



ALBERTA ALTERNATIVE BUDGET

A New Era

JUNE 2019

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INTRODUCTION

Budgets are always about choices, and that principle has inspired alternative budgeting exercises in Canada for over two decades. This year’s Alberta Alternative Budget was written in collaboration with individuals in the non-profit sector, labour movement and advocacy sector. It provides a wish list of spending initiatives, along with a plan to finance them.

We begin with a section on Alberta’s economic context, discussing the impact of the drop in the price of oil on the provincial economy; we then offer a proposal for a five percent provincial portion of a Harmonized Sales Tax. This is followed by sections on affordable housing and homelessness, childcare, education (K-12), gender, health care, labour, post-secondary education, and poverty.

We have not sought organizational endorsements of the present document.

THE MACROECONOMIC LANDSCAPE

This spring at the ballot box, Albertans voted for a change in government with Jason Kenney and the United Conservative Party (UCP) winning a majority in the Alberta legislature. UCP ran on a platform that promised cuts to revenues and public services. In their first week in the legislature, the new government repealed the carbon tax, introduced a bill to reduce corporate tax from 12 per cent to 8 per cent over four years, and have managed to roll back positive changes in labour legislation and education. The cancelled carbon tax will mean a loss of an estimated \$1.3 billion in revenue; and the corporate tax cut, once fully realized, will cost the provincial government an estimated \$4.5 billion in revenue. These two major sources of revenue and the UCP's promise to balance the provincial budget will mean billions of dollars in cuts to public services such as infrastructure, health care, childcare, and education.

Alberta's public services have been strained due to decades of underfunding from previous governments and the revenue uncertainty inherent to a dependence on volatile energy markets. We applauded the previous government's efforts to address these chronic funding shortfalls through changes to both personal and corporate taxes, the carbon tax, as well as increases to tobacco and fuel taxes. However, we are concerned with the UCP government's indication that they will be focused on deep cuts to public services, instead of addressing the province's revenue problem.

The Alberta Alternative Budget (AAB) is intended to provide progressive economic and alternative policy options that not only provide funding to programs and infrastructure but also bring value to Albertans. We propose a revenue stream that is much less reliant on non-renewable resources, which will still allow Alberta to maintain its tax advantage over other provinces.

ECONOMIC LANDSCAPE

Alberta's economy is recovering from its worst recession in over 30 years triggered by the collapse in global oil prices. Our province's real Gross Domestic Product (GDP) contracted 3.5% in 2015 and by 3.6% in 2016. The recession hit the province harder than expected as oil price volatility that started in late 2014, that continues to today, led to dramatic reductions in capital investment further exacerbating the economic slowdown.

Economic growth in 2017 was expected to have been in the 3 per cent to 4 per cent range, with forecasters predicting growth above the 2% per cent mark for each of the next two years. The

recovery beat these expectations, with GDP growth totaling 4.6% in 2017; growth in 2018 is expected to be 2.3%, the highest in Canada for both years.

Despite the recent slump in oil prices in the last quarter of 2018, there is cautious optimism that the Alberta economic will continue to grow. As of late 2018, economists are forecasting positive real GDP growth for Alberta. The Alberta Treasury Branch estimates real GDP to grow by 2.1% in 2019, slightly lower than RBC Economics forecast of 2.5% growth (see Table 1).

The labour market has been climbing out of its

TABLE 1 - REAL GDP GROWTH FORECASTS (PERCENTAGE), 2018

	DATE RELEASED	2017E	2018F	2019F
BMO	November 2018	4.9	2.4	2.6
RBC	September 2018	4.6	2.4	1.9
TD	September 2018	4.7	2.5	2.5
CBoC	September 2018	4.9	2.4	2.3
ATB	November 2018	4.6	2.3	2.1

Source: BMO Capital Markets Economics, RBC Economics Research, TD Economics, Conference Board of Canada Provincial Outlook, ATB Economics & Research

trough, and the persistent wage declines of the last two-and-a-half years have ended. In fact, the province saw several months of year-over-year average earnings growth to close out 2018.

While the last couple of years have been challenging for Alberta families, with the unemployment rate even reaching 9% (the highest in over 20 years), the labour market saw significant signs of improvement in 2017. The unemployment rate declined slowly

throughout the year, from a January 2017 high of 8.8% to a December 2018 low of 5.9%. The province finished the 2018 year by adding over 48,300 jobs in December; the goods sector added 23,000 jobs with the majority in natural resources and manufacturing industries, while the services sector added 20,800 jobs.

