

# first reading

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How many of us remember, amidst the hoopla of the recent mega-dollar "6/49" with a prize equivalent to the budget of a small government department, that the idea of a large, government-run, nation-wide public lottery first surfaced in 1975. That lottery was inaugurated and promoted as a way of paying for the 1976 Summer Olympics in Montreal. This country's governments knew, however, that lotteries could generate revenue. The Olympic experience merely confirmed the fact, and assured us that the lottery experience would be with us for a long time.

The Edmonton Food Bank, as well as a number of other food banks, was originally set up to perform a function quite unlike the one which it is now performing. The initial intentions, as are the current ones, were good but the concept, which was intended to be very specific and hopefully temporary, has become something quite different and certainly far less temporary than originally hoped for.

Remember when the local community league was just a place to skate, hold parties and maybe play tennis. Then the community league, threatened by developers and planners, found its feet and voice and became a political pressure group. Now the community league is often struggling financially, facing waning interest on the part of community members, unsure about the services it should and can provide, as well as the role it might play in the future development of its turf.

The focus of this edition of *First Reading* is loosely titled, "With the Best of Intentions." It examines the three situations mentioned above; how their initial intent or purpose was quite different from the situation which now exists, and how the current situation is not only different, but perhaps negative in its overall effect.

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Included with this edition of *First Reading* is an edition of *Alberta Facts* which acts as a follow-up of sorts to the last issue of *First Reading* on the subject of child care.

Good Intentions

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# BANKING ON CHARITY

Linda Goyette

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"Of course, the government is taking advantage of us. The Food Bank has recognized it all along. It's no secret, it's no mystery. We let them off the hook and we save them money. We don't relish this at all, but what are we supposed to do? If we shut down, we would drive so many people back to the old charity agencies, back to crime or perhaps prostitution. Our temporary measure looks pretty permanent, eh?"

"The government doesn't want to hear that they're pinching the people. They don't want to hear that they're abdicating their responsibility. We're not naive enough to think they don't know exactly what they are doing."

- Phil Byrne, a retired construction company executive, took a seven month sabbatical from the corporate world to help launch Canada's first food bank in Edmonton.

Diane tried to pretend it was still the old Safeway store on Jasper Avenue. She pushed open the door and glanced around for a grocery cart that wasn't there. Everything seemed out of place in this supermarket for hard times. Telephone volunteers sat at desks where checkout girls should have been punching cash registers. A counsellor murmured to a Metis man in what used to be the produce department. Even if Diane had found a metal cart, she couldn't just stroll over to Aisle 8A to inspect the cake mixes, or linger in 10B and decide whether to buy black or green olives. The aisles were gone, the existing shelves almost empty and the food stacked against the north wall was poor-people fare -- canned beans, Kraft Dinner, soft cabbages on the edge of decay. A warehouse worker had taped a hand-lettered sign to the wall as a gentle joke for reluctant customers. "Thank you for shopping at the Edmonton Food Bank," it said, but Diane didn't laugh if she saw it. She stood in the waiting area without speaking as a volunteer packed her hamper. Eyes fixed on the door, she appeared to be measuring every footstep between the handout lady and her escape from humiliation. "I kind of had my doubts about coming here," she said, as she picked up the grocery bags gingerly. "I needed to talk to a few of my friends about it." Her first visit to a food bank ended in 24 minutes, but it felt like forever.

Diane had just crossed Alberta's great divide. An unemployed hairdresser, she had borrowed

money from her parents and boyfriend to delay the inevitable. Now, it had happened. She had left the mainstream of working poor people and joined a shunned minority of jobless poor people. She had been independent, despite family loans, and she was now a public burden. She had broken the unspoken but quietly understood rule of her province. Young and healthy, she had asked for charity.

Diane was in high school during the dress rehearsal recession of 1982-84, or the National Energy Policy recession as Albertans prefer to call it. She is too young to remember the glory days of the boom when hairdressers in cheap salons, and everyone else, made a decent dollar, when more than 12,000 new workers arrived in Alberta every month, when the province had a nominal 3.8% unemployment rate. Diane is a casualty of the painful recession, the real one, which hit the province in early 1986. By April 1987, the provincial unemployment rate stood at 11.1% and Edmonton alone had more people out of work than all of Alberta had tolerated in 1980. [The unemployment rate for Edmonton in February 1988 was 11.6%.] Diane refused to believe it would happen to her -- until it did.

## Government Abdicates

The Tories had made it clear they would not bear the recession burden alone for ideological reasons. "Those people who say government has to do it all, it is their responsibility, they are out to

lunch," Neil Webber, a social services minister under Peter Lougheed, had said as early as 1984. Responding to a report on Alberta poverty a year later, he added: "The governments in this country are doing too much as it is. I don't know what else we can do." In 1985, a new premier reiterated the theme. Don Getty said he was not at all worried that 17 food banks had sprung up in Alberta in just five years. "Do you think volunteers and neighbours have been helping other people just recently?" he asked a reporter incredulously. "They've been helping people for years." Connie Osterman, who inherited Webber's portfolio in 1986, offered poverty parables from her early life on the farm to argue that poor people could overcome adversity with enough ingenuity. She used these simple tales of foraging for salad greens at the side of the road, of asking her elders for advice, to justify the government's philosophical position. The minister speculated that generous social programs might have crippled an entire generation. "There are lots of ways of being cruel," she said. Osterman's underlying message was that a stubborn, prairie God helped only those who helped themselves -- and her government wouldn't be any different.

### **The Food Bank is a Mirror**

The Edmonton Food Bank was always the best mirror of the Alberta recession. It reflected every glimmer of public generosity, every shadow of political indifference.

