



Poverty Costs 2.5: Investing in Albertans - Revised Edition

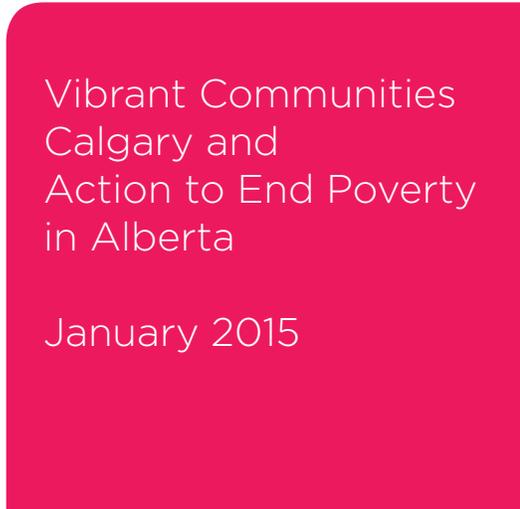


A Blueprint for
Reducing Poverty
in Alberta



Vibrant Communities
Calgary and
Action to End Poverty
in Alberta

January 2015



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Our Funders for Poverty Costs 2.0



Our Funders for Poverty Costs 2.5



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Foreword

In 2012 the Government of Alberta committed to developing a poverty reduction strategy that would end child poverty within 5 years and reduce overall poverty within 10 years. Once the provincial poverty reduction strategy is underway, Alberta will be among the vast majority of Canadian provinces and territories recognizing the importance of comprehensively addressing poverty. The province's poverty reduction strategy, once completed, will form a key strategic initiative in realizing the goals set forth in Alberta's Social Policy Framework.

Poverty Costs 2.5 is an updated version of the original *Poverty Costs 2.0* (2013) report. Action to End Poverty in Alberta and Vibrant Communities Calgary have chosen to update the June 2013 report with the most recent statistics and data using the Low Income Measure After-tax (LIM-AT). Many policy recommendations have also been refined to reflect new data and current provincial realities. Our organizations recognize that LIM-AT is a more accurate poverty line measure, going forward, for a number of reasons. LIM-AT is an internationally used and recognized poverty line that allows for comparative analysis of progress. It is increasingly being used as the de-facto poverty line in Canada.

Poverty Costs 2.0 benefitted from the input of numerous Albertans engaged in front-line service delivery, policy development and work in academic settings. Seventeen contributors provided a brief synopsis on an area of poverty policy and included specific recommendations which, if implemented, would improve the lives of people living on low incomes.

Poverty Costs 2.5 continues to be a follow-up report from *Poverty Costs: An Economic Case for a Preventative Poverty Reduction Strategy in Alberta* (March 2012). The final chapter of this initial Poverty Costs report outlines in a broad way, the kind of policy-driven components required of a comprehensive strategy to reduce poverty. Concepts originating from the work of Sherri Torjman, Canada's eminent social policy expert, identify 10 "poverty policy" areas where governments can develop or modify legislation and policy to prevent poverty. *Poverty Costs 2.0* and now *2.5* continues to group these 10 policy areas into four overarching categories: Sustenance, adaptation, engagement and opportunity.

This report proposes the use of two deprivation indices in addition to a poverty line measure in LIM-AT. *Poverty Costs 2.5* acknowledges the significant role communities play in poverty reduction and recommends a community- or place-based approach. Communities understand their own needs and assets, and can provide a vision of the social infrastructure and human capital necessary. In particular, the report draws from the work of the Caledon Institute of Social Policy and the Tamarack Institute for Community Engagement. We have sought to modify these models to fit the Alberta context particularly in light of the government-initiated regional Family and Community Engagement Councils. Community-based approaches also recognize the value of balancing prevention with intervention, a policy shift identified in Alberta's Social Policy Framework.

Alberta is a province with vast potential which can only be realized if every citizen has the necessary supports and opportunity to achieve a sustainable livelihood and thereby leave a positive legacy for Alberta. Our vision is that the *2.5* report will be used as a blueprint for the policies Alberta must address, the structures necessary to support the work, and the challenges that must be overcome. *Poverty Costs: An Economic Case for a Preventative Poverty Reduction Strategy in Alberta* (2012) found that perpetuating poverty resulted in an annual expenditure of \$7.1 to \$9.5 Billion dollars. This spending is unsustainable and still no plan exists to reduce it. *Poverty Costs 2.5* lays out that plan.

Joe Ceci – Action to End Poverty in Alberta

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Section I

A Blueprint for Reducing Poverty in Alberta

Introduction

Interest in reducing poverty in Alberta is the highest it has been in over three decades. Albertans have come to recognize that boom and bust cycles, growing levels of household debt and the increase in precarious and low-wage jobs put many at risk of falling into poverty. Albertans know that people living in or near poverty place extra demands on public services and budgets. Poverty is costing the province of Alberta 7.1 - 9.5 billion dollars per year.² In 2010, this meant that Albertans lost approximately 4% of the province's GDP. In these tough economic times it makes sense for the Government to invest in a poverty reduction strategy.

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

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

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

- United Nations World Summit on Social Development, 1995

Goals

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

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

Prevention:

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

Balancing intervention and prevention requires focusing on four specific goals.⁴ These include:

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

Basic needs are basic human rights

Vision

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

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

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

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

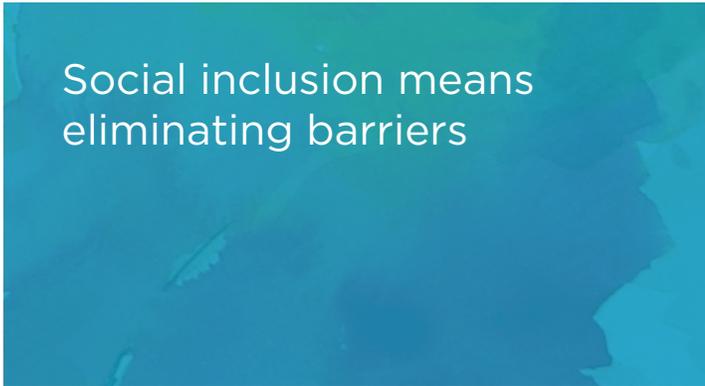
- Sustenance
- Adaptation
- Engagement
- Opportunity

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

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



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



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

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

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



Values

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

- Diversity
- Fairness
- Community involvement
- Cooperation

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

Everyone has the right to participate in their communities and in the decisions that affect their lives.

Principles

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

- Equity
- Inclusion
- Dignity
- Respect
- Responsibility

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

How do we measure poverty?

For the purpose of this report, we will be using Low Income Measure After-Tax (LIM-AT) as our ‘poverty line’. Though the Low Income Cut-Off has been popular to date as a low-income measure, it has not been updated in a meaningful way since 1992, except to account for inflation. LIM-AT is an easily understood measure that does not change by a region’s population (unlike LICO) and it is updated annually by Statistics Canada. For more information concerning Canada’s low income lines, see page 26.

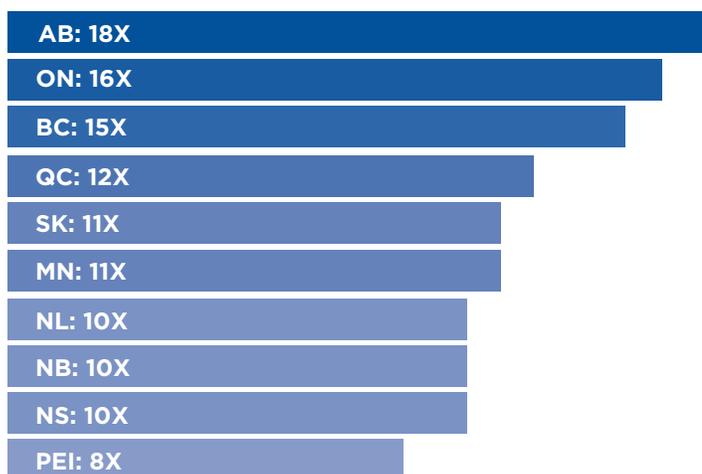
Section II

Why Is There Poverty In Alberta?