CHART 1 - EMPLOYMENT AND UNEMPLOYMENT RATE - ALBERTA

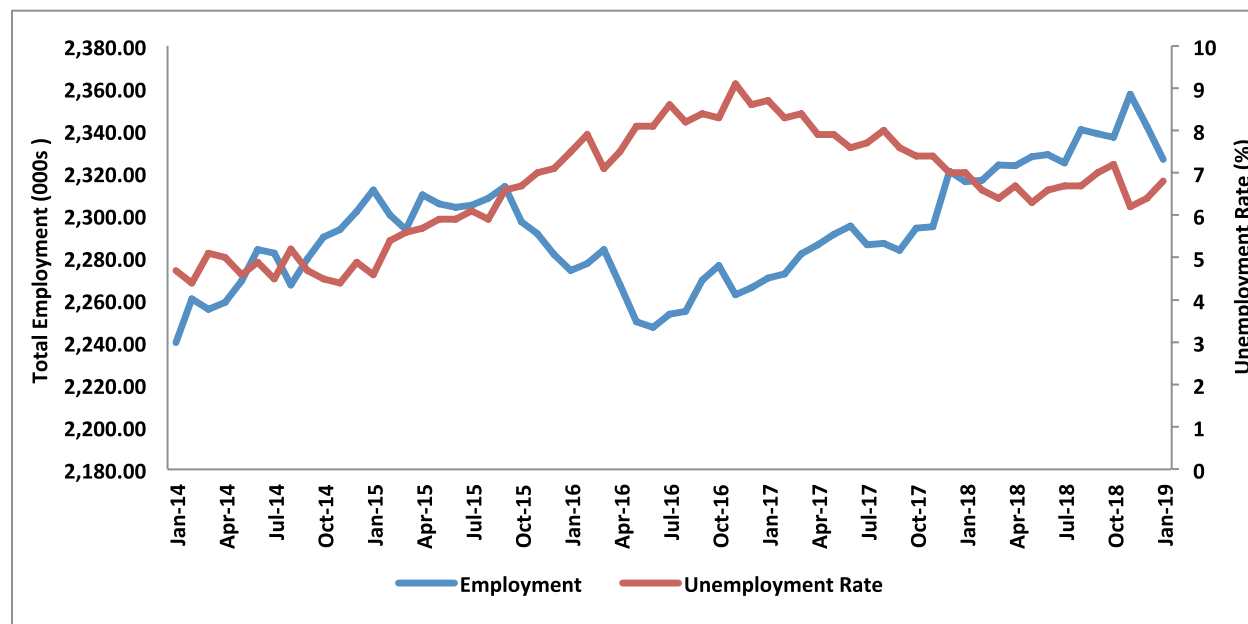


Chart 1, Source: Statistics Canada, Labour Force Survey, CANSIM Table 14-10-0287-01.

With the exception of a brief dip in the summer of 2017, employment levels in the province have continuously climbed out of the mid-recession trough of summer 2016. The strong job growth to end 2017 not only brings total employment in the province back above pre-recession levels, it actually marks the highest level of employment Alberta has ever seen. This is certainly a great indicator that the recovery is taking hold in the labour market. However, even with the recent employment growth, the unemployment rate is still above historical

levels for the province, suggesting there is still room for improvement in the labour market as the recovery continues.

Preliminary unemployment calculations for 2018 are about 6.6%, and forecasts for 2019 range between 5.9% and 6.4% (see Table 2). This represents a significant improvement in unemployment levels since the worst months after the oil price crash of 2015.

TABLE 2 - FORECASTS FOR UNEMPLOYMENT 2018, PERCENTAGE

	2017E	2018F	2019F
Bank of Montreal, November 2018	7.8	6.6	5.9
Royal Bank of Canada, September 2018	7.8	6.6	6.4
TD Canada Trust, September 2018	7.8	6.6	6.2
Conference Board of Canada, September 2018	7.8	6.4	6.3

Source: BMO Capital Markets Economics, RBC Economics Research, TD Economics, Conference Board of Canada Provincial Outlook.

However, it is important to consider the types of jobs that have been created, and whether they are of the same quality as those that existed before the recession. For example, there has been a significant shift over the last several years away from the goods producing sector to the service sector, which can

often mean more precarious work at lower wages. The AAB progressive policy plan will address these issues by investing in programs and infrastructures that create safe, secure, and good paying jobs.

PROGRAM EXPENDITURES

Programs and services funded by the provincial government provide economic security and protect the most vulnerable in Alberta. Funding for health care ensures Albertans have access to care when they need it so that they can live and work productively. Accessible and affordable childcare and education help ensure children in our province receive care in their early years and then as young adults have access to high quality, publicly-funded education. Further, poverty reduction and housing

strategies improve the lives of low-income people throughout Alberta.

The current fiscal challenges are the result of previous provincial governments making Alberta's financial situation dependent on resource revenues. Stable program funding is not possible with energy prices that are based on inherently volatile energy markets. Oil and gas revenues are unreliable.

CHART 2 - ALBERTA PER CAPITA REVENUES AND EXPENDITURES

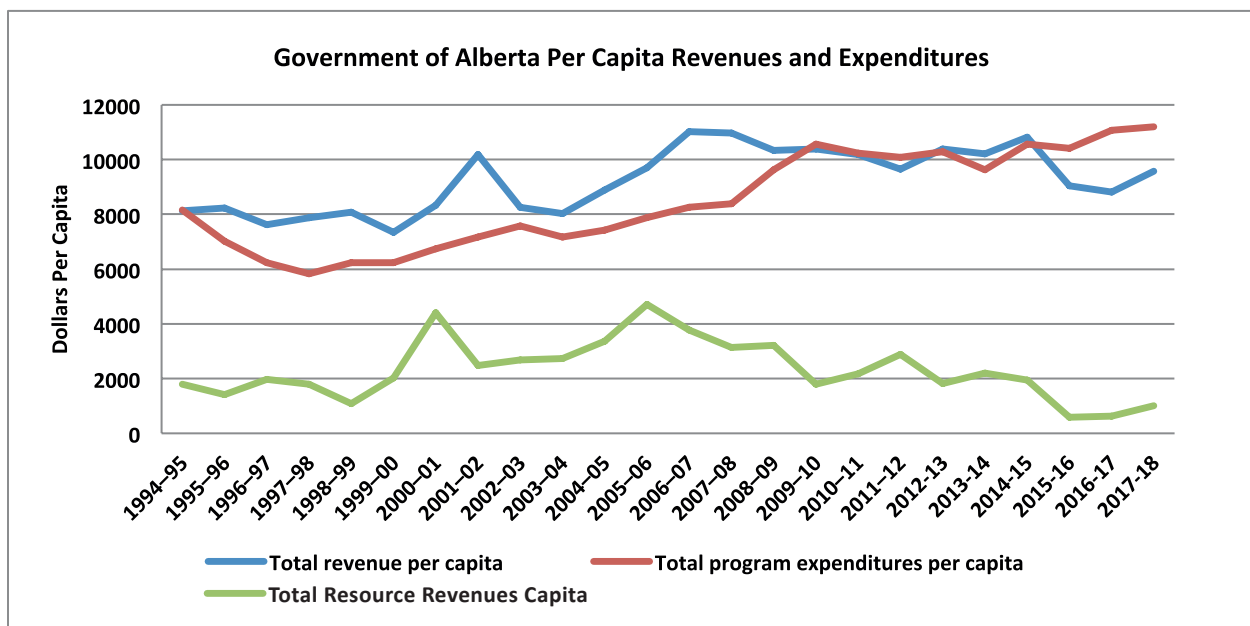


Chart 2, Sources:

1. Federal Fiscal Reference Tables, <http://www.fin.gc.ca/frrt-trf/2014/frrt-trf-14-eng.asp>.
2. Statistics Canada Table 051-0001 - Estimates of population.
3. Statistics Canada Table 326-0021 - Consumer Price Index.
4. Government of Alberta Treasury Board and Finance.

