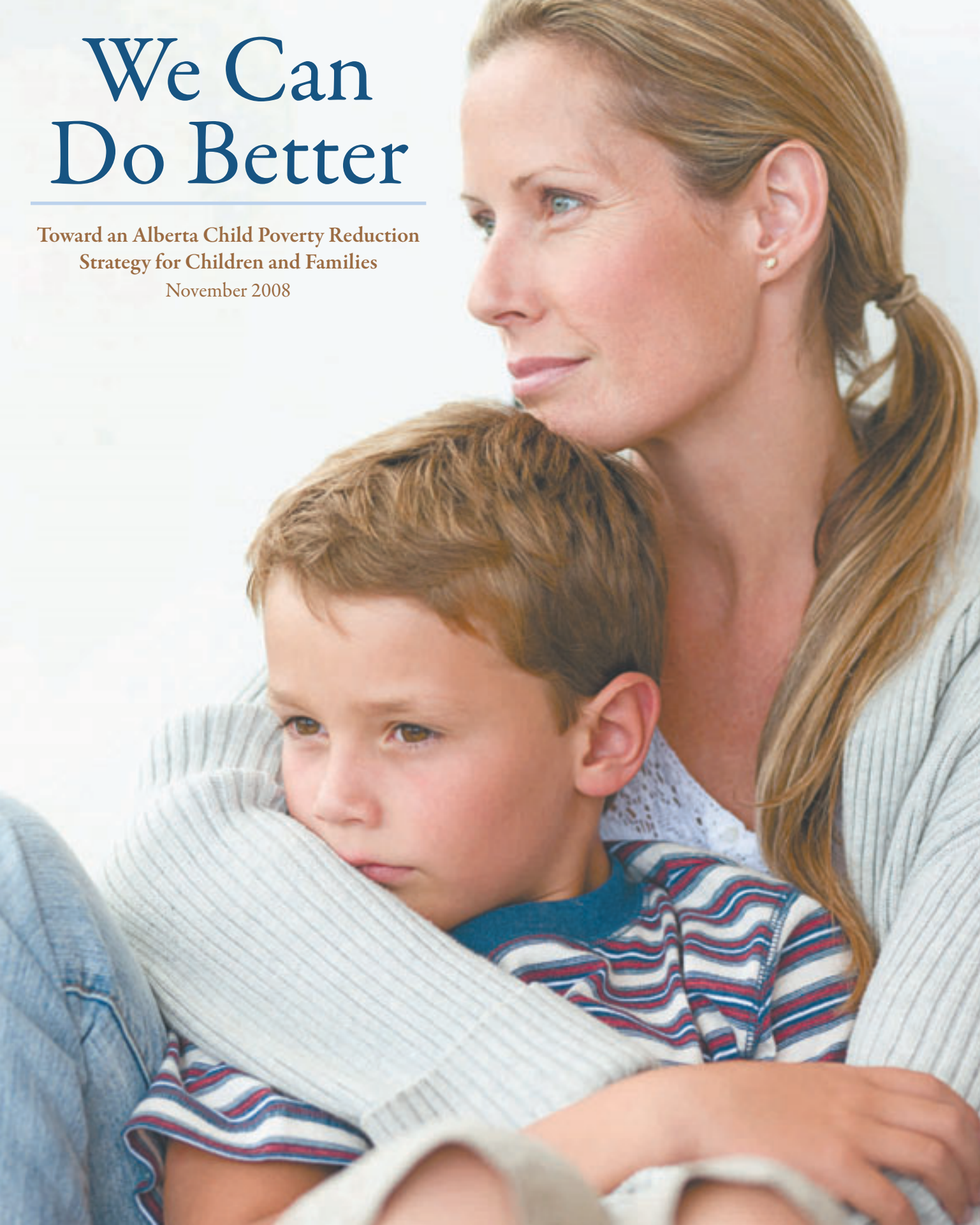


# We Can Do Better

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Toward an Alberta Child Poverty Reduction  
Strategy for Children and Families

November 2008



## Author

**John Kolkman** is the Research and Policy Analysis Coordinator of the Edmonton Social Planning Council and the principal author of this report.

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The collaborative support of **Campaign 2000** is sincerely appreciated. Campaign 2000 is a nonpartisan, cross-Canada coalition of over 120 national, provincial and community organizations committed to working together to end child and family poverty in Canada.

This report is available for download at [www.edmontonsocialplanning.ca](http://www.edmontonsocialplanning.ca)

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## Measuring Child Poverty

Canada has no official measure of poverty. This report has chosen to use as its poverty yardstick the Low Income Cut-off (LICO) developed by Statistics Canada. Since LICO is the only low income measure that is updated annually, it has become Canada's de facto poverty line. The terms 'poverty rate' and 'low income rate' will be used interchangeably in this report. More information on poverty measures and data sources is provided on page 16.

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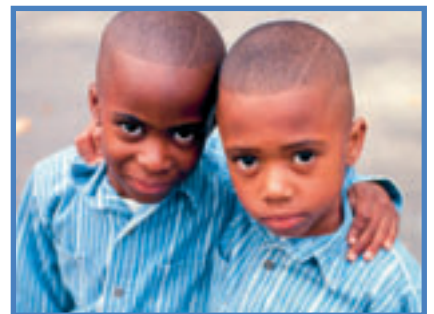
## CHILD AND FAMILY POVERTY IN ALBERTA: MAJOR FINDINGS

- 77,595 children—one in every ten—live in poverty in Canada’s wealthiest province.
- One in six children in the City of Edmonton and one in eight children in the City of Calgary lives in poverty. However, poverty is not limited to the major cities. One in ten children in Lethbridge and Medicine Hat also live in low income families.
- A job is no longer a ticket out of poverty. 24,695 children living in poverty have one or both parents working full-time, full-year. Four out of five (78%) low income children in Alberta live in families where at least one parent works part-time or part of the year.
- Lone parents face particular challenges: almost two-thirds (65%) of low income children in Alberta live in lone parent households in which their parent works either full-time or part-time.
- Aboriginal children are more than twice as likely to live in poverty as other Alberta children. The data excludes First Nations children living on-reserve who are not counted in low income surveys.
- Recent immigrant and visible minority families experience higher unemployment rates placing them at greater risk of living in low income.
- Low income children in Alberta live in deeper poverty than children in other provinces.
- Alberta’s living costs, especially for housing, are amongst the highest in Canada; this places additional burdens on low income children and their families.

### Child and Family Poverty in Alberta Can Be Significantly Reduced

Albertans strongly favour reducing poverty. To make changes, committed and collaborative leadership that includes firm targets and timelines is required. Enhancing the child tax benefit, providing quality, affordable child care and early childhood development, and rewarding work through fairer wages, improved benefits and stronger earned tax credits would all help to relieve the economic burdens families face.

### We Can Do Better



# CHILD AND FAMILY POVERTY MATTERS

In recent years, Alberta’s economy has been booming. Jobs are plentiful and the signs of prosperity are everywhere. After factoring out inflation, Alberta’s Gross Domestic Product (GDP) has more than doubled in the past twenty years. As a result, the Alberta government has enjoyed successive multi-billion dollar budget surpluses.

Yet not all Alberta families are sharing in this prosperity. Poverty persists in the midst of plenty. Some of this poverty is easy to see, as evidenced by the growing number of Albertans who are homeless. This includes a growing number of families with children.

