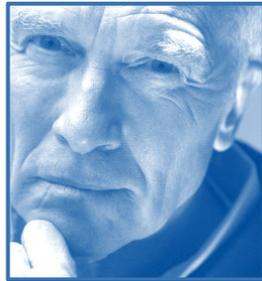
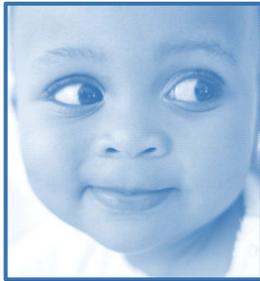


Standing Still in a Booming Economy

Finding Solutions for Low Income Working Households



A report by
The Edmonton Social Planning Council



October 2007

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The views expressed in this report are those of the author and do not necessarily reflect the positions of the sponsoring organization.

Sponsoring Organization

The Edmonton Social Planning Council is a social research organization that raises public awareness about issues of poverty and low income. More information is available at www.edmspc.com.

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Executive Summary

Economy on a Roll

Edmonton's economy has experienced economic and job growth significantly above the national average since the mid-1990s.

Edmonton's Gross Domestic Product (GDP) per capita was on par with the national average until the early 1990s. Since then, it has grown more rapidly than the national average to reach about the midpoint between Canadian and Alberta GDP per capita.

Strong Job Growth

There has been strong job growth in the Edmonton economy, especially in the most recent ten year period.

Part-time employment grew until the mid-1990s and self-employment grew until the late-1990s. Both have since declined as the labour market generated better opportunities for full-time paid employment.

While their employment prospects are improving, young adults are still twice as likely to be unemployed as the rest of the population.

There has been steady progress in Aboriginal employment. However, the unemployment rate for Aboriginals is still twice as high as it is for non-Aboriginals.

Earnings and Incomes Are Lagging

While the labour market is performing well in terms of generating a large number of jobs, it is not performing nearly as well at generating higher paying jobs.

Growth in earnings and market incomes has lagged behind growth in the overall Edmonton economy. The relative share of GDP going to wages and salaries is decreasing over time.

After accounting for inflation, median employment earnings of all economic families has gone up by less than one per cent since 1981. It took until 2005 for median earnings per capita to exceed what they were at that time.

The percentage of working age families and single adults reporting no market income dropped to below 3 per cent in 2005, an all-time low. Fewer are relying on income transfers from government.

Median market income of all family types decreased by nine per cent between 1980 and 2005 in constant dollars. Working age two-parent families experienced a slight increase. In the past 25 years, median income declined slightly for lone-parent families and single females, but significantly for single adults.

Median after-tax income of all family types increased by two per cent in 2005 over its previous peak in 1981. Working age families – including lone-parent families – had slight increases in their after-tax incomes over the past 25 years, compared to actual declines for single adults.

The incomes of working age families and single adults are more highly polarized in the current economic boom than they were in the previous economic boom of the early 1980s.

Large Number of Low Wage Jobs

There is little evidence of either an improvement or a decline in job quality over the past 20 years. Job losses in sectors such as meat processing have been offset by gains in the energy sector and construction.

The Edmonton labour market – like the Canadian labour market – consists of a large number of low wage jobs, many of them in the service sector. Four of the five largest occupations in Edmonton by number of

employees (retail salespeople, office clerks, food counter attendants, and cashiers) have below average wages.

Low wage jobs have other characteristics that make employees and their families more vulnerable. These include: lower levels of unionization; minimal or no employee benefits such as extended health, dental or disability coverage; and minimal or no pension plans.

Workers in Low Income Households

In 2005, 198,000 Albertans between the ages of 18 to 64 lived below the low income cut-off. This represented 8.6 per cent of working age Albertans.

In the same year, 65,000 Albertans between the ages of 18 to 64 who worked at least half-time for the entire year had family incomes below the low income cut-off. That represented 3 per cent of working age Albertans.

Working is still an effective way out of poverty. But for one out of three low income Albertans, working is not enough.

Transfers Could be Better Targeted

Government taxes and transfers significantly contribute to reducing poverty levels and income inequality. The redistributive effects of government taxes and transfers lift about one-fifth to one-quarter of families out of low income. However, the effectiveness of transfers in lifting individuals and families out of economic poverty has only increased modestly over the past twenty-five years.

The need to better target government transfers must be balanced against not wanting to create disincentives for families and individuals to better themselves through employment. A low wage wall can be created due to the phasing out of too many benefit programs as employment income rises.

Caught in a Squeeze Between Low Wages and Rising Costs

Many of the above findings were reiterated by participants of the six focus groups held as part of this project.

Participants talked about the difficulty of finding well-paid, secure employment with benefits and opportunities for growth. Some had to juggle several low-paying jobs to make ends meet. Newcomers to Canada spoke of the difficulty of having their foreign credentials recognized, and the frustration of having to take second place to temporary workers being brought in from other countries to fill the labour shortage.

Focus group participants noted that these challenges were exacerbated by rapidly rising costs for such essentials as housing, transportation and child care which eroded their already modest incomes. The lack of affordable housing and rapidly rising rents were the most frequently cited concern.

Recommendations

The recommendations in this report are intended to improve the effectiveness of the government taxes and transfers to low income households as well as make work more rewarding, thereby encouraging participation in paid employment.

Specific recommendations include: raise the floor for the minimum wage to a benchmark such as the low income cut-off; conduct a wage review to improve staff recruitment and retention for providers of government contracted services; provide for first contract arbitration; reduce reliance on temporary foreign workers in favour of an expanded provincial nominee program; make eligibility for more benefit programs automatic upon filing of an income tax return; improve child care subsidies and availability; and phase out Alberta Health Care Premiums.

Introduction

In the mid-1990s, Edmonton had a very different look and feel than it has today. The City of Edmonton actually lost population between 1991 and 1996 while growth stalled in the metropolitan region population. West Edmonton Mall went into receivership and the beloved Oilers were on the verge of moving to Texas. There were double-digit unemployment rates as recently as 1994.

Today, Edmonton's economy is on a roll. The capital region is at the centre of an Alberta energy boom that Statistics Canada describes as "the strongest period of economic growth ever recorded by any province in Canada's history."¹

There are portable signs advertising job openings on every major street and thoroughfare. There are so many unfilled positions – particularly in low wage sectors such as retail trade and the hospitality sector – that thousands of temporary foreign workers are being brought in to fill these positions.

Yet as the findings of this report attest, not all households are sharing in this prosperity. Many individuals and families are finding it difficult to keep up with rising living costs, especially for shelter, and some are falling behind.

The motivation in preparing this report is to explain how, in this buoyant economy, people who are working still live in low income households.

The goal of this report is to go beyond simply documenting why many Edmonton families are benefiting less from the current boom than is often assumed. The goal is also to find long-lasting solutions to build family economic success for people who are working and living in low income households.

Methodology

Considerable research has been done on the topic of working poor households at the national level. Human Resources and Social Development, for example, recently completed a national study of the working poor.² Rather than duplicate existing research, the best data sources have been reviewed and, if applicable, their findings incorporated into this report.

Geographical Focus

The focus of this report is the Edmonton Census Metropolitan Area (CMA). The Edmonton CMA approximately corresponds to the geographic area served by the member agencies of the United Way of the Alberta Capital Region.

The use of the term 'Edmonton' should be understood to refer to the CMA, and any exceptions to this will be specifically noted. A decision was made early on in the research phase to not break out data on a neighborhood level in this report. The most recent reliable data on a neighborhood level is from the 2001 federal census. When neighborhood level data from the 2006 federal census becomes available in 2008 it might be useful to produce an addendum to this report.

Long Timeframes for Data on Income and Earnings

Timeframes of up to 26 years of data (1980 through 2005) are used when tracking historical earnings and income trends, when such data is available. A timeframe of twenty years (1987 to 2006) is used for data on the Edmonton's economy (GDP) and employment trends because earlier data is either not available or not considered reliable.

Using longer timeframes makes the data more reliable. Because Statistics Canada uses annual surveys to collect data, there can sometimes be sampling errors in data collected in any single year. The potential for errors increases as the data is broken down by family type, gender or age. Measuring trends over longer time periods reduces the likelihood that the analyses are skewed by yearly fluctuations.

The 1980 to 2006 period takes us from the end of one energy boom to the beginning of the next, and the whole time period in between. The past two years in particular are similar to those heady days of the early 1980s with exceptionally strong economic growth but also rapidly escalating living costs. Every effort was made to use the most up-to-date information available at the time this report was being prepared.

Specific Data Parameters Used

Constant dollars are used throughout this report to remove the impact of inflation from its calculations. This allows the real economic well-being of families and households to be measured over time.

Income and earnings data are reported mainly at the household level, with a particular focus on family types where income earners are of working age. This is because low waged individuals are not necessarily working poor if they are parts of households/families that do not have low-incomes.

When data was available in formats that provided both medians and averages, we have chosen to use medians because they are more representative for reasons explained more fully in the Terms and Definition Section.

Data on Workers in Low Income Households

The only exception to the use of long timeframes is the data contained in the 'Workers in Low Income Households' section. Tracking historical trends was not possible, as only 2005 data were purchased. Moreover, data was only available for Alberta – not Edmonton – due to data quality constraints.

Nine-hundred hours of paid employment was chosen as a minimum for this section of the report. This means that the major income earner in the household worked at least half-time for the entire year. In other words, they worked a minimum of 18 hours per week for 50 weeks of the year.

Qualitative Data

Qualitative data was also collected for this report, through six focus groups attended by a total of 75 participants. The dates, locations and demographic profile of participants are detailed in Appendix A.

Holding focus groups allowed us to directly ask low-income workers why they were finding it so difficult to manage in today's economy. The focus group findings add context to the numbers in the report, and allow us to represent some of the real life experiences of low-income Edmontonians. A copy of the findings of the focus groups is included as Appendix B.

Profile of Edmonton's Economy

Gross Domestic Product (GDP) is the most widely accepted international measure of the total size of an economy (a more technical definition is provided in the Terms and Definitions Section).

The size and growth of Edmonton's economy is influenced more by global, national and provincial policies and trends than by local factors. This section of the report analyzes Edmonton's economic performance relative to that of Canada and Alberta for the past 19 years.

Edmonton's Economy Growing Faster than National Average

Table 1 below shows total GDP for Canada, Alberta, and the Edmonton CMA from 1987 to 2006 in constant 1997 dollars.

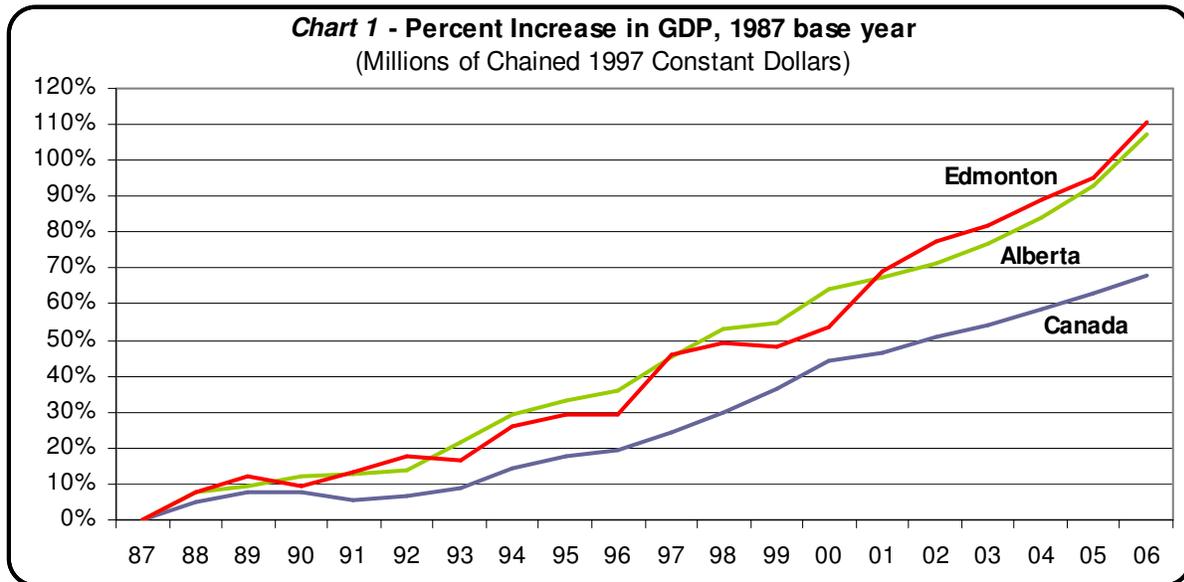
Table 1 - Gross Domestic Product
(Millions of Chained 1997 Constant Dollars)

Year	Canada	Alberta	Edmonton
1987	\$709,058	\$73,698	\$20,180
1988	\$744,333	\$79,583	\$21,743
1989	\$763,837	\$80,711	\$22,582
1990	\$765,311	\$82,518	\$22,050
1991	\$749,294	\$82,925	\$22,847
1992	\$755,848	\$83,691	\$23,803
1993	\$773,528	\$89,695	\$23,526
1994	\$810,695	\$95,278	\$25,430
1995	\$833,456	\$98,268	\$26,106
1996	\$846,952	\$100,264	\$26,109
1997	\$882,733	\$107,048	\$29,466
1998	\$918,910	\$112,677	\$30,095
1999	\$969,750	\$114,227	\$29,873
2000	\$1,020,786	\$121,153	\$31,008
2001	\$1,038,702	\$123,250	\$34,127
2002	\$1,070,789	\$126,328	\$35,833
2003	\$1,092,388	\$130,256	\$36,733
2004	\$1,124,428	\$135,837	\$38,129
2005	\$1,157,446	\$141,992	\$39,373
2006	\$1,189,535	\$152,670	\$42,508

Sources: Statistics Canada³ and City of Edmonton⁴

Table 1 shows that Canada's Gross Domestic Product (GDP) went from \$709 Billion in 1987 to \$1.190 Trillion in 2006, an increase of 68 per cent. Alberta's GDP increased at a significantly faster rate growing from \$73.7 Billion to \$152.7 Billion in the same timeframe, an increase of 107 per cent. Edmonton's GDP grew 111 per cent, from \$20.2 Billion in 1987 to \$42.5 Billion.

Chart 1 below shows the percentage increase in Canada, Alberta, and Edmonton GDP, in constant dollars.



Sources: Statistics Canada³, City of Edmonton⁴, Statistics Canada⁵

Chart 1 shows that, since 1987, Edmonton’s economy (GDP) has grown significantly faster than Canada’s economy (GDP). Moreover, in the past six years, Edmonton’s economy has been growing at a slightly faster rate than Alberta’s economy. Both Edmonton and Alberta GDP have been growing faster than the national average

Alberta’s GDP as a share of Canadian GDP has been consistently higher than its share of the Canadian population. The gap between Alberta and Canadian GDP has been almost entirely due to the value of Alberta oil and natural gas, and the related economic activity resulting from the production and processing of these valuable resources.