ALBERTA GOVERNMENT FISCAL WOES AND OUTLOOK

The drop in oil prices has left a huge hole in Alberta's finances. In its most recent fiscal update for 2018-19, the current budget deficit is expected to be \$7.5 billion, \$1.3 billion lower than Budget 2018. However, even with the recent budget deficits that

have put the province into a net debt position for the first time in almost 20 years, the province's net debt-to-GDP ratio is projected to remain, by far, the lowest in the country.

CHART 3 - NET DEBT TO GDP PROVINCES (PROJECTED 2018-19)

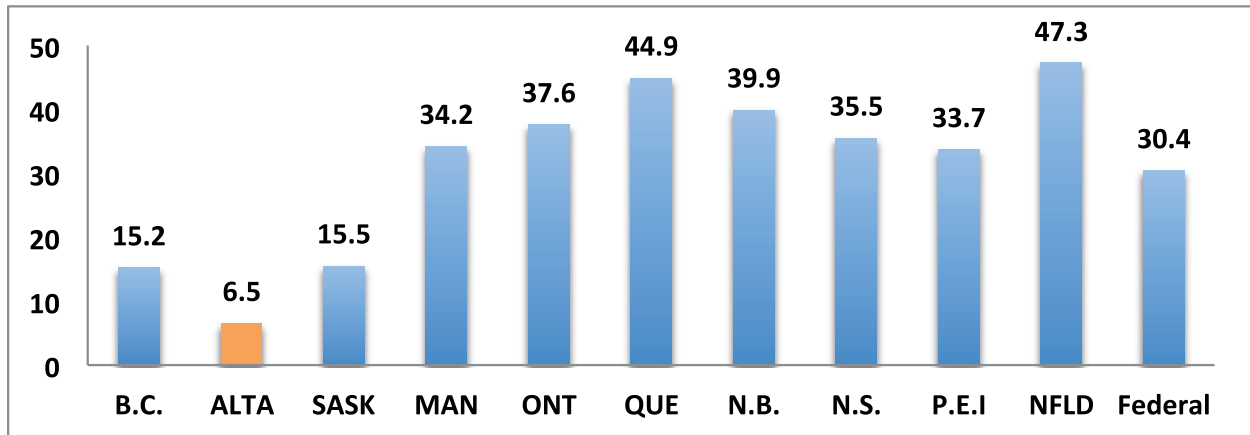


Chart 3, Source: RBC Fiscal Reference Tables

There is nothing new about the current fiscal situation, as energy prices have always been volatile and thus so have government revenues. The volatility of energy prices has created a structural

deficit problem for the Alberta government. The imbalance of expenses over revenues has been an issue largely ignored by previous provincial governments.

CHART 4 - ALBERTA NON-RENEWABLE RESOURCE REVENUES BY FISCAL YEAR VS WEST TEXAS INTERMEDIATE (WTI) OIL PRICE AND WESTERN CANADIAN SELECT (WCS) OIL PRICE (*FORECAST)

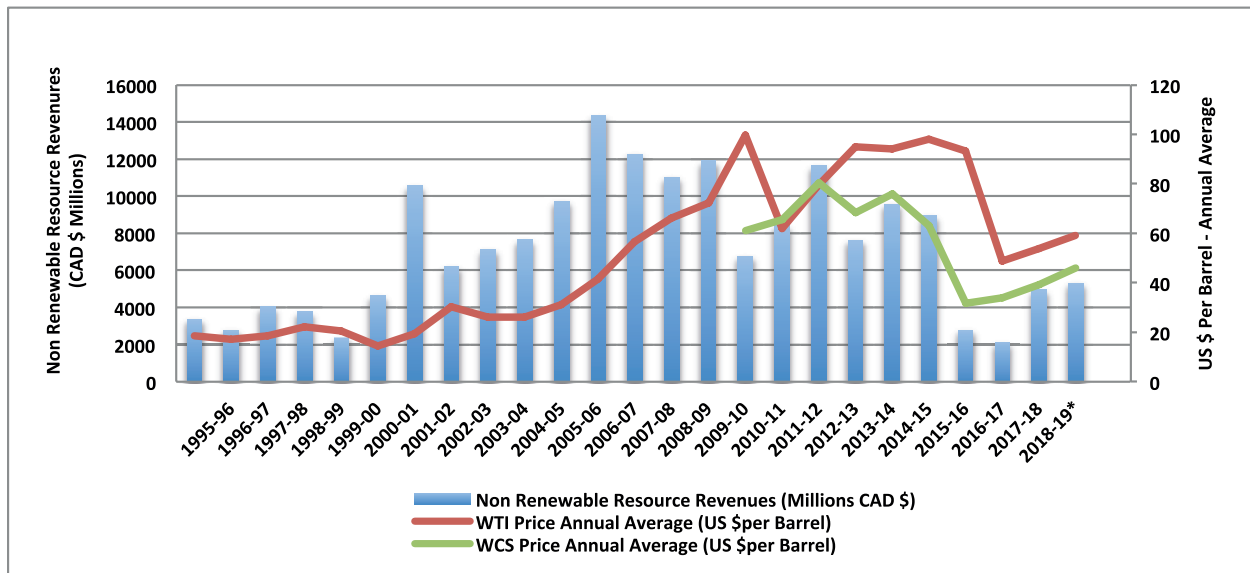


Chart 4, Source: Government of Alberta Department of Energy, US Energy Information Administration

For 2018-19, the Government of Alberta forecast \$5.3 billion in non-renewable resource revenues. This amounts to 10.7% of total government revenues, and is more than four per cent more than it was in 2015-2016 fiscal year. As a percentage of provincial government revenue, non-renewable

resource revenue in 2015-16 reached its lowest points in over 40 years. Due to the failure of previous governments to diversify Alberta's economy and identify other, more stable sources of revenue, we now have a significant revenue shortfall.