But for every homeless child, there are many more children who live in families with too little income to make ends meet. While these children are less visible, the challenges they face are just as real. It is these children and their families who use food banks and school lunch programs where they are available, or go hungry when they are not. It is these children who are more likely to live in overcrowded or unsafe housing, which, in turn, could put them at greater risk of involvement with children and youth services. And it is these children who are more likely to find it harder to learn at school, or to participate in school activities. The impacts of poverty are long-lasting and make it more difficult for them to succeed when they reach adulthood.

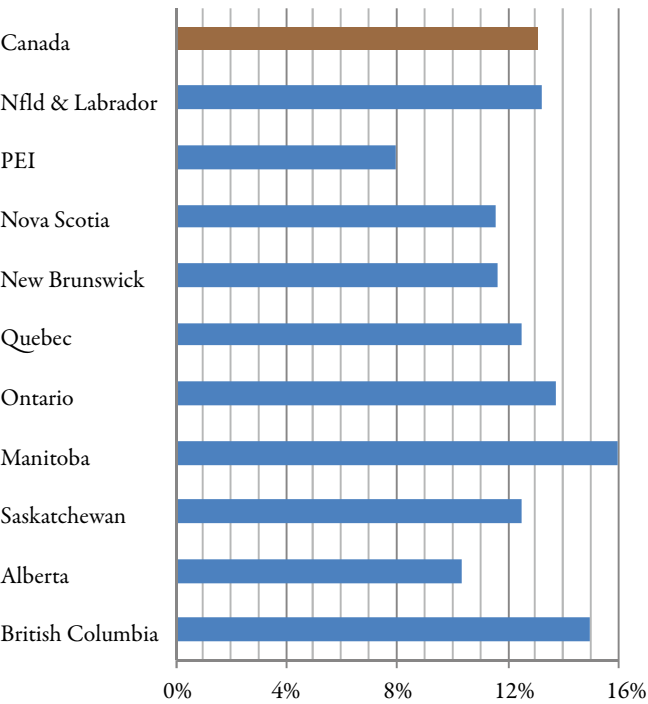
Alberta’s strong record of economic and employment growth has resulted in a child poverty rate somewhat lower than in 1989 though still much higher than it should be. The 2006 federal Census found that 77,595 Alberta children under the age of 18 years are living in low income after-tax.<sup>2</sup> While at 10.3% Alberta had the second lowest child poverty rate among the Canadian provinces, this still leaves more than one in ten Alberta children living in economic poverty (see Chart 1).

It is not just the children in low income families who pay an unacceptably high price for living in poverty – we all do.



Children who grow up in low income families typically do less well in school, earn lower incomes, and generate additional costs for the justice, health and social service systems. A recent American study found that child poverty directly cost the United States economy US \$500 Billion per year, or the equivalent of nearly 4 percent of GDP.<sup>4</sup> Another study done in the United Kingdom found the economic cost to that country of child poverty was at least 25 Billion British pounds per year (\$50 Billion Canadian), 17 Billion pounds of which accrued to the British treasury due to extra expenditure and foregone tax revenues.<sup>5</sup> If we apply a similar calculation to Canada, a comparable yearly estimate of the economic cost of poverty would range from \$50 to \$100 Billion, and \$5 to \$10 Billion a year for Alberta. This is a high price to pay for something we can change.

**Chart 1:**  
Percentage of Persons Under 18 Years of Age in Low Income, by Province (2006)



Source: Statistics Canada<sup>3</sup>

## IT'S TIME TO FULFILL THE PROMISE

In 1989, the federal House of Commons unanimously adopted a resolution calling for the elimination of child poverty in Canada by the year 2000. This promise to Canadian children was clearly not achieved. Almost two decades later Canadian children and families continue to live in poverty.

What went wrong? Two things. First, there was a severe economic downturn in the early 1990s. Unemployment rose and the incomes of Canadian families went down. Second, the downturn led to a reduction in federal and provincial government revenues. As a result budget deficits grew.

The response of governments, both federal and provincial, was to tackle deficits through cuts to social programs. Eligibility was restricted and deep cuts were made in government income support programs such as social assistance and employment insurance. Affordable housing programs were eliminated altogether. These cuts had a direct and marked impact on low income children and families.

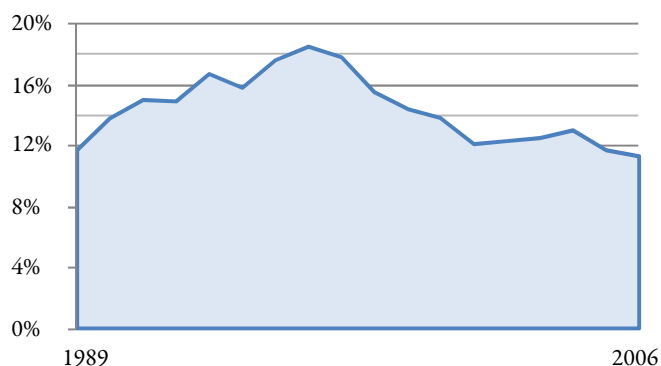
The combination of declining family incomes and cuts to government programs led to hundreds of thousands more children falling into poverty in the years following the adoption of the 1989 House of Commons resolution.

There has been a modest drop in child poverty in recent years due to improved economic conditions and some reinvestment in social programs. Chart 2 shows that nationally, child poverty rates are only now returning to the same levels they were in 1989.

As we approach the 20 year milestone from the date of the original promise the question Canadians and Albertans are asking is a simple one. What can we do better to end child poverty?

The results of a recent national opinion poll commissioned by the Canadian Centre for Policy Alternatives clearly show that Canadians (including Albertans) want their governments to do better in dealing with poverty. The survey shows that 84% of Albertans “would feel proud if the Premier took leadership on poverty reduction” and 79% said that governments should set concrete targets and timelines to reduce poverty.<sup>6</sup>

**Chart 2:**  
**Child Poverty Rate, Canada, 1989 - 2006**

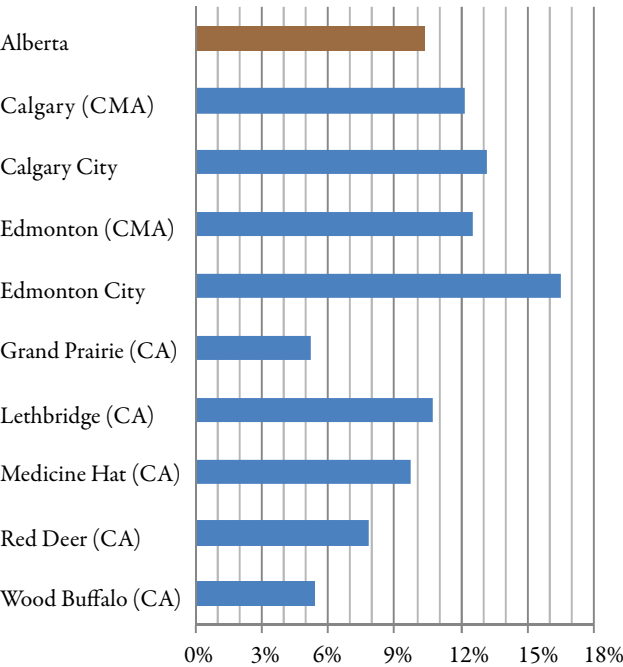


Source: Statistics Canada<sup>7</sup>



# CHILD POVERTY A REALITY IN ALL COMMUNITIES

**Chart 3:**  
Percentage of Persons Under 18 Years of Age in Low Income After Tax, by Census Region



Source: Statistics Canada <sup>3</sup>

Child poverty rates in Alberta are highest in the cities of Edmonton and Calgary. But as Chart 3 shows, child poverty is a problem that affects the entire province.