The first food bank in Canada, it was born of plenty, not poverty. In 1980, a small group of Edmonton residents began to talk about the underside of the oil boom. Newcomers, arriving by the thousands, were collecting miracle wages, spending cash faster than they had earned it, discarding the old and buying the new. The quiet critics objected to the waste of consumer goods, especially food, and decided to do something about it. They never intended the food bank to be a New Age soup kitchen. Preoccupied with conservation, organizers envisioned a warehouse depot to collect food that would otherwise go to the dump - the strawberry ice cream with the wrong pink tint, the shipment of bananas too ripe for the final leg of the trip to Yellowknife. Manufacturers, retailers and farmers would be the suppliers. Volunteers in a central clearing house would redistribute the donations in bulk to local institutions, such as the Salvation Army hostel. Anything left over would go to the shivering camels at the Edmonton Valley Zoo.

It did work that way in the beginning. Slowly, however, volunteers in church basements began to requisition individual food hampers to distribute to poor families in their neighbourhoods. "We still wanted the hampers to be just a sideline to our bulk food operation," recalls Brian Bechtel, the food bank's executive director. It was wishful thinking.

When the government slashed welfare rates severely in July 1983, food hamper distribution tripled in just four months. The social services minister rejected any link between welfare cuts and food bank line-ups as "absurd." Neil Webber insisted people took advantage of the hampers "only because of the ease with which one can get food." In other words, it was more convenient than Safeway and free to boot.

Food bank volunteers told another story. Welfare recipients comprised 60% of their clientele. Caseworkers in at least one government welfare office had distributed photocopied lists of food depots. Food bank directors worried even more when, in April 1984, Webber rose in the legislature and congratulated them for co-operating with his department. Willing or not, they had been recruited for the welfare team. The game was no fun.

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**The Edmonton Food Bank fed 16,900 hungry people in April, 1987. "Our work should not be on this scale," said Bechtel. "The sheer bulk of it is unacceptable. We are not prepared to give up, we are not prepared to throw in the towel and say we're here to stay."**

**...Their agency is a victim of its own success, an instrument of the government's social welfare policy, a convenient salve for the conscience of a conservative province.**

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Volunteers began to report that people arrived at food depots only after all their food was gone. The food bank was soon shipping 65% of its

deliveries outside inner city neighbourhoods. Suburban Edmonton was clearly in trouble. New studies on food bank use shocked the public. The city learned that 20,315 Edmonton children - one in five kids under age 12 - relied on the food bank in 1985. In a joint survey in the spring of 1986, the cities of Edmonton and Calgary reported that food bank users were living "at less than subsistence levels." In a single month, 4600 food hampers had fed 12,400 people in Edmonton. Reports from three independent social agencies pleaded for an immediate increase in the miserable welfare rates to reduce the growing dependence on food bank hampers.

True to their creed, Albertans did not echo that call. Instead, they stuffed brown paper bags for the food bank like good neighbours at a 1912 barn raising. The tiny hamlet of Bawlf dispatched a shipment of food to hungry Edmonton in early 1986. City workers contributed 11,685 jars of peanut butter in June. Football fans brought 35,000 cans of food to a single Eskimos football game in October. Chicken farmers contributed 375 dozen eggs in November. City dwellers gave 375,000 items of food in a few weeks before Christmas. In 12 months, the Edmonton Food Bank collected 787,000 kilos of Alberta generosity.

### The Government Reacts

The provincial government's official response to this avalanche of tinned tuna was predictable. Publicly, Tory politicians praised the old-fashioned philanthropy at work in Alberta. Privately, they worried about the explosive political potential of line-ups at food bank depots as they headed into their first recession election. Tory M.L.A. Walter Szwender, a backbencher from a working class Edmonton riding, could feel the heat in his own constituency. He complained that the food bank had exaggerated the number of hungry people to embarrass the province. "They are making it appear the government is not doing its job," he said. "I can in no way accept the figure that one in five children is dependent on the food bank. Every child in this city, as far as I know, is well cared for.

Szwender's remarks infuriated the city. The Dandelions set up a Szwender Zoop Kitchen on the legislature grounds on the first day of the spring sitting. Don Getty stopped at the soup line and sipped chicken broth. Five hundred protesters began to shout: "What do we want? Jobs! What do we want?" "Better soup," Getty replied quietly, with a smile. Ollie Piven, the mother-in-

law of a cabinet minister, was not so congenial. "Go wash dishes!" she shouted from the legislature steps. "This is just a big joke. The jobs are there, let them go where the jobs are." The Tories lost 14 Edmonton seats, including Szwender's, on election night in May. Many observers attributed the Tory losses in part to the MLA's ill-timed comments. The Szwender episode had contributed to a public perception of government insensitivity.

Demand at the food bank fell slightly in late 1986. Perhaps the poor had finally adjusted their buying habits to the size of their welfare cheques. Optimists at the food bank began to wonder whether the worst of the recession had passed. "We weren't saying much," said Bechtel. "We just said, 'It's going in the right direction. Somebody somewhere is doing something right.'" They soon changed their minds. When Osterman announced new welfare cuts in the spring of 1987, she sent another electric jolt through the food bank depots. An extra 1500 people had to be fed in a single month. Again, the government dismissed complaints it had exploited public goodwill. The poor could live without food banks if they learned how to budget their welfare cheques, said Osterman. Asked how much Albertans should depend on the volunteer agency, she replied with a smile: "That's entirely up to the community to decide."

Citizens for Social Justice, a small church-affiliated group, finally proposed that the food bank kill its hamper program within six months to force the government to raise welfare rates. Nobody listened. Middle-class Edmontonians had become accustomed to stuffing brown paper bags. They dropped them off at the neighbourhood firehall, the CBC studio on 75th Street, and sometimes they even ventured into the inner city to deposit donations at that cavernous old Safeway on Jasper Avenue, now the Edmonton Food Bank Headquarters. It was their answer to Alberta poverty; it made them feel better.

The Edmonton Food Bank fed 16,900 hungry people in April, 1987. "Our work should not be on this scale," said Bechtel. "The sheer bulk of it is unacceptable. We are not prepared to give up, we are not prepared to throw in the towel and say we're here to stay."