Who Is Poor?

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

Figure 2.1 Income ratio of the richest 1% to the bottom 90%, per province, 2013⁷



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

As in the rest of Canada, Alberta's poverty rate increased following the economic downturn of 2008/2009. Though it has improved, it has yet to return to pre-2008 levels. The most current data we have concerning the number of individuals living below LIM-AT is from 2011, where the rate was 8.2% in Alberta, compared to the national rate of 12.6%.⁹

In 2012, 304,000 Albertans over the age of 18 were living in poverty, with the rate between males and females being quite similar (154,000 and 150,000, respectively). 75,880 families with one child or more live in poverty, resulting in a staggering 143,200 children between the ages of 0 and 17. In 2012, 48,200 children under the age of 6 were poor.¹⁰

The median total family income for low-income lone-parent families is a meagre \$14,990 after tax. Surprisingly, the median total family income for low-income couple families is not much higher, at \$17,350 after tax.¹¹

There are a number of sub-populations that are much more likely to be poor than the general population. A study by Alberta Human Services released in May 2013 highlights the disproportionate rate of low-income of, amongst others, Aboriginal People, recent immigrants, lone mothers, individuals with disabilities and people with low levels of education and literacy skills.¹²

Though certain marginalized groups are disproportionately over-represented amongst low-income Albertans, a great number of additional individuals from all groups, demographics and socio-economic backgrounds are vulnerable to falling into poverty. Sudden illness, unemployment and family breakdown are just a few examples of personal and financial trauma that can make a person susceptible to poverty.

Women living in poverty are especially vulnerable. They face additional barriers as part of further marginalized groups, including Indigenous women, women of colour, immigrant and refugee women, single mothers, lesbian women, women who have been incarcerated and women living with disabilities. Women also struggle with greater financial challenges.¹³

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

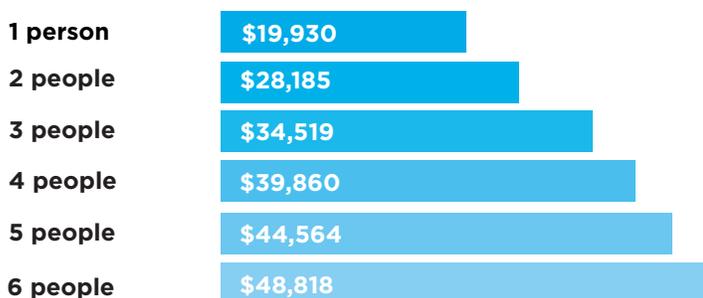
Why is Working Not Enough?

There is a commonly held myth that the poor do not work and that those who receive social assistance collect substantial amounts of money from the government. This can't be further from the truth. Firstly, a great number of Albertans living in poverty are in fact employed. Furthermore, many people who receive social assistance are *permanently* outside the workforce, such as AISH recipients who are severely physically or mentally disabled. Lastly, Alberta Works social assistance rates are extremely low, and fall well below any poverty measures that exist. These myths about poverty neglect the very considerable group whose poverty is not associated with an absence of earnings, but with *insufficiency* and *insecurity* of earnings.

Working poverty can be defined in a number of ways. A useful definition, originating in Ontario (see Table 2.1),¹⁴ could similarly be utilized in Alberta.

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

Figure 2.2 Low Income Measure, After Tax (LIM-AT) per family size, 2011¹⁵



Based on LIM-AT, a single individual with no children would qualify as working poor if he or she were earning less than \$19,930 per year. An Albertan earning the minimum wage of \$10.20/hour, working 40 hours per week and 50 weeks per year earns \$20,400 before taxes, or \$18,007 after tax.¹⁶ This is \$1,923 **below** LIM-AT for a single person (see Figure

2.2). Many would argue that this income threshold falls dramatically short of the income an individual would need to fully participate in their community and to meet their basic needs.

When we compare the minimum wage annual salary to the single-earner median income in Alberta, the low income gap is stark. The average annual earnings of a person working full-time for minimum wage in Alberta is \$24,726 **less** than the provincial median income after-tax (see Figure 2.3). Most Albertans who reflect on this and compare it to their situation will agree that living standards at or just above the poverty line are likely to be modest indeed.

Figure 2.3 - Median income, 2012, Alberta and Edmonton^{17, 18}

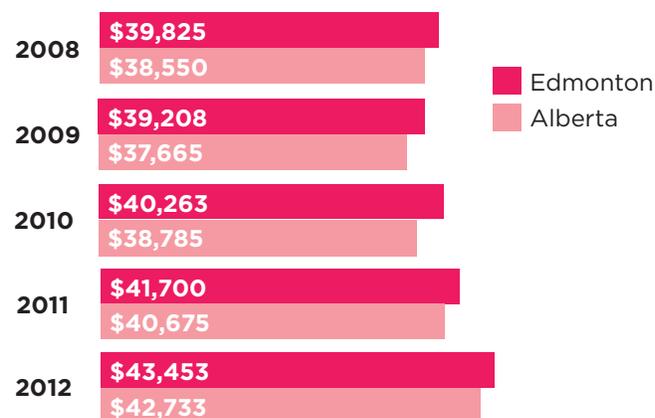


Figure 2.4 Albertans earning \$15 per hour or less (2014)



Given that LIM-AT is a conservative measure at best, many studies agree that \$15 per hour is a more realistic wage rate when appointing an income threshold for working poor. Data released in June 2014 reported that 383,900 Albertans were earning less than \$15 per hour.¹⁹ The same study shows that low-wage earners are not teenagers working part-time jobs. 77% of low-income workers in Alberta are over 20 years of age (see Figure 2.4) and over half of minimum-wage earners are working the equivalent of full-time, full-year.

What are the Key Characteristics of Working Poor?

Many Albertans earning low wages, here considered working poor, find themselves in employment situations that deviate from the standard employment relationships traditionally characterized by full-time, permanent work. Non-standard employment relationships are becoming more commonplace in Alberta as the prevalence of low-paying sales and service occupations grows. These non-standard occupations include self-employed workers, youth and children workers and part-time, temporary and casual work. We see that in addition to the stressors of living on low wages, workers are also vulnerable to job insecurity, workplace and payroll benefit ineligibility and poor compensation practices. The following statistics, provided by the Calgary Worker's Resource Centre²⁰, highlight just a few of the risks associated with non-standard employment relationships:

- 14% of Alberta's workforce is not covered by worker's compensation legislation
- 17.7% of Albertans were self-employed in 2009;
- In 2012, 10% of employees in Alberta held temporary positions, and
- 6.7% of Alberta's workforce in 2008 were multiple jobholders.

For these workers, there is little to no income protection in the form of government-provided income benefits, short- or long-term disability payments, health or dental benefits or workplace compensation. With little resilience built into an individual's working arrangement, one can imagine that even a small traumatic personal or financial event would throw a low-wage earner into deep poverty.