CHART 5 - ALBERTA RESOURCE REVENUE AS A % OF TOTAL GOVERNMENT REVENUE (*FORECAST)

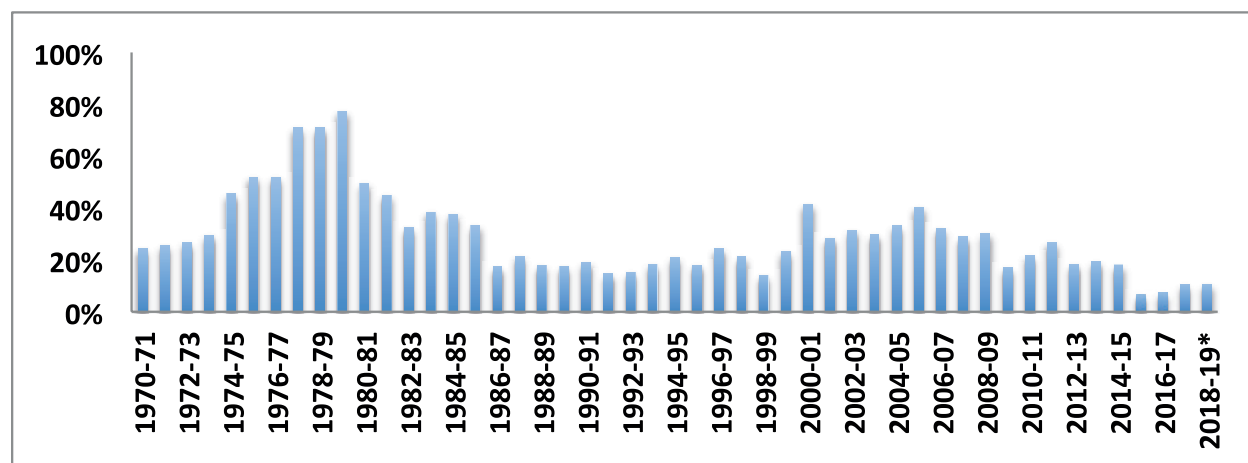


Chart 5, Source: Government of Alberta Department of Energy

ALTERNATIVE REVENUE STREAMS

To reduce our reliance on resource royalties, the Alberta government must diversify its revenue streams. Alberta's corporate taxes are among the lowest in the country, our royalty rates are among the lowest in the world, and our low personal income tax rates enable the wealthiest of Albertans pay some of the lowest income taxes in Canada. According to the Alberta Treasury Board and Finance, if the province adopted a tax structures similar to the next lowest taxed province in the country (British Columbia), Alberta would generate an additional \$8.7 billion in annual revenue.

There are several places the province could look to generate new sources of revenue, but if the goal is to generate significant new revenues to shift away from a reliance on resource revenues and put the province on a path to a balanced budget, the only real option is to look to implement a sales tax. Estimates suggest that a 5% sales tax in Alberta would generate approximately \$5 billion in new revenue annually. In this case, we would remain Canada's lowest-taxed province.

TABLE 3 - ALTERNATIVE REVENUE ESTIMATES

TAX TYPE	LEVY AMOUNT	APPROXIMATE REVENUE
Sales Tax	1% Increase	\$1 Billion
Gasoline Tax	1 cent increase per litre at pump	\$61.7 Million*
Cigarette Tax	\$1 increase per carton	\$22.8 Million*
Alcohol Tax	1% increase	\$8.7 Million*
Corporate Income Tax	1% increase	\$323.9 Million*

Source: *Government of Alberta, Fiscal Plan 2016-19. (Pages 102-113).

We must accept that introducing a sales tax is the only option that would generate the substantial revenue required to shift the province away from its reliance on non-renewable resource revenues. The question should not be whether the province should implement a sales tax, but rather *how* we should implement such a tax.

The federal government already collects a 5% sales tax in the form of the Goods and Services Tax (GST). Following the lead of several other provinces, Alberta could introduce a Harmonized Sales Tax, which, in simplified terms, would allow the province to generate its own share of the revenue collected by the federal GST. This would allow the province to introduce the tax while minimizing the compliance cost to businesses in the province.¹

Introducing a 5% provincial portion of a Harmonized Sales Tax would leave the province with a combined HST of 10%, which would remain the lowest combined provincial and federal sales tax rate of all the provinces. This rate would still provide a sales tax advantage over neighbouring provinces of British Columbia (12% combined rate) and Saskatchewan (11% combined rate).

Between 2014 and 2016, an average of \$5.3 billion in GST revenue per year was generated in the province of Alberta. Applying a 5% provincial portion to the HST could be expected to generate a similar amount of revenue for the province.²

Admittedly, a sales tax on its own would be regressive in nature, impacting low and middle-income workers in the province more than high-income earners. However, with the introduction of a sales tax rebate for low-income earners that would be directly deposited into the bank accounts of low-income earners based on tax filings similar to the GST rebate, the province could help minimize the added tax burden on low- and middle-income earners, while still generating billions in stable tax revenue. By using this stable revenue to protect our vital public services, we can create a more progressive outcome for the people of Alberta, while also accelerating the province's path to a balanced budget.

1 <https://www.policyschool.ca/wp-content/uploads/2016/03/alberta-hst-final.pdf>

2 Note, this does not incorporate any behavioral effects that would be expected with a tax increase of this magnitude. However, it should be noted that the baseline revenue figures include two years of recession, which would have a depressing effect on consumption tax revenues.

