shown on Chart 11, between the years 2008 to 2013, individuals assisted by food banks in Alberta was on the decline. However, in March 2014, 49,766 Albertans used food banks, an increase of 2.3% over the previous year and 48.2% higher than 2008 (Food Banks Canada, 2014, p. 25). In March 2014, children represented 42.9% of individuals who used food banks. Lone-parent families represent 36.5% of all household turning to the food bank (Food Banks Canada, 2014, p. 25).

Social assistance (32.2%) was the primary source of income for those helped by food banks , followed by employment (21.9%), and disability related income (15.5%).

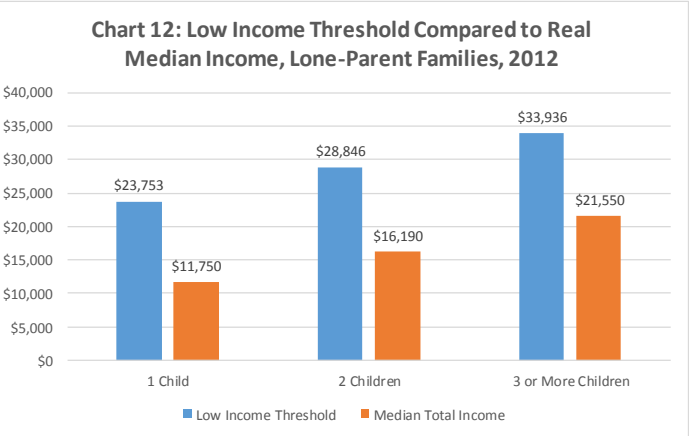
69.9% of food bank users rented, 9.4% utilized social housing, 7.8% were homeowners, and 0.5% were homeless (Food Banks Canada, 2014, p. 25).



Source: Food Banks Canada, 2014

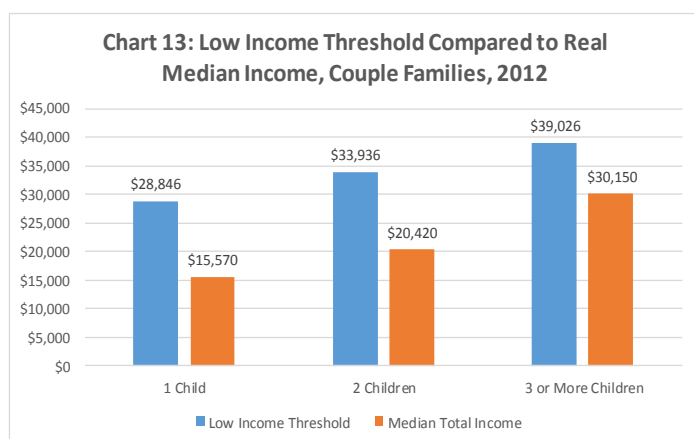
**Lone-parents \$12,000 below poverty line**

Using the after-tax low income measure, Chart 12 illustrates the difference between what lone-parent families are earning and what they should be earning to not be living in poverty. To be lifted above the low income (poverty) line, the median after tax income for lone-parent families would need to increase by \$12,003 for one child families, \$12,656 for families with two children and \$12,386 for families with three or more children.



Source: Statistics Canada, 2014d

The situation is similar for low income couple families. As shown on Chart 13, the median after-tax income would need to increase by \$13,276 for one child families, \$13,516 for families with two children and \$8,876 for families with three or more children to be lifted out of poverty.

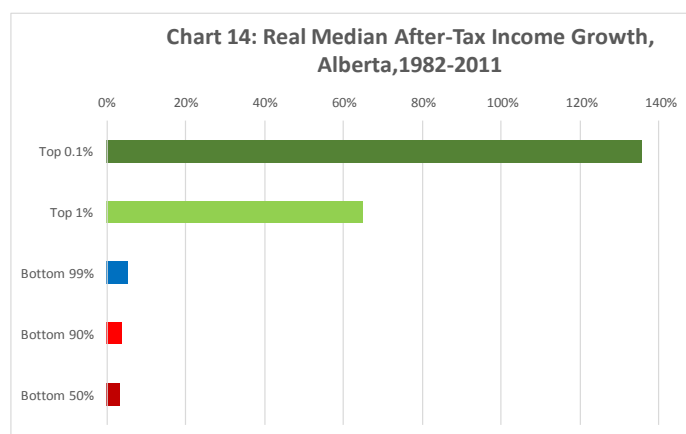


Source: Statistics Canada, 2014d

## Rising Inequality

Over the past 30 years, income inequality in Alberta has increased at a rate exceeding national trends. This is most clearly seen from taxfiler data broken down by income group and adjusted for inflation (Statistics Canada, 2014f).