In just seven years, 94 food banks have sprung up across the country. Hard-working volunteers in Canada's first food bank have become somewhat cynical. Their agency is a victim of its own success, an instrument of the

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government's social welfare policy, a convenient salve for the conscience of a conservative province.

Alberta's wheel of fortune will continue to spin through the end of this century, and the food bank will roll along with it. "I don't plan to come here ever again," whispered Diane as she walked out the door, but she'll probably be back with that worried frown that says so much about her province. This is Alberta, where booms turn to

bust, and a hairdresser's shame is packed neatly in her shopping bag.

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Linda Goyette is a copy editor for the *Edmonton Journal* and a regular contributor to CBC Radio's *Morningside*. This article is excerpted from **Running on Empty: Alberta After the Boom**, a publication of NeWest Publishers Ltd. Edmonton, 1987. It is reprinted here with the kind permission of both the author and publisher.

## Food Bank Survey Released

[Edmonton Food Bank director, Brian] Bechtel released a food bank survey that found a 52 per cent increase in the number of single employables who relied on donated hampers from an inner-city food bank depot after shelter cuts in July 1987.

The study, based on 232 interviews of single people who used food bank depots throughout the city between July and November found that 21 per cent said they needed the food because of welfare cuts. An additional 20 per cent said they relied on the service because of a chronic shortage of food or money to buy food.

Sixty per cent of those surveyed said they suffered from a poor diet that skimmed on protein, and 30 per cent said they went hungry at least part of the time.

The survey, entitled "What Next," said the food bank has experienced a 439 per cent increase in the demand for its hampers since it opened in 1983, and now feeds between 2700 and 3200 single Edmontonians every month.

The number of single employables who use the food bank has increased by between 600 and 700 people a month since the cuts, Bechtel said. Other findings in the survey include:

- More than half of the single employables surveyed had not been able to find shelter that they could afford out of their shelter allowances.
- 35 per cent of those surveyed were 36 years of age or older.
- Before relying on welfare, 61.4 per cent had held full-time jobs, and 16 per cent part-time jobs.

--The *Edmonton Journal*, 18 March 1988.

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# INTENTIONS CHANGE AND SOMETIMES FALTER

Anne de Villars

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The institution of the community league appears to be unique to Alberta and, in Edmonton, the community league building is a familiar sight. Very often the league hall is found beside a hockey rink and sometimes tennis courts. This reflects the initial aim and intention of community leagues to provide a place where members of the community could participate in sport and social activities. The community leagues have always, and still do, operated on volunteer labour. Their state of health is commensurate with the level of volunteer activity and commitment in the community.

Over the years, the sporting and social orientation of community leagues has changed somewhat. This is especially true of community leagues in what is now the inner city. The change occurred when those communities found themselves threatened by development activity in the 1960s and 1970s. The pressure for development came about because of the move to the suburbs in the 1960s by former residents, leaving the inner city communities to speculators and renters. It seemed natural, when resisting the ravages of development, to focus the efforts of the community around the community league. It was an existing focal point for community activity and a corps of volunteers was readily at hand to provide the nucleus for organizing the struggle against the developers. This change in focus, however, was not always accomplished without some soul searching.

There were people in the inner city communities who felt that the community league should not change its role from a social and sporting organization to a political organization. Although it was inevitable and necessary to deal with the future planning of the community fabric through political activity, some residents felt that this would be an inappropriate role for a community league. This was especially so because not all members of the community would have the same point of view when it came to what should or should not be developed in the

community. Indeed in the Oliver area of Edmonton, the refusal of the community league to take part in and deal with development issues led to the founding of a separate community organization, the Community of Oliver Group, whose sole purpose was to undertake community oriented political activity. Nevertheless, most inner city communities which found themselves threatened by crushing development did organize based around their community leagues since, on the whole, a common purpose was found within the community members -- the struggle to preserve the integrity and viability of the community as a residential area.

At the beginning, members of the Edmonton City Council and developers questioned the legitimacy of the community leagues in this activity. And it was to city council and to the Development Appeal Board that the community leagues went for support in resisting unwelcome development. However, over the years, the attitude towards the role of the community (as opposed to individual property owners) in the development of the city changed. Today it is a legitimate and indeed expected player in development issues. This acceptance is evidenced by the public participation section in the Provincial Planning Act of 1977 and in the city's Land Use Bylaw requirements that community league presidents be advised of developments in their areas. It was certainly a long and hard struggle for the community leagues to attain this goal, and the battles before the political bodies were often lengthy and fierce.

The community leagues approached the task on two fronts. On the one hand, they opposed any unsuitable development before whatever statutory tribunal held the decision-making power and, on the other hand, they pressed city council for long-range plans which would ensure the future development of the community for some years to come and also provide some sense of stability. Again, the 1977 Planning Act embodied the results of this second thrust. Area

# ALBERTA FACTS

Number 5

## What Happened to the Care in Day Care?

Published by the Edmonton Social Planning Council

*"I pay just over half my net salary in childcare. I shudder when I imagine what life would have been like if I had been a single parent."*

*Mother of two, 1986*

### Even cheap day care is expensive

Daycare costs in Alberta average over \$3,000 a year per child. It is not unusual for many Alberta parents to pay as much as \$5,000 or more a year PER CHILD!

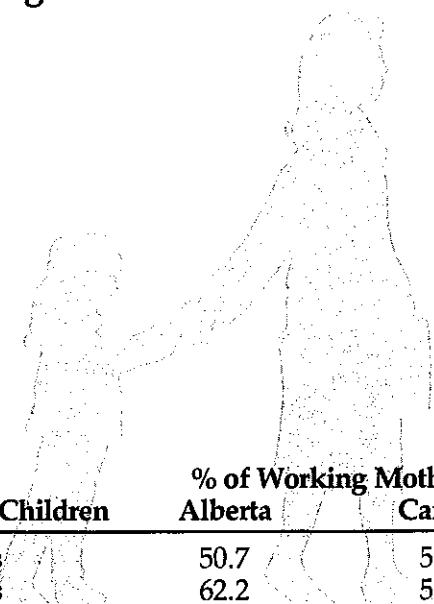
Contrary to what most people believe, low income parents have no free ride when it comes to paying for daycare. A single parent earning less than \$1,100/month must pay a minimum fee of \$45/month. The maximum subsidy is \$195/month. This means that low income parents are usually limited to daycares that charge \$240/month. If the daycare fees are higher (and many are) parents must either pay the difference or search for a cheaper daycare.