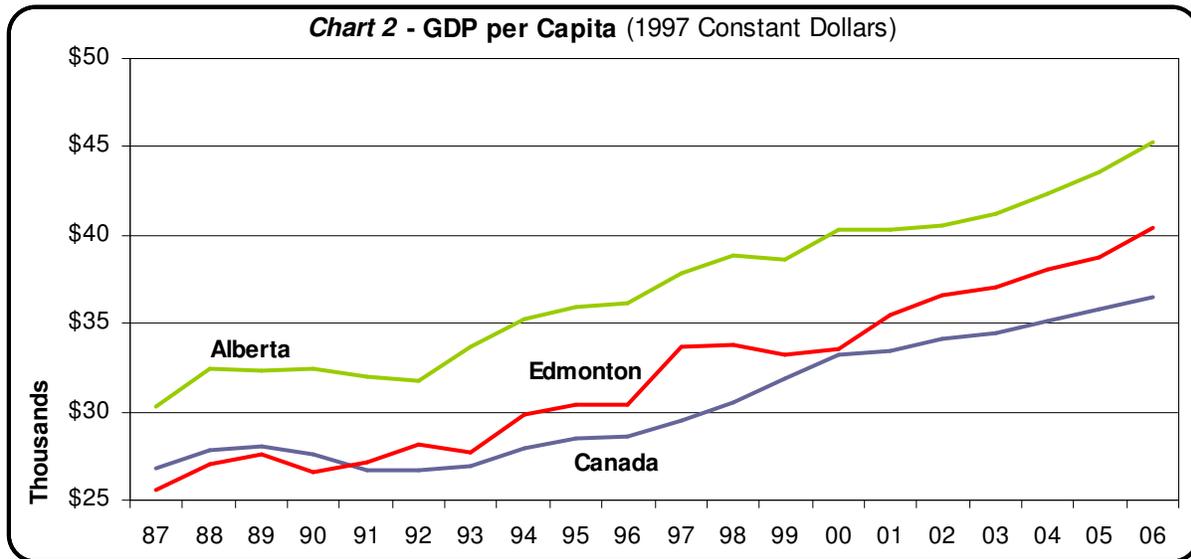
Alberta’s GDP depends heavily on the energy sector. It is therefore subject to considerable volatility. There was a significant downturn in the Alberta economy in the mid-1980s due to the collapse of world energy prices. This relatively weak economic performance persisted for almost ten years. Even during this prolonged slowdown, Alberta’s GDP never dropped below 10 per cent of Canada’s total GDP.

Edmonton GDP per capita higher than Canada, lower than Alberta

Edmonton and Alberta have experienced above average population growth in the past twenty years. This makes it important to not only look at total economic growth, but also at the amount of growth relative to population size (i.e. per capita growth).

In constant 1997 dollars, Canada’s GDP per capita grew from \$26,809 in 1987 to \$36,463 in 2006, an increase of 36 per cent. Alberta’s GDP per capita grew 49 per cent, from \$30,262 in 1987 to \$45,225 in 2006. Edmonton’s GDP per capita grew the most, increasing 58 per cent, from \$25,609 in 1987 to \$40,484 in 2006.

Chart 2 below illustrates the comparative increase in Canada's, Alberta's, and Edmonton's GDP per capita from 1987 to 2006 in constant dollars.



Sources: Statistics Canada³, City of Edmonton⁴, Statistics Canada⁵

Alberta's real GDP per capita has been fairly consistently about 25 per cent above the national average, and significantly higher than any other Canadian province. It is also about on par with British Columbia's GDP, despite the latter province having almost one million more people.

As Chart 2 shows, Edmonton's GDP per capita was slightly below the national average until the early 1990s. Since then, it has grown more rapidly than the national average to reach about the midpoint between Canadian and Alberta GDP per capita by 2006.

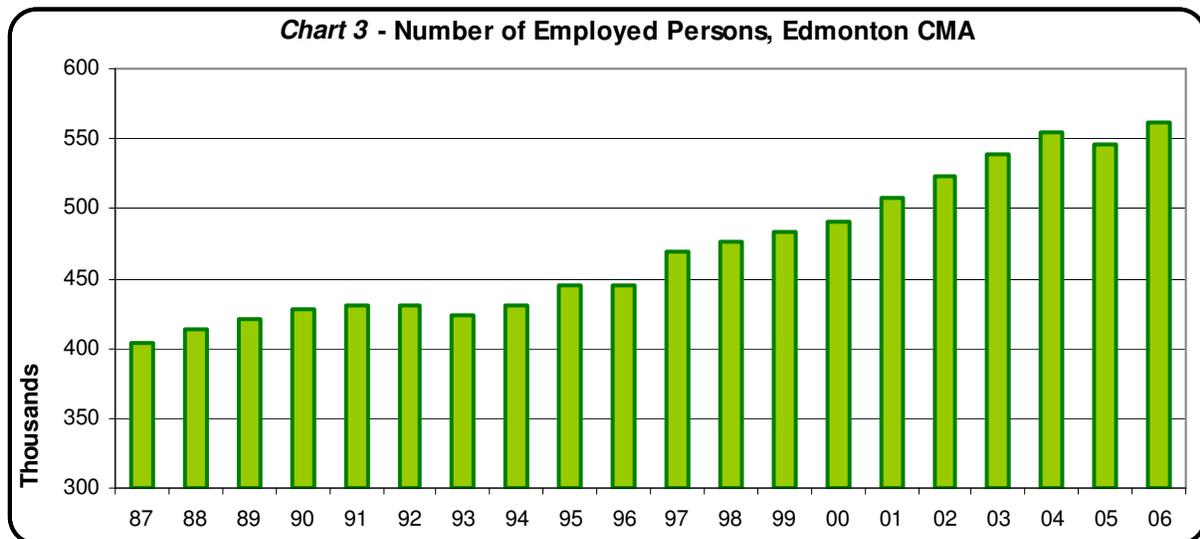
Chart 2 also illustrates a significant narrowing between Edmonton and Alberta's GDP per capita. Most of this narrowing has taken place in the past six years.

Employment Trends

Strong Employment Growth

Over the past two decades there has been significant employment growth in the Edmonton metropolitan region.

As Chart 3 below shows, the number of employed Edmontonians went from 403,100 in 1987 to 561,300 in 2006, an increase of 39 per cent. Other than a pause in employment growth in 2005, the most recent ten years has seen a faster increase in overall employment levels compared to the previous decade. Strong employment growth has continued into the first half of 2007.



Source: Statistics Canada⁶

Part-time employment, defined as the proportion of employed Edmontonians working less than 30 hours per week in their main (or only) job, increased from 16 per cent to 20 per cent between 1987 and 1993. Since then, part-time employment has decreased from 20 per cent in 1993 to 18 per cent in 2006.⁶

Over the past 25 years, the average number of hours worked when a person's main job is full-time has remained a relatively constant 43 hours per week. However, during the same time period the number of hours worked if a person's main job was part-time has increased by about 1.5 hours per week to 17 hours.⁶

But this doesn't tell the whole story. Many participants in the focus groups said that even one full-time job is not sufficient to pay the bills and put a roof over their heads. Participants spoke of the difficulty of juggling several part-time jobs, working in casual positions without benefits, or in positions below their qualifications (Source: Appendix B, page 6).

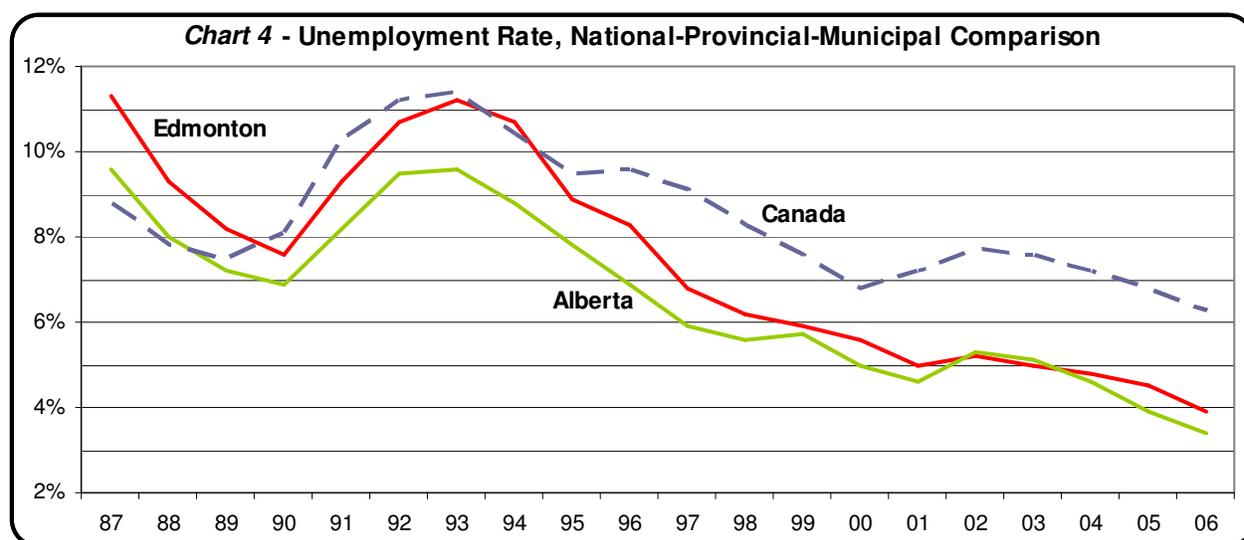
Like part-time employment, self-employment tends to rise when unemployment is higher and declines when the job market improves. In Alberta, the self-employed rate was 16 per cent in 1980, rose to 21 per cent in the late 1990s, and has since dropped back to 17 per cent by the end of 2006.⁷

The rapid growth of self-employment during the 1990s has proven to be transitory, rather than a permanent change in the labour force. When job prospects improve, a significant portion of the involuntarily self-employed drift back into paid employment.

Participants in the six focus groups rarely raised self-employment as an issue. This suggests that most did not see self-employment as desirable or necessary in the current vibrant job market.

Unemployment at Historic Low

As Chart 4 below shows, Edmonton's unemployment rate has significantly decreased in the past twenty years. Between 1987 and 1996, the unemployment rate never dropped below 7 per cent, peaking at 11.2 per cent in 1993. Since 1997, unemployment has never been above 7 per cent, dropping to an almost historic low of 3.9% in 2006.



Source: Statistics Canada⁶

Edmonton employment trends tend to follow Alberta trends fairly closely, with the exception that Edmonton's unemployment rate has tended to be slightly higher. Edmonton's employment growth and participation rates also tend to be slightly lower than the provincial average.

The Edmonton and Alberta employment picture in the past five years most closely resembles the 1980-1981 period, with unemployment rates in the 4 per cent range. The intervening years saw significant turbulence, however. Both Edmonton and Alberta unemployment rates increased to double-digit levels in the mid-1980s, declined, returned to double-digit levels in the mid-1990s, and declined again.

Unemployment has declined across all demographic groups. The gender gap between men and women experiencing unemployment has effectively disappeared in the past three years.

In contrast to these positive trends, two demographic groups remain more likely to experience significantly higher than average unemployment. The first group is young working adults under age 25. The second is Aboriginal people, comprised of those from First Nations, Metis and Inuit backgrounds. Both of these groups have unemployment rates in the 7 per cent range, double that of the rest of the population. Both of these groups are also disproportionately employed in low wage sectors such as retail trade, accommodation and food services, or work as low skilled construction labourers.⁸

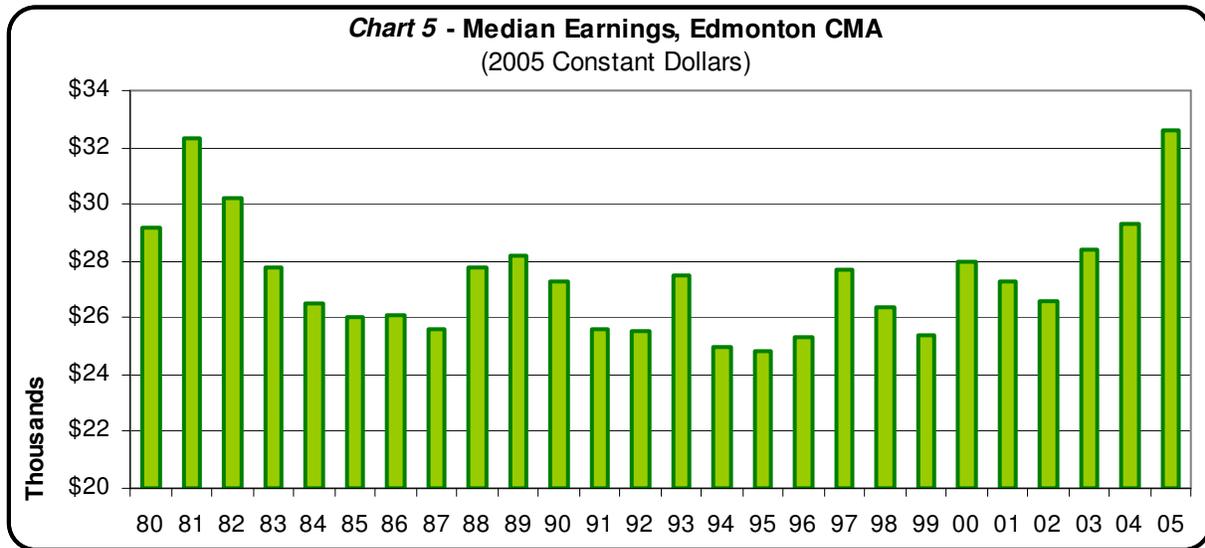
While jobs are plentiful and relatively easy to get, many focus group participants reported that finding well paid, secure employment with benefits and opportunities for advancement is considerably more difficult. They expressed concern about feeling burned out from having to work long hours in two or more jobs, and the toll this took on their family life. (Source: Appendix B, page 6).

Employment Earnings and Benefits Trends

Of all of the measures of economic well-being, earnings are the most closely tied to the performance of the labour market. They most directly measure what individuals and families receive from the fruits of their labour and hard work.

Earnings Barely Ahead of Inflation in Past Quarter-Century

Despite the tremendous growth that has taken place in Edmonton's economy, it is surprising that growth in employment earnings has barely increased. As shown by Chart 5 below, it took until 2005 for median earnings of employed or self-employed Edmontonians to exceed what they were 24 years earlier in 1981.



Source: Statistics Canada, *Income Trends in Canada 1980-2005*⁹

After accounting for inflation, median employment earnings have gone up by less than one per cent since 1981. In real terms, the average Edmontonian is making only \$300 more in 2005 than they did a quarter century ago.

So while Edmontonians are working harder, this effort is not being rewarded by a real increase in the size of their pay packages. While the labour market is performing well in terms of generating a larger volume of jobs, it is not performing nearly as well at generating higher paying jobs.

Low Pay Jobs Lack Employee Benefits

As much as stagnating wages, participants in the focus groups noted that many of the jobs in which they worked lacked employee benefits or a pension plan.

There is no reliable data available on benefits and pensions for Edmonton alone. However, like data on employment earnings, Edmonton trends likely follow provincial and national trends.