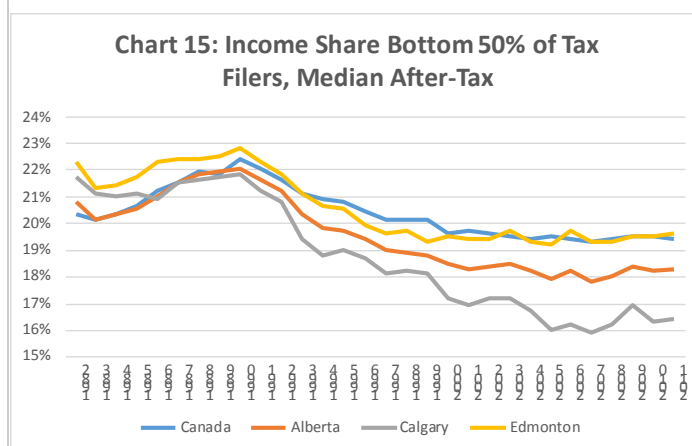
Chart 14 below shows that, after adjusting for inflation, the top 1% of taxfilers saw a 65% increase in their real after-tax incomes compared to only a 5.5% gain for the bottom 99% of taxfilers over the period from 1982 to 2011. Even more dramatically, the top 0.1% of taxfilers experienced a 136% increase in their real incomes, compared to only a 3.4% increase in the real incomes of the bottom 50% of taxfilers.



Source: Statistics Canada, 2014f

Chart 15 shows the income share of the bottom 50% of taxfilers over the period 1982 to 2011 on an after-tax basis. There has been a steady decline in the income share of the bottom 50% nationally, provincially, and regionally. For Alberta as a whole, the income share of the bottom 50% of taxfilers declined from 20.8% in 1982 to 18.3% in 2011. The decline has been most pronounced in the Calgary CMA region, with the decline in the

Edmonton CMA being closer to the national average.

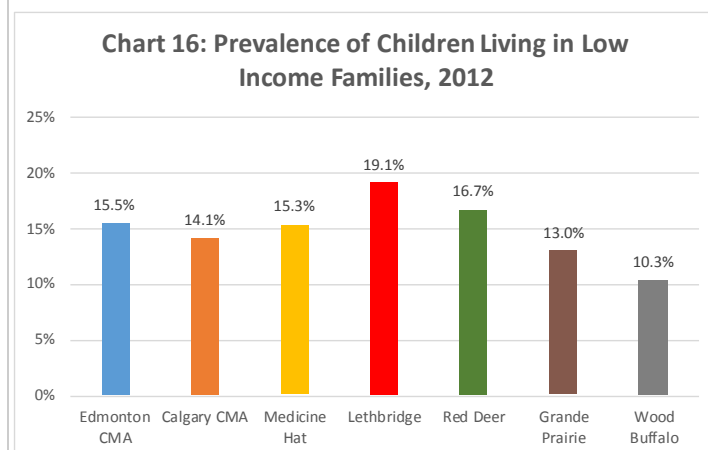


Source: Statistics Canada, 2014f

Many countries in Latin America, continental Europe and Asia are reducing income disparity and becoming more equal. Rising inequality is not inevitable. It is the result of deliberate policy changes made by countries like Canada, the United States, Ireland, and the United Kingdom. These policy decisions include corporate tax reductions, making personal income taxes less progressive, introducing means testing for formerly universal programs, and eroding vital public services like health care, education, and the social safety net.

## Child poverty in larger centres

Chart 16 below shows that child poverty is in double digits in all major Alberta communities. Among major centres, metro Edmonton (15.5%) has a higher child poverty rate than Calgary (14.1%). Among the regional urban centres, Lethbridge (19.1%) has the highest child poverty rate followed by Red Deer (16.7%). Wood Buffalo has the lowest child poverty rate (10.3%) followed by Grande Prairie (13.0%). Medicine Hat has a 15.3% child poverty rate.



Source: Statistics Canada, 2014c



## We Can End Poverty

A recent report called *Poverty Costs*, authored by Vibrant Communities Calgary and Action to End Poverty in Alberta, estimates that failing to address the root causes of poverty costs Albertans \$7.1 billion to \$9.5 billion per year (Briggs & Lee, 2012, p. 1). An updated report will be released in early 2015.