### To work or not

Many people still believe the daycare problem would be solved if all mothers stayed home and raised their children.

The reality is that more women (and mothers) are working and that they are here to stay. Almost 2/3 of Alberta women over the age of 15 are in the work force. More than 1/2 of mothers with children under

### Working Mothers Are a Fact of Life



Ages of Children	% of Working Mothers	
	Alberta	Canada
0-3 years	50.7	51.5
3-5 years	62.2	56.9
6-15 years	74.0	64.4

*Data Source: Labour Canada, Women's Bureau 1986*

the age of 3 work outside the home. As the table above shows, the trend of working mothers is the same for Canada as a whole.

Many mothers work because two incomes are needed to pay the household bills. In fact, it has been estimated that 68% more families in Alberta, Saskatchewan and Manitoba would fall below the poverty line if wives quit work!

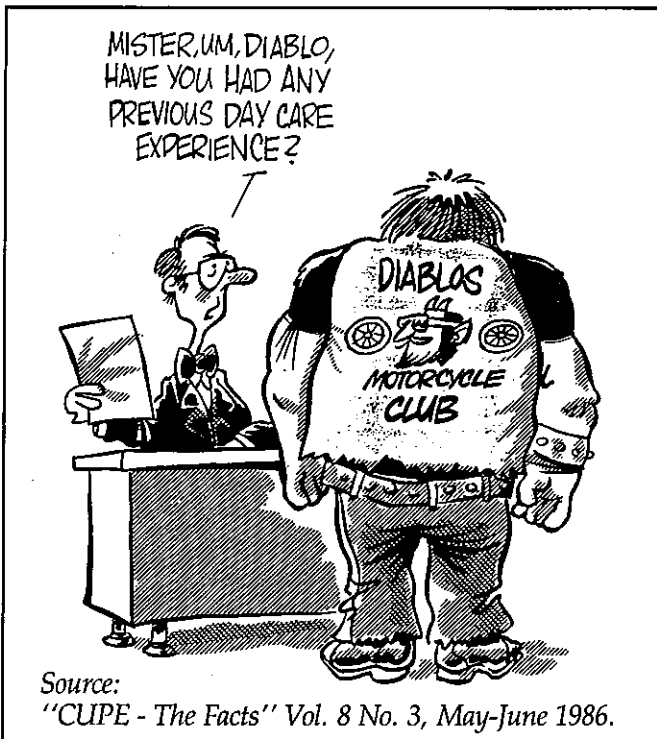
## The question of quality

Many parents, and surprisingly, many daycare operators, are not aware of what good quality care is. Most experts agree that three key ingredients are needed:

- a high ratio of workers to children;
- small group sizes; and
- professionally trained staff.

Although Alberta's standards for child/staff ratios and group size are acceptable, these standards are often not implemented by daycares.

Enforcement of these standards by the province has a low priority. More than 20,000 pre-school children are in Alberta daycares, yet there are only 21 licensing officers. Seven of these work in the Edmonton area where they are responsible for inspecting 350 child care centres as well as other facilities such as group homes and auxiliary hospitals. It is only very rarely that an Alberta daycare will lose its license. The chances for rural centres being inspected regularly are even less likely.



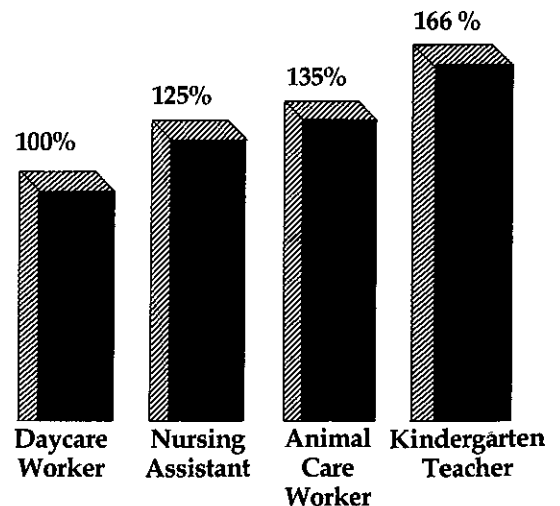
Alberta's staff training standards are the lowest in Canada. Alberta requires only that child care workers be 15 years or older. A child care supervisor must be 18 years or older and have a first aid certificate.

Research shows that the quality of child care and its impact on the emotional and physical development of young children is directly related to the amount of training child care workers have. Many parents and organizations believe that child care workers should have at least two years of child development studies at the post-secondary level.

## The oldest non-paying profession

Most child care workers are women who are forced to work at poverty level wages, even when trained. The average weekly wage of a child care worker is \$273. This is just over half of the average Alberta weekly wage of \$444. The low wages of child care workers often result in high staff turnover. This means little consistency for the children in their care.

### Kangaroos Before Kids? A Comparison of Average Wages



Source:

Patti Schom-Moffat. *The Bottom-Line - Wages and Working Conditions of Workers in the Formal Daycare Market*. Ottawa, Status of Women Canada, 1985.



## Daycare as a business

The Alberta government views daycare as a business. Alberta is the only Canadian province that provides generous operating allowances to all centres, regardless of the quality of care they provide. Because of the province's generous approach to daycare funding, Alberta has more daycare spaces for children below the age of six than in any other province. The majority of these spaces are provided by for-profit commercial centres.

More than 75% of the daycares in Alberta are run for-profit. Edmonton may well be the for-profit daycare capital of Canada. More than 90% of its daycares are for-profit centres. Nationally, only 38% of all daycares in Canada are for-profit.