Levels of employment

Working poor tend to work a similar number of hours per week and weeks per year compared to the average working Albertan; however, working poor often have more than one job.²¹

More core-age workers among working poor

The widespread assumption that youth comprise the majority of those who are working poor is incorrect. Of the total working-age population, 6.5% are low-income earners. Of these low-income earners, 35% are between the ages of 25 and 44.²²

More sales and services occupations

Alberta has a significantly larger number of people working in sales and service than in any other employment sector. This includes accommodation, retail, customer service and food and beverage positions. On average, Albertans working in this sector earned 35% or \$10.04 less per hour than the average hourly wage. Given that these jobs are disproportionately filled by women, it is no wonder that women are overly represented amongst low-wage earners. In 2012, 61% of low-wage workers were women. Furthermore, Alberta is one of 4 provinces which legislates a lower minimum wage rate for those who serve alcohol.²³

Poverty is not associated only with an absence of earnings, but with insufficiency and insecurity of earnings.

Levels of education

In Alberta there is a strong correlation between employment earnings and education. Those with post-secondary degrees have higher labour market participation rates and hourly wages compared with those who have only a high school diploma or less. 22.3% of off-reserve Indigenous Peoples have less than a high school diploma compared with 12.3% of Albertans. Consider this when looking at employment rates for the same groups. Unemployment rates among off-reserve Indigenous Peoples is 11.1%, compared to 5.5% of all Albertans.²⁴ Levels of education and employment show similar characteristics for all vulnerable groups as well as Albertans generally.

Section III

A Vibrant Action Plan To End Poverty In Alberta

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

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

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

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

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

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

“Poverty is a complex issue that needs many solutions. We need to take actions that will ease the effects of poverty, and actions that will prevent poverty from happening in the first place. To do this, we must look at why people are poor. Our solutions must include different partners: provincial, municipal, and federal governments, aboriginal groups, community-based groups and businesses.”

- Alberta's Social Policy Framework, 2013

Alberta's MLA Committee to Review Low-Income Programs

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

- Benefit levels were neither sufficient nor indexed to the cost of living.
- Government programs and services did not adequately encourage and support people able to work to meet their full employment potential.
- Government programs and services were overly complex and insufficiently responsive to the diverse and unique circumstances and needs of low-income Albertans.
- Information about programs was often not available from a single source and eligibility criteria were difficult to understand.
- Government departments as well as non-governmental organizations, such as non-profit agencies, were not necessarily working together. As a result, programs and services were neither coordinated nor aligned.²⁵

The MLA Committee recommended some fundamental changes in the way programs and services for low-income Albertans are structured and delivered. Some of the central elements of their proposed changes included “one consolidated low-income program; flexible, equitable and responsive support levels and benefits; new incentives for employment; extending benefits to low-income working Albertans; and “one-window” access for clients.”²⁶ The Committee recommended reforms that included the following:

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

- Income supports and benefits adjusted with increased independence – as employment earnings increase, income supports and benefits decline; income and benefits outside the support system exceed those within.
- Local cost differences recognized – shelter adjustments for high-cost areas, for those receiving income support (e.g. SFI), and for low-income working Albertans.
- For Albertans able to work, added incentives to encourage their labour force participation and self-sufficiency.
- A more comprehensive, integrated approach with a broader reach. ie. Extend specific benefits to working-poor families, including Income Support, the adult health benefit, and employment and skills training.²⁷

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

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

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

Sustenance: A Foundation for Improved Health and Well-Being

Total annual income support levels for a single employable person, in 2012 dollars, have dropped from \$11,246 in 1986 to \$7,649 in 2012.²⁸

Alberta Works and AISH

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

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

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

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

\$10,000 equity in vehicles. Further, there are no deductions to benefits individuals and families receive from provincial programs such as Canada Child Tax Benefit, Universal Child Care Benefits, Goods and Services Tax (GST) credits, Alberta Family Employment Tax Credit, and the Working Income Tax Benefit. In summary, under the Alberta Works Expected to Work program, a single recipient can receive benefits of as little as \$7,649 per year. This is \$12,281 below the poverty line (LIM-AT). Even if a single person is eligible to claim the full suite of benefits, she/he would still be living at 50% below the poverty line in Alberta.²⁹

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

Recipients of Alberta Works Expected to Work income support earn 50% less than the poverty line threshold (LIM after-tax)

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

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

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

The Cost of Utilities - The average monthly expenditure in 2010 in Alberta for water, fuel and electricity was \$241.00. Other residential household costs may include: (1) Digital cable TV \$26.00 upwards/month (2) Phone \$30.00 upwards/month and (3) High speed Internet \$42.00 upwards/month.³⁰

Food Security - Based on Health Canada's 2008 National Nutritious Food Basket, it cost \$836.04 every month to feed a family of 4 living in the capital city. The monthly household cost of food should not exceed 15% of the household budget, but for low-income Albertans, it can cost as much as 32% of the monthly household budget.³¹ In March 2013, 48,653 Albertans accessed the food bank, 44.1% of whom were children. Nearly one quarter of food bank users are employed, and nearly half receive Social Assistance or AISH. Single parent families, Indigenous People, and social assistance recipients were most likely to use food banks.³²

Clothing - In 2012, Albertans on average spent \$4,591 on clothing and accessories.³³ Most low-income Albertans cannot afford to purchase new clothing or suitable work attire.

Child Care - The cost of child care in Alberta averages from \$950 - \$1,200 per child per month. The Government provides a child care subsidy to parents in need that ranges from \$200 - \$650 per month depending on the age of the child, and the type of care the child receives. On April 1st, 2012, the Government took a positive step and increased the income threshold for the child care subsidy from \$35,000 to \$50,000 per household.³⁴

Transportation - Albertans spent on average \$14,687 in 2012 on personal vehicle transportation. Many low-income families do not have access to or cannot afford to maintain a personal vehicle and therefore must rely on public transit. In 2013, the average cost of public transportation in Alberta is \$2.58 per ride and \$62.60 for a monthly pass.³⁵ Public and affordable transportation in rural areas is especially difficult.

Recreation - Participating in community activities and in arts, cultural and sporting programs is an important component for strengthening social skills and enhancing personal and community well-being. In 2012, Albertans spent on average \$5,226 per household on recreation. The high cost of recreation means that it is often unavailable to low and modest income Albertans.³⁶

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

Recommendations

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

Wages

Any serious poverty reduction strategy must address wages. We know that income inequality has increased significantly across the country and over the past 25 years.³⁷ We also know that the income gap between the richest and poorest in Canada is greatest in Alberta (Figure 3.1).

Figure 3.1 Income ratio of the richest 1% to average income, per major city, 2010³⁸

Calgary: 26X
Toronto: 23X
Vancouver: 18X
Montreal: 15X
Regina: 13X
Winnipeg: 12X
Halifax: 11X
Ottawa: 11X

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

Alberta is the only province that does not have distinct provincial Pay Equity Laws, instead addresses equity through Federal Pay Equity legislation and in the Alberta Human Rights Act: “Where employees of both sexes perform the same or substantially similar work for an employer in an establishment the employer shall pay the employees at the same rate of pay.”³⁹ However, women in Alberta still make less per hour than men for work of equal value. Where a woman and a man have the same education and are working the **same** job, women, on average, make 7% less.⁴⁰ In addition, women make 68 cents on the male dollar. This is the widest gender wage gap in the country.⁴¹

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

Living Wage initiatives are gaining momentum in municipalities across Canada as individuals, policy-influencers and employers see the value of employees earning enough to live and participate economically in their

Figure 3.2 Minimum Wages in Canada, as of October 2014

Nunavut	\$11.00
Ontario	\$11.00
Yukon	\$10.72
Manitoba	\$10.70
Nova Scotia	\$10.40
Quebec	\$10.35
Prince Edward Island	\$10.35
British Columbia	\$10.25
Newfoundland & Labrador	\$10.25
Alberta	\$10.20
Saskatchewan	\$10.20
Northwest Territories	\$10.00
New Brunswick	\$10.00

communities. Calgary’s Living Wage rate is \$17.29 per hour, and is based on a series of calculations that consider the cost of living and rates of taxation for a family of four with two working parents. Individuals earning less than \$17.29/hour are struggling to make ends meet in Calgary. An individual earning a Living Wage could theoretically afford to pay rent, send a child to a registered child care facility, drive a reliable vehicle and buy nutritious food. Earning less than a Living Wage means that one or several of these necessities would not be met.⁴²