### Build on what's already working

A diverse range of services and supports benefiting people affected by poverty are already in place. Volunteer efforts, excellent programs delivered by human services organizations and educational institutions, and investments by all orders of government are making valuable contributions.

Governments already contribute to reducing poverty through income support programs, tax credits and public services like child care, child protection, affordable housing, education, and health care. In the absence of government supports, many more people would be living in poverty. For the most part, finding poverty solutions involves building upon what's already working well.

### Government leadership essential

Many Albertans have an in-depth understanding of poverty. Determination to end poverty is strong. But the magnitude and complexity of the problem requires leadership from all orders of government. Stable adequate public funding and sound public policy are essential aspects of achieving a poverty-free future.

The past several years have seen strong economic growth fueled by favourable energy prices. Yet, the provincial government cut many important programs in recent budgets. Further public investment is needed in proven approaches to reducing and preventing poverty.

### Child benefits effective in reducing poverty

Child tax benefits are the most effective way to reduce child and family poverty. They do not discriminate based on source of income and are easy to administer. The only eligibility requirement is filing an income tax return. At no extra administrative cost, the provincial government could introduce an Alberta Child Benefit for low and modest income families to parallel federal child tax benefits.

The introduction of an Alberta Child Benefit at an initial level of \$1,200 per year for every child living in poverty and then phased out gradually as family income rises would be a strategic investment in poverty reduction.

### Income Splitting is Regressive and Unfair

*Comparing single-earner and dual-earner couples with the same total money incomes ignores the fact that the single-earner couple has a spouse out of the paid labour force able to generate significant valued goods and services for the household – goods and services that the dual earner couple would need to purchase on the market and/or produce in their time spent off-work. The most prominent of these home-produced items are childcare and many forms of housework such as cooking and cleaning. Moreover, even with the same total money income, the dual-earning couple bears additional costs of daycare, hired maid and laundry service, more meals eaten out and prepared foods, and the work-related expenses of the second spouse including commuting (maybe a second car), clothing, meals and payroll taxes.*

- Kesselman, 2014

Campaign 2000 recommends that the maximum federal child tax benefit (including the supplement for low income families) should eventually increase to \$5,600 per child for the lowest-income families, about 50 per cent higher than current levels.

The “Family Tax Cut” announced by the federal Conservatives last month represents a huge missed opportunity to fight child poverty because it will disproportionately benefit high income sole earner families. While high income families with one child will receive up to \$2,720 from the Conservative plan, (mostly from income splitting), lone parent and two-earner families with one child will only receive up to \$720 from the enhanced Universal Childcare Benefit.

Instead of income splitting, the most cost-effective way to fight child poverty would be to increase the National Child Benefit component of the child tax benefit program. Directed to low and modest income families, a recent federal evaluation “found that the NCB initiative had significant positive impacts in reducing the incidence of families with children living in low-income conditions and in reducing the severity of low-income conditions for those families that continued to live below the low-income threshold” (ESDC, 2013, p. 12). Rates of employment increased by a statistically significant 4.6 percentage points, and reliance on social assistance declined (ESDC, 2013, p. 13).

### Ensure income support tied to living costs

Less than two per cent of Albertans receive social assistance (Alberta Works) benefits, with most recipients



unable to work due to illness and other factors. After peaking in 2010 due to the recession, caseloads are slowly declining in line with an improving economy. Some of the savings from caseload reductions should be reinvested in indexing benefits, increasing assets limits, and rewarding work by allowing recipients to earn \$500 per month before clawbacks.

There has been one 5% increase in Alberta Works monthly benefit levels in the past six years. Alberta Works monthly benefit levels remain among the lowest of any Canadian province (Caledon, 2014).

Assured Income for the Severely Handicapped (AISH) benefits for disabled Albertans increased by \$400 per month on April 1, 2012. The earnings exemptions before clawbacks was also doubled to \$800 per month (Government of Alberta, February 2012). As a result of these changes, the gap between benefits received from social assistance and AISH has widened.

Annual indexing of both Alberta Works and AISH benefits to changes in living costs is urgently needed.

### **Place-based initiatives**

Place-based initiatives are developed in a particular geographic location or context. They are better able to address circumstances specific to a particular locale. Street newspapers, community fundraising, safe communities activities, and peer-support programs for people with mental illnesses are examples. People living in economic poverty must be involved in providing perspectives and having meaningful roles in the development and delivery of programs and services.