ALTERNATIVE ALBERTA BUDGET PROPOSAL

2019-20 ALBERTA ALTERNATIVE BUDGET

		2019-20 (MILLIONS)
	Revenue (Status Quo)*	\$49,605.00
Alberta Alternative Budget Proposals	<i>Alberta Sales Tax (5%)</i>	\$5,000.00
	<i>Less: Low Income Rebate</i>	\$(450.00)
	AAB Revenue	\$54,155.00
	Expenditure (Status Quo)*	\$56,617.00
Alberta Alternative Budget Proposals	<i>Childcare</i>	\$1,650.00
	<i>Education/K-12</i>	\$380.90
	<i>Gender</i>	\$2.95
	<i>Health</i>	\$1,190.00
	<i>Housing</i>	\$500.00
	<i>Labour</i>	\$81.25
	<i>Poverty</i>	\$530.00
	<i>PSE</i>	\$655.25
	AAB Expenditure	\$61,607.35
	Risk Adjustment*	\$(700.00)
	Status Quo Surplus/Deficit	\$(12,002.35)
	AAB Surplus/Deficit	\$(8,152.35)

* Based on 2018-19 Second Fiscal Quarter Update

AFFORDABLE HOUSING & HOMELESSNESS

HIGH STAKES:

- People without affordable housing suffer from poor health outcomes, have difficulty finding and sustaining employment and are at greater risk of having their children removed by child welfare authorities.
- The government of Rachel Notley undertook important initiatives pertaining to affordable housing, including the near doubling of provincial spending on housing over a five-year period.
- For vulnerable subpopulations, Alberta's provincial government often provides capital funding—but not operating funding—for new affordable housing.

CLEAR CHOICES:

- Provide a clear outline of how provincial housing dollars already announced by the Notley government will be spent.
- Announce \$150 million in one-time funding to repair and retrofit existing units of social housing.
- Announce \$150 million in new annual capital funding for supportive housing for vulnerable subpopulations.
- Announce \$200 million in one-time funding for rent supplements (i.e., financial assistance for renters).
- Ensure appropriate provincial ministries provide operating funding when capital funding is announced for new supportive housing for vulnerable subpopulations.

ROLE OF PROVINCIAL GOVERNMENT

Alberta's Ministry of Seniors and Housing is the province's lead ministry for the design and administration of housing policy and programs; it is also responsible for the regulation of landlord-tenant relations. Its roles include: negotiating bilateral housing agreements with the federal government; providing program oversight of already-existing units of private non-profit and public housing; and funding repairs to existing units of housing for low-income households, and of new units of affordable housing. In First Nations throughout Alberta, the Alberta provincial government typically plays no role at all on the housing file (though it could if it so chose).

Some affordable housing in Alberta is administered by non-profit entities, some by public entities and some by for-profit landlords.

Alberta's seven largest cities have homeless-serving systems of care, each of which benefits from provincial funding for homelessness. In Calgary and Edmonton, those funds are disbursed by large non-profit entities (the Calgary Homeless Foundation and Homeward Trust Edmonton). In the other five large cities, those funds are disbursed by the local municipal government. Outside of those seven cities, no funding for homelessness is currently provided by Alberta's provincial government.

BACKGROUND

People who lack affordable housing suffer from poor health outcomes,¹ have difficulty finding and sustaining employment² and are at greater risk of having their children removed by child welfare authorities.³ And there’s considerable need for more affordable housing in Alberta.

In order to assess housing need for Canadians, the Canada Mortgage and Housing Corporation uses a measure called *core housing need*. A household is said to be in core housing need if, out of financial necessity, they either pay more than 30 per cent of their gross household income on housing, live in housing requiring major repairs, or live in housing with insufficient bedrooms for the household size in question (as determined

by the National Occupancy Standards). The percentage of Alberta households in core housing need has been rising steadily over the past three Census periods. In 2006, 10.1 percent of Alberta households were in core housing need; by 2011, this figure had risen to 10.7 percent; and in 2016, the figure stood at 11.4 percent. In 2016, this represented more than 164,000 Alberta households.⁴

Some household types face particularly high rates of core need. For the following three groups, more than 25% of households are in core housing need: senior (65+) females living alone; senior (65+) males living alone; and female lone-parent households.

TABLE 4 - HOUSEHOLD TYPES IN ALBERTA WITH RATES OF CORE HOUSING NEED ABOVE 25%

	NUMBER OF HOUSEHOLDS IN CORE HOUSING NEED	INCIDENCE OF CORE HOUSING NEED (%)
Senior (65+) females living alone	21,310	33.8
Senior (65+) male living alone	6,390	25.6
Female lone-parent households	23,615	27.3

Notes. Figures have been taken from the Canada Mortgage and Housing Corporation website: https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_024.cfm. Figures are from 2011.

As is illustrated in Table 5, Indigenous peoples in Alberta also experience high rates of core housing need. Perhaps most disturbing is that the rate of core housing need for Status Indians is more than

double the rate for non-Indigenous households. These core need figures do not account for households living on reserve.

1 Moloughney, B. (2004). *Housing and population health: The state of current research knowledge*. Retrieved from the Canadian Institute for Health Information website: https://secure.cihi.ca/free_products/HousingPopHealth_e.pdf
 2 Shier, M. L., Jones, M. E., & Graham, J. R. (2012). Employment difficulties experienced by employed homeless people: Labor market factors that contribute to and maintain homelessness. *Journal of Poverty*, 16 (1). Retrieved from <http://www.tandfonline.com/doi/abs/10.1080/10875549.2012.640522>
 3 For more on the implications of inadequate housing on child protection services, see Chau, S., Fitzpatrick, A., Hulchanski, J. D., Leslie B., & Schatia, D. (2009). Chapter 1.3: One in five...housing as a factor in the admission of children to care. In J. D. Hulchanski, P. Campsie, S. Chau, S. Hwang and E. Paradis (Eds.), *Finding home: Policy options for addressing homelessness in Canada*. Toronto: Cities Centre, University of Toronto. For more on the implications of inadequate housing on education, see Dector, A. (2007). *Lost in the Shuffle: The Impact of Homelessness on Children's Education in Toronto*. Retrieved from Social Planning Toronto's website: http://www.socialplanningtoronto.org/lost_in_the_shuffle_the_impact_of_child_homelessness_on_children_s_education_in_toronto
 4 Canada Mortgage and Housing Corporation. (2017). *Core housing need, 2016 Census*. Retrieved from <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