A 2003 national study found a clear link between non-wage benefits and earnings. Analyzing 2000 data from the Survey of Labour and Income Dynamics the report found:

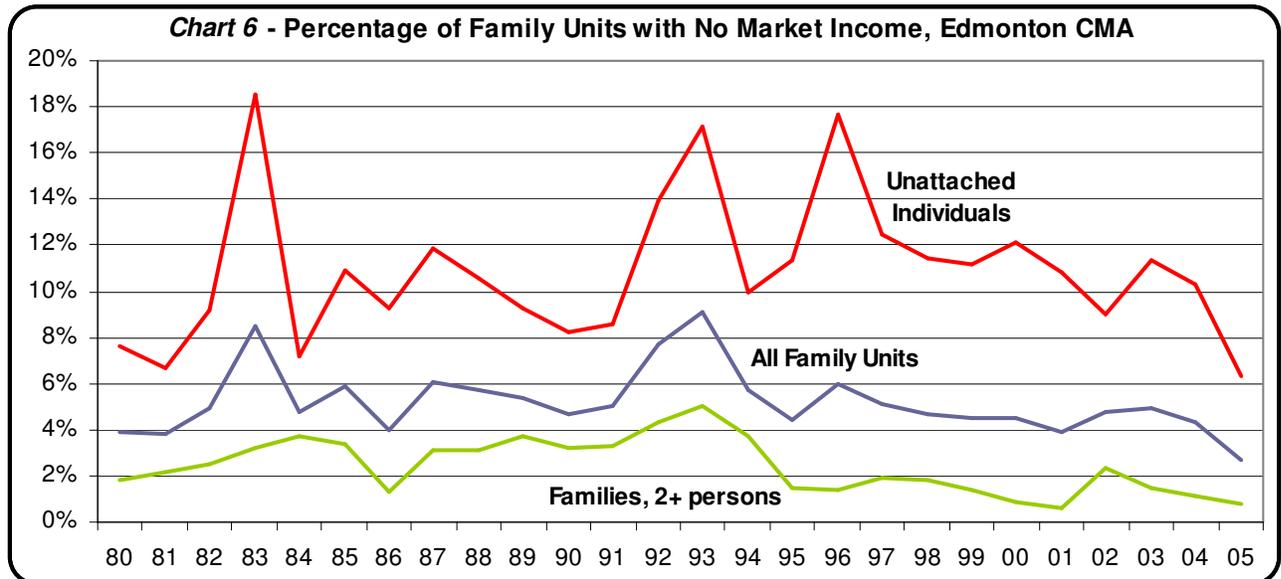
“Employees who made \$20 an hour or more at their job were more likely than low earners (less than \$10 per hour) to have an insurance [extended medical, dental and life/disability] package (77% versus 13%), an RPP (74% versus 12%), or a profit-sharing plan (12% versus 3%). They were also more likely to have a permanent job (91% versus 70%).”¹⁰

There is a similar trend with workplace pensions. Seventy-six per cent of the bottom quintile of wage earners (ages 35 to 54) had no pension coverage, compared to 26 per cent of the middle quintile, and 22 per cent of the top quintile. Coverage levels among younger wage earners (ages 25 to 34) were even lower.¹¹

Those working age families most likely to need employee benefits in case of an unexpected illness or emergency are least likely to have them. They are also least likely to have workplace pension plans that would allow them to provide for their financial security after retirement.

Market Income Trends

Market income measures family livelihoods that are being generated from the marketplace. For the working age population, market incomes include employment earnings as well as income from savings and investments. Most working age Canadian families – especially those in low wage positions - derive substantially all of their income from employment. Only the highest wage families derive a significant percentage of market income from savings and investments.



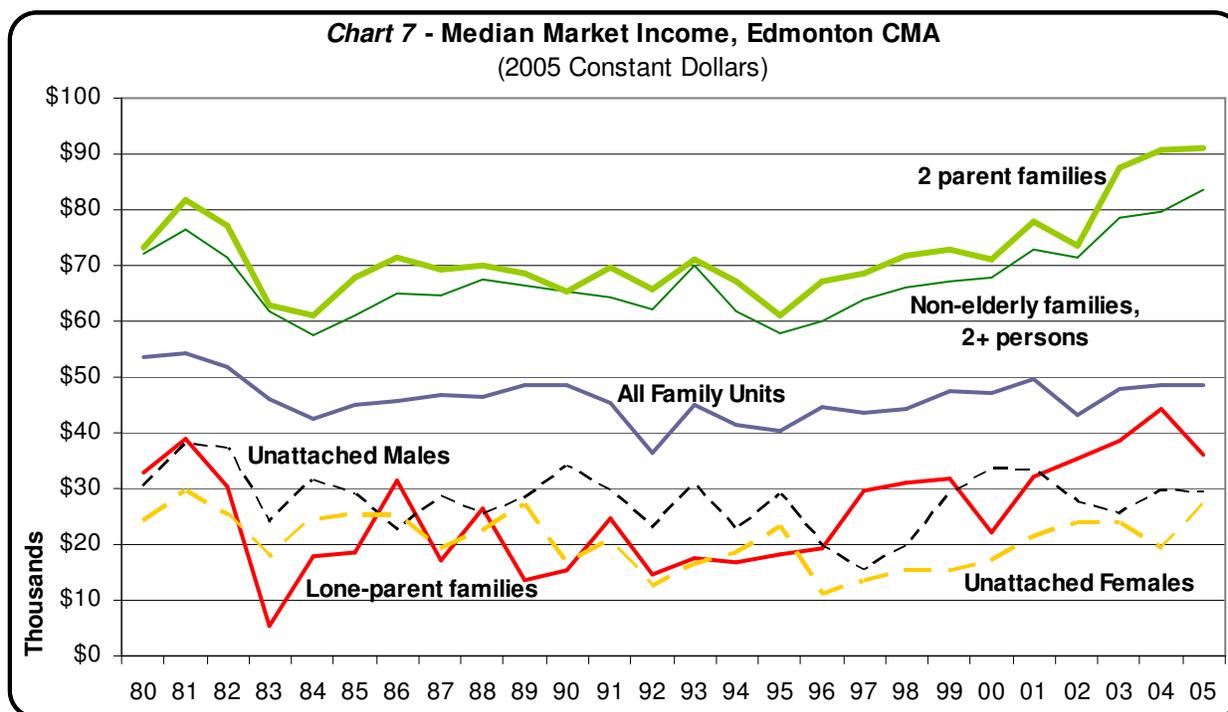
Source: Statistics Canada⁹

Families with no Market Income at All-time Low

As Chart 6 above shows, the percentage of working age economic families reporting no market income dropped to an all-time low in 2005, to less than 3 per cent. There are fewer and fewer Edmonton families who rely solely on income transfers from government.

Among working age families of two plus persons, those reporting no market income has dropped even lower, reaching a record low of under one per cent in 2005. Among working age singles, the percentage with no market income has also dropped by over two-thirds in the past decade, from 18 per cent in 1995 to six per cent in 2005.

Chart 7 below looks at the median market income of different family types over the past twenty-five years. The median is the point where half the families had higher incomes and half lower. The median is the most representative indicator of the typical Edmonton family.



Source: Statistics Canada⁹

Median Income of All Family Types Has Dropped by Nine Per Cent

The median market income of all family types in 2005 constant dollars was \$53,400 in 1980 and \$48,600 in 2005, representing a decrease of nine per cent.

Of all economic family types, two-parent families and working age families of two plus persons fare the best. These two family types consistently have the highest incomes of all family types. However, these families also tend to have higher living expenses because, in most cases, they have dependent children to support. Even for these family types, the picture is far from bright. Only in 2005 did their median market incomes surpass the peak previously reached in 1981.

The picture is more dismal for lone-parent families and single working age males and females. The median market income of these households is actually lower today than in 1981, in some cases dramatically lower. For example, the median market income of single males has dropped 20 per cent in the past twenty-five years.

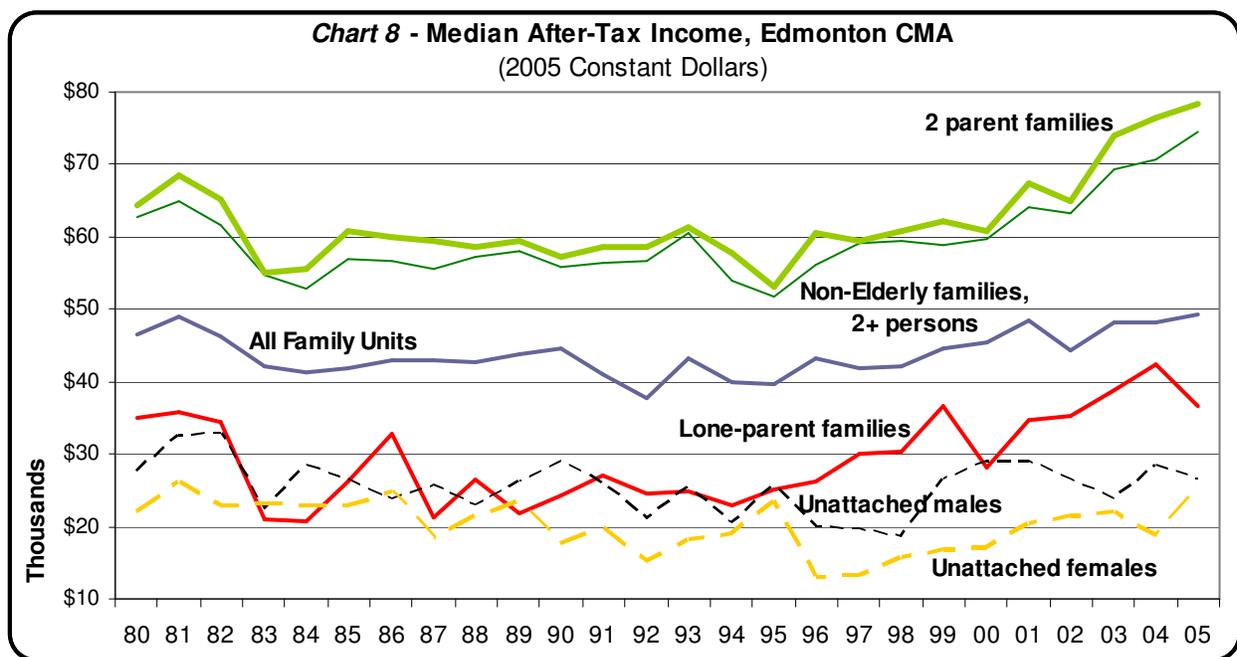
After-Tax Income Trends

After-tax income is useful for measuring the well-being of family units (households) after the effect of government transfers and income tax. The vast majority of families receive some transfers while paying some taxes. Low income families tend to receive more transfers and pay less tax, and high income families pay more taxes and receive fewer transfers.

After-tax income represents the amount of financial resources families have at their disposal to spend on their needs, and is therefore the best measure of the well-being of all types of economic families.

Government Transfers Stem Erosion of Earnings and Incomes

Taxes and transfers have played a significant role in stemming the erosion of employment earnings and market income experienced by many economic families over the past 25 years.



Source: Statistics Canada⁹

As Chart 8 above shows, median after-tax income of all family types was \$49,200 in 2005, an increase of two per cent over its previous peak of \$48,900 in 1981. While hardly earth shattering, the slight increase in after-tax income contrasts with the actual decline in median market income over the past 25 years.

Some of the difference between after-tax and market incomes resulted from reductions in federal and provincial tax rates over the past twenty-five years. These tax rate reductions had the effect of increasing after-tax income by allowing individuals and families to keep more of their market income.

Similar to market income, two-parent families and working age (non-elderly) families had significantly higher after-tax incomes than lone-parent families and singles. The former family types also fared relatively better in terms of raising their after-tax incomes, especially compared to singles.

Working age families – in this case including lone-parent families – had slight increases in their after-tax incomes over the past 25 years, compared to actual declines for single adults.

Government Transfers Target Families, Not Individuals

Families fared relatively better due in large part to the introduction of several programs over the past quarter century that targeted families, especially those with children. This includes an enrichment of the child tax benefit at the federal level and the introduction of the family employment tax credit at the provincial level. These programs are directed at reducing child poverty and therefore do not benefit people who are single – whether they live alone or with other unrelated single adults.

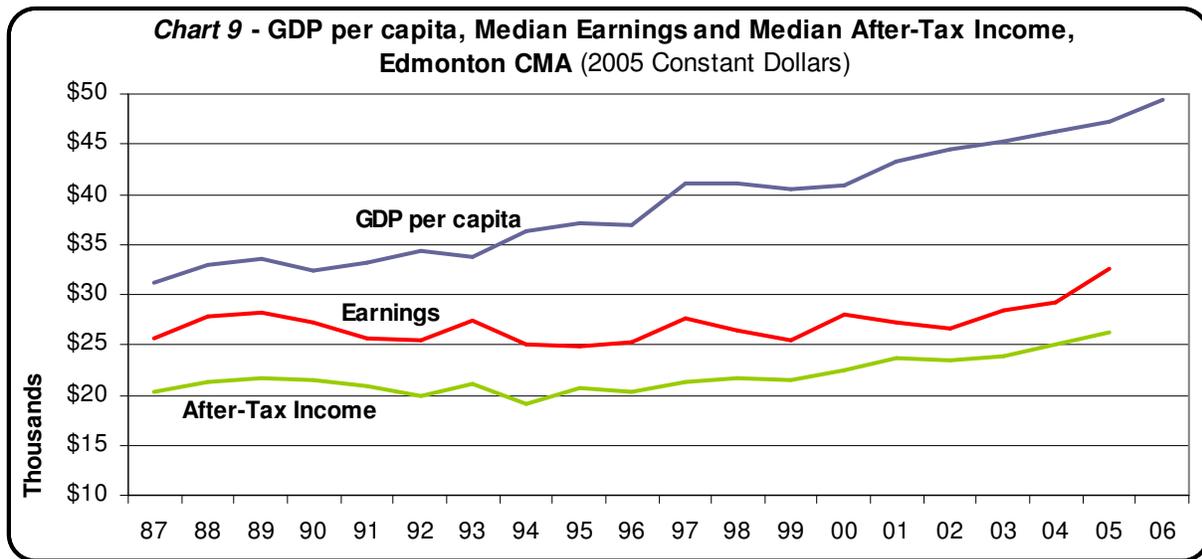
Most recently, the 2007 federal budget introduced a modest Working Income Tax Benefit (WITB). Designed as a refundable tax credit, this is one of the first new benefits that will support all working Canadians, whether they are families with children, families without children, or single adults.

Economic Growth and Family Incomes

Growth in family incomes has lagged behind growth in overall economic activity over the past quarter century. The reason many people don't feel better off, despite the booming level of economic activity, is because they are not.

Economy Growing Faster than Household Earnings and Incomes

GDP per capita in Alberta and Edmonton went up by 51.3 per cent in the past twenty years. In contrast, median after-tax income per capita increased by 29.7 per cent in the same time frame. Employment earnings changed the least, increasing by only 27.3 per cent. Since 1987, GDP per capita has risen at a significantly faster rate than after-tax income or earnings per capita.