## Profit vs. non-profit?

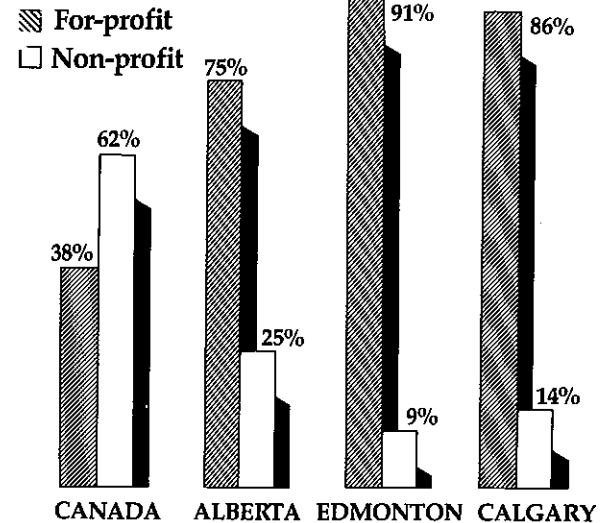
The original intent of providing generous operating allowances to all daycare centres was to enable centres to maintain provincial child/staff ratio standards. However there are no provisions in place to ensure that these allowances are used as the government intended. Since daycare operators do not have to account for how they spend this money, there is no way of knowing how centres actually allocate these funds. Many groups have argued that only those centres providing good quality child care should receive provincial funding.

Many parents and organizations believe the best form of care is provided through non-profit child care centres. These centres actively encourage parent and community participation on a Board of Directors. All of the money the centre receives is used to purchase good quality toys and equipment, improve the programs offered, provide nutritious lunches and snacks and pay higher wages to child care workers. For-profit centres often must cut back on these areas in order to make a profit.

*"Lack of quality care is the number one problem encountered by parents seeking child care arrangements. The next biggest problems are finding a convenient location and affordability."*

*Edmonton area survey, 1986.  
Parents Information Network.*

## Daycare - A Government Subsidized Private Industry in Alberta



Data Source: Katie Cooke, Report of the Task Force on Child Care, Ottawa, 1986.

## What's at stake for you?

If there is one thing certain about daycare in Alberta, it is that parents cannot count on the government to monitor the operation of daycares. Staff training requirements are non-existent. The standards that are in place are frequently not enforced due to the serious shortage of licensing officers. Even when centres are inspected, there is presently no process in place to warn parents of major infractions of daycare standards within their centre.

As part of its deficit reduction program, the province is currently reviewing the provision of operating allowances. If they are discontinued, or based on a needs test, many Alberta parents could find themselves paying higher daycare fees in the near future.

## What you can do about daycare

- When selecting a daycare facility, examine the quality of care. Arrange a personal visit. Ask staff about their programs and training. Continue to monitor the centre once your child is enrolled.
- Become informed about daycare issues and stay up-to-date. Ask questions.
- Become involved with daycare boards, or join organizations.
- Express your views to the Minister of Social Services, to your Member of the Legislative Assembly (MLA) and your Member of Parliament (MP).

## Recommended Reading

- Bagley, Christopher. *Day Care in Alberta: A Review with National Implications*, Calgary: University of Calgary, 1985.
- Cooke, Katie. *Report of the Task Force on Child Care*, Ottawa: Canadian Government Publishing Centre, 1986.
- *Early Childhood Professional Association of Alberta*  
Box 3631,  
Spruce Grove T7X 3A9
- *Parent Information Network*  
#101, 8530-101 Street  
Edmonton T6E 3Z5

## Some Organizations

- *Canadian Day Care Advocacy Association*  
c/o 11255-73 Avenue  
Edmonton T6G 0C7
- *Edmonton Coalition for Quality Child Care*  
c/o #418, 10010-105 Street,  
Edmonton T5J 1C4
- *Parents for Quality Childcare*  
c/o 12323-51 Avenue  
Edmonton T6H 0M6
- *Calgary Association for Quality Child Care*,  
c/o 6617-Centre St. N.  
Calgary T2K 4Y5
- *Alberta Association for Young Children*  
P.O. Box 4935, 10465-80 Ave.,  
Edmonton T6E 5G8

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## Questions for Discussion

1. What are the advantages and disadvantages of providing daycare through non-profit centres? through for-profit centres?
2. The provincial government has stated that it is not their responsibility to interfere in the kind of care parents arrange for their children. Do you agree that the government should have minimal involvement in regulating daycare? What do you think they should do?
3. Many parents, if given the opportunity, would like to stay home with their children. What alternatives could be provided by government or private industry to allow parents to spend more time with their children?

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Redevelopment Plans became the instruments through which long-range planning was to take place in the inner city communities and community league members were accorded substantial input into the content of these plans.

The communities which do not form part of the inner city did not have the same development pressures to deal with. However, they have also decided that a political role is suitable. For example, the issue of the sewers (or lack of them) in the Millwoods area was approached by the area's community leagues at a political level. The question of where to locate the new garbage dump in Edmonton has similarly galvanized the affected communities into political action.

### **A New Threat**

With the onset of the economic downturn at the beginning of the 1980s, the Community Leagues found themselves facing a new threat -- a lack of funds on which to survive. Throughout the 1960s and 1970s, community leagues had continued their sporting and social roles. Several community leagues had undertaken the construction of new community league buildings and facilities. Through the various programs which they provided, they were able to generate funds which in turn allowed them to upgrade the facilities out of which the leagues had been operating. Secondly, the community leagues benefited from the great Alberta penchant for gambling and the Alberta Government's determination to prevent involvement by organized crime in gambling activity. Volunteer organizations became the beneficiaries of gambling proceeds, and the community leagues were prime recipients of this largesse. The community residents found themselves working regularly at the bingo hall or, more lucratively but less often, at the casino. In the good years, community league coffers swelled at a very satisfactory rate. [See "The Impact of Lotteries on Income Distribution" elsewhere in this issue.]