Recommendations

- Increase minimum wage to \$11.00 per hour immediately and index to the rate of inflation.
- Lessen the gap between minimum wage and Living Wage.
- Revise legal age for all workers upwards from 12 to 15 years.
- Revise minimum compensation period for all workers upwards from 3 to 4 hours.
- Legislate that all workers, regardless of sector (farming, insurance sales, culture workers etc.) be paid no less than the prevailing minimum wage.
- Conduct a comprehensive review of the Alberta Labour Code that includes all key stakeholders, especially organized labour.
- Ensure that vulnerable workers (domestic workers, farm workers etc) are given rights to form unions.
- Amalgamate two-tier minimum wage, eliminating lower minimum wage rate of \$9.20/hour for individuals who serve alcohol.
- Amend legislation to ensure first collective agreement arbitration occurs.⁴³

Housing

Access to safe, clean and affordable housing is critical to ensuring that people can move out of poverty and stay out of poverty for good. The Provincial Government continues to work towards its goal of eradicating homelessness in Alberta by 2019.⁴⁴ In January 2013, the Government of Alberta established the Interagency Council on Homelessness to enhance community involvement and to ensure that stakeholders, community-based organizations, shelters and all orders of government come together to develop and implement the 10-year plan.⁴⁵

Alberta is leading the country in ending homelessness.

Between 2009 and 2012, 5,926 homeless Albertans were provided housing and the necessary supports to stay housed, through strategies identified within the 10-year plan. As of March 31st 2012, 1,455 people graduated from 'Housing First' programs, meaning they achieved long-term housing stability.⁴⁶

However, the equally serious and overlooked issue of housing insecurity requires similar and immediate Government attention. Albertans live in one of Canada's most expensive housing markets. Bridging the gap between income and rent is especially difficult for urban-dwelling, low-to-modest income Albertans.

Currently, an estimated 5,300 households are on waiting lists for social housing in Calgary and Edmonton. It is further estimated that double this number are long-term housing insecure. This means many Albertans are forced to move regularly and to live in dangerous, unsanitary and temporary situations. In Edmonton, there is an estimated housing gap of 20,000 affordable housing units which are urgently needed.⁴⁷

There are several ways to improve this situation. One is to increase the number of affordable housing units in the province and another is to repair and retrofit existing housing stock. This will help preserve neighbourhoods and provide accessibility for seniors and persons with disabilities.

Between 2009 and 2012, 5,926 homeless Albertans were provided housing.

Another approach is to provide a housing benefit to ease affordability. Quebec, Manitoba and British Columbia have implemented a housing benefit. Additionally, establishing a rent bank would help low-income households pay for rent arrears and prevent eviction.

While Alberta is a leader in exempting RRSP assets, currently government regulation does not exempt Registered Education Savings Plans (RESP) and Registered Disability Savings Plans (RDSP) assets which are counted against the \$7,000 liquid asset limit for social housing. Alberta also has lower liquid asset limits than at least five other provinces for a single applicant and lower limits than eight other provinces for lone parent families.

Recommendations

- **Extend Alberta's existing housing benefit to all low-income Albertans regardless of their source of income. The benefit would continue to be equal to 75% of the difference between rent paid and 30% of the individuals' and families' income. Pay the benefit directly to the recipient.**
- **Establish a provincial rent bank to help all low-income households. Renters would be eligible for financial assistance from the rent bank once every two years and would receive up to two months help. The rent bank would also provide flexible funds for emergency housing needs to prevent future homelessness.**
- **Increase existing affordable housing stock to meet demand.**
- **Retrofit and repair existing housing stock.**
- **Exempt all Registered Savings from asset limits for Social Housing Assistance applicants.**
- **Encourage municipalities to adopt Secondary Suite by-laws where none exist.**

Adaptation: Enhanced Self-Sufficiency

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

Early Childhood Development

Despite the commitment of numerous federal and provincial governments to address child poverty, the sad fact remains that in a wealthy and prosperous country such as Canada, and in a rich and young province like Alberta, very young children and their families continue to live in impoverished conditions. Strategies that address child poverty need to be broad-based, sustained and far-reaching. There are no miracle cures, however long-term strategies can generate significant positive change for young children and their families.⁴⁸

The public provision of high quality early learning and care can - as one component of a wide array of supports for children and families - help to alleviate child poverty. The public provision of early learning and care performs a redistributive economic function. Countries with universal access to early learning and child care for children below the mandatory school age tend to have lower rates of child poverty.⁴⁹

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

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

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

Advances in neuroscience, developmental psychology and research on early learning highlight the critical importance of the early years in a young child's life. During their first 6 to 8 years children grow and develop at a rapid rate. Strong, nurturing relationships, rich learning experiences, healthy foods, and safe environments are critical in supporting this growth. Negative experiences and stressful environments can leave young children developmentally vulnerable and set them on a path of reduced growth and opportunity.⁵⁰

The widely-documented relationship between socio-economic status and health is mirrored by a parallel relationship between economic status and early child development.⁵¹ Children who grow up in low-income families are more likely to be assessed as vulnerable when they enter school, have lower levels of language development, are more likely to experience difficulties in developing higher level executive functions (working memory, inhibitory control, and cognitive flexibility) and may experience lower levels of physical health and nutrition.

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

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

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

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

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

At present, many low-income families in Alberta have limited access to affordable, high quality early learning and care.⁵² There are licensed or regulated child care or family day home spaces for less than one in four children below the mandatory school age. Where services are available, their costs are often prohibitive for lower income families. The average cost of infant care for very young children, for example, is commonly over \$1,000 per month in Alberta's major cities – some are as high as \$400 per month higher than the maximum subsidy support for families on economic assistance. Despite the small numbers of targeted programs across the province, high quality early learning and care is often unavailable or inaccessible to those families who are the most economically vulnerable and the most disconnected from the communities in which they live.

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

Recommendations

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

“The presence of social capital is a prerequisite to the development of human capital”

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

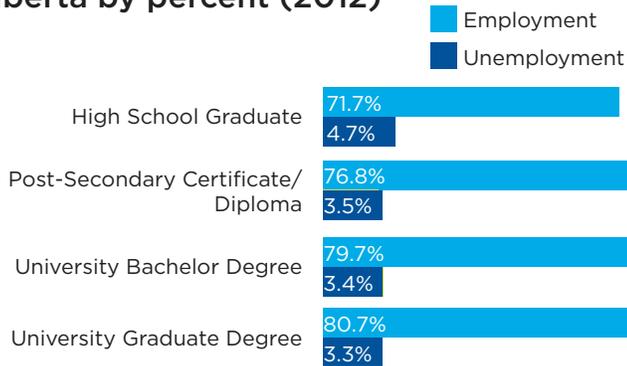
Human and Social Capital Development

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

Education

Education and literacy are among the most important “springboards” out of poverty. Adults with high levels of literacy and education have a strong foundation for future learning throughout their lives, increasing the likelihood of pursuing post-secondary education and improving one's access to greater job opportunities.