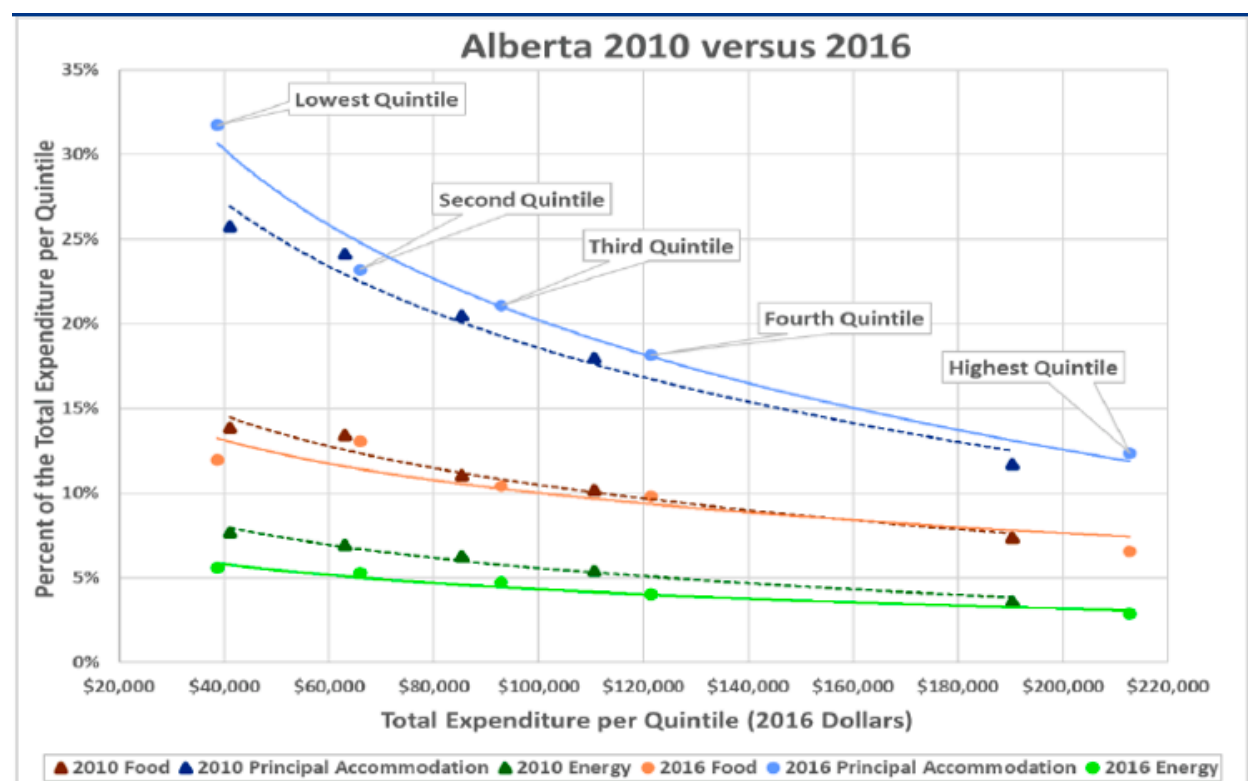
TABLE 5 - CHARACTERISTICS OF HOUSEHOLDS IN CORE HOUSING NEED, ALBERTA

	NUMBER OF HOUSEHOLDS IN CORE HOUSING NEED	INCIDENCE OF CORE HOUSING NEED (%)
Non-Indigenous households	123,985	10.3
Indigenous households	13,500	17.4
Status Indian	6,550	24.5
Non-Status Indian	1,875	17.0
Inuit	210	17.0
Metis	7,390	14.9

Notes. Figures have been taken from the Canada Mortgage and Housing Corporation website: https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_024.cfm. Figures are from 2011.

Housing typically constitutes a larger share of spending for low-income households than for middle- and high-income households. That phenomenon got measurably worse for low-income households in Alberta between 2010 and 2016 (see Chart 6).

CHART 6 - ALBERTA 2010 VS 2016



Source. Kneebone, R., & Wilkins, M. G. (2018). *Social Policy Trends: Paying for the Essentials: Shelter, Food and Energy Consumption by Household Income Quintile for 2010 and 2016*. The School of Public Policy Publications, 11. Retrieved from Policy School's website: <https://www.policyschool.ca/wp-content/uploads/2018/07/Social-Trends-Engel-Curves-July-2018.pdf>

ABSOLUTE HOMELESSNESS IN ALBERTA

One of the most severe outcomes of a lack of affordable housing is absolute homelessness—i.e., people living outside, in an emergency shelter or in a structure not meant for human habitation. In April 2018, more than 5,700 persons were identified as experiencing absolute homelessness during Alberta’s Point-in-Time Count (note: this figure only includes persons in Alberta’s seven largest cities). More than 60 per cent of those individuals were identified as being *chronically homeless*, meaning they had been experiencing absolute homelessness for more than 180 consecutive days in the

previous year. More than one in four persons enumerated at that time reported being Indigenous, even though Indigenous peoples make up just 7 per cent of Alberta’s total population.⁵