Sources: *City of Edmonton*⁴ and *Statistics Canada*⁹

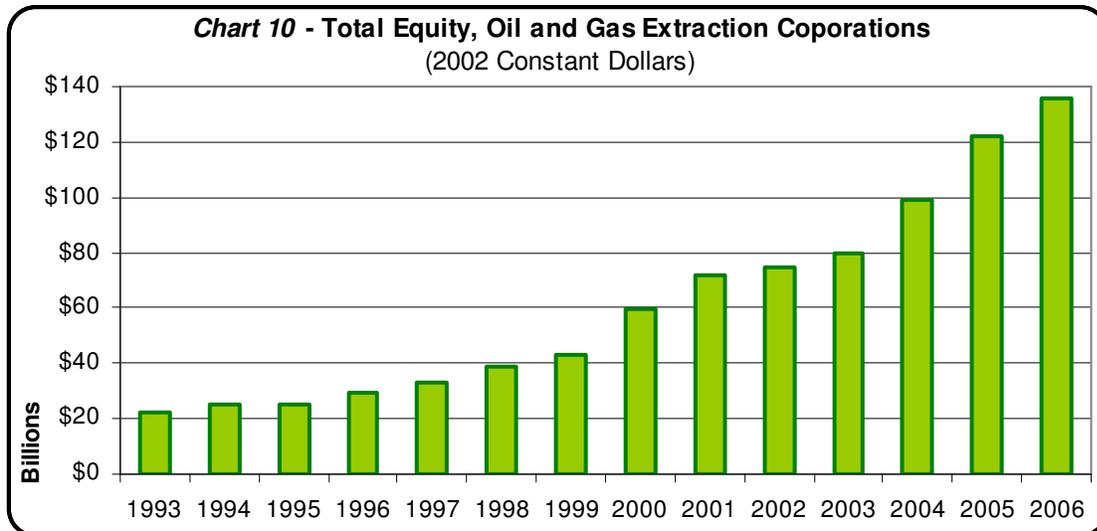
(Chart 9 covers a 20-year time period, rather than the 26 years of data covered in previous sections of this report. There is no reliable GDP data for the Edmonton metropolitan region available prior to 1987.)

Corporate Income Grows Faster than Personal Income

Two recent reports – one by the Parkland Institute, the other by the Canadian Centre for Policy Alternatives – shed light on the growing gap between total economic output (GDP) and stagnating employment earnings and incomes.

The recent Parkland Institute report analyzed Statistics Canada data to find that the total corporate equity of Canada's energy sector – after correcting for inflation – more than tripled in the ten years from 1993 to 2003.¹²

Adding data for the years since 2003, when oil and natural gas prices have been consistently high, reveals an even more dramatic picture. Chart 10 shows that the total corporate equity of the oil and gas extraction sector has risen from \$22 Billion in 1993 to \$136 Billion in 2006, a more than six-fold increase after accounting for inflation.



Source: Statistics Canada¹³ and Statistics Canada¹⁴ and Statistics Canada¹⁵

About 80 per cent of the Canada's oil and gas activity is located in Alberta. Much of the real increase in Alberta's economic wealth is tied up in the share capital and retained earnings of energy corporations. It is not being paid out in real increases in employment earnings.

The Canadian Centre for Policy Alternatives (CCPA) recently reported a similar situation at the national level. The CCPA report found that the share of Canada's total economy going to the corporate sector in the form of profits rose from just over 22 per cent in 1991 to just under 34 per cent in 2005. There was a corresponding decrease in the share going to workers in the form of salaries and wages.¹⁶

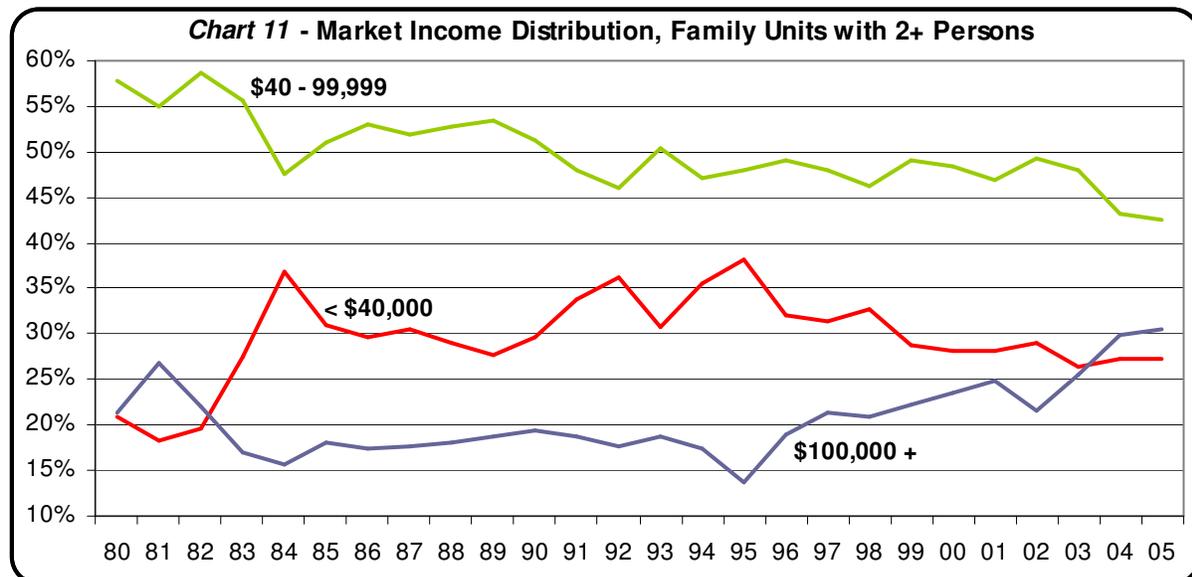
Energy corporations and their shareholders have made substantial real gains from the current economic boom. Working age families are struggling to have their earnings rise to the levels they were in the early 1980s.

Income Distribution Trends

The reduction in the GDP share going to working Edmontonians is exacerbated by another trend – the polarization of family incomes.

Larger Proportion of Market Income Goes to High Income Earners

Chart 11 below shows how the incomes of working age families and individuals are becoming more highly polarized in the current economic boom than they were in the previous boom of the early 1980s. Today, much of the benefit of increased family incomes has gone to families with market incomes of over \$100,000 per year.



Source: Statistics Canada⁹

As the above chart shows, there are almost twice as many working age families making \$100,000 or more per year (in 2005 constant dollars) in the current economic boom than there were in the early 1980s. There is a corresponding reduction in the percentage of working age families with market incomes ranging from \$40,000 to \$99,000. The number of working age families making below \$40,000 in market income has remained fairly constant after rising in the early 1980s.

Growing Polarization Consistent with Provincial and National Trends

The polarization of family incomes in Edmonton is consistent with national and provincial trends. Over the long-term income inequality leads to wealth inequality. In a recent report, Statistics Canada found that only the wealthiest decile of Canadians increased their share of the nation's wealth. The wealth share of the bottom nine deciles declined in each and every case.¹⁷

There is not so much a growing gap between the rich and the poor. Rather there is a growing income polarization between the top ten per cent of income earners and the bottom 90 per cent.

The above chart is evidence the same disparity is taking place in the Edmonton area. Unless reversed, this trend will have negative implications for the social cohesion and solidarity of our community.

Job Market Trends

Job Quality Stable in Edmonton's Unequal Labour Market

Historical labour force data reviewed in preparing this report do not show an overall deterioration in job quality in the Edmonton metropolitan region over the past twenty years.⁶ Better-paying jobs in sectors such as engineering, computing sciences and the skilled trades are being created in about the same proportion as lower paying jobs in the retail trade and hospitality sectors.

Several recent reports have highlighted the loss of better paid manufacturing jobs in provinces like Ontario and Quebec. When compared to the national picture, Edmonton's economy is healthier when it comes to retaining manufacturing employment. The Edmonton area has suffered some job losses in manufacturing. This includes the closure of major meatpacking plants and the recent Celanese petrochemical plant closure. However, these losses have been offset by major refinery expansions and retrofits. Furthermore, several major projects to upgrade oil sands bitumen are either under construction or have been announced.

Economic Development Edmonton recently projected the fastest growing occupations, based on total new jobs expected to be created in the 2006 to 2010 period. Lower paid occupations such as retail trade salespersons, general office clerks, and cashiers made the top ten list. But so did higher paid occupations like retail trade managers, registered nurses and financial auditors and accountants.²⁰

So while there is little evidence of job quality decline, the Edmonton labour market continues to be a highly unequal one. The growing gap in market income distribution is evidence of an increasing divide between better paying and lower paying jobs in the Edmonton economy.

Table 2 on the following page shows the top 27 occupations in Edmonton by number of workers employed in them.

Table 2 - Top 27 Occupations by Number of Employees, Edmonton CMA (National Occupational Classification)

Rank	NOC	Description	Persons Employed	Avg Income	Avg Wage (\$/hr)	Median Wage (0-3 yrs service)	% Full Time (>30 hrs/wk)	% Part Time (<30 hrs/wk)	Avg Age
1	6421	Retail salespersons and sales clerks	25,333	\$25,793	\$14.24	\$7.42	65.0%	35.0%	33
2	0621	Retail trade managers	14,348	\$45,125	\$21.09	\$11.02	94.9%	5.1%	40
3	1411	General Office Clerks	12,122	\$33,228	\$17.34	\$13.32	80.9%	19.1%	39
4	6641	Food Counter attendants, kitchen helpers	10,285	\$14,636	\$8.96	\$7.00	45.4%	54.6%	27
5	6611	Cashiers	9,889	\$20,163	\$11.88	\$7.50	53.3%	46.7%	28
6	7411	Truck Drivers	9,611	\$47,128	\$18.06	\$15.00	94.6%	5.4%	43
7	3152	Registered Nurses	9,455	\$51,797	\$29.64	\$24.82	74.9%	25.1%	43
8	1241	Secretaries (not legal/medical)	8,900	\$35,063	\$19.07	\$15.61	72.4%	27.6%	43
9	6663	Janitors, Caretakers	8,880	\$22,771	\$12.22	\$8.00	73.1%	26.9%	43
10	6453	Food and Beverage Servers	8,564	\$10,301	\$6.80	\$5.90	56.2%	43.8%	27
11	1111	Financial Auditors and Accountants	7,688	\$49,483	\$25.32	\$21.00	89.8%	10.2%	42
12	7452	Material Handlers (Movers)	7,444	\$27,926	\$13.99	\$12.00	87.3%	12.7%	33
13	7265	Welders and Machine Operators	7,101	\$54,382	\$23.16	\$20.00	97.7%	2.3%	37
14	6411	Sales Representatives, Wholesale Trade Elementary School and Kindergarten Teachers	7,069	\$48,709	\$23.76	\$16.62	91.7%	8.3%	41
15	4142	Teachers	6,853	\$65,758	\$38.13	\$27.91	84.0%	16.0%	42
16	1221	Administrative Officers	6,400	\$44,371	\$22.54	\$19.70	84.7%	15.3%	42
17	1431	Accounting and Related Clerks	6,513	\$35,062	\$18.37	\$15.61	88.5%	11.5%	41
18	6242	Cooks	6,403	\$18,366	\$9.90	\$7.50	71.6%	29.4%	33
19	6661	Light Duty Cleaners (Housekeeping Attendant)	6,205	\$17,459	\$10.90	\$9.00	62.1%	37.9%	40
20	1453	Customer Service and Call Centre Agents	5,997	\$32,455	\$16.68	\$14.77	80.7%	19.3%	37
21	1414	Receptionists and Switchboard Operators	5,981	\$26,673	\$14.49	\$11.26	73.2%	26.8%	36
22	6622	Grocery Clerks and Shelf Stockers	5,426	\$15,697	\$9.47	\$7.87	52.1%	47.9%	28
23	4214	Early Childhood Educators and Assistants	5,147	\$18,796	\$9.99	\$8.08	79.0%	21.0%	37
24	2171	Information System Analysts and Consultants	4,930	\$60,642	\$32.05	n/a	92.2%	7.8%	39
25	1471	Shippers and Receivers	4,873	\$28,386	\$14.04	\$11.72	93.6%	6.4%	35
26	7321	Automotive Technicians and Mechanics	4,663	\$45,065	\$21.00	\$18.00	94.8%	5.2%	38
27	3413	Nurses Aides, Personal Care Attendants	4,603	\$25,327	\$13.90	\$12.46	75.4%	24.6%	39

Sources: *Economic Development Edmonton*¹⁸ and *Alberta Employment, Immigration and Industry*¹⁹

Large Number of Low Wage Jobs in Edmonton Economy

The top 27 occupations by number of employees make up about forty per cent of the total employed workforce in Edmonton.

Eight of the top ten occupations in Edmonton by number of employees had hourly wage rates below the Alberta average. 18 out of the top 27 occupations by number of employees had below average hourly wage rates.

Some of the lowest wage occupations, such as food and beverage servers, have likely benefited from the September 1, 2005 increase of the minimum wage to \$7.00 per hour. Before this increase, the hourly average for workers in these jobs was less than \$7.00. They will also benefit from the recent increase to an \$8.00 per hour minimum wage that took effect on September 1, 2007.

However, living costs have also been going up in concert with increases to the minimum wage. In the twelve months prior to May 2007, Edmonton's inflation rate rose 4.5 per cent.²¹

Housing costs have been going up even more rapidly. There was an 11 per cent yearly average increase in Edmonton apartment rents between October 2005 and October 2006, and a further 10 per cent increase in the following six months up to April 2007.^{22 23}

Finding affordable, adequate, long-term housing was the most frequently cited concern of focus group participants. For example, one participant told of a rent increase of \$500 per month. Another said 50 per cent of their gross pay goes toward rent (*Source: Appendix B, page 4*).

As Table 2 also shows, a higher percentage of lower wage jobs, such as food and beverage servers, food counter attendants, grocery clerks and cashiers, are part-time.

The data in the above table also dispels some widely held misconceptions about people working in low wage jobs. Namely, that they are mostly high school students living with their parents. A number of these workers are youth. However, the average age of food and beverage servers and food counter attendants is 27. The average age of grocery clerks and cashiers is 28. Most workers in low wage occupations are mature adults who are likely to have family responsibilities.

Trends in Unionization

Union Members Earn Higher Wages

Most unionized employees have more job security, and better pensions and benefits than non-unionized employees. Unionized employees also have better pay on average. A good illustration of the upward effect unions can have on wages and benefits is to compare the gap in remuneration between early childhood educators and elementary school teachers.

According to the 2005 Alberta Wage and Salary Survey¹⁹, the average hourly wage of \$9.99 paid to early childhood educators and assistants was less than one-third of the \$38.18 per hour earned by elementary and kindergarten teachers.

As Table 3 below indicates, the Province of Alberta has a low level of private sector union coverage. Moreover, growth in union membership is lagging behind growth in overall employment. Private sector union membership is growing slowest of all.

Table 3 - Employees by Union Coverage, Alberta

	Employee Type (000's)				
	Total	No Union Coverage	Union Coverage	Private Sector Union	Public Sector Union
1997	1,155.4	857.7	297.7	127.6	170.1
1998	1,209.9	990.3	309.6	137.1	172.5
1999	1,242.2	927.9	314.3	134.3	180.0
2000	1,294.7	983.5	311.2	132.6	178.6
2001	1,352.6	1,014.5	338.1	146.1	192.0
2002	1,387.9	1,045.8	342.1	138.9	203.2
2003	1,411.4	1,070.6	340.8	143.1	197.7
2004	1,434.5	1,094.3	340.2	142.1	198.1
2005	1,446.8	1,104.9	341.9	139.5	202.4
2006	1,539.9	1,161.0	379.0	156.0	223.0
10 Year Growth	33.0%	35.4%	27.3%	22.3%	31.1%

Source: Statistics Canada, CANSIM Table 282-0078²⁴

Statistics Canada data²⁵ from 2005 highlights the many advantages of unions for workers including:

- Non-union full-time workers made on average \$19.00 per hour compared to \$22.25 per hour for unionized workers; and
- Non-union part-time workers earned only \$11.58 per hour compared to \$18.45 per hour for unionized workers.