Experiences and challenges of poverty differ depending on location. For example, low income families living in rural or small town Alberta do not have access to public transit. Transportation costs are therefore higher because of the need to have a vehicle.

While mostly funded by the province, Family and Community Support Services (FCSS) is directed by local communities, preventative in approach, and addresses local low income challenges. Provincial FCSS funding has been frozen at the same level since 2009. Adding \$25 million in FCSS funding and then indexing for changes in population and living costs would restore the 80% provincial and 20% municipal funding formula.

### **Accessing benefits**

Incomes can also be improved by ensuring low income Albertans receive tax and health benefits for which they qualify. Better financial literacy enables people to use income more effectively.

Many community agencies invest significant volunteer resources helping people get benefits to which they are legally entitled. Since many benefits are tied to the filing of an income tax return, community initiatives like Edmonton's E4C Make Tax Time Program use volunteers to assist low income households in filing their annual tax returns (E4C Alberta, 2014).

### **Asset building**

Initiatives that make it possible for people to start building assets include social enterprise and micro-enterprise loan funds, and avenues for people to become homeowners through land trusts, sweat equity and cooperative housing. Families with low income and modest incomes become more financially capable, and save money for the future as well as build assets.

Programs through Financial Futures Collaborative in Calgary and the Alberta Asset Building Collaborative in Edmonton teach financial literacy while providing matched savings. For instance, Edmonton has a program called Empower U – Building Confident Futures in which low income participants can have their savings matched 2:1. Participants saving \$50 per month can receive matching savings of \$100, allowing them to purchase an asset that will help with their quality of life, their education or their employability.

### **Support to service providers**

When service providers do not have adequate and stable long-term funding, it is difficult to develop and sustain programs. Skilled staff are lost when programs come and go. New staff have to learn skills and valuable time is lost as they become competent. The current funding processes require organizations to spend a great deal of time and expertise developing proposals, rather than putting resources into actual service delivery. Excessive reporting requirements on small details not related to the purpose of the work also wastes valuable resources.

Funding should be based on achieving a real, long-term, positive impact and equipping people to meet their own needs. There is both tangible and intangible value in services that are client-directed and close to the people being served.

Non-profit sector staff are often paid at rates below those of the government and private sector. This makes it hard to recruit and retain qualified staff.

### **Feminization of Poverty**

Many children are living in poverty due to the significant barriers women experience in Alberta. Using an index of

gender equality, The Canadian Centre for Policy Alternatives (CCPA) found that out of the 20 largest municipalities in Canada, Calgary and Edmonton were ranked extremely low. Calgary came in 17<sup>th</sup> and Edmonton came in dead last as the worst places for women to live in Canada (CCPA, 2014a). Women's economic security is impacted by a myriad of factors. These factors include insufficient income, caregiving demands, poor access to avenues of leadership and personal safety issues.

According to the CCPA report a woman in Edmonton makes 60 cents on a man's dollar. Calgary is not much better with only a slightly smaller gap between the wages of men and women. Most higher paying jobs are in traditional male fields, such as the trades, to which women have minimal access. In Edmonton, men outnumber women amongst trades and apprenticeships at a rate of 3 to 1 and in Calgary that rate is more than 2 to 1. In addition, women make up 61% of low wage workers in Alberta (Public Interest Alberta, 2014). Aboriginal women, visible minority women, women with disabilities and single mothers are all more likely to have a low income than men within the same categories (United Way, 2012).

Children are poor because their mothers are poor. As women are disproportionately responsible for childcare, one of the key barriers that mothers face in lifting themselves and their children out of poverty is the lack of access to affordable and quality childcare. In addition, women care for vulnerable family members who may be elderly or ill. In fact women do double the amount of unpaid work than men, whether it be caregiving or household chores (Sandberg, 2013).

Another factor that impacts women's economic security is leadership. Low representation of women legislators means that policies adopted by government may be less family friendly. Research finds that a minimum of 30% of legislators must be women for implementation of progressive policies (Trimble & Arscott, 2008).

In the 2012 provincial election, 23 out of 87 MLAs were women; 26.4%. Reaching the necessary threshold by electing more women, will go a long way to advancing policies that lift women and children out of poverty. On the municipal front, only one councillor in Edmonton is a woman and in Calgary only two since the 2013 election.

Besides the insufficient political representation of women in Alberta, leadership in the workforce is also lacking. Calgary has one of the worst records for promoting women to senior management with only 22% holding

these positions. Edmonton has a slightly higher proportion of women in these positions at 29% (CCPA, 2014).