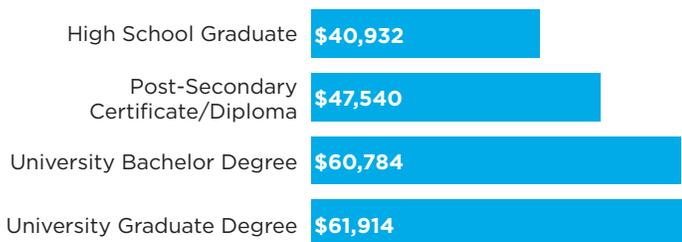
Figure 3.3 Employment and Unemployment rates by Educational Attainment in Alberta by percent (2012)⁵³



From 2009 to 2013, Alberta has seen a 2.7% increase to 81.7% in the overall high school completion rate in 5 years or less. Data suggests there are more individuals completing high school in Alberta at an older age, rather than at the age of typical grade twelve students (16 - 18 years old). The Government has improved its high school completion rates over this period with the implementation of a Comprehensive High School Completion Framework based on five strategies: student engagement, successful transitions, collaborative partnerships, positive connections and tracking progress.

In Alberta, there is a positive relationship between educational attainment and participation in the labour force (see Figure 3.3). The more education an individual has, the higher the rates of employment, wages and gross salaries. Individuals in Alberta with university bachelor degrees or post-secondary certification make on average \$19,852 and \$7,000 respectively, more than an individual with a high school diploma (see Figure 3.4).

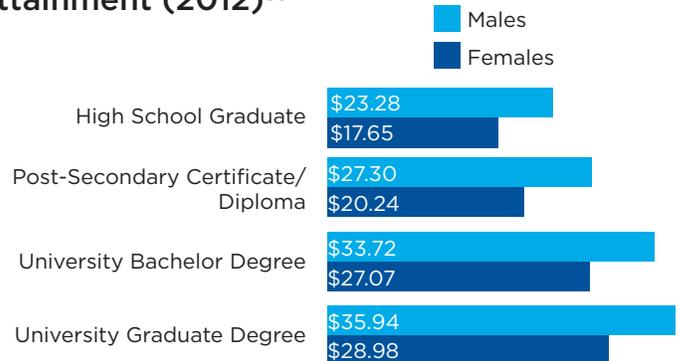
Figure 3.4 Average Gross Salary for Albertans (2012)⁵⁴



The educational attainment rates for Indigenous Peoples in Alberta are substantially lower than the rest of the population. According to Statistics Canada's Labour Force Survey for 2007/2010, the high school drop out rate among First Nations people living off-reserve, Metis and Inuit ages 20 to 24 was 22.6% compared to 8.5% for non-Aboriginal people.⁵⁵

However, data shows a discrepancy in this correlation when considered under a gendered lens. There is a stark difference between the hourly wages of males and females with the same educational attainment levels. Women consistently earn a lower average wage compared to their male counterparts regardless of the level of education reached (see Figure 3.5).

Figure 3.5 Average Wage in Alberta for Males and Females by Educational Attainment (2012)⁵⁶



Individuals who failed to complete high school in Canada, even those who are actively seeking work in the labour market, tend to have trouble landing a job. This becomes even more pronounced in times of economic downturn. During the deepest period of the 2008/2009 recession, the unemployment rate for those without a high school diploma rose to 21.3%.⁵⁷ A resilient and adaptive workforce is critical in weathering economic change, and it is evident that a well-educated workforce is resilient, adaptive and better equipped to weather economic change. Higher educational attainment levels benefit all Albertans.

Recommendations

- Greater focus on programs and services to improve high school and post-secondary educational attainments for Indigenous Peoples.
- Greater representation and responsiveness to culturally appropriate curricula.
- Eliminate school fees from kindergarten to Grade 12 to ensure full participation by all children in school programs.
- Initiate jointly with school boards, programs that increase high school completion both for those still in school and for those who have already dropped-out. Provide effective counseling, student-directed tutoring, adequate funding and other necessary supports.
- Provide a subsidy of \$1,500 per year over 4 years for high school students from low-income families to use when they go to college or university.

- Eliminate fees for post-secondary skills training for the first two years of college (e.g. for programs such as health care aid, elder and child care, dental hygiene, and various trades) to meet Alberta’s labour shortage and to better align Alberta’s future workforce with the changing needs of the economy.
- Amend the student loan repayment policy so that repayment is based on a schedule determined on earnings after graduation with no repayment in years of low income. Lower interest rates on provincial student loans to match private institution rates of prime plus 1% (floating) and prime plus 2% (fixed).⁵⁸



Adult Literacy and Numeracy

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

In terms of adult literacy - the ability to read, understand, use and reflect upon written texts - Alberta continues to do well compared to other provinces. Adult literacy in Canada is measured by the proportion of those 16 years of age and older that are able to understand and use printed information such as news stories or instruction manuals. Literacy is measured on a scale of 1 to 5, with 1 being the lowest level and 4-5 being the most advanced. Level 3 is considered the level at which it is necessary to function well in Canadian society. In 2012, approximately 55% of Albertans had a literacy level of 3 or higher, several percentage points above the Canadian average.⁵⁹

Adult numeracy is the ability to understand and use mathematical information in everyday life, for example budgeting, handling money, and using measurements for cooking or reading a map. This is also measured on a scale of 1 to 5. Like literacy, a numeracy level of 3 is considered to be the level at which individuals demonstrate the skills and knowledge necessary to function well in Canadian society. In 2012, 47.3% of Albertans had achieved numeracy levels of 3 or above, second only to B.C.⁶⁰. According to Canadian results of the OECD PISA study, 15 year-old students in Alberta performed above average in science, and at the national average in reading and math.⁶¹

Recommendation

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

Social Capital and Vulnerable Populations

In order to cope with the stress and demands of economic and technological changes, it is necessary to build resilience in the individual and in the broader community. This can be achieved through the creation and strengthening of social

capital. Social capital refers to those features of social organization, such as networks, that facilitate cooperation for mutual benefit. The key elements of social capital include:

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

Isolation is a reality for many individuals and families living in vulnerable situations. These individuals are more likely to suffer from high levels of stress and social isolation due to financial insecurity, health problems, lack of support networks and job-related difficulties. Additionally, many socially-isolated individuals and families have a greater sense of hopelessness and are unable to manage a crisis alone. The solution is to build strong ties outside the family to neighbourhoods and communities. This includes investing in and developing accessible social services, building community hubs, designing programs that engage citizens at the community level, and investing in the social economy.⁶²

Recommendations

- Develop a “single-point of entry” for all income support programs and services at the community level with a single application to avoid duplication and collecting the same information multiple times.
- Set standards for programs and services that can be made universal across the province for all initiatives, programs and services.
- Invest in the creation of community hubs as a means to bring together a range of community partners to better coordinate social services and supports to meet the needs of the community.

Engagement: Greater Social Inclusion

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

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

Removal of Barriers

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

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

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

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

Indigenous Women's Health

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

For example, Indigenous Peoples continue to report being at an increased risk of infectious diseases.⁶³ Chronic conditions are sometimes called the diseases of modernization, or western diseases, because they arise from lifestyles typical of western industrialized nations: reduced physical exercise, and an over-reliance on foods of poor nutritional quality. As a result of this lifestyle, cardiovascular disease, cancer, metabolic disorders (diabetes) and respiratory and digestive disorders are significant problems in Indigenous communities. The picture of health conditions that emerges indicates that Indigenous Peoples are increasingly living with chronic conditions requiring access not only to primary but also to secondary and tertiary prevention and interventions.

Indigenous women are especially more likely to experience greater health problems than non-Indigenous women. Barriers related to health faced by Indigenous women are deeply connected to a history and legacy of colonization. Given this legacy, Indigenous women require programs and policies that create equity in access to health for them whether they reside in urban areas or off reserve.

The Government of Alberta has begun to offer programs and services that focus on Indigenous women's health (such as HIV, diabetes, alcohol and drug abuses as well as cervical cancer care) and are targeted to Indigenous women with low incomes. However, lesbian and two spirited women are not targeted in Alberta's health programming and Indigenous women living off reserve are often neglected. The Government needs to create a more representative, responsive and culturally appropriate health care system; one that addresses the existing health gaps and that will incorporate greater Indigenous voice into health program design and delivery at the local level.