In the 1980s all this changed. The profits from gambling were no longer as high. Gamblers had less money to spend, and the proliferation of outlets and volunteer organizations participating meant that each slice of the pie became much smaller. At the same time, all kinds of other organizations, including the City of Edmonton, had entered the field of providing programs. This meant that participation fees were more widely and more thinly spread. The volunteers found themselves running fast simply to maintain a credit balance on the books. Community leagues

became a business. There was little energy left over to organize and meet the expanded purpose and intentions of the community leagues. Executives found themselves forever wondering how to raise money to make ends meet.

The 1980s brought other changes. It is probably true to say that for the previous 40 or 50 years community league volunteers were mainly women. They traditionally had worked at home and raised the children. Most of the community league activities were aimed at children and organized by the mothers as part of their children's education. In the 1980s, a large proportion of mothers have a full-time job outside the home. There is very little energy left over for volunteer work. So the pool from which the volunteers can be drawn is diminishing, and without volunteers the community leagues cannot survive. This is not to say that men were not also a crucial part of the volunteer force but they, like their wives, are equally busy in their work and home lives.

The economic downturn meant that people had less disposable income. The choices available to Edmontonians with regard to sporting and cultural activities, which traditionally were the function of the community league to provide, are now provided by many more organizations. Two large providers in these areas are the City of Edmonton and The University of Alberta, both of whom offer programs at often subsidized prices. There is great competition for the available dollars. Price cutting is rampant -- and all the while the cost of operating community league facilities is increasing.

A further change which has taken place in the last decade or so is that school children can now choose to attend any school they wish in the city. They are no longer confined to attending their community school. As a result, the children in the community do not form as cohesive a group as they once did. This has, in its turn, affected the community leagues since the children have loyalties to institutions and friends outside their home communities. It is not, therefore, as natural for them as it once was to see the community league as a focus for their activities. In some inner city communities there is, in any event, a lack of resident children.

### **A Question of Survival**

The question which arises from all this is: What role should the community leagues play in their individual communities, or are they indeed an anachronism with no role? Several leagues are

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facing crises right now which have led to the amalgamation of two leagues into one, or even the disappearance of a league altogether. Other leagues have seriously considered shutting down their facilities to wait for better times. The leagues find themselves offering programs to their residents, who do not then participate. After several experiences of rejection it must be questioned whether the community really has any interest in the community league continuing in its traditional role. Even planning issues have far less urgency than they once did. Should the role or intent be changed, or is the day of the community league over?

Community leagues are having to turn themselves into small businesses in order to survive the economic crunch. They find themselves in competition with other agencies and, while free enterprise may be the governing philosophy, duplication of effort by the community leagues and the City of Edmonton is ridiculous. The community leagues, with their huge armies of volunteer workers, have been agents of the city in offering programs which the city might otherwise be expected to offer. The community leagues can present them more cheaply than the city - when the city is proceeding on a user pay basis rather than subsidizing such programs from tax dollars - because of the league's use of volunteer labour. Unfortunately, at the same time, citizens have been educated to expect very cheap and even free

services from the community leagues. They become quite upset at the idea that the community league has to operate at least as a break-even proposition. If the willingness to support the community league has disappeared, then perhaps the community league should also disappear.

The Edmonton Federation of Community Leagues says that a community league experiences a 21 year cycle as the nature of its population changes. It may be that the inner city communities are experiencing the low point on this 21 year cycle and that the community leagues in the newer districts are flourishing. Nevertheless, even the suburban community leagues are suffering financially and must expend great energy on fundraising.

More research is needed before questions on the future of the community league can be accurately answered. These questions are in my mind because of my experiences over the last 15 years with an inner city community league. What is certain, however, is that the situation should not continue to limp along as it is currently doing, with everyone applying ad hoc, band-aid solutions to what is a far more fundamental problem.

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Anne de Villars practices law in Edmonton and is a long-time member and active participant in Edmonton's Garneau Community League.

## **Energizing the Volunteer Community**

April 14 and 15, 1988

Edmonton, Alberta

"Energizing the Volunteer Community" is a two-day conference for staff and volunteers designed to provide a foundation in understanding the dynamic tension of volunteers. Other focuses will include understanding the volunteer/employee relationship, discovering strategies for better teamwork and improving public image.

Susan J. Ellis, author of *From the Top Down: The Executive Role in Volunteer Program Success* will be the main speaker.

The conference is co-sponsored by Grant MacEwan Community College, the Volunteer Action Centre and the Co-ordinators of Volunteers Association.

For further information telephone 403/441-4668.

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# THE IMPACT OF LOTTERIES ON INCOME DISTRIBUTION

## John Livernois

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Lotteries have become big business in Canada in the decade or so since they were first introduced. The growth of lottery revenues and profits and the proliferation of lottery games offered have been dramatic. From 1980 to 1985 alone the total profits of provincial lotteries increased from \$251.4 million to \$720.3 million. This represents an average annual growth rate of 23.4% which is considerably faster than the 9.7% average annual growth rate of the Consumer Price Index over the same period. In 1980, lottery profits accounted for only 0.68% of all provincial government revenues generated from own sources (i.e. other than those revenues transferred from the federal government). But by 1985 this figure had risen to 1.23%. Lottery sales revenues now exceed \$2 billion annually.