Translating these rates into actual people, 28,750 children live in poverty in metro Edmonton (CMA) in 2006 (one in eight children). Disproportionately more of these children live inside City boundaries; with one in six children (a total of 25,010) living in a low income family. In 2006, 29,360 children live in poverty in metro Calgary (CMA), 28,420 of them within city boundaries. The City of Calgary fared slightly better than Edmonton in relative terms, with about one in eight Calgary children living in low income families.

Lethbridge and Medicine Hat have the highest child poverty rates among Alberta’s regional urban centres. One in ten children in those communities lives in a low income family, 2,315 children in Lethbridge and 1,500 in Medicine Hat.

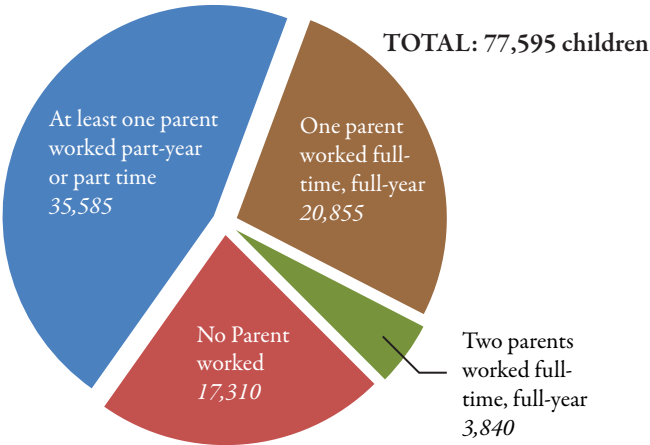
Red Deer has 1,430 children, Grande Prairie has 960 children and Wood Buffalo 685 children living in low income. Alberta’s regional cities have higher living costs than most medium sized cities in other provinces – thereby the full extent of poverty in these communities is not captured by these numbers.

## PARENTS OF MOST CHILDREN LIVING IN POVERTY WORK

In the past 15 years, the number of Albertans receiving social assistance has dropped at a much more rapid pace than poverty rates. Rather than being on income support, today most low income families with children are working.

However, for many low income families a job is no longer a ticket out of poverty.<sup>8</sup> As shown on Chart 4, of the 77,595 Alberta children under the age of 18 years living in low income, four in five children (78%) live in families in which at least one parent worked part-time or part of the year. Many of these parents worked either full-time for part of the year, or part-time for the full year. One in three children (32%)—a total of 24,695—lived in families where one or both parents works full-time year-round. Conversely, only one in five children (22%) lived in families where no parent worked.<sup>2</sup>

**Chart 4:**  
Percentage of Children Under 18 Years of Age in Low Income Families, by Work Activity of Parents in 2005



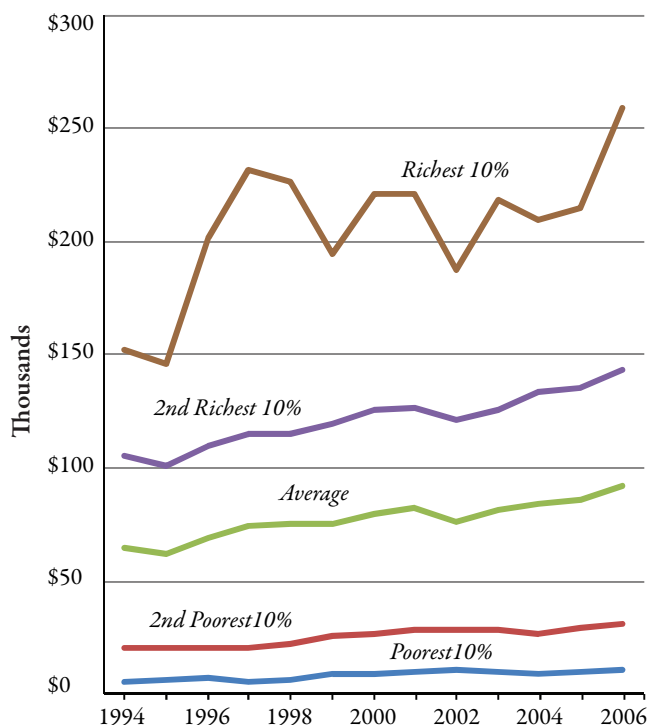
Source: Statistics Canada <sup>2</sup>

## INCOMES OF MANY FAMILIES STAGNANT DESPITE ECONOMIC BOOM

Despite the fact that more low income Alberta families than ever have jobs, most are not being rewarded for this work effort through an increase in their employment-related incomes. Many work for low pay in jobs with few or no employment benefits and little job security.

Market income includes earnings from wages and salaries, self-employment, and earnings from savings and investments. As Chart 5 shows, the market incomes of the poorest 10% of families with children went up only slightly by less than \$5,000 from the years 1994 to 2006. By contrast, the market incomes of the richest 10% of families with children increased by more than \$107,000 in the same time period.

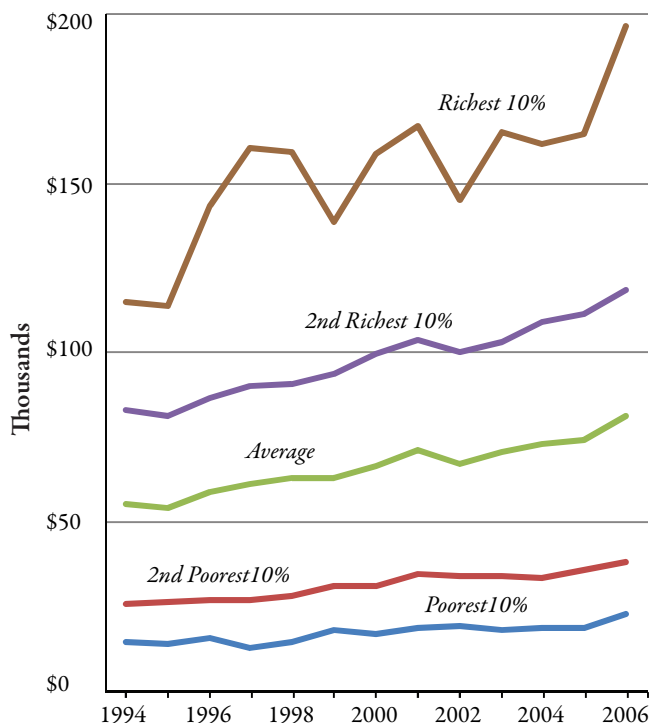
**Chart 5:**  
Annual Market Income of Families with Children, by Income Group, Alberta (Constant 2006 \$)



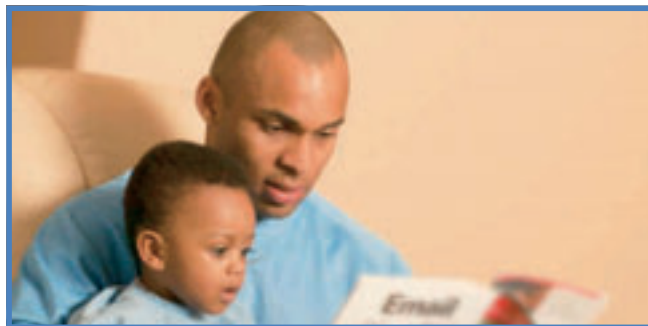
Source: Statistics Canada<sup>9</sup>

The picture brightens only slightly for low income families once government income transfers (such as child tax benefits and social assistance payments) are factored in. Chart 6 shows that the after-tax income of the poorest 10% of families with children went up a modest \$8,600 from the years 1994 to 2006. Meanwhile, the after-tax incomes of the richest 10% of families with children went up by \$81,700 during the same time period.