Recommendations

- **Mainstream health services need to develop culturally appropriate care in order to improve social inclusion especially for Indigenous women.**
- **The Government must expand its health programs and services to all Indigenous women living in poverty.**

Incarcerated Youth

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

We know that poverty is a key risk factors linked to youth incarceration. In 2006, approximately 18% of youth aged 15-24 were living in low-income situations and were considered at risk of becoming involved with the juvenile justice system. In the same year, approximately 11,000 youth under the age of 18 years were charged under the Criminal Code in Alberta. We also know that incarcerated youth are more likely to drop out of school, have repetitive involvement with the justice system over their lifetime, struggle with substance abuse and face long-term challenges with employment.⁶⁴

Recommendations

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

Indigenous Children in State Care

Many children in the guardianship of the state face cultural and social barriers that inhibit healthy transition into their own communities as adults. This is especially challenging for Indigenous children who carry intergenerational trauma of pain and separation from language, family and community social relations and traditions as a result of the legacy of residential schools.⁶⁵ The lack of healthy transmission of parenting practices from one generation to the next due to this legacy can result in Indigenous children who, when taken into state guardianship, become completely disconnected from their communities of origin. Some of the consequences of this separation are evidenced in the high rates of Aboriginal teen pregnancies and a cycle of losing children to the state.

Recommendation

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

Albertans Living with Disabilities

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

Recommendations

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

Opportunity: Greater Equity of Outcome

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

A provincial poverty reduction strategy will need to address a broad range of labour market issues including labour market integration, job creation and asset-building. This means pre-employment preparation, skills training, accreditation, job retention, career advancement, matching skills to labour shortages, and providing additional supports for women in non-traditional trades. It also requires creating good jobs that pay a living wage and that provide a full suite of workplace benefits and workplace protections. We know that low-wage work is increasingly concentrated among women, newcomers, racialized groups and among those who work part-time, often at more than one job and without employment benefits or workplace security.⁶⁶ Supporting and encouraging financial literacy and asset-building have become necessary for fostering economic self-sufficiency in a global and constantly changing economy.

Labour Market Integration

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

Recommendations

- Improve existing “customized training” programs.
- Streamline skills-training to ensure that potential workers receive relevant training and do not forgo employment opportunities.
- Identify current and prospective labour shortages in various sectors, assessing the skills, training and knowledge of those who are unemployed, underemployed and/or recipients of social assistance. This ensures that interested individuals receive market-relevant training and are then more quickly matched to prospective employers.

Accreditation

Many newcomers to Alberta have the education, skills and experience necessary to meet many of the province’s job shortages. Failure to recognize foreign credentials and a slow-moving, cumbersome accreditation process contributes to many individuals living in poverty while they could be employed in their field of experience, filling job shortages and earning a livable income.

Recommendations

- Provide opportunities to upgrade foreign credentials and to gain Canadian work experience where needed.
- Require all professional associations to expedite and make assessments of foreign credentials more transparent and to speed up the certification and licensing of internationally trained immigrants.

Job Creation

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

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

Recommendations

- Promote job creation in the social economy through developing community-based health services.
- Develop the green-based economy. This means both focusing on economic diversification and stronger regulation of non-renewable resources.
- Expand and support community-based entrepreneurship.
- Improve supports for community-based, independent businesses.

Financial Literacy and Asset-building

Many individuals and families in Alberta have to cope with increasingly complex financial decisions and are challenged to navigate the financial services sector to ensure their own wellbeing and security. Lower-income households in particular face challenges due to lack of access to appropriate financial information and advice to help them to save or to access social supports to which they are entitled. While improving financial literacy skills for all levels of income is important, lower-income households face additional risks from financial decisions due to the fact that they have fewer resources.⁶⁷ The lowest income earners in Alberta annually spend 122% of their income.⁶⁸

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

- Make day-to-day choices about how to spend their money and stay on top of financial obligations
- Navigate the ever-changing financial marketplace and buy the products and services that best suit their needs
- Plan ahead about how to use their money for life goals, such as buying a home or preparing for retirement
- Deal with local, provincial and national government programs and systems that are often complicated and confusing even to experts
- Evaluate the financial information and advice they get, whether it comes through friends, the media or professionals
- Make the best use of resources they have, including workplace benefits, private and public pensions, tax credits, public benefits, investments, home equity, access to credit and consumer spending power⁶⁹

Asset-building is another important tool for reducing poverty. Without assets, people are often unable to plan for the future and have little cushion against sudden unemployment, serious illness or an emergency situation. Alberta has conducted research on financial literacy and asset-building policy options since 2009, but has not implemented a comprehensive approach to financial literacy or asset-building.

As a result of having limited access to mainstream financial institutions and the products and services they provide, many low-income Albertans have turned to predatory payday lenders and other fringe financial services for short-term credit. Research shows most payday loan customers access these services to be able to meet their basic needs each month, rather than just as a one-time emergency option.

A payday loan is a loan of up to \$1500 taken out for up to 2 months, though, generally they tend to last only two weeks. Payday loans perpetuate a cycle of debt that borrowers sometimes find impossible to escape. Lenders can legally charge a maximum rate of \$23 per \$100 borrowed, these fees, when annualized, can exceed 600% in interest per year. Improvements to the Payday Loan Regulation could include decreasing the maximum borrowing cost afforded to payday lenders, preventing lenders from lending to those in receipt of government benefits, and ensuring a transparent and accessible complaint mechanism.

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

All levels of government, in collaboration with the non-profit and private sectors, must commit to addressing this issue by exploring options for alternative financial products for low-income individuals and families. Opportunities abound in creating solutions to this issue and in assisting individuals and families who have a need for short-term credit.

Recommendations

- **Exempt all registered savings such as Registered Savings Accounts and Tax Free Savings Accounts up to \$10,000 per person to a household maximum of \$50,000 for the first 90 days of receiving public benefits.**
- **Pilot a province-wide financial advisory service for low-income Albertans. This would include simplifying financial products and services and integrating financial literacy training into delivery.**
- **Expand government support of matched funds, grants and bonds programs.**
- **Explore use of micro-credit programs as a tool for people to build assets through the non-profit sector.**
- **Work with financial institutions to develop new financial products to limit the use of payday loan businesses and other fringe lenders.⁷⁰**
- **The Government of Alberta modify the Payday Loan Regulation of the Fair Trading Act to improve protections for consumers.**

Section IV

Ensuring Alberta Succeeds

Measuring Poverty by Income

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

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

Indicators are the cornerstone of any poverty reduction strategy

Low Income Cut-Offs (LICO)

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

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

Low Income Measure (LIM)

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

Market Basket Measure (MBM)

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

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

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

Developing a General Deprivation Index

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

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

A deprivation index is not a comprehensive list of needs. Rather, it reflects the real life experience of being poor and measures the actual standard of living. Deprivation indices are used widely in Continental Europe, England, Ireland, Australia, New Zealand and Japan. In 2009, Roy Romanow and Monique Bégin developed the first Canadian Wellbeing Index. Although this index does not provide in-depth analysis of poverty, it does incorporate a comprehensive set of social, health, economic, and environmental measures.⁷¹ In 2000, the Pembina Institute developed Alberta’s first comprehensive well-being index called the Genuine Progress Indicator (GPI). The GPI represents a groundbreaking system for measuring overall wellbeing in Alberta. The GPI uses 51 indicators to tell us how the province is doing in social, economic and environmental areas.⁷²

A Deprivation Index is the new standard in measuring poverty.