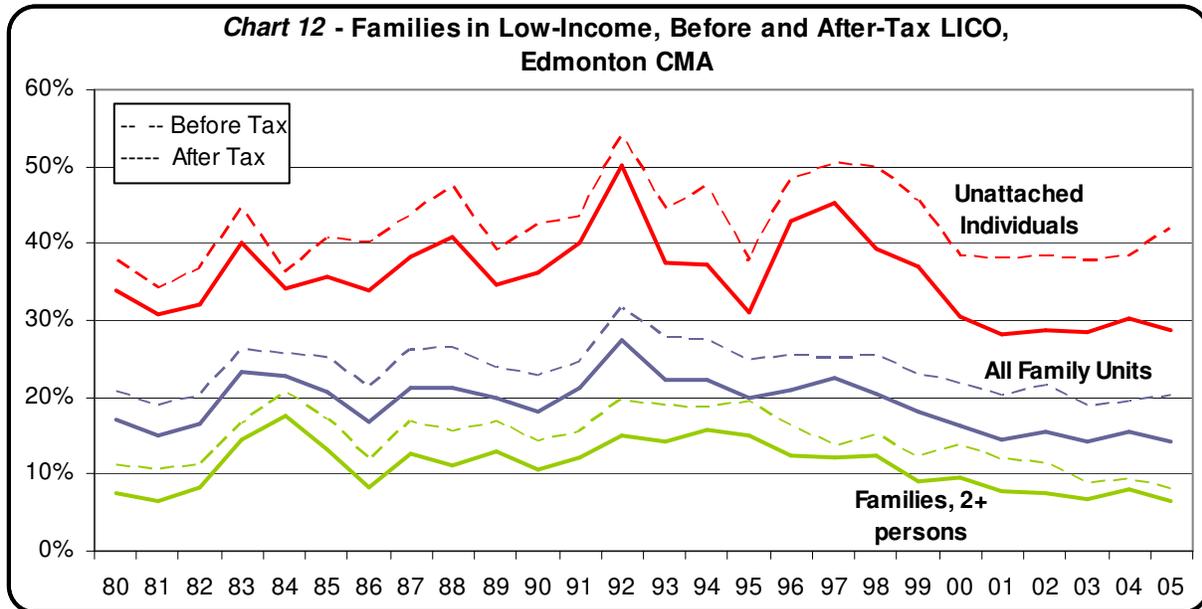
Union Members More Likely to Have Benefit Plans

Statistics Canada data²⁶ from the 1999 Survey on Labour and Income Dynamics finds disparities are even greater when it comes to employee benefits:

- 84% of unionized employees have supplemental health plans compared to 45% for non-union;
- 78.2% of unionized employees had life/disability coverage compared to only 40.8% for non-unionized employees; and
- 80% of unionized employees have either a pension plan or group RRSP compared to just 27% of non-union employees.

Low Income Trends

Chart 12 below shows that the number of Edmonton families living in low-income grew steadily until the early 1990s, slowly declined until 2000, and has since remained at about the same level.



Source: Statistics Canada⁹

The low income cut-offs (LICO) are established using data from the Survey of Household Spending conducted annually by Statistics Canada. Low income cut-offs convey the income level at which a family may be in very difficult circumstances because it has to spend a greater proportion of its income on necessities than the average family of similar size (see Terms and Definitions Section for more details).

One in Seven Households Live in Low Income After-Tax

In Edmonton, 95,000 family units (one in five households) lived below the Before Tax low-income cut-off in 2005. After government transfers were factored in to incomes, 68,000 family units (or one in seven households) lived below the LICO After-Tax measure. The net reduction in the number of families living below the low income cut-off due to government transfers was 28.2 per cent in 2005.

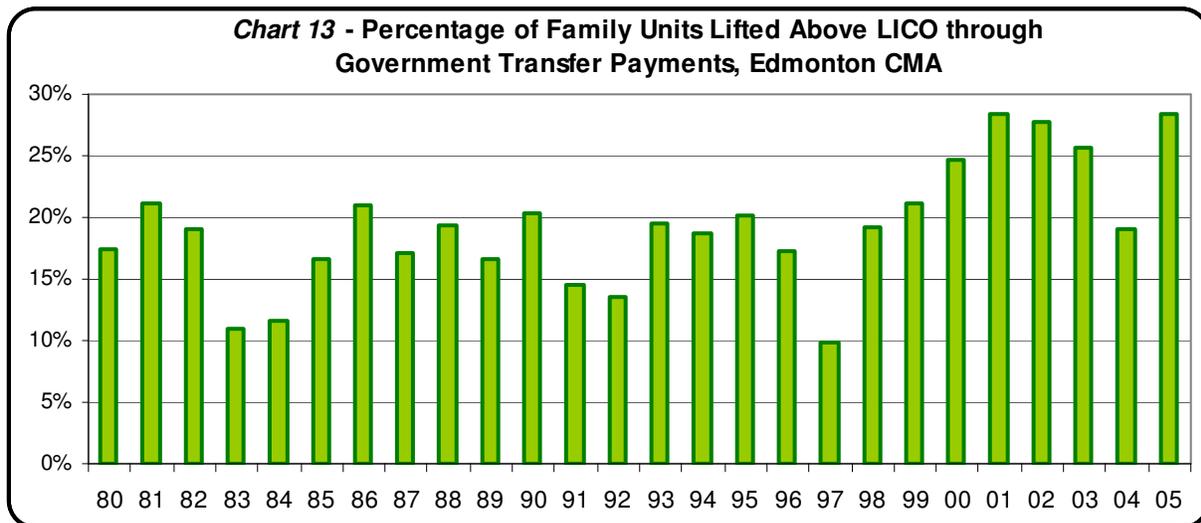
Chart 12 shows that the percentage of families living in low-income after-tax has fluctuated considerably over the past 25 years. In 1980, 17 per cent of families lived in low income. This grew to 27.4 per cent in 1992, and has since dropped to 14.3 per cent in 2005.

In the Edmonton metropolitan region, there is a positive correlation between labour market trends and the proportion of families living in low income. When employment growth is strong, unemployment low, and participation rates high, low income rates drop.

Chart 12 also shows that individuals living alone have above average low income rates, while the rates for non-elderly families of two or more persons are below average.

Government transfers help only one-fifth to one-quarter of households move above the low-income cut-off. Chart 13 below shows the percentage of households that are lifted above the low income cut-off as a result of government transfers. This chart shows the difference between the households living in low income before-tax and those remaining in low income after-tax.

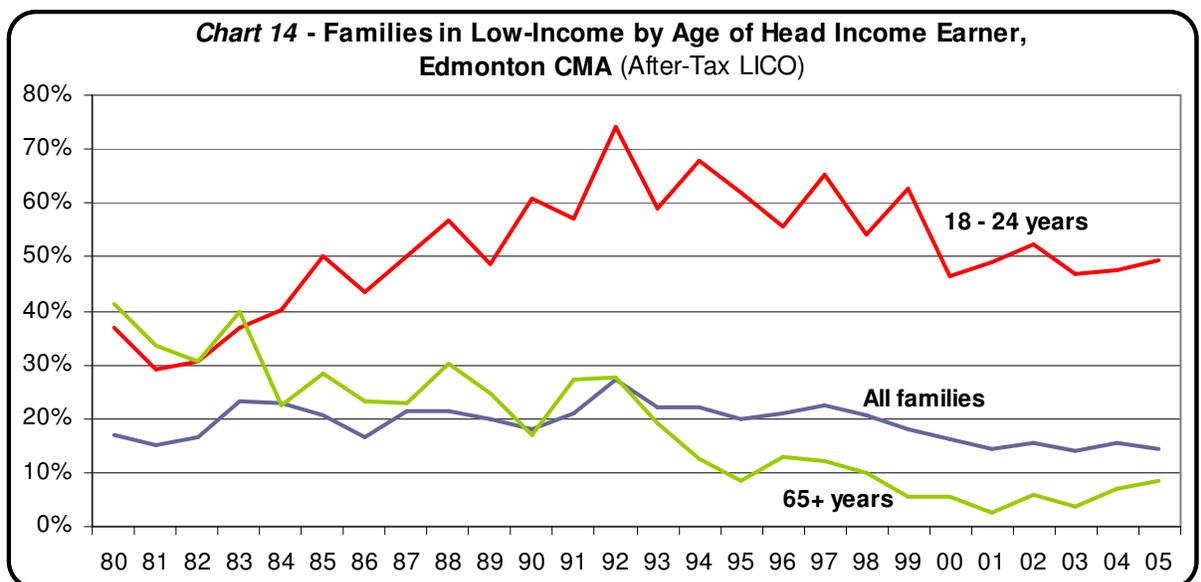
Chart 13 reveals that the effectiveness of government transfers in lifting families above the cut-off has modestly improved over the past 25 years. However, there is still considerable room for improvement.



Source: Statistics Canada⁹

Youth, Lone-Parent Families More Likely to Experience Low Income

The composition of households living in low income has been changing over time. Significantly more households headed by persons under 25 are living in low income. As Chart 14 below shows, the proportion of young households living in poverty has increased from under 40 per cent in 1980 to 50 per cent in 2005. This means almost one in two households where the major income earner is under 25 live below the low income cut-off.

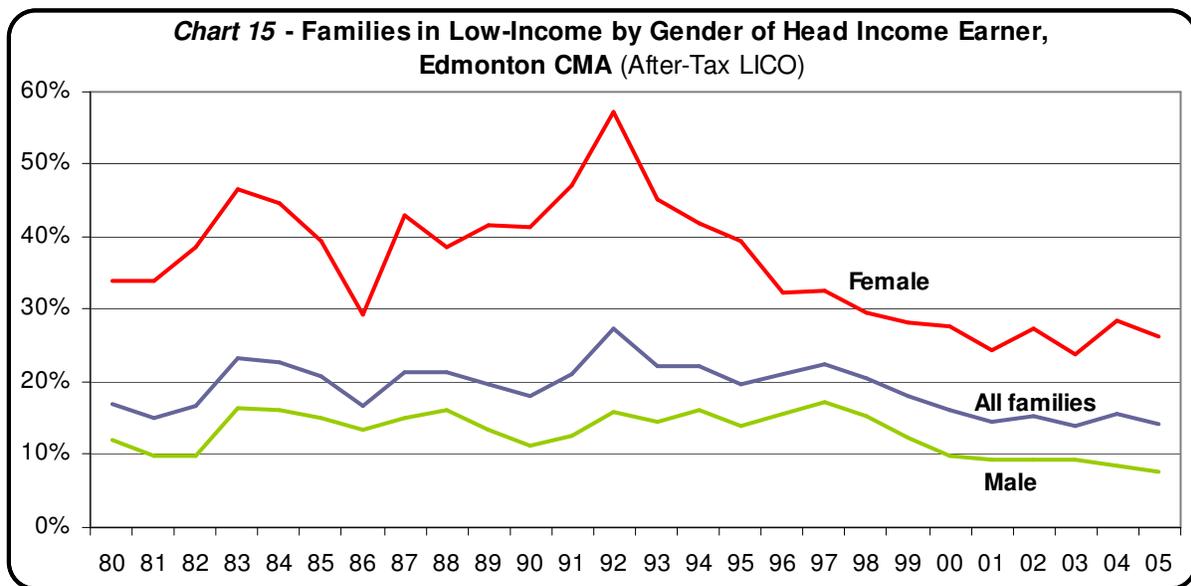


Source: Statistics Canada⁹

In contrast, the number of households headed by seniors living below the low income cut-off has dropped from over 40 per cent in 1980 to under 10 per cent in 2005. In the past quarter-century, federal and provincial governments have made a concerted effort to increase seniors' incomes. Federal programs like old age security (OAS) and the guaranteed income supplement (GIS) have been improved. An income-tested Alberta seniors benefit has also been introduced.

This raises the question of whether more can be done to increase the incomes of the working age population, drawing lessons from strategies that have been used with considerable success to increase seniors' incomes.

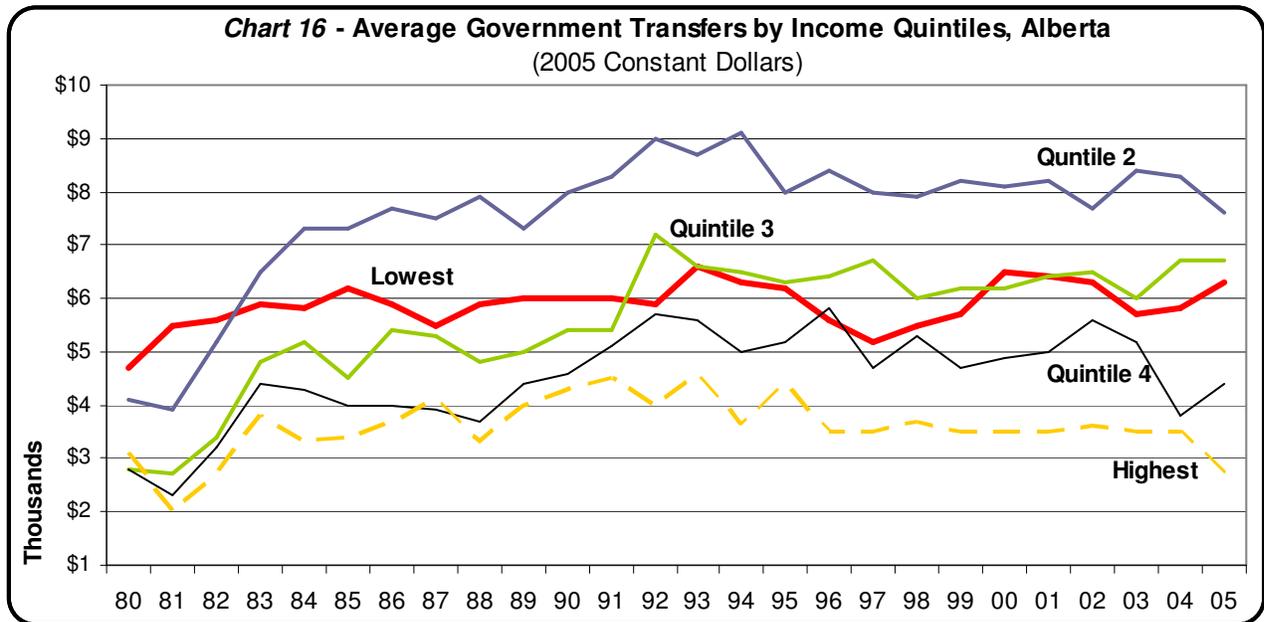
Chart 15 below shows that poverty levels of female-headed lone-parent families and females living alone have also remained several times higher than the average for all family types. In 2005, 26.2% of families headed by a woman experienced low-income. The low income rate was even higher for working age single females, at a staggering 42.8%.



Source: Statistics Canada⁹

Poorest 20 Per Cent Only Receive Third Highest Level of Transfers

Chart 16 below shows the average government transfers received by each quintile of household income in Alberta. (Data is not available at the Edmonton CMA level.)



Source: Statistics Canada⁹

While the overall level of government transfers has increased in the past 25 years, the relative share received by the poorest 20 per cent of families has not.

The red line in Chart 16 represents the bottom income quintile (the poorest 20 per cent of Albertans). In 1980, the bottom income quintile of Alberta households received the highest level of transfers from federal and provincial governments. By 2005, the bottom quintile received only the third largest amount of government transfers. Quintile 2 (households with the lowest 20 to 40 per cent of incomes, represented by the blue line) and Quintile 3 (households with the middle 40 to 60 per cent of incomes, represented by the green line) both received larger amounts of transfers than the bottom quintile.