**Chart 6:**  
Annual After-Tax Income of Families with Children, by Income Group, Alberta (Constant 2006 \$)



Source: Statistics Canada<sup>9</sup>

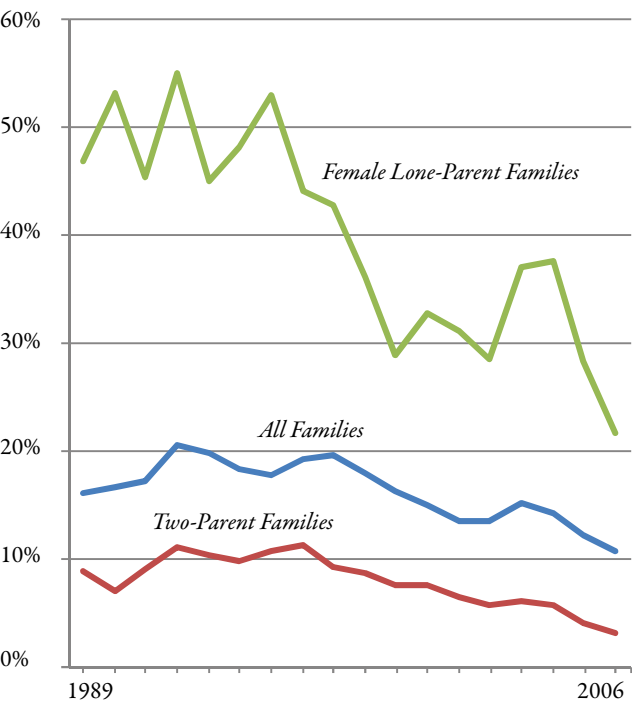


# CHILDREN OF LONE PARENTS MORE LIKELY TO LIVE ON LOW INCOMES

Children living in certain family types are also much more likely to live in poverty. Female lone-parent families consistently experience higher low income rates than two-parent families.

Chart 7 shows that female lone-parent families have experienced improvement in their low income status since 1989. However, in recent years, one in three children in families headed by a lone female parent still live below the poverty line.

**Chart 7:**  
Percentage of Families in Low Income by Family Type, Alberta, 1989 - 2006

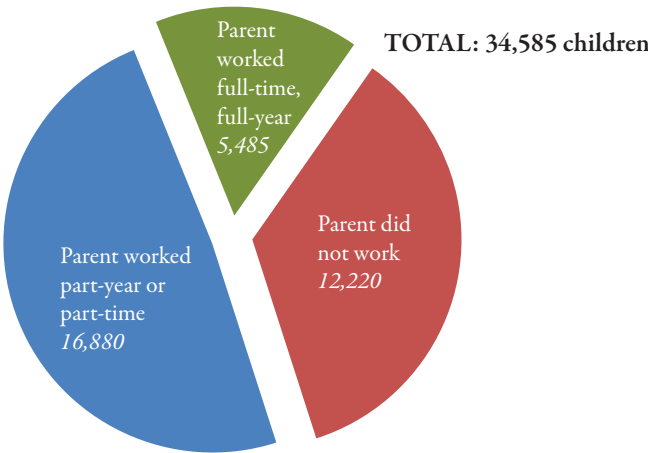


Source: Statistics Canada <sup>7</sup>



Just under half (45%) of low income children in Alberta live in families headed by a lone parent. As shown on Chart 8, two out of three low income children (65%) live in a family where the lone parent works either full-time or part-time. One in six (16%) live in a family where the lone parent worked full-time for the whole year.

**Chart 8:**  
Number of Children Under 18 Years of Age in Low Income Lone Parent Families, by Work Activity of Parent, 2005



Source: Statistics Canada <sup>2</sup>



## ABORIGINAL CHILDREN MORE AT RISK OF LIVING IN POVERTY

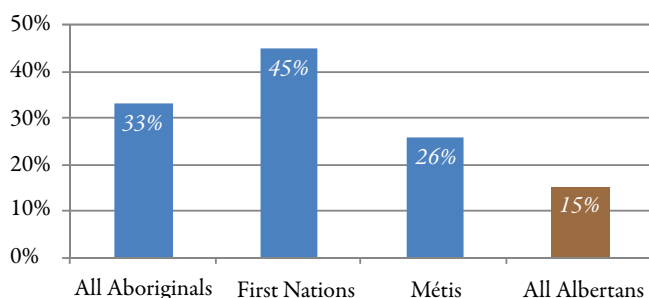
Alberta's Aboriginal population encompasses First Nations, Métis and Inuit peoples.

The Aboriginal population is growing faster and is much younger than the non-Aboriginal population. In 2006, Alberta's Aboriginal population was 188,365, an increase of 17.1 per cent from five years earlier. This is about twice the rate of growth of the overall Alberta population.

In 2006, the median age of Albertans was 36 years, compared to a median age of 25 years for the Aboriginal population. The median age of Aboriginals living on First Nations is even younger at 21 years. Some Alberta First Nations have a median age below 18 years, which means the majority of their residents are children and youth.<sup>10</sup>

Racism and residential schools are a legacy Aboriginal people are still struggling to overcome. Aboriginal children are much more likely to live in poverty than non-Aboriginal children. As shown on Chart 9, one in three young Aboriginal children live in poverty, more than double the rate of young non-Aboriginal children. Poverty rates for young First Nations children living off-reserve are three times higher (45%).<sup>11</sup> First Nations children living on-reserve are not counted in low income surveys.

**Chart 9:**  
Percentage of Aboriginal Children Under 6 Years of Age in Low Income Families (Before Tax), Alberta, 2006\*

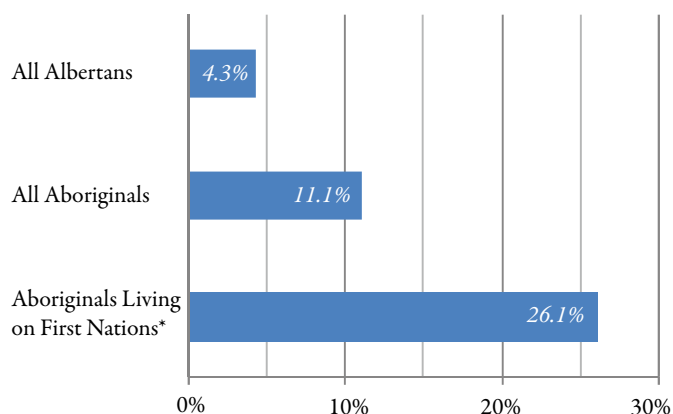


\* Not including on-reserve Aboriginals

Source: Statistics Canada<sup>11</sup>

Aboriginal people face barriers to employment and do not have the same opportunities to participate in the labour force as other Albertans. As a result, unemployment rates of Aboriginal Albertans are significantly higher than those of other Albertans, as shown on Chart 10. The problem of unemployment and lack of economic opportunity is particularly acute for those living on First Nations.

**Chart 10:**  
Aboriginal Unemployment Rate, 2006



\* Average unemployment rate of 19 most populous Alberta First Nations.

Source: Statistics Canada<sup>10</sup>

Supporting self-governing Aboriginal organizations to develop strategies for strengthening families, improving living conditions and reducing poverty are keys to building a better, healthier future. Economic development and job creation in First Nations communities is very important. Access to quality child care, educational opportunities, health care, housing and other services are as important to Aboriginal children as they are to all Alberta children.