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

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

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

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

Ontario, for example, has developed a deprivation index in partnership with community organizations, a policy think tank, the Government and Statistics Canada – it is Canada’s first truly community-based measure of poverty (see Table 4.1).⁷³ Alberta could do something very similar.

Table 4.1

A General Deprivation Index

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

Developing a Child Specific Deprivation Index

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

Measuring social deprivation using a set of child specific indicators has been most fully developed by the United Nations Children's Fund (UNICEF). UNICEF has constructed a 14-item Child Deprivation Index that, together with measuring household income, provides the best available picture of child poverty across the world's wealthiest countries (See Table 4.2).⁷⁴

Table 4.2

A Child Specific Deprivation Index

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

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

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

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

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

In Canada, the Daily Bread Food Bank and the Caledon Institute of Social Policy have pioneered work in the field of a general deprivation index.⁷⁵ The Ontario poverty reduction strategy, *Breaking the Cycle*, is the only jurisdiction to incorporate a general deprivation index as part of its toolbox for measuring child and youth poverty.⁷⁶ However, no jurisdiction in Canada has developed a child specific index. Alberta is in a position to lead the country in developing the first child specific deprivation index.

Implementation: An Integrated Community-based Approach

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

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

The non-Indigenous Network for Poverty Reduction would be developed along similar lines to the newly created Alberta Interagency Council on Homelessness and the innovative New Brunswick Economic and Social Inclusion Plan.⁷⁷ This larger of the two Networks would also serve to generate valuable community-level data similar to the Community Accounts system in Newfoundland and Labrador.⁷⁸

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

- Building regional-based relationships between community agencies, organizations, people with lived experience, business, and municipal governments for implementing and monitoring a provincial poverty reduction strategy;
- Identifying what the specific social and economic needs are in each region;
- Identifying and supporting those community-based initiatives that are working and eliminating or redesigning those that are not working;
- Gathering, maintaining and sharing data related to general and child specific indices; as well as,
- Measuring poverty at the community level (see Table 4.3).⁷⁹

Table 4.3

Measuring Poverty in Communities

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

Building a Network for Poverty Reduction in Alberta

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

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

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

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

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

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

A parallel Network for Poverty Reduction dedicated to Indigenous Peoples would be developed through respectful government-to-government (First Nation, Métis and Inuit) engagement. Implementing a provincial poverty reduction strategy would be based upon individual discussions with Treaty No. 6, 7 and 8; both Métis groups (Métis Settlements General Council in each of their 8 regions and the Métis Nation of Alberta)⁸⁰; and with Inuit representative groups such as the Edmonton Inuit Cultural Society.⁸¹

In terms of engaging with First Nations governments, the Government of Alberta would request an invitation to the All Chiefs quarterly meetings. The All Chiefs meeting would provide the Provincial Government with guidance on the implementation process and feedback on how an Indigenous Peoples Network for Poverty Reduction should be designed and how the programs and supports should be organized, delivered and monitored by each First Nations governing body. This would be based on thoughtful and comprehensive discussions with First Nations Communities, Tribal Councils and Treaty Territories. The Memorandum of Understanding for First Nations Education in Alberta with Treaty 6, 7 and 8 offers an excellent template for developing government-to-government agreements on implementing a provincial poverty reduction strategy.⁸²

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

Moving Forward on the Government's Commitment to Poverty Reduction

Legislation

If the Government of Alberta is committed to significantly reduce poverty in the province, it will introduce legislation to formalize its promises and ensure continued non-partisan political engagement and public support. A majority of provinces and territories with active poverty reduction strategies have adopted legislation. In 2012, PovertyTalks! a group whose members are comprised of low-income Albertans, developed a comprehensive Bill called **An Act To End Poverty In The Province of Alberta**. It offers excellent ideas for developing legislation.⁸³

Monitoring and Evaluating

Ensuring that the Government of Alberta meets its poverty reduction goals, targets and timelines requires thought about ways to monitor and evaluate the strategy and our progress. In addition to **formative** and **summative** evaluations that focus on refining and judging the strategy, we also need developmental evaluation.⁸⁴ A developmental method of evaluation is a more global approach to monitoring and evaluating progress. This approach will help communities quickly adapt the strategy to shifting contexts, innovation and complexity. This means determining which measures are necessary, gathering and analyzing data on them and quickly adapting decisions to ensure positive outcomes. It also means taking into account those aspects of poverty reduction that are difficult to measure such as culture and leisure, thus, we propose a process of monitoring and evaluating our provincial poverty reduction strategy that is formative, summative and developmental. This includes:

Formative evaluation

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

Summative evaluation

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

Developmental evaluation

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

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

Place-Based Interventions

We have presented a comprehensive set of policy measures in core social and economic areas that supports the Government's efforts to eliminate child poverty within five years and reduce overall poverty within ten years. This framework for Investing in Albertans rests on the notion that place-based interventions are the preferred strategy to address the complexities of poverty in the 21st century.⁸⁵ Prevention at the community level is crucial if we are to ensure that meaningful and enduring poverty reduction occurs in a timely manner.

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

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

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

A place-based approach rests on three key principles: robust methods for measuring, monitoring and evaluating poverty reduction at the local level; the creation of place-based joined-up systems; and cooperative implementation of a strategic plan. Albertans want to know who is poor in our province and how many people live below the poverty line. They want to know if the overall rate and depth of poverty is decreasing or increasing. Albertans want to know how the province is doing compared to other provinces and territories as well as other prosperous countries. It is

important for many people, organizations and government officials actively involved in fighting poverty in our province to know how close we are to achieving the Government's five and ten-year poverty reduction targets. In other words, for Albertans to plan, monitor change and assess progress, we need the correct tools.

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

Current Municipal Initiatives

Municipal governments, provincial government and community organizations need to expand their understanding of poverty reduction and the roles they can play. The province needs to support the development of a learning and evaluation initiative on poverty reduction that creates opportunities for risk taking, innovation and cross-fertilization of ideas within our province.

There are many challenges for municipal governments in addressing poverty reduction, including the limits of property tax for addressing social problems which reside under the mandate of Federal and Provincial governments. A provincial poverty reduction strategy must address funding as an issue for creating quality social infrastructure for comprehensive poverty reduction initiatives across all communities.

Following the Provincial Government's commitment in 2012 to eliminate child poverty in 5 years and reduce overall poverty within 10 years, several local governments have looked into developing their own plans for poverty reduction specific to the values and needs of their own communities. The figure below provides a brief overview of the Alberta CMAs that have at least begun the planning process, and the various approaches they're taking in developing and implementing long-term strategies.