Chart 16 shows that government transfer programs could be better designed to improve the after-tax incomes of the poorest twenty per cent of households. At the same time, this needs to be balanced against not creating incentives for people to stay in low wage jobs due to the fear of losing government benefits as a consequence. This situation is commonly referred to as the “welfare wall.” In Alberta, this phenomenon might be better called the “low wage wall,” as most low income families and single adults do work.

Participants in the focus groups expressed concerns about losing benefits such as child care subsidies, housing subsidies and extended health and dental benefits as their employment earnings increased. This made them hesitant to ask for a pay raise or seek a promotion because the loss of their benefit subsidies would leave them no further ahead (p. 6).

One way to overcome the “low wage wall” is to universalize some income-tested benefit programs. Another alternative is to increase eligibility by phasing benefits out more gradually as income rises.

Workers in Low Income Households

A person may not live in low income simply because they are earning a low wage. Someone else in the household who has a higher income, such as a parent or a spouse, may financially support them. This section of the report therefore examines low income persons who worked at least half-time for an entire year, and still lived in a household that experienced low income.

Statistics Canada reports that 198,000 Albertans between the ages of 18 to 64 lived below the low income cut-off (after-tax) in 2005. This represents 8.6 per cent of working age adult Albertans in that year.³⁰

As Table 4 below shows, 65,000 individuals living in Alberta between the ages of 18 to 64 who worked for pay a minimum of 900 hours per year had family (household) incomes that fell below the low income cut-off in 2005. That represents 3 per cent of all individuals in the province between the ages of 18 to 64.

Table 4 - Working Age Individuals Employed a Minimum of 900 hours per year, with Family Incomes below LICO, Alberta

	Number	Percentage
TOTAL	65,000	3.0%
Gender		
Male	33,000	3.0%
Female	32,000	3.0%
Marital Status		
Married or Common Law	22,000	1.7%
Single	34,000	5.4%
Other	F *	F *
Family Composition		
Unattached Individuals	32,000	8.1%
Economic Families	33,000	1.9%
* data too unreliable to be published		

Source: Statistics Canada³¹

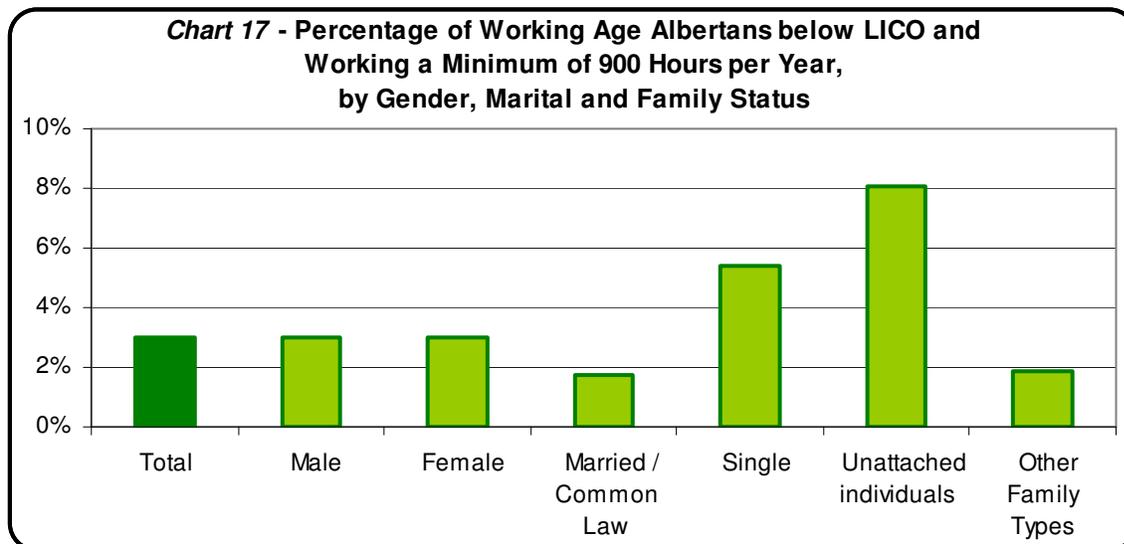
The above numbers show that one in three low income persons in Alberta in 2005 worked at least half-time or more in paid employment. Working for pay significantly reduces but does not eliminate the likelihood of living in low income. Working is still an effective way out of poverty. But for one out of three low income Albertans, however, working is not enough.

According to Statistics Canada, in 2005, 38.4 per cent of Albertans living in low income resided in the Edmonton metropolitan region. If one-third of these people were workers in low income households, it would equate to 25,000 working Edmontonians living below the low-income cut-off.

The above numbers only count the individuals working 900 hours or more for pay in a year. They do not include their spouses or dependent children, which would make the total significantly higher.

Low Income Workers Disproportionately Single and Living Alone

As Chart 17 below shows, there is no gender gap when it comes to the workers living in low income. Approximately half of these low income working Albertans were male and half were female.



Source: Statistics Canada³¹

However, Chart 17 shows a significant gap when it comes to marital status. Albertans who are single (with or without children) are more than three times as likely to live in a low income household as those who are married or common law.

A similar gap is found when it comes to family composition. Working age Albertans who are unattached are over four times more likely to than those living with other family members to live in a low income household.

Rewarding Work Effort

There are many reasons for making policy changes to ensure those who spend a considerable amount of their year working should not have to live in low income. These include:

- the need to reward work effort and provide economic incentives to both enter and stay in paid employment;
- the increased sense of self-worth and self-sufficiency that comes with having an income sufficient to support yourself and/or your family; and
- decreased reliance on government transfers and the charity of others, thereby saving tax dollars and allowing the charitable sector to focus on its efforts elsewhere.

Recommendations to Improve Low Incomes

Labour Market Solutions

Recommendation #1

Consider a further upward adjustment to the minimum wage to enable a full-time worker working year round to generate an income at least equal to the low income cut-off. Retain the recently announced link of the minimum wage to the average weekly earnings index.

The Alberta government recently announced an increase of the minimum wage to \$8.00 per hour effective September 1. The government further announced that subsequent increases would take place annually by indexing the minimum wage to average weekly earnings. This is a commendable step forward. However, \$8.00 per hour is still well below the low income cut-off. A person working full-time year round should not have to live in low income. This is one of the reasons that the Ontario government is increasing its minimum wage to \$10.25 per hour by April 2010.

Recommendation #2

Conduct a comprehensive wage review for all government contracted services to ensure that service providers are able to recruit and retain staff by paying competitive wages.

It is important that governments set a good example when it comes to improving the wages of low-income employees working for organizations contracted by them. All three orders of government contract for services in low wage sectors, such as cleaning and janitorial, food services, and private security.

While the federal government does contract directly for First Nations services, the most significant contractor for human services is the provincial government. Major human services contracted by the province include long-term care, home care, child care, women's shelters, supports for families in crisis, and supports for developmentally disabled children and adults.

In some cases, service providers may be receiving insufficient funding for the level of service they are contracted to provide. Or, there may be a lack of core funding, which can lead to agencies spending too much time trying to keep services operating with short-term, one-time only funding. In other cases, there may be problems with organizational performance and effectiveness. The Ministry of Children's Services has recently provided salary enhancements and recruitment incentives to trained child care workers. These incentives are linked to improved standards and accreditation for licensed child care centres and day homes. This promising approach could be extended to other contracted services.

Recommendation #3

The provincial government should ensure that providers of government services have sufficient funding and organizational capacity to provide extended health benefits, disability and pension (retirement) plans for their employees.

Unlike employees who directly work for government or for school boards, universities and health authorities, many employees of government contracted agencies do not receive dental, extended health, disability or retirement benefits.

Both funders and contracted service providers have a responsibility to ensure that benefit plans are in place for substantially all employees of contracted service providers. Funders have a responsibility to make sure that funding is not only adequate, but also structured to enable organizations to obtain benefit coverage. This could involve a commitment to more long-term, stable funding arrangements. For their part, contracted service providers have a responsibility to budget for the costs of such coverage, and collaborate with other service providers, perhaps through their provincial network, to make coverage more affordable and cost-effective.

Recommendation #4

Change the Alberta Employment Standards Code to require employers providing benefits and pensions for full-time workers to offer pro-rated benefits and pensions to part-time employees working at least 15 hours per week.

Some focus group participants indicated that the use of part-time employees in low-wage sectors is driven in part by the fact that they were not eligible for employee benefits. The current job market is such that some progressive employers are beginning to offer benefits to both recruit and retain staff. Making this a legislative requirement for all employers would level the playing field.

Recommendation #5

Amend the Labour Relations Act to provide for first contract arbitration.

Employees are sometimes denied their democratic right to join a union when employers refuse to bargain a first contract. In Alberta, there is nothing to compel an employer to bargain fairly or seriously even after employees have democratically decided to join a union in a supervised secret ballot vote. Alberta is one of three provinces that does not provide for first contract arbitration.

Recommendation #6

Reduce reliance on the Temporary Foreign Worker Program for addressing labour shortages, especially in sectors failing to attract or retain staff because they are not offering competitive wages and benefits. Significantly expand the Alberta Provincial Nominee Program. Reevaluate and change current practices that impede the recognition of the international qualifications of legal immigrants to Canada.

Recent data from Citizenship and Immigration Canada found that there were 22,392 temporary foreign workers in Alberta by the end of 2006.²⁷ This was greater than the 20,717 immigrants who legally settled in Alberta during 2006. Unlike temporary foreign workers, who have no legal right to stay in Canada after their employment ends, workers admitted under the Provincial Nominee Program can have their permanent residency application expedited if they have a guaranteed offer of a permanent full-time job.

The province of Manitoba admitted 6,641 immigrants through its nominee program in 2006 compared to fewer than 1,000 in Alberta during the same period.²⁸ Despite a recent decision to expand its Nominee Program, Alberta is lagging far behind other provinces such as Manitoba.²⁹

Many of the focus group participants were recent immigrants who had been encouraged to settle in Canada by qualifying through the federal government's points system. They found out only after they arrived that their professional qualifications were not recognized, or that they could not work in their profession due to a lack of Canadian work experience. Participants were frustrated that temporary foreign workers in the skilled trades were immediately allowed to work, while they had to spend time and money re-qualifying.

Focus group participants were also concerned that the temporary foreign workers were being brought in to put downward pressure on wages in sectors like the fast food industry. Concerns were also raised about the separation of temporary foreign workers from their loved ones and the impact this has on families.

Recommendation #7

More consistent monitoring and enforcement of employment standards for low income and other vulnerable workers is required.

The Alberta government is responsible for ensuring that minimum employment standards are adhered to for all workers in all workplaces. The announcement in Budget 2007 of additional funding resources to hire more employment standards officers is a welcome development.

Transfer Programs

Recommendation #8

Make recipients automatically eligible for provincial benefit programs if they file an income tax return, rather than requiring them to apply for benefits or subsidies under each separate program.

Currently, only benefits under the Alberta Family Employment Tax Credit Program are received automatically upon filing of an income tax return. Other programs that could be included are the Alberta Child Health Benefit, the Alberta Adult Health Benefit, and the Alberta Health Care Premium Subsidy, the Alberta Child Care Subsidy, and out of school care subsidies.

Many low-income working families miss out on benefits they are legally entitled to receive, and which would improve their after-tax income. This results from having to apply separately for each of the above subsidies.

Recommendation #9

Extend eligibility for the Alberta Adult Health Benefit to all low income working Albertans. This benefit should also be made available as long as household income is below qualifying limits, and they are not fully covered under an employer health plan. Raise qualifying income limits for both the Alberta Adult Health Benefit and the Alberta Child Health Benefit.

Low wage single adults and families are most likely to not have extended health benefits coverage. Prescription medications are the most rapidly rising cost in the health system, thereby placing enormous strain on the budgets of families that can least afford to incur the cost.

Currently, the Alberta Adult Health Benefit is only available as a transitional benefit for those leaving income support. The benefit should be available to all qualifying low income families and single adults, even those who have not previously been on income support.

All households should qualify for the full benefit if their income is below the low income cut-off for Edmonton and Calgary (adjusted for inflation to the 2007 year). Eligibility for the benefits should only begin to be reduced above the level of the low income cut-off.

Recommendation #10

Increase eligibility limits for Alberta child care subsidies to the same income level as eligibility for the Canada Child Tax Benefit. Provide more financial support for accredited child care centres.

Currently, provincial child care subsidies are completely phased out at the \$80,000 income level for a family with two pre-school children. The federal child tax benefit is fully phased out at the \$100,000 family income level. The province could also provide more financial support to accredited child care centres, following the example of the province of Quebec. Lack of access to affordable child care was frequently cited as a concern by focus group participants.

Recommendation #11

Provide provincial funding support for out of school care programs for children six to 12 years of age attending grades 1 to 6.

Out of school care is managed by municipal governments who lack the financial resources to make it affordable for many low income working families. Lack of affordability and availability of out of school care was also an issue raised by focus group participants.

Recommendation #12

All orders of government should work with First Nations and Metis organizations to help Aboriginal people to upgrade their education and job skills, secure employment and advance their careers.

Aboriginal unemployment is still twice as high as it is for non-Aboriginal persons. Aboriginals are also a rapidly growing segment of the labour force.

Recommendation #13

Establish an Alberta Working Income Tax Credit for single adults and childless couples to complement the existing Alberta Family Employment Tax Credit (AFETC) program.

The existing AFETC does an effective job of raising the after-tax incomes of lower income Alberta families with children by encouraging their continued participation in paid employment. The highest incidence of low income is experienced by working age single adults. A parallel working income tax credit would similarly raise their incomes and encourage retention of paid employment. This new tax credit at the provincial could be modeled on the Working Income Tax Benefit (WITB) recently introduced at the federal level by the Government of Canada. The federal WITB provides a maximum benefit of \$500 for single workers and \$1,000 for single parents and couples.

Tax Measures

Recommendation #14

Restore progressivity to the provincial personal income tax system by a 20 per cent reduction in the tax rate 20 per cent on the first \$40,000 of individual taxable income, and by a 20 per cent increase in the rate on individual taxable income above \$40,000. Basic and spousal exemptions should be maintained at their current levels and continue to be fully indexed for inflation.

The above recommendation would raise the after-tax incomes of a significant number of families and individuals with below median incomes. This measure would be largely revenue neutral.

The introduction of the flat 10 per cent personal income tax rate in the 2001 tax year dramatically increased the after-tax incomes of the wealthiest Albertans, dropping their marginal tax rates by close to 40 per cent. Meanwhile, middle-income Albertans received little or no tax reduction as a result of implementing a flat tax on personal income.

Recommendation #15

Eliminate or phase out Alberta Health Care Premiums.

Health care premiums are a highly regressive lump sum tax, where a family making \$40,000 per annum pays the same amount as the family making \$400,000 a year. Moreover, those with better paying jobs are more likely to have their employer cover some or all the cost of the premiums compared to those with poorer jobs. Eliminating health care premiums would have the dual benefit of improving after-tax incomes of families below the median, as well as getting rid of the administratively complex income-tested premium subsidies. This would help to overcome the "low wage wall" discussed previously.

Given the provincial government's multi-billion surpluses in recent years, health care premiums could be eliminated or phased out with no corresponding need to increase revenues elsewhere.

Conclusion

This report set out to answer the following question: with plentiful jobs and record levels of employment, why are so many working Edmontonians having such a difficult time making ends meet?

Despite a decade long economic boom, one in seven Edmonton families continues to live in low income. Many of these families hold jobs and participate in paid employment. Yet, for those families, working has not been a ticket out of poverty.