When government-run lotteries were first introduced, government leaders probably did not foresee or plan that lotteries would become a permanent method of generating public revenue. Historically, lotteries were permitted in Canada only for special events in which the profits would be used for some "worthwhile" but temporary cause. Presumably, it was believed that lotteries, although an undesirable social activity as a form of gambling, could be occasionally tolerated provided that the cause was sufficiently "worthwhile." Obviously, beliefs have changed. Perhaps the turning point came in 1974 with the Olympic Lottery, introduced to help finance the 1976 summer Olympics in Montreal. The enormous, unexpected success of this lottery demonstrated the incredible profitability of large-scale lotteries. Within two years the federal government and every provincial government had entered the lottery business with the provision of permanent lottery games. In most provinces lottery profits were earmarked for "worthwhile" causes. Perhaps this was necessary initially for the lotteries to be tolerated by society. Now, however, many provinces (e.g. Quebec and the Atlantic provinces) combine lottery profits with general tax revenues. In the remaining provinces,

lottery profits are still earmarked, but the interpretation of what constitutes a "worthwhile" activity has become quite liberal. Thus, lotteries are now an institutionalized and permanent method of collecting public revenue to either directly fund certain types of public activities and programs, as in Alberta, or to indirectly fund public expenditures as in Quebec and the Atlantic provinces. In either case, lotteries now are clearly an alternative form of raising tax revenue.

It is often believed that lottery profits differ from other types of tax revenue in that they are a form of voluntary taxation. If this were true, lotteries would be a harmless means of raising revenue since a program of purely voluntary contributions cannot be criticized for imposing an unfair burden on any individuals or groups in society. However, lottery profits are, in effect, equivalent to other forms of taxation such as the taxation of cigarette and alcohol consumption.

Lottery games are consumer goods which happen to be supplied by the government. Whether one believes that lottery games provide a useful service to their consumers or not is irrelevant from an objective viewpoint. Whether one believes lottery games are essential or non-essential consumer goods is similarly irrelevant. The fact is that millions of consumers derive satisfaction and enjoyment from playing lottery games. If one is careful not to make a subjective judgement about whether this is good or bad, then it is clear that lottery games are a *bona fide* consumer good.

A lottery game is a consumer good which could be supplied at a price considerably lower than that charged by the government and still cover all costs. The fact that the price that is charged by the government includes a large profit means that consumers are implicitly paying a tax which is built-in to the price whenever they consume this particular good. The government directly controls the rate of taxation by controlling the price of the good. Since competition for this product is illegal, the government is free to charge

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whatever price the market will bear. As a result, the rate of taxation which is implicit in the price being charged exceeds 50% in some provinces, a much higher rate than, for example, the retail sales tax rate in any province. It is important to recognize that the tax on lottery tickets is an implicit tax but is not a voluntary tax. The only way one can avoid paying the implicit tax on lottery tickets is to avoid consuming the good which is taxed. This is the case for all forms of taxation, whether it be a tax on cigarette or alcohol consumption or a tax on a long-distance phone call to one's relatives.

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**The findings are that higher ...income groups receive a disproportionately larger share of the benefits of lottery profits than do lower income groups.**

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Thus, it is appropriate to view government-run lotteries as a form of taxation. An interesting question then arises regarding the incidence of this type of tax on income classes. That is, is the tax burden borne equally across income groups (a neutral tax), is it borne proportionately more by the higher income groups (a progressive tax) or is it borne proportionately more by lower income groups (a regressive tax)? All of the evidence available indicates very clearly that the implicit tax on lottery games is regressive. Thus, a disproportionate share of the tax revenue generated by lottery ticket sales is collected from lower income groups. The reason for this is made clear below.

### **Who Buys Lottery Tickets?**

Research by economists in the United States, Quebec and my own research in Alberta, has shown that lower income groups spend a larger share of their income on lottery tickets than do higher income groups. This does not necessarily mean that lower income groups spend more money on lottery tickets in an absolute sense than higher income groups, although this has been the case in some U.S. studies; just that the actual money spent is a larger fraction of their income. Whenever a tax is imposed on a consumer good like this (and not all consumer goods have this

characteristic) it will be a regressive tax since the tax contributed by lower income groups will be a larger income share than that of the tax contribution for higher income groups. In effect, it is similar to imposing an income tax in which the tax rate decreases as the income rises.

In a recent study by F. Vaillancourt and J. Grignon, the regressivity of the lottery tax was compared to other types of taxes. Regressivity of a tax is measured on a scale ranging from -1 to +1. A negative value means the tax is progressive. A value of "0" means the tax is neutral. It was found that for all Canada tobacco taxes are the most regressive, with an index value of -0.23, followed by lotteries with an index value of -0.18, then alcohol taxes with a value of -0.09, then the retail sales taxes in general with a value of -0.08, and finally the income tax which is progressive with a value of +0.14. Thus, the implicit tax on lotteries is twice as regressive as the tax on alcohol and, after the tax on tobacco, is the most regressive of all taxes levied in this country.

### **Who Benefits From Lottery Profits?**

In Alberta, as in the other western provinces and Ontario, lottery profits are used exclusively to support designated recreational and cultural activities and programs. In Alberta, for example, 60% of lottery profits are allocated to the Edmonton Exhibition Association Ltd. and the Calgary Exhibition and Stampede Ltd., two non-profit organizations that are primarily engaged in the provision of entertainment, recreation and sporting activities for the citizens of Alberta. The remaining recipients receive smaller shares, but they are all non-profit organizations that provide cultural or recreational services. In Alberta, therefore, lotteries result in a direct transfer of income from consumers of lotteries to consumers of the designated activities and programs supported by lottery profits. Thus, it becomes important to determine who the beneficiaries of lottery profits are; that is, to determine how the benefits are shared across income classes.

While there is a good deal of casual evidence indicating that it is not the lower income groups that are benefitting from lottery profits, the only scientific evidence that I am aware of comes from my own research which is based on detailed national survey data on expenditures made on the class of commodities that is subsidized by lottery profits (certain types of recreational goods and services). The findings are that higher income groups spend a slightly larger share of their

income on these goods and services than do lower income groups which means that higher income groups receive a disproportionately larger share of the benefits of lottery profits than do lower income groups.