Women experience personal safety issues that negatively impact their economic security. Both Edmonton and Calgary women experience higher than average rates of police reported intimate partner violence, sexual assault and criminal harassment. Women often remain in abusive relationships to avoid poverty and homelessness. Women who leave a partner to raise children on their own are five times more likely to live in poverty than if they stay with their partner.

In Alberta, shelters supported 926 women and 1,102 children in one day in 2013. On that same day, 35 women reported that their intimate partner had threatened them with a gun and 39 women were known to be pregnant. Shelters had to turn away 90 women and 63 children. Aboriginal women are 2.5 times more likely to experience spousal violence than non-Aboriginal women.

Addressing the above factors that disproportionately impact women's economic security is essential to achieving our goal to eliminate child poverty in Alberta.

### **End homelessness, build more housing**

Ending most federal and provincial investment in affordable housing 20 years ago led to dramatic increases in the numbers of homeless individuals and families throughout Alberta. Combined with rapidly rising rents, this meant that by 2008 the number of homeless Calgarians increased to over 4,000 and the number of homeless Edmontonians to over 3,000.

In 2009, following the lead of Red Deer, Calgary and Edmonton, the Alberta government adopted a 10 year plan to end chronic homelessness in the province's seven largest urban centres. Five years into the 10 year plan, progress is stalled and even reversing. Both Calgary and Edmonton reduced the number of homeless persons by about 30 per cent during the first three years. Since then, record low vacancy rates in Edmonton and Calgary is once again causing homelessness to grow. In October 2014, homelessness grew to 3,531 in Calgary, 2,252 in Edmonton, and 6,600 province-wide (7 Cities, 2014).

Despite record levels of in-migration in the last few years, the two most recent provincial budgets have seen major reductions in provincial funding, and modest reductions in federal funding, for new affordable housing construction and for homelessness prevention programs such as rent supplements. The policy commitment to end homelessness is not being backed up with sufficient

provincial and federal investment.

More effective municipal leadership is needed to ensure new affordable housing units get built. Several funded projects have been cancelled or delayed because of neighbourhood opposition. All neighbourhoods—not only those in the inner city—need to step up to the plate and welcome affordable housing units to their communities. Innovative solutions such as using surplus school sites in established neighbourhoods would ensure a better distribution of non-market housing.

### **Affordable rents and home ownership**

Affordable shelter is by far the biggest cost for low and modest income Albertans. Keeping people housed through affordable rents or home ownership is an important homelessness prevention strategy.

To address this funding shortfall, non-profit housing management agencies have implemented systems to determine which types of households have the greatest need for housing. Families with children receive priority, though there continues to be a shortage of units for larger families. For everyone else, the wait for rental assistance can take two years or more.

### **Albertans deserve a fair income for work**

Stable, secure jobs with decent pay and benefits are a key poverty elimination tool. As well, government policies need to be developed that improve employment conditions for low income workers without extended health and dental benefits, employment pensions, and job security.

59% of children living in poverty have at least one parent working full-time for the full year (Chart 4). This shows a clear need for strategies to make sure these hardworking Albertans do not have to live in poverty.

### **Raise and Index Minimum Wage**

In 2011, the Alberta government introduced a policy under which the minimum hourly wage would be adjusted once a year using a formula encompassing changes to inflation and employment earnings. On September 1, 2014, the minimum wage was set at \$10.20/hour with a lower \$9.20/hour wage for workers serving liquor (Government of Alberta, May 2014).

Despite having living costs significantly higher than the national average, Alberta is tied with Saskatchewan in having the second lowest minimum wage in the country trailing only New Brunswick.

To rectify this, Alberta's minimum wage should be increased to \$12.00 per hour for all workers. The

## **Poverty Reduction Snapshot—Major Cities**

**Edmonton Poverty Elimination Initiative** was elevated to a Mayor's Task Force in March. The overarching goal is to end poverty in a generation. Co-chaired by Mayor Don Iveson, the task force consists of 18 community leaders, an Aboriginal Roundtable, a Research Roundtable, and six working groups. A 10-year action plan will be finalized in 2015.

**Calgary Poverty Reduction Initiative (CPRI)** is led by the city and United Way. The strategy was adopted unanimously by council on May 27<sup>th</sup>. Partnerships and committees have been established and are developing detailed implementation plans that include budgets and timelines extending beyond 2014. Calgary is also establishing a long-term sustainable governance structure for the initiative. Vibrant Communities Calgary will be facilitating implementation of the Enough for All strategy.

differential minimum wage should be eliminated. The minimum wage should be indexed thereafter.