This report examines, not only the plight of those living in actual poverty, but also the even larger number of families who struggle to make ends meet and live from paycheque to paycheque.

The TD Bank, in a recent report on Alberta's economy, highlighted what it called the 'Growing gap between the haves and have nots.'³²

The TD Bank report says:

"Average statistics can be misleading. And, in Alberta's case, this has especially been the case, with the bulk of the income gains falling to those individuals in the upper two quintiles in recent years. Perhaps the biggest surprise is that it is not individuals at the low end that have been hard-pressed to record any gains in inflation-adjusted terms, but those in the middle part of the income spectrum as well. Meanwhile, nobody has been sheltered from the rapid increases in costs for essential needs such as housing" (p.28-9).

Solutions need to be found for Edmonton families and individuals facing rising costs and stagnating wages and incomes. The Edmonton Social Planning Council will continue working collaboratively with its community partners and all orders of government to find these solutions.

Terms and Definitions

Terms and definitions used in this publication are based on those used by Statistics Canada unless otherwise noted.

Current and constant dollars

Current dollars refers to a dollar's value in the year being measured. Constant dollars refers dollars expressed in terms of their value (purchasing power) in a single year called the base year. Constant dollars allow more meaningful comparisons to made over time because they eliminate the impact of price changes (inflation). The most widely used index for tracking price changes is the Consumer Price Index (CPI).

Earnings

The sum of earnings from paid employment (wages and salaries) and net self-employment.

Paid Employment

These are gross earnings from all jobs held as an employee, before payroll deductions such as income taxes, employment insurance contributions or pension plan contributions, etc. Wages and salaries include the earnings of owners of incorporated businesses, although some amounts may instead be reported as investment income. Commission income received by salespersons as well as occasional earnings for baby-sitting, for delivering papers, for cleaning, etc. are included. Overtime pay is included.

Self-employment

This is net self-employment income after deduction of expenses. Negative amounts (losses) are accepted. It includes income received from self-employment, in partnership in an unincorporated business, or in independent professional practice. Income from roomers and boarders (excluding that received from relatives) is included. Note that because of the various inclusions, receipt of self-employment income does not necessarily mean the person held a job.

Earnings Ratio

Represents the value of average earnings of one category of earners to another category, expressed as a percentage. For example, a 78% female to male earnings ratio means that average earnings for females are 78% of the average earnings for males in the given year.

Economic Family Types

Economic Family	A group of two or more persons who live in the same dwelling and are related to each other by blood, marriage, common law or adoption.
Non-Elderly	The major income earner is under age 65.
Unattached Individual	A person living either alone or with others to whom he or she is unrelated, such as roommates or a lodger. Also called single adults.

Family, Census

Commonly referred to as a "nuclear family" or "immediate family". In general, it consists of a married couple or common-law couple with or without children, or a lone-parent with a child or children. Furthermore, each child does not have his or her own spouse or child living in the household. A "child" of a parent in a census family must be under the age of 25 and there must be a parent-child relationship (guardian relationships such as aunt or uncle are not sufficient). Persons "not in census families" are those living alone, living with unrelated individuals, or living with relatives but not in a husband-wife or parent-unmarried child (including guardianship-child) relationship. By definition, all persons who are members of a census family are also members of the same economic family.

Government Transfers

Amounts All direct payments from federal, provincial and municipal governments to individuals and families. Major transfers include CPP payments, old age security, child tax benefits, GST rebates, refundable federal/provincial tax credits, social assistance (e.g. Alberta Works), and disability payments (e.g. AISH, workers' compensation). The tax system also carries out social policy functions that are not government transfers per se. The tax system uses deductions and non-refundable tax credits, for example, to reduce the amount of tax payable, without providing a direct income.

Implicit rate A way of showing the relative importance of transfers received or taxes paid for different families or individuals. This concept is similar, but not identical, to the effective rate of taxation. For a given individual or family, the effective rate is the amount of transfers/taxes expressed as a percentage of their market income, total income, or after-tax income.
The implicit rate for a given population is the average (or aggregate) amount of transfers/taxes expressed as a percentage of their average (or aggregate) income.

Gross Domestic Product

The measurement of activities associated with production of goods and services, the sales of goods and services in final markets, the supporting financial transactions, and the resulting wealth (assets minus debts) positions with defined geographic boundaries. To allow for meaningful comparisons over time, GDP is generally reported in constant dollars using 1997 as the base year.

Household

Household applies to a person or group of persons who occupy the same dwelling and do not have a usual place of residence elsewhere in Canada or abroad. The dwelling may be either a collective dwelling or a private dwelling. The household may consist of a family group such as a census family, of two or more families sharing a dwelling, of a group of unrelated persons or of a person living alone.

Income, After Tax

Equivalent of total income, which includes government transfers, less income tax.

Some government transfers are not taxable and are allocated to only one family member, depending on age, income, or gender. These include social assistance, child tax benefits, and seniors benefit. When looking at person-level data, users should be aware that these transfers are not equally divided amongst family members.

Income, Average and Median

Average income is derived by dividing the combined income of the population being measured by the number of economic units in that population. Median income is the value at which half of the units of the population being measured have lower incomes and half have higher incomes. Median value is derived by ranking the population from lowest to highest by income and determining the midpoint. The value that separates these two equal-sized groups is the median. Since income distributions are typically concentrated at the low end of the income scale (with relatively few economic families having extremely high incomes), median income is usually lower than average income and considered more representative. Averages and medians can be used to measure many other data sets.

Income, Family

The sum of income of each adult (16 years or older as of December 31st in the reference year) in the family. Family membership is defined at a particular point in time, while income is based on the entire calendar year. The family members or "composition" may have changed during the reference year, but no adjustment is made to family income to reflect this change.

Income, Market

The sum of earnings (from employment and net self-employment), net investment income, private retirement income, and items under 'other income' such as alimony, child support, severance pay, termination benefits, scholarships, honoraria and lump-sum payments. Market income is equivalent to total income minus government transfers. Also called income before taxes and transfers.

Income Tax

The sum of federal and provincial income taxes payable (accrued) for the taxation year. Income taxes include taxes on income, capital gains and RRSP withdrawals, after taking into account exemptions, deductions and non-refundable tax credits.

Income, Total

Refers to income from all sources including government transfers before deduction of federal and provincial income taxes, (Canada Pension Plan and Employment Insurance?). It may also be before tax (but after transfers). All sources of income are identified as belonging to either market income or government transfers.

Low Income Cut-Off (LICO)

LICOs are established using data from the Family Expenditure Survey, now known as the Survey of Household Spending. They convey the income level at which a family may be in straitened circumstances because it has to spend a greater proportion of its income on necessities than the average family of similar size. Specifically, the threshold is defined as the income below which a family is likely to spend 20 percentage points more of its income on food, shelter and clothing than the average family. There are separate cut-offs for seven sizes of family – from unattached individuals to families of seven or more persons – and for five community sizes – from rural areas to urban areas with a population of more than 500,000. After having calculated LICOs in the base year (currently 1992), cut-offs for other years are obtained by applying the corresponding Consumer Price Index (CPI) inflation rate to the cut-offs from the base year.

Low Income Gap

The amount that the family income falls short of the relevant low income cut-off. For example, a family with an income of \$15,000 and a low income cut-off of \$20,000 would have a low income gap of \$5,000. In percentage terms this gap would be 25%. The average gap for a given population, whether expressed in dollar or percentage terms, is the average of these values as calculated for each unit. For the calculation of this low income gap, negative incomes are treated as zero.

Low Income Rate

The proportion of persons or families whose incomes are below LICO. To determine whether a person (or family) is in low income, the appropriate LICO (given the family size and community size) is compared to the income of the person's economic family. If the economic family income is below the cut-off, all individuals in that family are considered to be in low income. Overall, the low-income rate for persons can then be calculated as the number of persons in low income divided by the total population. The same can be done for families and various sub-groups of the population; for example, low income rates by age, sex, province or family types.

Major Income Earner

The person in each household and family with the highest income before tax, with one exception: a child living in the same census family as his/her parent(s) cannot be identified as the major income earner of the census family (this does not apply to economic families). For persons with negative total income before tax, the absolute value of their income is used, to reflect the fact that negative incomes generally arise from losses "earned" in the marketplace that are not meant to be sustained. In the rare situations where two persons have exactly the same income, the older person is the major income earner.

Market Basket Measure (MBM)

Human Resources and Social Development Canada has collaborated with the provincial and territorial ministries of social services to develop the Market Basket Measure (MBM) of low income. The approach is to cost out a basket of necessary goods and services including food, shelter, clothing and transportation, and a multiplier to cover other essentials. The results define thresholds that represent levels of income needed to cover the cost of the basket. The same argument that can be made for using after-tax low income rates can be made for using after-tax income to compare to the MBM thresholds. That is, a measure of well-being should take into account what is actually available to spend. The income concept that is used for comparisons with the MBM thresholds goes even further than after-tax income by also subtracting from total income other non-discretionary expenses such as support payments, work-related child care costs and employee contributions to pension plans and to Employment Insurance.

Market Poverty Rate

The percentage of families whose market income (see “Income, Market”) falls below LICO (see “Low Income Cut-Off (LICO)”).

Net Worth (Wealth)

The net worth of a family unit is defined as the difference between the value of its total asset holdings and the amount of total indebtedness. (Assets and debts were reported for the family unit as a whole and not for each person in the family.)

Assets

Total value of all financial assets, non-financial assets and equity in business. Includes:

- ◆ Private pension assets - RRSPs, LIRAs, RRIFs, other - Employer pension plans
- ◆ Financial assets, non-pension - deposits in financial institutions, mutual/investment funds/income trusts - stocks - bonds (savings and other) - other financial assets
- ◆ Non-financial assets - principal residence - other real estate - vehicles - other nonfinancial assets
- ◆ Equity in business

Debts

Total value of all amounts owed in the following debt categories:

- ◆ Mortgage - principal residence - other real estate
- ◆ Line of credit - home equity LOC - regular LOC
- ◆ Credit card and installment debt - major credit cards, retail store cards, gasoline station cards, etc. - deferred payment of installment plans
- ◆ Student loan - Canada/provincial student loan programs - loans from financial institutions taken directly to attend school
- ◆ Vehicle loans
- ◆ Other debt - other loans from financial institutions, unpaid bills, etc.

Percentiles

Percentiles, like quintiles and deciles, are useful for drawing conclusions about how segments of a given population are faring relative to one another. Quintiles are derived by ranking the population being studied from lowest to highest. The ranked population is then divided into five groups of equal number. Analogously, dividing the population being studied into ten groups of equal number produces deciles. Useful for measuring income, net worth and other data.

Workers in Low Income Households

Economic families or unattached individuals where at least one member worked a minimum of 900 hours per year and whose family income fell below the low income cut-off threshold for the reference year.

Appendices

Appendix A

Dates and Locations of Focus Groups

Overall there were 75 participants. 68 participants filled out a short survey to gauge demographics.

Focus Group #1:

Date: Tuesday, May 22, 2007

Location: The Candora Society
(# 248 Abbottsfield Mall, 3210 – 118 Avenue)

Number of Participants: 12 attendees

Recruitment techniques: Participants were recruited by Candora employees.

Focus Group #2:

Date: Wednesday, May 23, 2007

Location: Vibrant Communities Edmonton (VCE) Boardroom
(Business Link 10237 - 104 St.)

Number of Participants: 9 attendees

Recruitment techniques:

- Emailed all individuals listed in the VCE external newsletter distribution list.
- Emailed all aboriginal and multicultural organizations that are listed in the VCE community associations' distribution list.
- Emailed all organizations that participated in a past VCE initiative that provided free computers to various community organizations in Edmonton.
- Many individuals that received our email send out regarding the focus groups also resent the email to individuals and groups within their networks.
- The Edmonton Chamber of Voluntary Organizations advertised the focus groups on their website under the Human Resource Issues in May 2007.
- Daniel Eggert with NextGen Edmonton advertised the focus groups in their newsletter in early May 2007.
- Martin Schuldhaus, the Media Relations and Communications Advisor at NorQuest College also displayed our one-page handout on the focus groups on every computer monitor at NorQuest.
- VCE also offered \$50 to compensate for the participants time.

Focus Group #3:

Date: Thursday, May 24, 2007

Location: VCE Boardroom
(Business Link 10237 - 104 Street)

Number of Participants: 11 attendees

Recruitment techniques: (please see above)

Focus Group #4:

Date: Saturday, May 26, 2007

Location: Sharifa's Samosa House restaurant, Edmonton, AB

Number of Participants: 20

Recruitment techniques: The participants of the focus group held at Sharifa's Samosa House restaurant were recruited through the Tools for Humanity community distribution network. Women from the Sudanese, Afghan, Iranian, and Somalian communities participated.

Focus Group #5:

Date: Monday, May 28, 2007

Location: VCE Boardroom
(Business Link 10237 - 104 Street)

Number of Participants: 13 attendees

Recruitment techniques: (please see above)

Focus Group #6:

Date: Tuesday, May 29, 2007

Location: VCE Boardroom
(Business Link 10237 - 104 Street)

Number of Participants: 10 attendees

Recruitment techniques: (please see above)

Appendix B

Vibrant Communities Edmonton and the Edmonton Social Planning Council

Report on the Findings from the Focus Groups with Edmontonians Living on Low Incomes

18 June 2007

Introduction

Affordable housing has been in short supply in Edmonton for several years. More recently the strong economy has pushed house sales to a record high, and this has affected rental accommodation. In April-May 2007, rental housing began getting public attention as rates increased drastically, in some cases doubling, and the stock of rental properties dwindled as units were converted into condominiums. People on low and fixed incomes were hardest hit. Concerned about the impact the economy was having on these people generally, Vibrant Communities Edmonton (VCE) and the Edmonton Social Planning Council (ESPC) decided to hold a series of focus groups to learn about their experiences. Community Services Consulting Ltd. was contracted to facilitate the sessions. This report presents the consultant's findings.

Six focus groups with people on low incomes were held between May 23 and 29, 2007. Invitations to attend were sent out by email to VCE distribution lists and advertised through a selection of community newsletters. A total of 75 people participated.

After introducing themselves, participants were asked to respond to two questions:

What are the top three aspects of your life that you are finding increasingly difficult to manage due to the impact of today's economy?

Can you suggest strategies to improve the situation? You can direct your comments to government or another body as you wish.

The responses have been summarized under several themes, with quotations from participants provided in boxes. At the end of the focus group, participants were asked to fill out a brief survey providing general demographic information. That information is appended to this report.

Impacts of the Economy

Housing. Finding affordable, decent or liveable, long-term rental housing was the most frequently cited concern of focus group participants. For others, the problem was simply being able to pay the rent.

Concerns included:

- Not being able to afford the deposit on a rental suite
- Being on a long wait list for subsidized housing
- Having to decide between paying the rent and making other purchases such as food or children's school activities

Our rent has gone from \$700 to \$1200 a month.

Over 50% of my gross pay goes towards rent. I don't know what that will cost in a year's time. I was saving for my own house, but the amount I've saved doesn't mean anything now.