# RECENT IMMIGRANT AND VISIBLE MINORITY FAMILIES FALLING BEHIND

Canada and Alberta have both benefitted tremendously from successive generations of immigrants who have settled here. A larger proportion of immigrants are of working age than those born in Canada. Their families also tend to have more children, benefitting a country with a declining birth rate.<sup>12</sup>

Due to hard work and a desire to succeed in their adopted country, on average, the earnings and incomes of immigrant families eventually catch up to and then surpass those of the Canadian born.<sup>13</sup>

However, despite being more highly educated and professionally qualified than ever, recent immigrants (those who've arrived within the past five years) are taking longer to catch up with other Canadians when it comes to their earnings and incomes.<sup>14</sup>

A recent Statistics Canada report noted the widening earnings gap between recent immigrants and Canadian-born workers during the past quarter century. For instance, in 1980, a recent male immigrant with a university degree made 77 cents for each dollar received by a Canadian-born male earner with a university degree. By 2005, the ratio had dropped to 48 cents. The corresponding numbers for recent female immigrants were 59 cents and 43 cents, respectively.<sup>15</sup>

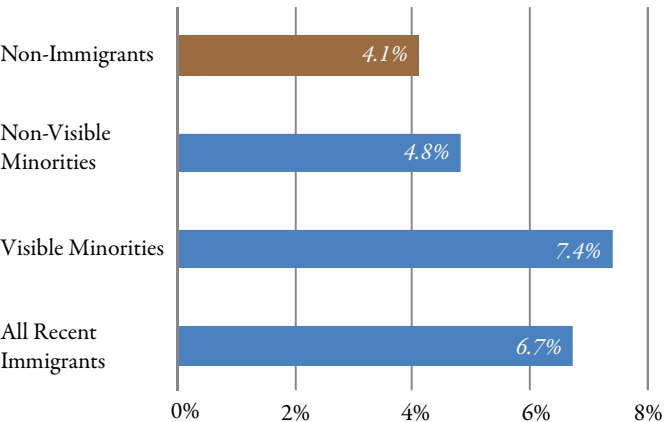
There is no Alberta information available yet on low income rates for recent immigrants. However, national census data for 2006 shows that 34% of immigrants who moved to Canada in the prior two years live in poverty. 23% were still living in poverty after five years. It took more than twenty years for immigrant poverty rates to fall below those of the Canadian born.<sup>15</sup>

In recent decades, a growing percentage of immigrants have come from visible minority groups. For example, in Alberta the visible minority population increased by 38% between 2001 and 2006, over three times faster than the increase in the province's total population.<sup>16</sup>

According to the 2006 Census, Albertans who belonged to a visible minority group had an unemployment rate of 5.3% compared to a 4.1% rate for those who were not visible minority. They worked on average two weeks less per year than those not belonging to a visible minority.<sup>16</sup>

As shown on Chart 11, at 7.4%, the unemployment rate for recent immigrants from visible minority groups was significantly higher than the 4.8% rate for recent immigrants from non-visible minority groups. Both rates were higher than the 4.1% rate for non-immigrants.<sup>16</sup>

Chart 11:  
Unemployment Rate for Recent Immigrants, 2006



Source: Statistics Canada<sup>16</sup>

As evidenced in Chart 11, it is important to examine the policies and practices that contribute to the trend of declining earnings and incomes of recent visible minority immigrants. This includes a need to recognize the formal education and professional qualifications of immigrants who were educated and/or trained in Africa, Asia or Latin America.

Recent immigrants who arrive from conflict zones as refugees have particular needs. Their children often arrive with little formal education, ability to speak English, and are dealing with unresolved trauma issues. These barriers make it exceedingly difficult for refugee children to succeed at school and later in the workplace. There is an urgent need for specialized settlement, counseling and education support services for refugee children and their families.

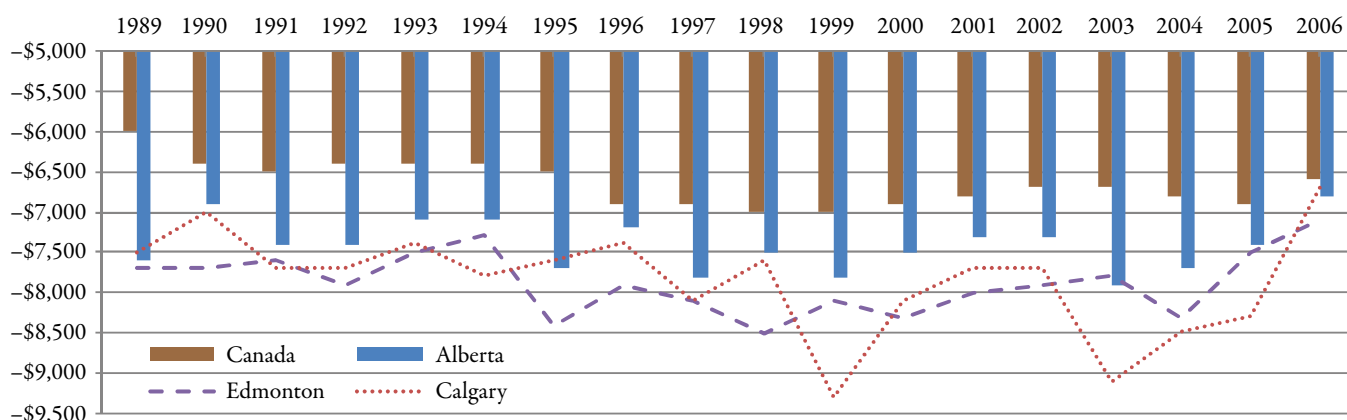


## ALBERTA CHILDREN DEEPER IN POVERTY THAN OTHER CANADIAN KIDS

Alberta children and their families who live below the poverty line experience, on average, a greater depth of poverty than their counterparts in other provinces. The depth of poverty in the province of Alberta and in the Edmonton and Calgary census metropolitan areas (CMAs) has consistently been worse than the national average in each of the 18 years measured (see Chart 12).

Statistics Canada calls this the low income gap. This is the average difference between the after-tax income of all families living in low income and the level of the after-tax low income cut-off for that family based on its size and community of residence.

**Chart 12:**  
Average Depth of Poverty, 1989 - 2006 (\$ After Tax)

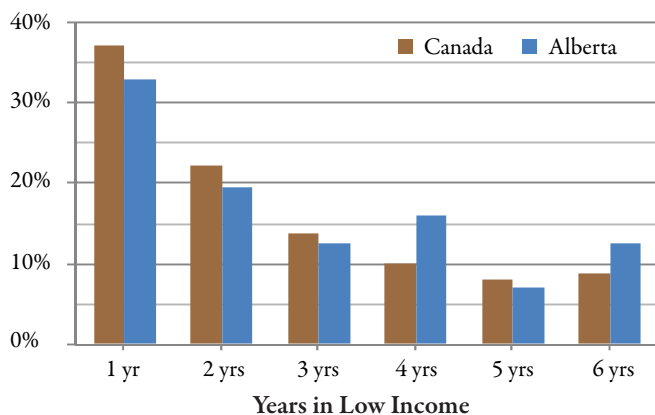


Source: Statistics Canada<sup>7</sup>

## POVERTY MORE PERSISTENT IN ALBERTA

About three quarters of children did not experience poverty at any time in the six years from 1999 to 2004, the most recent years for which data is available.