Municipality	Initiatives
Banff	A Community Housing Strategy has recently been adopted by Council and includes 62 action steps to address the housing crisis in terms of both affordability and availability. Programs currently underway include free 6-month local transit passes for qualifying residents, and 50% discounts on regional transit passes. Everybody Gets to Play is a program available to low-income residents and provides free passes to a variety of local recreation and fitness activities. A new “Banff Affordability Measure” is being proposed to Council to increase access to affordability programs to people struggling in the income band directly above the LICO.
Barrhead⁸⁵	The community of Barrhead reports its community garden has been a successful initiative for addressing poverty at the local level. The community garden is currently in its second year and has been endorsed by Barrhead City Council and the greater business community.
Calgary⁸⁶	Calgary Poverty Reduction Initiative (CPRI) launched in January 2012, led by the City and United Way. The strategy was adopted unanimously by Council on May 27th. Partnerships and committees have been established and are developing detailed implementation plans that include budgets and timelines extending beyond 2014. Continued implementation of the strategy will transition to Vibrant Communities Calgary in January 2015.
Camrose	Camrose Social Development Committee (SDC) conducted research in spring 2014 and generated a poverty report. This report was presented to City Council Committee of the Whole, and further discussion around the poverty report is anticipated for late 2014. SDC is seeking a member of the business community to participate in discussion and strategic planning. SDC also requested the report be referred to two other committees, the Community Transit Advisory Committee and the Land Use By-law Re-write Advisory Committee.
Edmonton⁸⁷	Preliminary research and focus group discussions around poverty elimination in Edmonton took place in fall 2013. Edmonton established the Poverty Elimination Task Force in March 2014. The Mayor’s Task Force on Poverty Elimination will build on the foundations of the preliminary work done in 2013, to develop a ten-year action plan by 2015.
Grande Prairie⁸⁸	Grande Prairie established Community Action to End Poverty (CAEP) in 2013. In December 2013, Grande Prairie and United Way hosted a poverty simulation to raise awareness among locals. Grande Prairie also produced an updated Living Wage Report in 2014, as well as their Narrowing the Gap report, which engaged female lone parent families for recommendations.
Lethbridge⁸⁹	The Vibrant Lethbridge Community (working under the Community and Social Development Committee of Council), held focus groups for different demographics in the community in 2013. A report was generated from the focus group data and presented to City Council and the Government of Alberta. The Vibrant Lethbridge Committee is in the process of moving poverty reduction initiatives into the implementation stage. They have committed to keeping research participants (vulnerable niche groups) involved in the planning and development of new initiatives
Medicine Hat⁹⁰	The Medicine Hat Roundtable generated and released a report to the community in February 2013. This baseline data will be the point of reference in which the six focus areas for poverty reduction can refer to. The next steps for the Medicine Hat Roundtable include the development of a governance model and the planning and development of a series of community activities
Red Deer & Surrounding Communities⁹¹	Red Deer established the Central Alberta Poverty Reduction Alliance (CAPRA). In April 2012 they officially signed on to the Cities Reducing Poverty movement through Vibrant Communities Canada. Living Wages were calculated for 9 Central AB municipalities. Red Deer City Council endorsed the research through a Notice of Motion. Red Deer & associated municipalities signed a Proclamation to mark the International Day for the Eradication of Poverty on Oct. 17th, 2014.
Regional Municipality of Wood Buffalo⁹²	The Municipality is working with community stakeholders in order to identify social priorities, encourage collective social responsibility and promote collaborative decision making. In December 2013, key stakeholders formed a leadership table. A subcommittee of this leadership table will look at the work that has already been done and identify three to five priorities for social well-being. Stakeholders will be surveyed on these priorities to determine their legitimacy. This process will be an avenue to help solidify the municipality’s priorities, actions, goals and outcomes.
Strathcona County	A local working group of stakeholders came together in 2013 and began identifying service needs and solutions for low income residents. Key activities in the municipality include: 1) Municipal Subsidies - Transit subsidy, Recreation Access Program (RAP) and reduced rates for counselling and support programs, 2) Make Tax Time Pay site for free tax preparation, 3) Heartland Housing Foundation opened 69 affordable housing apartments for families and 169 affordable housing apartments for seniors in 2013, 4) Empower U (matched savings and financial literacy program started November 2014, and 6) Strathcona County Surplus computers and smart phone program now in development

Conclusion

When *Poverty Costs 2.0* was released in June 2013, a provincial poverty reduction strategy seemed imminent. However, changes to the political landscape of the province have significantly delayed completion of the strategy. At the time of this writing, the timeline of the strategy's release is identified as Spring of 2015. However, no clear signals from government have been relayed regarding Cabinet approval nor drafting of legislation to support a strategy.

In 2012, a promise was made to eliminate child poverty in 5 years and reduce overall poverty in 10 years. At the time of that announcement 143,200 Alberta children were among the 447,200 Albertans living in poverty. In the two and a half years since the announcement, government has been engaged in developing a strategy that is nearing completion. In the time since the 2012 announcement both these numbers have certainly grown.

While the first *Poverty Costs* report made the case that the cost of addressing the symptoms of poverty is much higher than those to reduce it, *Poverty Costs 2.0* and *2.5* make concrete recommendations to the Government of Alberta that will result in poverty being prevented and reduced. In addition to policy recommendations, this report also provides suggestions about measures and indicators by which the Government may evaluate its progress.

The report's place-based recommendations means it is critical that communities play a large role in their own poverty reduction strategy development. Communities are equipped to understand the unique characteristics of

poverty to help leverage social infrastructure, develop human capital, remove barriers, and promote livable incomes. Though still under development, it is hoped that the Family and Community Engagement Councils will play a meaningful role in providing this regional perspective.

To realize the goals of ending child poverty and reducing overall poverty, Alberta must financially invest in programs and services. However, reducing poverty is not solely the responsibility of government. All sectors, including the non-profit and the private sector, have critical roles to play that can complement government action. Ongoing consultation with Albertans who have the lived experience of poverty is also critical throughout the implementation of a poverty reduction strategy.

This report was guided principally by the community consultation component of Alberta's Social Policy Framework. In this process, contributions and feedback were solicited from a diverse range of organizations and individuals seeking to improve the quality of life for Albertans. Poverty reduction best practices and learnings from across Canada also factored into the writing of this report. Alberta, with its wealth of resources, is uniquely placed to make quick and meaningful progress towards reducing poverty. None of this can come too soon for groups more likely to live in poverty such as the Indigenous Peoples of this province. Poverty is not uniform between communities and a top-down, one-size-fits-all approach will not work. Any poverty reduction strategy must be nimble enough to accommodate those differences.

Appendix I

Revenue

These recommendations will cost money to implement. Research conducted in Alberta and in other provinces suggests that the cost of implementing a poverty reduction strategy costs less than tackling the symptoms of poverty as is done currently. Poverty costs Albertans between \$7.1 and \$9.5 billion each year.⁹³ Estimates in other provinces suggest the cost of implementing a poverty reduction strategy at around 50% of the cost of poverty itself. For example in British Columbia the cost of poverty was estimated at between \$8.1 and \$9.2 billion each year. Reducing poverty would cost only 3 to 4 billion dollars initially and that cost would decrease over time as poverty is reduced.⁹⁴

Alberta is in an excellent position to pay for these recommendations. The Provincial Government can afford the steps necessary to fulfill promises to eliminate child poverty within five years and overall poverty within ten years. Alberta is the wealthiest province in Canada. Indeed, Alberta is one of the most prosperous jurisdictions in the world. Alberta is home to more than 10% of the world's proven oil reserves, while having a population of only 3.6 million. In the three years following the recession of 2008, there was \$229 billion worth of fossil fuels produced in the province, or nearly \$60,000 per Albertan.⁹⁵

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

Alberta's flat income tax, instituted in 2000, has not led to a tax advantage for lower and middle income Albertans. Upper income Albertans pay by far the lowest income tax rate in Canada, while low income Albertans pay amongst the highest. This tax cut for the wealthy cost the Government \$1.8 billion in lost revenue in 2010 alone.⁹⁶ By returning Alberta to a progressive tax system, as exists in all other provinces, federally, and in most jurisdictions around the world, the province could stabilize its revenue, implement a plan to reduce poverty, and save oil and gas revenue to benefit future generations.

Alberta also has very low income tax rates for corporations. The provincial Government lowered the general corporate income tax rate from 15.5% in 2001 to 10% where it remains today.⁹⁷ An increase of taxes on large corporations from 10% to 12% would bring in an additional \$840 million in revenue and bring Alberta on par with rates in Saskatchewan and Manitoba.⁹⁸

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

Appendix II

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

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

Municipal Government

(Janice Melnychuk)⁹⁹

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

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

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

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

Recommendations for Municipal Role in Poverty Reduction

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

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