- Feeling insecure due to social problems in the neighbourhood (drug use, etc.), but not being able to afford to move out
 - Feeling intimidated by a landlord who doesn't keep up the maintenance or makes a point of saying how much more he should be getting for the unit
 - Possibly losing the dream of being able to buy a house in Edmonton, despite being employed and having savings
- As someone born, raised and educated in Edmonton, facing the possibility of having to move to a small town in order to afford to own a house and start a family
 - As a couple, having difficulty managing a mortgage on a modest home
 - Being homeless and having to sleep on friends' couches while attending university
 - Feeling powerless and trapped
 - Being concerned that Alberta graduates will have to move other provinces to make a decent living

My rent is pretty reasonable (\$900 for one bedroom) but the landlord isn't doing the upkeep. I'm scared to push too much in case they find some reason to kick me out.

I sleep on friends' couches and shower in the Van Fleet Centre for \$5 a month and have a locker there. It's fairly common. Lots of people do it because housing's so expensive.

to

Cost of living increases. All focus group participants expressed concern about the rising cost of day-to-day basic purchases such as food, transportation and utilities. Everything seems to cost more, but wages are not rising in proportion, making it increasingly difficult to cope and impossible to save for the future.

Concerns included:

- Spending proportionally more on the cost of food [than was the case even a year ago]

Just when you think you're managing, something goes up. It's impossible to save. I live by myself, so I don't have anyone to support me.

I have a university degree and a job, but I'm still barely able to make ends meet.

- Buying the cheapest quality and having to count on sales and specials in order to afford food
- Not being able to afford to eat healthily

- Living from pay cheque to pay cheque and feeling stressed about not being able to save or cope with an emergency
- Working just to live, and not having anything left over for recreation, holidays and the like

I'm working just to live. I skimp on groceries so I can afford to do other things.

Accessible and affordable transportation. Participants who depend on public transit find the fares expensive and, if their destinations are not on direct bus routes, they spend an inordinate amount of time travelling. The bus system is neither reliable nor practical for taking children to school or getting to work. Many participants said that the ETS was not keeping up with demand, and, as a result, buses were overcrowded and slow. Those people with vehicles were spending increasingly more on gas, insurance, parking and maintenance.

Concerns included:

- Not being able to afford the \$59 for a bus pass
- Having to spend more time travelling
- Not being able to get to work if the car breaks down
- Not being able to get to places without a vehicle

We decided not to buy a car, but biking isn't always feasible, like when the roads haven't been ploughed.

You can't afford to go anywhere.

High quality, affordable childcare. All working parents with young children were concerned about the shortage of high quality, affordable childcare, but the shortage is particularly hard on families with more than one child or a child with special needs. In some cases, parents have to send their children to different daycares, which involves additional travel and coordination. Subsidies have not increased to reflect the cost of living, and the eligibility level is too low. Parents are also worried about the quality of staff, particularly in for-profit facilities where hiring less qualified workers is seen as a way of increasing the profit margin.

Concerns included:

- Having to pay \$750 per month per child for daycare
- Having to send a child to a daycare he doesn't like, because no other spaces are available

The cost of daycare with a subsidy was \$40 last September, but this September I'll be paying \$160 per child, because there was no increase in the subsidy.

I was paying \$52 a month for daycare because I qualified for a full subsidy. Now I have a new job and am making extra money. The way the system works, because my son only attends after school, and I'm earning more, I don't qualify for a subsidy, and have to pay \$200 a month. That's going up to \$250.

- Being on a wait list for the Y for two years
- Not qualifying for a subsidy or losing the subsidy when wages increase
- Having difficulty finding childcare when working nights or more than one job
- Living on a low income, but one that is not so low as to qualify for a subsidy

It's scary because you don't know who's looking after your child or if they are qualified. Anybody could walk in and get a job. The standards of cleanliness and the activities are not monitored.

Cost of education. Participants expressed concern about the high costs of school and a post-secondary education. Parents do not want their children to miss out on opportunities at school, but have difficulty finding the money for things such as supplies, lunch supervision and extracurricular activities. University students and recent graduates described having to manage a debt load that is affecting their quality of life. Some parents fear they will not be able to afford a post-secondary education for their children.

The school told me they need \$12 for a field trip next week, but I don't get paid for two weeks. Plus, the school charges for supervision during lunch. It costs \$17 a month. I have to work, so the kids can't go home for lunch.

Concerns included:

- A growing trend by schools to expect parents to pay for non-academic services, such as supervision during lunch-hour
- Children being more at risk by missing out on school, sports and recreation opportunities because the costs are too high.
- Living from pay cheque to pay cheque to save for tuition and books
- Coming out of post-secondary and trying to make a future for oneself with a huge student loan

School fees and school supplies are costly. For an elementary school child, they're outrageous. It's a struggle to send my kids to science camp. I'm just above the eligibility line, so don't qualify for anything [subsidies], but don't make enough money to support myself as a single parent.

Healthcare and dental coverage. The cost of healthcare was of particular concern to participants who have to pay the premium themselves or cover needs that fall outside the plan. Similarly, those who without a dental plan found the cost of dental care exorbitant, but worried that not getting care could affect their health or their children's. As with daycare, people are concerned that the income necessary to qualify for a subsidy is too low. Recent arrivals to the city are having difficulty finding a doctor who will take new patients.

Concerns included:

- Having to pay healthcare premiums and all other costs when unemployed
- Having to pay for special medication or procedures not covered under the plan
- Living on a low income, but one that is not so low as to qualify for a subsidy

I have an 11-year old who has no dental coverage. The dentist is so expensive, but I can't let his teeth rot. How do you afford it?

I spend over \$800 a month on prescriptions and insulin stuff. Testing your blood sugar level costs on average \$100 a month, and the strips and blood sets are \$100 as well. That's not covered [under Alberta Healthcare]. There is some funding if you're under a certain income level, but it's very small and involves exclusions, so it's not worth applying for. A lot of people don't bother testing their blood because they can't pay the cost, so they end up with complications.

Finding well-paid, secure employment with benefits and opportunities for growth. Many participants had concerns about their current job or employment prospects. They are working for minimum wage, in casual positions without benefits, or in positions below their qualifications, which was more often true of new immigrants or refugees. Some appear to be "locked in", afraid to ask for a raise or take a promotion for fear of losing their subsidies and being no further ahead. Others described working overtime, only to have the extra money eaten up in deductions such as taxes. People without benefits have concerns about health, dental and eye care costs and saving for retirement.

Concerns included:

- Struggling to get ahead or not being able to manage on a minimum or low wage
- Not being able to ask for a raise for fear of losing a housing subsidy
- Not being able to find a job despite having a post-secondary qualification such as a teaching certificate
- Not having enough experience to get a decent job
- Being considered overqualified after upgrading an education
- Feeling burned out from having to work long hours as a casual employee with no benefits
- As an immigrant, having to go through an lengthy process to qualify as a professional in order to work

I'm in a situation where I wish I was making less and being taxed less.

The more money I make, the more people have their hands in my pocket.

We're feeling unsettled in our careers and our jobs because we have no job security and don't make enough to get married or start a family. So we feel blocked by external factors that we have no control over.

Not having enough time. Participants described their lives as involving work or study and travel to and from work, leaving them little time for families or relaxation. Some have two jobs, some are working long hours, and others are working while studying. Many spend hours on public transit getting to and from work or other places.

Concerns included:

- Trying to manage time, because everything seems to take longer (due to increased population and traffic and poorer service).
- Finding free time with family between working and studying
- Spending more time working and less on things like volunteering.

I struggle to make a living and work all the time, so I never take a holiday or go to the doctor. I just work.

Issues for new immigrants and refugees. Newcomers to Canada shared the same concerns as other participants in the focus groups. However, they also ran up against attitudes or problems that affected their ability to support themselves or participate fully in Canadian society.

Concerns included:

- Taking second place to temporary workers being brought in from other countries to fill the labour shortage
- As a qualified professional, having to go through a drawn out and often difficult process to receive Alberta accreditation
- Not being able to find a job without speaking English and not being able to support a family without a job.
- Facing discrimination by employers and landlords
- Being forced to take a low-skill, low-paying job, despite being highly trained and skilled
- Having to wait too long to bring in sponsored spouses and family
- Not getting assistance with the sponsorship process and finding immigration lawyers to expensive
- Not knowing how to go about finding housing and negotiating a rate as prices rise

I may be able to find a job if I agree to lower my standards, but I won't do that.

Suggestions for Improvements

Housing

- Legislate rent control. [Note: Rent control was frequently suggested as a solution, but not all participants were in favour of it.]
- Rather than rent controls, introduce a process where the appropriate ministry can look at various scenarios or exceptions to the rule, such as cases where rent was raised a \$1000 a month.
- Encourage co-op alternatives for housing and food distribution to eliminate the middleman and bring prices down closer to cost (i.e., make it a city initiative)
 - Help existing businesses to form co-operatives, which would reduce red tape.
 - Promote and assist co-operative initiatives, such as community gardens. Publish a list of co-op gardens where people can get involved.
- Increase the number of affordable housing units as a way to help reduce homelessness.
- Make it easier for people on low incomes to buy homes.
- Raise housing subsidies and increase the number of subsidized units to keep up with market costs.
- Expand existing housing subsidies and programs to meet the growing need and make the system more efficient, so that support is going to the people who need it.
- Look to other models, like Hong Kong, where services are centralized and housing in the centre is affordable so people don't have to commute long distances. This involves building upward instead of sprawling outward.
 - Introduce higher density housing, or row housing, particularly downtown. That would address other issues such as transportation and greenhouse emissions. Improve neighbourhood planning.
- Use zoning or incentives to pressure property companies to build rental property or ensure that a portion of new housing is designated as affordable.
 - Amend the planning regulations so that all new condominium developments have a block of affordable housing.
 - Offer low interest loans to developers who will build rental units and make it profitable for owners to rent.

Cost of living

- Control costs such as gas and utilities.
- Educate young people not to be swayed by the media or peer pressure when shopping and to consider alternatives (e.g., use of charity shops, purchase of no name sneakers).
- Repurchase the public utilities.
- Bring back the utility rebate cheque for Albertans.
- Eliminate bank fees.

- Lower the cost of gasoline.
- Take steps to control inflation.
- Subsidize the organic food industry.
- Use incentives to make farming a viable income generator. Most farmers have to work a second job off the farm.
- Protect existing farmland that is at risk of being developed.

Transportation

- Encourage a green economy, such as the use of public transit, purchase of alternative fuel-driven cars.
- Subsidize transit and make the system more effective. The system is currently set up for a small centre.
 - Lower the rates to encourage people to use public transportation as one step towards addressing global warming.
 - Offer weekly passes as well as monthly.
- Expand the public transit system and increase the frequency of service of buses and the LRT, especially on weekends.

Childcare

- Consider children as an investment.
 - Make child care free for parents who need to work.
 - Look at models like Quebec's which provides universal day care for a nominal fee.

Not-for-profit day cares have higher quality of care – in terms of staff, toys, food and activities – because everything they make goes back into employees and the daycare.

We're stuck in the middle with too high an income to qualify for a daycare subsidy.

- Raise the subsidy level for daycare and lower the qualifying level.
- Infuse funding into the daycare system by paying childcare workers more money to encourage more people to get training.
- Increase the after-school care subsidy.
- Offer an incentive to not-for-profit daycares to encourage more to open.
- Make employers more responsible for providing daycare.
 - Encourage companies to sponsor daycares as a way to help employees and improve retention, etc.
 - Ask: What have you done for your employees?

Education

- Put a freeze on tuition and roll back tuition.
- Offer more scholarships, bursaries and subsidies for post-secondary students

- Be more forgiving of debt as one way or improving the repayment schedule, and take other steps to lessen the burden of student loans.
- Adjust education grants and benefits to reflect cost of living increases.
- Change the student loan eligibility criteria so that a spouse's income does not have so much weight.

Healthcare and dental

- Make healthcare free, just as it is in other provinces.
- Extend the healthcare plan.
 - Make dental care part of health care, because dental problems can have an impact on health.
 - Include eye care.
- Review the subsidies for people on a low income.
 - Look at individual circumstances and consider exceptions, for example where someone is just over the qualifying line.
 - Ensure the qualifying income level keeps up with inflation.
- Introduce incentives to bring more doctors into Alberta. People are going without healthcare due to the shortage.

We were denied subsidized coverage because we were \$14 over the eligible limit.

Employment and wages

- Raise the minimum wage. It's the lowest in the country.
- Consider the concept of "family wage" where a person is able to make enough to support a family.
- Improve the labour laws to give more people job security. People can work for a company for years and then be laid off.
- Make it mandatory for employers to give yearly salary increase.
- Change the AISH regulations to allow people to make more money without being penalized. As it is now, they will not bother to work. If the non-deductible amount was raised to \$700 a month, people who were able to work would.

New immigrants and refugees

- Give incentives for employers to hire and invest in people here rather than bringing in temporary workers.
- Make it more expensive for companies to bring in temporary workers.
- Provide accurate, realistic information about job requirements to people planning to immigrate to Canada, so they know beforehand whether they will qualify to work in their field.

The government should look first at who is unemployed before approving temporary worker visas. My husband is a qualified technician but he couldn't find work in his field.

- Speed up the professional certifying process for immigrants. Make it possible for people in professions to take qualifying examinations outside Canada, so they are ready to work as soon as they arrive.

Canada's overseas advertising presently misleads potential immigrants. People who come here expecting to work in their professions often end up in menial jobs because they don't qualify for certification or don't have Canadian experience.

- Recognize that support for housing and employment is needed as soon as a newcomer reaches Canada and must be provided by government or the sponsor.
- Offer rent subsidies to help new immigrants to establish themselves, especially for the first months after they arrive.
- Investigate employers and enforce labour laws on those that take advantage of refugees.

General suggestions

Economic growth

- Slow down the boom. We're going too far too fast and not reaping the benefits.
 - Impose taxes on oil and other industries to slow things down.
 - Raise interest rates as a way to provide a balance and slow down the economy.
- Reassess how money is being spent and focus more on the "little guy" than on corporations and businesses.
- Ensure that cities receive a greater share of the income tax base or have more power to raise taxes.

Programs and subsidies in general

- Reinvest in society – in social programming, health care, day care, infrastructure and retraining.
- Invest in children's recreation, sports and community programs and daycare to help keep them safe, away from violence and drugs.
- Lower the qualifying level for all benefits to help those people living on the poverty line.
- Provide counselling services for people on low incomes.
- Take a more individualized approach to all subsidies.
- Raise subsidy levels to match cost of living increases.

Consider how to help families with children living on \$18,000.

Recreation for my child (with a disability) is a huge time and money issue. Activities are important for his development, but we can't afford them. We always have to say, if you go this week, you can't go the next.

- Increase the benefits and supports provided for children with disabilities because the current rate is too low.
- Take preventative action by offering programs or support before everyone gets pushed into a crisis.
- Revise the regulations to allow people to work while continuing to receive benefits.

- Recognize that people need government assistance **while** going to school or working part-time. It shouldn't be one thing or the other.

Knowledge exchange

- Help individuals and communities to create an atmosphere where we can ask for assistance and lean on each other.
- Encourage everyone to think differently as a way to finding collective solutions.
- Unify and centralize the service directories to make services more accessible to low-income earners.
- Offer a newsletter or online service where people who need help can get it all in one place.
- Ensure that single mothers have what they need to find accommodation and information on subsidies.
- Create more places with access to the Internet or networking opportunities to help people find the information they need (such as business links). But make sure the sources and data are coordinated (i.e., on a single website).
- Encourage communication between high-level officials and low-income groups. For example, if someone has a suggestion for improving housing, it should be easy to convey to those who can act on it.
- Hold more community discussions to get ideas onto the table.

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