**Chart 13:**  
Percentage of Children Under 18 Years of Age in Low Income, by Years in Low Income, 1999 - 2004 (After Tax Lico)



Source: Statistics Canada<sup>7</sup>

However, the length of time a child and family live in poverty is a matter of concern. Of those children who did experience poverty during those six years, two-thirds experienced poverty in two or more of those years (see Chart 13).

For those children that experienced poverty in four or more of the six years, the persistence of poverty is greater in Alberta than it is in the rest of Canada. One in eight Alberta children who lived in low income experienced poverty in all six years from 1999 to 2004, compared to one in twelve Canadian children.



# ALBERTA AN EXPENSIVE PLACE FOR FAMILIES LIVING IN POVERTY

Since 1989 Alberta has gone from being one of the least costly places in Canada to live to being one of the most expensive. Housing costs in particular have soared. This means that families with children in Alberta now require higher incomes to make ends meet compared to families in other provinces – something the national low income cutoff (LICO) is not able to adequately capture.

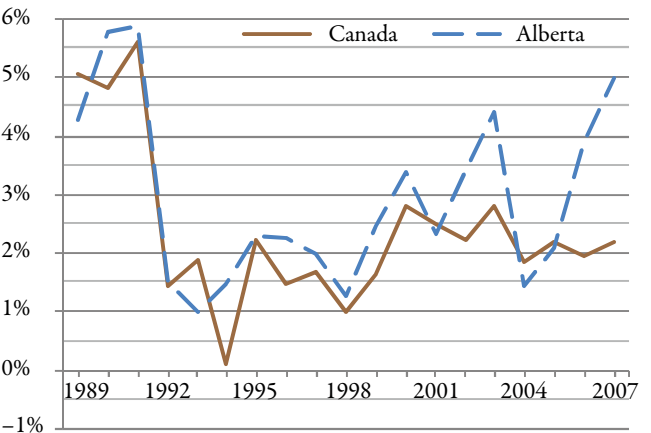
Moreover, high living costs are not restricted to Edmonton and Calgary. Some of the regional urban centres, such as Fort McMurray, have living costs that considerably exceed those of the two main urban centres.

Chart 14 shows the increase in inflation for the years 1989 to 2007 inclusive. Alberta's inflation rate has, over the last couple of years, significantly exceeded the national average.

Chart 15 shows the average rent for a two bedroom apartment in Edmonton and Calgary and then compares them to the provincial and national average. Edmonton in particular had rents significantly below the national average until the turn of the century, but now has rents significantly above the national

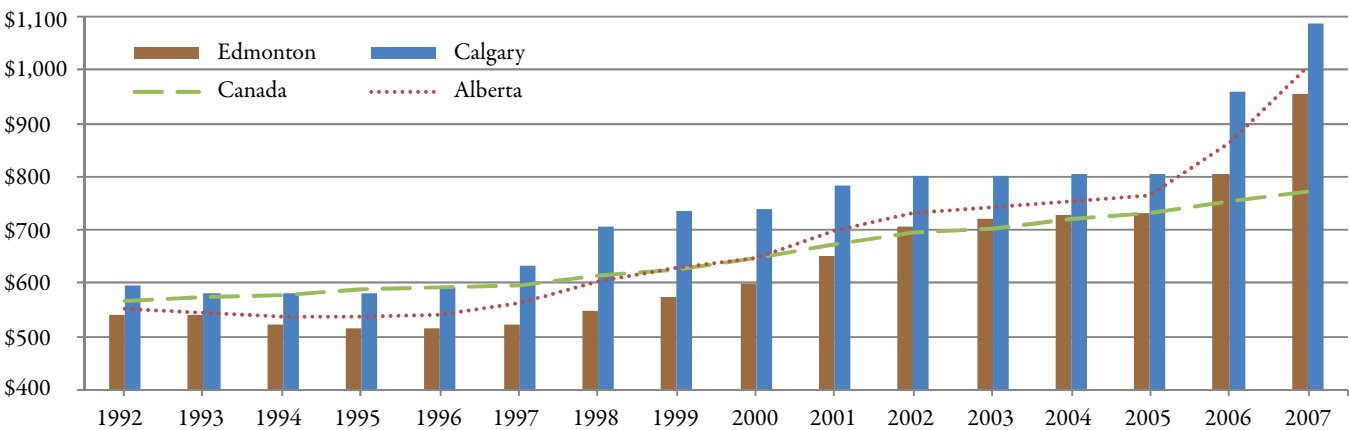
average. Calgary has gone from rents close to the national average in the early 1990s to rents more than 30% above the national average today.

Chart 14:  
Annual Inflation Rate, 1989 - 2007



Source: CUPE<sup>17</sup>

Chart 15:  
Average Rent for Two -Bedroom Apartment, 1992 - 2007



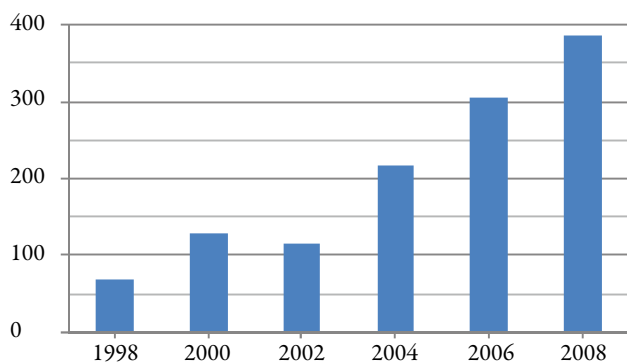
Source: CMHC<sup>18</sup>



## MORE CHILDREN ARE HOMELESS AND FOOD INSECURE

While overall rates of child and family poverty have fallen in recent years, the number of children who are homeless has been increasing. While the total number of homeless persons has roughly tripled, the number of homeless children has increased even faster. Chart 16 shows that, in the City of Calgary, the number of homeless children has increased more than five-fold to 384 in 2008.

**Chart 16:**  
**Number of Homeless Children and Youth Under 18 Years of Age, Calgary, 1998 - 2008**



Source: Homeless Count Calgary<sup>19</sup>

The number of homeless children in the City of Edmonton increased from 111 in 1999 to 194 in 2006.<sup>20</sup> Data from the October 2008 homeless count were not available for inclusion in this report.

A growing number of Alberta children also don't know where their next meal is coming from. The most recent survey by the Alberta Food Bank Network Association found that of the 38,837 individuals served by food banks during the month of March 2007, 16,700 (43%) were children.<sup>21</sup> Over one in four food bank recipients (27%) reported having employment income, the highest rate in any Canadian province.

There is a strong correlation between living in poverty and being food insecure. The most recent Canadian Community Health Survey found that 47,800 Alberta families (11.7%) with children experienced either moderate or severe food insecurity.<sup>22</sup> The survey found that almost one in eight families did not have access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

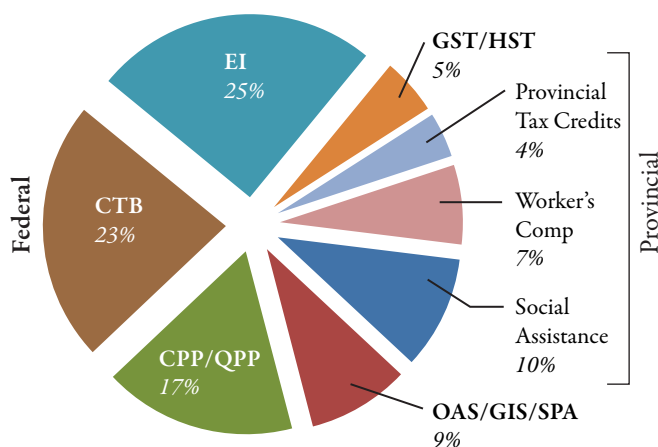


## WHAT GOVERNMENTS ARE ALREADY DOING

Governments, both federal and provincial, already play an important role in addressing child and family poverty. Through income support programs, tax deductions and tax credits, governments can help support the financial health and well-being of children and families.