This evidence, combined with the evidence showing the implicit tax on lotteries to be regressive, indicates quite clearly that the total effect of the lottery programs in Alberta, other western provinces and Ontario, is to redistribute income from lower to higher income groups. For example, in Alberta, my research shows that households with annual incomes of less than \$20,000 account for nearly 11% of the income of all households in the province, provide nearly 15% of the total lottery profits collected by the government, but receive only about 6% of the total benefits from the expenditure of these profits. In contrast, households with annual incomes of over \$42,000 account for 39% of total income, provide only about 32% of total lottery profits collected and receive about 38% of the benefits from the expenditure of lottery profits.

### Casino Gambling and Bingos

Can the same arguments and conclusions be drawn for casino gambling and bingos in Alberta as for lotteries? Probably, but the available evidence is far less extensive and is entirely casual in nature. It can be argued that, like lotteries, these two forms of gambling had modest beginnings and probably were never expected to become the institutionalized forms of public revenue generators that they are today. Moreover, it can be argued that, like lotteries, these have become permanent alternatives to other methods of collecting public revenue for redistribution. Thus, whatever the original intentions of government leaders, these activities have become a permanent fixture and now should be viewed as instruments of government tax policy.

Like lotteries, the profits from casino gambling and bingos are earmarked for the funding of special activities and groups such as community associations. Thus, they too result in a direct transfer of income from the consumers of casino gambling and bingos to the recipients of the profits. There is strong casual evidence collected by C. S. Campbell and J. R. Ponting that in the case of casino gambling, the clientele is predominantly from the lower income groups. While similar research has not been conducted for the case of bingos, it would be surprising if one were to find very different results. In addition, while research has not yet been conducted to

determine how the profits from these activities are distributed across income classes, one would expect that, at least for the share of the profits that go to community associations, it is middle to higher income groups that are receiving a disproportionately larger share of the benefits. Thus, it is likely that, like lotteries, casino gambling and bingos tend to redistribute income from lower to higher income groups.

### Policy Options

Given that lotteries, and possibly casinos and bingos as well, tend to transfer income from lower to higher income groups and that this is undesirable, what can be done? An option is to put an end to the provision of lottery games. However, this would not be in the interests of either the consumer or the beneficiaries of lotteries. A preferable option would be to continue with the provision of lottery games, but to reduce the implicit tax rate on the ticket price. This would be accomplished by merely lowering the ticket price while maintaining the prize structure and would have the effect of reducing the tax revenue collected by this highly regressive method. The reduced tax revenues could, in principle at least, be replaced by raising taxes from a less regressive source. Overall, the same total public revenue could be collected (with a smaller share coming from lottery profits), but in a less regressive and therefore more equitable way.

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John Livernois is an Associate Professor in the Faculty of Economics at The University of Alberta. This article is based on the author's research which is published in **Canadian Public Policy**, Vol. XII, No. 4, 622-627 and **Public Finance Quarterly**, Vol. 15 No. 3, July 1987, 339-351.

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**NOTE:** Due to great interest shown in the January/February 1988 edition of *First Reading* on the subject of Child Care, additional copies are now available at a cost of \$1 each. The issue has proven particularly useful to parents of children in day care, day care boards of directors and students in post-secondary child care programs. Contact the Council office to order your copies.

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FIRST READING is published six times per year by the Edmonton Social Planning Council. If you would like to receive the publication on a regular basis write to FIRST READING, #418, 10010 - 105 Street, Edmonton, Alberta T5J 1C4, or telephone (403) 423-2031. Opinions expressed are those of the authors and do not necessarily reflect the views of the Council. The editor of FIRST READING is Joseph Miller. The financial assistance of the United Way is gratefully acknowledged.

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# COUNCIL NEWS



## Publications

Are you finding yourself in "Tough Times?" You've been laid off or are working for minimum wage and you're uncertain about the future? Don't despair! The *Tough Times Handbook* can help put you back in charge of your life.

Offering suggestions on job search techniques, dealing with government departments and suggestions for recreational outlets, the Handbook provides a listing of available support groups and places to contact for help in "getting the essentials."

A project of the Westwood Unitarian Society, the *Tough Times Handbook* is available through the Edmonton Social Planning Council for only a small postage and handling charge.

selected when *First Reading* went to press.

### May 2nd, 1988

Marjorie Cohen, author of *Free Trade and the Future of Women's Work* will be speaking on "Free Trade and the Impact on Women." Ms. Cohen is a teacher of economics at the Ontario Institute for Studies in Education and Co-Chair of the National Action Committee on the Status of Women. The time and place for the event are yet to be announced.

For more information on either of these events, please contact the Edmonton Social Planning Council at 423-2031.

## Council Update

The Edmonton Social Planning Council's 48th Annual General Meeting was held Wednesday, March 16th. It was an opportunity to formally say thank-you to the people who retired from the Board of Directors: Kathy Vandergrift, Pat Hirsche, Caroline Fairbrother, John Young and Andy McCready. Their contribution to the work of the Council will be missed.

The annual meeting also saw six new members\* elected to the Board of Directors. Members of the 1988 Edmonton Social Planning Council Board of Directors are:

- Lydia Cowan\*
- Beverley Decore
- Bev Downing\*
- David Este
- Pat Hagey\*
- Al Harris
- Harvey Krahn
- Alyson Lavers\*
- Elvira Leibovitz
- Terry Lind
- Elizabeth Massiah
- Dr. Joan Munro\*
- Jeffrey Pearson
- Bill Phipps
- Raymond Pong\*

## Brown Bag Forum

**Date:** April 20, 1988  
**Time:** 12:10 p.m - 1:10 p.m

**Topic:** Guardianship and Advocacy  
**Speaker:** Herb Sohn, Children's Guardian, Office of the Children's Guardian

**Place:** 4th Floor Boardroom  
 10010-105 Street  
 Edmonton

## Sneak Preview of Upcoming Events

**April 27th at 7:30 p.m.**  
 The "Nurturing Community" conference we held last spring generated a great deal of interest in community development. Harold Baker, President of the Community Development Society, has accepted our invitation to discuss the possibility of setting up a chapter of the Society in Edmonton. The meeting will also give people a chance to share information and ideas. The meeting place had not been