### **Living Wage for Contracted Services**

In Calgary in 2014, a living wage of \$17.29 per hour without benefits and \$16.14 per hour with benefits is required to ensure that a single person working full-time for the full year could live above the poverty line (Vibrant Communities Calgary, 2014). Living wage policies - especially for services contracted by all three orders of government - would ensure a stronger human service sector.

### **Make Work Pay through Tax Credits**

Earned income tax credits reward the work effort of those employed in low-paid jobs.

A federal working income tax benefit (WITB) has been in place since 2007. For families, a modest refundable benefit is provided on earnings between \$3,000 to \$25,700 per year.

This province has an earned income tax credit called the Alberta Family Employment Tax Credit. Currently, the Alberta credit is only available to working families with children. The Alberta Family Employment Tax Credit should be expanded to include single adults and child-less couples, paralleling the federal working income tax benefit.

As revenues recover, both federal and provincial governments should reward work by investing more in refundable employment income tax credits.



## Early learning and child care

Early childhood development programs are an effective investment that makes a positive difference for decades to come. Early childhood development services such as Head Start are especially important to equip all children for school success. Full day kindergarten is especially beneficial for children from low income families. In the 2012 election, the PC Party announced plans to establish full-day kindergarten. However this has not been followed by a firm commitment to do so, even in schools that have the space and a demonstrated need.

Alberta lacks a comprehensive, non-profit childcare system that provides sufficient access to quality, affordable day care and after-school care.

The licensed child care system in Alberta is very expensive. A recent report found that the median fee for an infant in Calgary was \$1,050 per month and in Edmonton \$900 per month (CCPA, 2014). The maximum monthly child care subsidy is \$628 per month (Alberta

Human Services, 2014). Even low income families eligible for the maximum subsidy either have to pay hundreds of dollars per month for quality child care or risk making unregulated or less safe arrangements (CCPA, 2014). Unfortunately, rather than providing more supports for low income families to access child care, the Alberta government is no longer providing accredited child care centres with quality enhancement grants. This has resulted in most child care centres having to increase their monthly fees.

In 2013, a Statistics Canada survey found that fewer than one in five (19.8%) women aged 25 to 44 in Quebec (which has by far the lowest childcare costs in the nation) said caring for children was their main reason for working part-time. In Alberta, nearly half of women aged 25 to 44 working part-time said caring for children was their main reason for working part-time (Statistics Canada, 2014g). With labour shortages in many occupations, affordable childcare should be a key consideration in encouraging

### A Snapshot of Current Activity: Poverty Reduction in Alberta's Regional Centres

**Camrose** Social Development Committee (SDC) conducted research in spring 2014 and generated a poverty report. This report was presented to City Council on June 9<sup>th</sup>. Further discussion around the poverty report is anticipated for late 2014. SDC is seeking a member of the business community to participate in discussion and strategic planning. SDC also requested the report be referred to two other committees, the Community Transit Advisory Committee and the Land Use By-law Re-write Advisory Committee.

**Grande Prairie** established Community Action to End Poverty (CAEP). In December 2013, the City of Grande Prairie and the local United Way hosted a poverty simulation to raise awareness among locals. Grande Prairie also produced an updated Living Wage Report in 2014, as well as their Narrowing the Gap report, which engaged female lone parent families for recommendations.

**The Vibrant Lethbridge Community** generated a report from focus groups held in 2013. The report was presented to City Council and the Government of Alberta. The Vibrant Lethbridge Committee is moving poverty reduction initiatives into the implementation stage. Research participants (vulnerable groups) will be kept involved in the planning and development of new initiatives.

The **Medicine Hat Roundtable** released a report to the community in February 2013. This baseline data will be the point of reference in which the six focus areas for poverty reduction can refer to. The next steps for the Medicine Hat Roundtable include the development of a governance model and the planning and development of a series of community activities.

**The Regional Municipality of Wood Buffalo** formed a leadership table with key stakeholders in December 2013. A subcommittee of this leadership table will look at the work that has already been done and identify three to five priorities for social well-being. Stakeholders will be surveyed on these priorities to determine their legitimacy. This process will be an avenue to help solidify the municipality's priorities, actions, goals and outcomes.