Since 1989, the federal government's role in providing income support to Canadian families has grown. Today, about three-quarters of government transfers to families come from the federal government, and about one-quarter come from the provincial government – with the federal child tax benefits contributing over twice as much to support family incomes as provincial social assistance (see Chart 17).

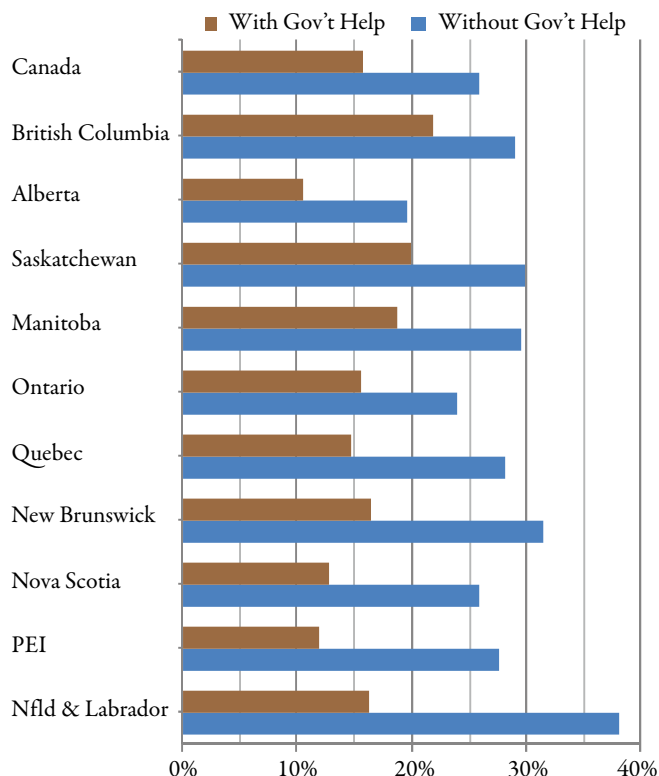
**Chart 17:**  
**Composition of Government Transfers to Non-Elderly Families, Canada, 2006**



Source: Statistics Canada <sup>23</sup>



**Chart 18:**  
**Family Poverty Rates With and Without Government Help, 2006**



Source: Canadian Centre for Policy Alternatives <sup>9</sup>

Government income support plays a significant role in reducing child poverty in Alberta and other Canadian provinces. As shown on Chart 18, if Alberta parents had been forced to live only on employment earnings, income from savings, investments and other sources of market income, the proportion of families living in poverty would have been 19.5%. With government transfers the proportion dropped to 10.5%. In other words, in the absence of transfers, there would have been almost twice as many children living in poverty in Alberta in 2006.<sup>24</sup>

The Alberta government's decision to eliminate health care premiums effective January 2009 will be very helpful to modest income working families just above the ceiling for premium subsidies, raising their incomes by as much as \$1,056 per year. Workers in low wage jobs are also the least likely to have employers subsidize their premium coverage. Eliminating premiums will be of more limited benefit to the low income families referenced in this report, most of whom qualify for subsidized coverage.

## WE CAN DO BETTER

Through corporate, community and voluntary sectors working together with all levels of government, **we can do better in addressing child and family poverty.** Some of the solutions that could make a meaningful difference are summarized below.

### Provide an Enhanced Child Tax Benefit

The child tax benefit (and supplement) is an important initiative that already plays a significant role in poverty reduction for most Alberta families. The Caledon Institute of Social Policy has developed a detailed proposal to increase the child tax benefit by about 50% to a maximum of \$5,000 per year (based on 2007-08 levels).<sup>25</sup> Campaign 2000, the National Council of Welfare, and the Canadian Council on Social Development have made similar proposals. After establishing a higher benchmark for the child tax benefit, inflation-proofing will be required to make sure the real value of the higher benefit is not eroded over time.

This enhancement would require an additional federal investment of \$4 Billion per year. The Caledon Institute calculates that a \$5,000 child tax benefit would reduce child poverty by 11% nationally and the average depth of poverty by 6%.

Several provinces have introduced their own child tax benefit or tax credit to parallel the federal child tax benefit. A possible child poverty reduction solution for Alberta would be to introduce a similar parallel tax benefit for low and modest income families.

### Deliver on the Plan to End Homelessness

The ten-year plans to end homelessness adopted or underway by the province and several municipalities are an essential component of child and family poverty reduction strategies. There is also the provincial secretariat that is developing a provincial ten-year plan to end homelessness – modeled after the municipal ones.

### Expand Affordable Rent Program

If the cap on the number of housing units that qualify for provincial rent supplements was lifted, it would make a big difference to many renters with low wages. Rent supplements and subsidies, if available to all renters who qualify by virtue of their income, would improve living conditions for many more of our struggling lower income population. The existing policy results in long waits for accommodation for those eligible for the 30% rent supplement cap. If rent subsidies followed low income families, it would give them more options and choice in affordable accommodation.

### Reward Work

Earned income tax credits reward the work effort of those employed in low paid jobs. Countries including the United States and the United Kingdom have had such credits in place for many years. The Canadian government introduced a similar credit in the 2007 federal budget, albeit at a significantly lower level than those in place in other countries.

Campaign 2000 and other national and provincial antipoverty groups are calling for a doubling of the federal working income tax credit. The 2008 levels for this working income credit are \$510 for single adults and \$1,019 for families. The cost to the federal government of doubling the benefit would be \$550 million per year, of which about \$55 million would benefit low income workers in Alberta.

Alberta has had a slightly different earned income tax credit in place for the past decade. Alberta's version of the credit (Family Employment Tax Credit) is only available to working families with low income who have children, not to single adults or childless couples. This employment tax credit was enriched by about 20% effective for the 2008 tax year. Further improvements are certainly a possible poverty reduction option as is harmonization with the federal working income tax credit.



## Improve Wages and Benefits

Vibrant Communities Calgary has determined that in 2007 a living wage of \$13.25 an hour without benefits and \$12 an hour with benefits would be required to ensure that people working full-time for the full-year worker could live above the poverty line.<sup>26</sup> We need to work together across sectors to develop policies that improve wages, benefits and other conditions for vulnerable low income workers who do not have extended health and dental benefits, employment pensions and job security.

Higher minimum wage levels that thereafter become linked to average wages is another possible strategy. Living wage policies – especially for government-contracted services – would ensure a vibrant social service sector to support children and families.

## Improve Income Support

Families with children where parents cannot work due to serious illness or disability would have greater opportunity to succeed if income support from the Assured Income for the Severely Handicapped or Alberta Works programs - when combined with other income sources like child tax benefits – lifted the family's income to at least the LICO after-tax level. The changes to Alberta Works rates on November 1, 2008 are welcome but many families who rely on these benefits are likely to continue living in low income.

## Expand Health and Dental Benefits

Families living in low and modest income would greatly benefit from expanded health coverage. In recent years, the provincial government has introduced adult and child health and dental benefits for low income families that do not have access to employer provided plans. Expanding coverage and raising qualifying income limits for these government provided plans will reduce costs for families and raise their after-tax incomes.