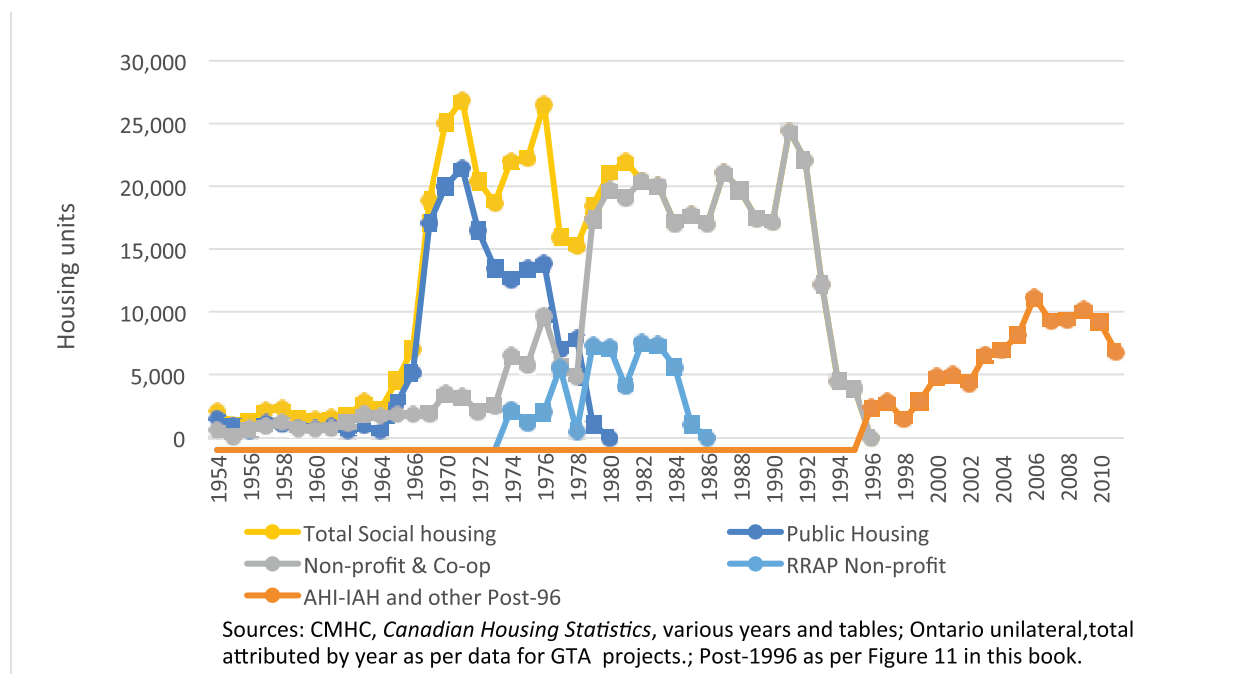
A considerable amount of absolute homelessness is not enumerated, in part because most efforts to enumerate persons experiencing absolute homelessness throughout Canada are confined to urban centres.

A BRIEF HISTORY OF CANADIAN HOUSING POLICY

A considerable amount of subsidized housing for low- and modest-income households was created during the 1960s, 1970s and 1980s. Financed mostly by federal and provincial governments, this was always done in collaboration with the

private sector. During the 1990s and early 2000s, however, senior orders of government created much less housing for low-income households than previously. This trend for Canada as a whole is illustrated in Chart 7.

CHART 7 - ANNUAL SOCIAL HOUSING COMMITMENTS, CANADA 1954-2011



Note. Chidom Odogwu (Calgary Homeless Foundation) created this modified line graph based on data compiled by Greg Suttor (Wellesley Institute). The original line graph appeared in Dr. Suttor’s 2016 book titled *Still renovating: A history of Canadian social housing policy* (McGill-Queen’s University Press).

5 Turner Strategies. (2018). *2018 Alberta Point-in-Time Homeless Count: Technical Report*. Retrieved from the Homeless Hub website.

In recent years, Alberta has been playing catch up in terms of creating affordable housing units (after several decades in which it created much less subsidized housing per capita than the rest of Canada). Between 2002 and 2013, three times as many subsidized housing units were built in Alberta (on a per capita basis) than in Ontario—Alberta's strong economic performance during this same period helped drive this. Nevertheless, on a per capita basis, Alberta today has far fewer subsidized housing units than the rest of Canada. According to the 2016 Census, subsidized housing represented just 2.9% of Alberta's housing units; for Canada as a whole, the figure was 4.2%.

NATIONAL HOUSING STRATEGY

In its National Housing Strategy released in November 2017, Canada's federal government announced its intent to create a Canada Housing Benefit, consisting of financial assistance to help low-income households afford their rent; households with both for-profit and non-profit landlords are expected to be made eligible for this benefit. However, this will not begin until 2020, and the average beneficiary will receive a mere \$200 per month in benefits. This new benefit will be cost-shared with the provinces and territories.

The Strategy also announced the creation of a new National Housing Co-Investment Fund, which, over 10 years, will create up to 60,000 units of new housing and repair up to 240,000 units of existing housing. This is a unilateral federal program; dollar-for-dollar cost-sharing will not be required from provincial and territorial governments (however, some assistance from provincial and territorial governments may be required).

The Strategy further announced the creation of the Canada Community Housing Initiative, whose focus will be on preserving existing units of social housing. This will require cost-matching from provinces and territories. Canada's approximately 500,000 social housing units that are both administered by either provincial or territorial authorities, and have rent-geared-to-income (RGI) subsidies, will be eligible for this. This fund will assist with repairs, help keep rents affordable and provide mortgage assistance for the operators. This means the issue of expiring

operating agreements is fixed for the next 10 years, as long as the provinces and territories agree to cost-match.

While welcome, the Strategy is modest when considered in historical perspective. In setting a target of approximately 6,000 new builds annually in Canada over the next decade, the Strategy's targets amount to approximately one-third of the annual new social housing units built annually in Canada in the 1970s and 1980s

NOTLEY GOVERNMENT

In its 2016 budget, the Notley government announced the near doubling of provincial spending on housing (albeit on a time-limited basis). This represented a total of \$892 million in new funding, spanning a five-year period;⁶ approximately \$13 million of this was earmarked for new units for vulnerable subpopulations, including for persons experiencing homelessness.

In July 2017, Alberta's provincial government released their provincial affordable housing strategy titled *Making Life Better*.⁷ Most of the new funding committed in this \$1.2 billion strategy is being allocated to public bodies, rather than to non-profits that operate at arm's length from government. The provincial government claims this will result in the creation of 4,100 new units of housing over five years, through a combination of new builds and repairs. However, few other details about the provincial strategy have been released. For example, most Albertans—including very well-placed sources in the affordable housing sector—do not know: how much of this funding is dependent on cost-matching from other orders of government; what types of projects will receive the funding; which types of households will be targeted; or in which municipalities the funding will flow. This lack of transparency makes it very challenging for key actors in the non-profit housing and homeless-serving sectors to plan; it also makes it virtually impossible for key players in the sector to have a democratic dialogue about how these tax dollars are being allocated.