**Red Deer** established the Central Alberta Poverty Reduction Alliance (CAPRA). In April 2012 they officially signed on to the *Cities Reducing Poverty* movement through Vibrant Communities Canada. Living wages were calculated for 9 central Alberta municipalities. Red Deer City Council endorsed the research through a Notice of Motion. Red Deer & associated municipalities signed a Proclamation to mark the International Day for the Eradication of Poverty on Oct. 17<sup>th</sup>, 2014.

more participation by women in paid employment.

Early childhood development programs need improvement. Immigrant families with preschool children have difficulty accessing English language programs due to lack of community connections. Without language proficiency, their chances of getting a good paying job are low. As a result, they can get trapped in poverty. Those who need occasional child care and do not have safe places to leave children run into trouble due to the lack of drop-in spaces. There are insufficient spaces and training to serve children with special needs.

*Affordable child care isn't just important for parents, it's important to Canada's economy. When parents are given an affordable child care option, as in Quebec, they overwhelmingly choose to work. This is particularly true of women. Thus, there is a clear benefit to the economy of not depressing labour force participation due to high child care costs.*

- The Parent Trap, 2014, p. 21

### **Recreation and access to transit**

Access to recreation, arts, and cultural opportunities is important for all ages and incomes. Some programs like Edmonton's Leisure Access Program cover registration fees, and access to facilities. Yet, transportation costs remain a major barrier for many low income families. A low income transit pass similar to that already in place in the City of Calgary would benefit all families without one.

### **Literacy**

Literacy (including numeracy and computer literacy) needs more attention at all age levels. Too many adults do not have strong enough literacy skills to secure and hold meaningful employment in a high-tech world. Post-secondary institutions and community organizations offer options to improve literacy. Some are designed to meet the needs of those with work or family commitments and unable to study full time or during normal business hours. Some employers also provide support as well. Public libraries are actively developing creative programs and welcoming facilities for all ages and income groups.

### **Invest More in Education**

The number of children in Alberta's Kindergarten to Grade 12 school system has grown rapidly in recent years resulting in larger class sizes and lack of nearby schools. This prevents many children from reaching their full

potential.

Youth who do not complete high school or post-secondary education and training are at increased risk of experiencing poverty. While high school and post-secondary completion are steadily improving, Alberta still lags behind most other provinces when it comes to students dropping out.

Due to funding constraints, Alberta post-secondary institutions continue to reduce access, cut programs, and lay off staff and faculty. Alberta has one of Canada's lowest post-secondary education participation rates. Among the provinces, we also have above average tuition costs. Relying on loans makes it difficult to access and complete post-secondary education. Alberta needs to expand bursaries and grants to improve accessibility to post-secondary for those with low or modest incomes. Doing so represents a wise investment in the province's future since post-secondary graduates earn higher incomes and experience significantly lower unemployment.

### **Supporting Vulnerable Workers**

Greater emphasis needs to be placed on skills training and securing jobs for groups under-represented in Alberta's labour force, especially Aboriginal people, recently arrived immigrants, and disabled persons. The continued high unemployment and underemployment of these groups represents a tremendous waste of human capital. The number of immigrants and refugees settling in Alberta has more than doubled in the past decade. Yet funding for immigrant settlement and employment programs has not nearly kept pace (CIC, 2014).

Instead of hiring these underrepresented groups, some Alberta employers have been bringing in tens of thousands of temporary foreign workers mostly to fill low skill and semi-skilled positions. Some tentative steps are being taken by the federal government to reduce reliance on temporary workers to fill low wage jobs like serving fast food and cleaning motels. However, federal policy needs to provide a pathway to permanent residency for those temporary foreign workers with a good employment history who wish to settle here.

A better balance between the rights of employers and employees is also needed in this province. Many labour disputes are caused by anti-union employers refusing to bargain a first collective agreement in good faith. First Contract Arbitration (FCA) is a fair way of ensuring that employees who have democratically decided to form a union are able to achieve a first collective agreement.

## Ending Child Poverty Should Not Depend on the Price of Oil

Alberta is the richest province in Canada. Yet when it comes to investing in quality public services and fulfilling the Conservative Party's election promise to eliminate child poverty, they plead that the government does not have revenue. While the first half of the fiscal year saw strong revenues from the high price of oil, the recent drop in the price of oil is unfortunately already being used as an excuse to say we can't reduce child poverty.

Rather than waiting for the price of oil to go up, there are many solutions to Alberta's revenue problems that will allow the province to prevent, reduce and eliminate child poverty.