## Expand Eligibility to Employment Insurance

When cuts were made to the federal employment insurance program, especially restrictions on eligibility, the depth of poverty increased throughout the 1990s. Only about one-fifth of unemployed Albertans actively seeking employment are today receiving employment insurance benefits.<sup>27,28</sup> Expanding eligibility for benefits would help to enhance the lives of many children and families.

## Improve Access and Reduce Costs of Child Care

Improving the quality, access and affordability of child care and early childhood development programs would make a huge difference for low income families with young children. The results of numerous studies show the long-term economic benefits of public investments in the early years. While Alberta significantly increased the child care budget in 2008-2009, it still lags behind most other provinces in its investment in early learning and child care. To address the cost of accessing child care for low income families, one strategy is to cap the total amount these families are required to pay above the subsidized rate.

## Address Challenges Faced by Recent Immigrants and Refugees

We need to engage our communities and work with our government officials in recognizing that the requirement for refugee families to repay transportation loans is a huge burden for them. We also need to provide better supports for refugee children to succeed in school and the workforce. There is some movement in our province in this area but we still have a way to go in better recognizing the credentials and qualifications of foreign-educated and trained immigrants.

## Provide Greater Support for Aboriginal Families

As a society we must work with and support self-governing Aboriginal organizations in their efforts to ensure that Aboriginal children and their families receive quality early childhood development, education, health, housing and employment opportunities.

## Address Non-Economic Causes of Poverty

Some of the solutions to poverty involve more than just raising the incomes or reducing costs for low income families with children. There is a continued need to improve early intervention, family support, child protection, addictions treatment, and skills training initiatives. These are long term investments in the province's social infrastructure which are as important as the investments we make in other areas. We all have a part to play in supporting our most vulnerable children and families.

# LET'S ALL WORK TOWARDS AN ALBERTA POVERTY REDUCTION STRATEGY

As Albertans we should be encouraged that there have been modest gains in child poverty reduction over the last decade. But we need to be aware that the gains are fragile. They are mainly the result of improving economic conditions and some improvement in government transfers, notably the federal child tax benefit, but will require further investments if they are to be sustained.

Canada continues to fall behind other developed countries in reducing poverty and income inequality. As noted by a just released comparative study done by the Organization for Economic Cooperation and Development (OECD): "Canada spends less on cash benefits such as unemployment benefits and family benefits than most OECD countries. Partly as a result, taxes and transfers do not reduce inequality by as much as in many other countries."<sup>29</sup>

By contrast, the same OECD study found the Scandinavian countries and the United Kingdom have set firm targets and moved forward with aggressive action plans. This has led to a marked reduction in both poverty and inequality in those countries in the past decade.<sup>30</sup>

## Poverty Reduction Strategy Requires Firm Targets

Amid troubling signs of an economic slowdown in the Canadian and Alberta economies, there is an urgent need to develop a comprehensive poverty reduction strategy with firm targets and clear timelines for change. This will only be possible through all of us working together.

The elements of such a strategy will need to be carefully considered and fully costed to assess their impact on public finances, and – when possible – their impact on reducing poverty.

The likelihood of measurable success in a poverty reduction strategy will increase if the government, corporate, community and voluntary sectors work together to effect change and make poverty reduction a key priority. The Calgary Poverty Reduction Coalition uses such a multi-sectoral approach in working on breaking the cycle of poverty and this can perhaps provide a model for other communities to consider.

## Let's Join Other Provinces in Adopting a Poverty Reduction Strategy

To date, the provinces of Quebec and Newfoundland and Labrador have implemented poverty reduction strategies.

Newfoundland and Labrador only gave final approval to its poverty reduction strategy in December 2006, so it's likely a bit early to begin assessing results. Quebec's strategy has been in place longer, with a law against poverty and social exclusion enacted in December 2002, and implementation of the first five year plan commencing in 2004. Early results in Quebec are promising. In just four years, Quebec's child poverty rate has gone from about 20 per cent above the national average to about 10 per cent below.

Nova Scotia, Ontario and New Brunswick are developing their own poverty reduction strategies as well. Ontario is expected to release its poverty reduction strategy and targets before the end of 2008.

It's time for Alberta – Canada's richest and most fortunate province – to make a firm commitment to eliminating child and family poverty. A recent public opinion survey found that four out of five Albertans (79%) supported concrete targets to reduce poverty.<sup>6</sup> This is very encouraging and demonstrates that with government, corporate, community and voluntary sectors working together it is highly likely that we will be successful.

An Alberta poverty reduction strategy that is bold and sets firm targets and timelines, with mechanisms to ensure accountability, is what is needed. A strategy that is appropriately resourced, both financially and non-financially, will successfully meet its targets and timelines.

## We Can Do Better



## LOW INCOME CUT-OFFS

Low Income Cut-offs (LICOs) vary according to the population of the community of residence and family size. The LICOs After-Tax for 2007 are as follows:

**Table 1:**  
**2007 Low Income Cut Offs (LICOs)**

Family Size	Population of Community of Residence				
	500,000 and over	100,000 to 499,999	30,000 to 99,999	Less than 30,000	Rural Areas
1 person	\$17,954	\$15,184	\$14,994	\$13,441	\$11,745
2 persons	\$21,851	\$18,480	\$18,250	\$16,360	\$14,295
3 persons	\$27,210	\$23,011	\$22,725	\$20,370	\$17,800
4 persons	\$33,946	\$28,709	\$28,352	\$25,414	\$22,206
5 persons	\$38,655	\$32,691	\$32,285	\$28,940	\$25,287
6 persons	\$42,869	\$36,255	\$35,805	\$32,095	\$28,044
7 + persons	\$47,084	\$39,819	\$39,324	\$35,250	\$30,801

*Source: Statistics Canada <sup>1</sup>*

Children live in poverty because their families live in poverty. The child poverty rate refers to all persons under the age of 18 years who live in families or households whose after-tax incomes fall below the LICO after-tax threshold compared to the total number of persons under 18.

The LICOs are based on a rationale that a family is living in “straitened circumstances” if it spends a disproportionately higher amount of its income on the basic necessities of food, clothing and shelter than the average family. On an after-tax basis, the average Canadian family spends 43% of its after-tax income on food, clothing and shelter. Families are considered to be in low income if they spend 63% or more of their after-tax income on these three necessities, or 20 percentage points more. Statistics Canada publishes low income cut-offs on both before-tax and after-tax low income rates. Statistics Canada prefers the use of the after-tax measure for the following reasons:

“First, income taxes and transfers are essentially two methods of income redistribution. The before-tax rates only partly reflect the entire redistributive impact of Canada’s tax/transfer system because they include the effect of transfers but not the effect of income taxes. Second, since the purchase of necessities is made with after-tax dollars, it is logical to use people’s after-tax income to draw conclusions about their overall economic well-being.” <sup>1</sup>

This report therefore uses after-tax income measures when they are available.

### Data Sources

This report contains data from two main sources: the 2006 Federal Census and Statistics Canada’s Annual Survey of Labour Income and Dynamics (SLID).

The SLID data has a national sample size of 30,000 and a provincial sample size of 3,000. The data set only allows for breakdowns for the Calgary and Edmonton metropolitan areas (CMAs). There are no breakdowns for smaller centres. The SLID data are best used to measure trends over long periods of time.

The 2006 Census data provides a more accurate measure of poverty rates and numbers given its larger sample size of one in five households. That translates into a sample size of about 3 million households nationally and 300,000 in Alberta.

A customized data request was made to Statistics Canada for use in this report. The data is from the 2006 federal census and is cited as Custom Tables CR00103184 T1 and T2. The data is used to calculate the number of children living in low income families in each Alberta community, and to determine the work activity of their parents.

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