The first simple step is to move Alberta back to a progressive tax system like every other province and the federal government. Alberta's flat tax system means that people with average amounts of taxable income are paying more in income taxes than people in BC and Ontario, the two closest tax jurisdictions. For example, an Albertan earning \$60,000 pays \$1,100 more in taxes than if they lived in BC. However, someone from Alberta earning \$1 million would pay \$41,000 less in provincial income tax than in BC.

If income over \$100,000 was taxed at 13% and income over \$150,000 was taxed at 15%, Alberta would bring in an additional \$1 billion per year.

Secondly, Alberta also has the lowest corporate income tax rate in Canada at only 10%. Many provinces, including Alberta, have been cutting corporate income taxes while cutting vital public programs. For example, Alberta's corporate tax rate in the 1990's was 15.5%, in 2001 it was cut to 13.5% and then was slowly cut to 10% in 2006. If Alberta was to increase its corporate tax rate to that used in Saskatchewan, at 12% we could bring in another \$1 billion.

This additional \$2 billion in increased provincial revenues would be more than sufficient to seriously reduce the number of children in poverty, and would still keep Alberta as the lowest tax jurisdiction in Canada. The Alberta government's own budget documents show that Alberta could increase all forms of taxes by \$11.6 billion and still be lower than British Columbia, the second lowest tax jurisdiction. (For more information about Alberta's revenue options, visit [www.AlbertaCould.org](http://www.AlbertaCould.org))

Alberta also needs to examine how we can receive fair royalties for our energy and other natural resources. However, additional funds from a revised royalty

framework could go towards investing in the infrastructure needed by our growing population and to save for future generations.

By making the above changes to Alberta's personal and corporate tax system, the provincial government could bring in an additional \$2.0 billion per year. This would allow the Alberta government to invest in the following policy solutions for a real poverty reduction strategy presented in this report, with additional funds to invest in other important public services.

## Additional Provincial Investment for Poverty Solutions

- Alberta Child Benefit of \$1,200 per child —\$200 million
- Index Alberta Works and AISH, change asset policy, and allow people to earn \$500 before clawbacks —\$50 million
- Implement living wage for contracted services —\$150 million
- Enhance working income tax benefits —\$75 million
- Additional affordable housing investment —\$100 million
- Fully fund rent supplements —\$50 million
- Full-day kindergarten for vulnerable children —\$100 million
- Additional investment in child care, early childhood development, child protection —\$100 million
- Re-invest in programs to reduce class sizes and provide more access to post-secondary education —\$100 million
- Improve bursaries for low income post-secondary students —\$50 million
- Increase support for Family and Community Support Services —\$25 million

**Additional Investment Per Year—\$1 billion**



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**Note:** Data on facing page based on calculations done for the Alberta Could campaign. See AlbertaCould.org for details.

# It's Time to Eliminate Child Poverty

Given how wealthy Alberta is and how our economy and population continues to grow, people will be surprised to learn that there are 143,200 children living below the low-income measure. At 16.2%, there has been practically no change since the unanimous parliamentary commitment to end child poverty was made on November 24<sup>th</sup>, 1989.

We know that there are many solutions that will address the underlying causes of poverty. The Conservative Party's commitment during the 2012 provincial election to end child poverty could still be achieved if the various levels of government and other sectors of society actually invest in real and practical solutions. To be successful, the many different solutions must be brought together into a comprehensive strategy that will have clear goals to prevent, reduce and ultimately eliminate child poverty in our province.

Not only is this important to help all Alberta's children develop their true potential and to support families to thrive, but it benefits all Albertans by strengthening our economy and reducing other costs that come from increased inequality. The provincial government plan that is to be released in 2015 after more than two years of public consultation must ultimately be backed by real action and investments. Instead of saying Alberta can't eliminate child poverty, let's recognize that Alberta can do this. Alberta children and youth don't deserve another 25 years of hollow promises. They need commitment and action now.

## Take Action Now

To help support the establishment of a real comprehensive poverty reduction strategy, we need Albertans to challenge the Conservative government MLA's and all political parties to make this a top priority.

- To send a message to MLAs and the Minister go to [www.pialberta.org/endchildpoverty](http://www.pialberta.org/endchildpoverty)
- Get involved in supporting the many organizations in your community who are working to address the root causes of poverty.
- Help promote the campaign by writing or calling into the media and using your social networks.
- Help educate others by asking for one of the partner organizations to come and speak at your meetings or host a special event.