6 This time line has been extended by two years. See Graney, E. (2018, April 4). Government quietly stretches \$1.2-billion affordable housing plan, *Edmonton Journal*. *The Edmonton Journal*, Retrieved from <https://edmontonjournal.com>

7 Read more about it here: http://www.seniors-housing.alberta.ca/housing/affordable_housing_strategy_engagement.html

COST SAVINGS

There are considerable cost savings to be realized when providing affordable housing to those in need, especially when those tenants have serious mental health challenges. Subsidized housing for vulnerable subpopulations (including persons with mental health challenges) that is accompanied by professional staff support is referred to as *supportive housing*. Canadian analysis finds the per-client cost per night of supportive housing to be considerably cheaper than emergency shelter, corrections or hospital.⁸ Further, one of the most ambitious randomized controlled trials in Canadian history, the At Home/Chez Soi (AHCS) study,

followed more than 2,000 single adults in five Canadian cities over two years; all had been diagnosed with at least one mental illness. All were homeless when the study began. For the 10 percent of AHCS participants who were using the most services upon enrolment in the AHCS study, every one dollar invested in housing and professional support during the course of the study resulted in average savings of just over two dollars. And across all study participants, every one dollar invested in housing and professional support resulted in \$0.75 in savings on health, justice-related and social services.⁹

AAB ACTIONS

The AAB calls for \$500 million in new provincial funding for affordable housing for the 2018-19 fiscal year. This consists of the following:

- *A clear outline of how provincial housing dollars already announced by the Notley government will be spent.* At present, even well-placed advocates and researchers have very little idea as to how already-announced provincial housing dollars will be spent (e.g., to what extent they are dependent on cost-matching from other orders of government, in what municipalities the housing will be built, on what type of housing project the dollars will be spent, and what types of households will be targeted as tenants). It would be very helpful for Alberta residents to know how already-committed provincial housing dollars will be spent.
- *One-time funding to repair and retrofit existing units of social housing.* The rationale for this is twofold: 1) thousands of units of housing in Alberta have been falling into disrepair as a result of expiring operating agreements (discussed above); and 2) it is generally more cost-effective to rehabilitate an existing unit of housing than it is to build a new unit from scratch. We believe that \$35,000 could do a very good job of turning a unit in need of major repairs (as defined by Canada Mortgage and Housing Corporation) into a very adequate unit. Thus, for \$150 million from Alberta Seniors and Housing, more than 4,000 existing social housing units could be rehabilitated. While it is true that the federal government has a long-term plan to address expiring operating agreements, most of the anticipated funding through the national strategy will not start to flow for several years. In effect, AAB one-time funding would serve as ‘bridge funding.’
- *Annual capital funding for new supportive housing.* It is reasonable to suggest that \$200,000 in capital funding from Alberta Seniors and Housing can create either a bachelor or one-bedroom unit in an expensive housing market, or a two-bedroom unit in a less expensive housing market. With this costing in mind, we believe that \$150 million in capital funding from Alberta’s Ministry of Seniors and Housing would result in approximately 750 new units of supportive housing being

8 Pomeroy, S. (2005). *The cost of homelessness: Analysis of alternate responses in four Canadian cities*. Retrieved from Homeless Hub web site: <http://homelesshub.ca/resource/cost-homelessness-analysis-alternate-responses-four-canadian-cities>.

9 Goering, P., Veldhuizen, S., Watson, A., Adair, C., Kopp, B., Latimer, E., Nelson, G., Macnaughton, E., Streiner, D., & Aubry, T. (2014). *National At Home/Chez Soi Final Report*. Retrieved from Homeless Hub website: <http://www.homelesshub.ca/resource/national-homechez-soi-final-report>.

created for vulnerable subpopulations (e.g., homeless, the frail elderly, persons with HIV/AIDS).¹⁰

- *One-time funding for rent supplements.* It is important to provide financial assistance to renters so they can rent housing units from for-profit landlords—such financial assistance is often referred to as a *rent supplement*. When rental vacancy rates are high (i.e. above four percent),¹¹ for-profit landlords may be especially eager to rent to low-income households and will accept lower rent levels than in a context of low rental vacancy rates. What is more, this approach works very quickly—a low-income household can move into such a unit (with a rent supplement) within just a few months. We estimate that \$200 million from the Alberta government (possibly from Alberta Seniors and Housing and/or the Alberta Ministry of Community and Social Services) would allow 40,000 low-income households to afford the rent in private housing units for a one-year period.
- *Provision of operating costs for newly-created supportive housing units for vulnerable subpopulations.* When future capital funding for new affordable housing is provided for vulnerable subpopulations (e.g., persons who have experienced long-term homelessness) by GoA, funding for the ongoing operating costs of the housing units in question should also be provided by the appropriate Ministry (e.g., Ministry of Community and Social Services, Ministry of Health) as well.

ACTION: Provide a clear outline of how provincial housing dollars already promised by the Notley government will be spent.

RESULT: non-profit housing providers and leaders in the homeless-serving sector can better plan ahead.

ACTION: Announce \$150 million in one-time capital funding to repair existing units of social housing.

RESULT: more than 4,000 existing social housing units are rehabilitated.

ACTION: Announce \$150 million in annual capital funding for supportive housing.

RESULT: approximately 750 new units of supportive housing will be created annually.

ACTION: Announce \$200 million in one-time funding for rent supplements (i.e., financial assistance for tenants).

RESULT: approximately 40,000 low-income households are able to afford the rent in already-existing units for a one-year period.

ACTION: When future capital funding for new affordable housing for vulnerable subpopulations requiring ongoing staff support (i.e., case management) is provided by GoA, funding for the ongoing operating costs of the housing units in question should also be provided by the appropriate Ministry (e.g., Ministry of Community and Social Services, Ministry of Health).

RESULT: Vulnerable subpopulations are properly supported in new housing units.

¹⁰ Ideally, this \$150 million would come in the form of grants; however, donated land and low-cost financing can also assist in the development of affordable housing (including supportive housing). Once funding is approved for new supportive housing, it can be three to five years before the unit is ready for a tenant. Once these units are ready for tenants, funding for rent supplements would also be required to the tune of \$500 per month per household (e.g., possibly from the Alberta Ministry of Seniors and Housing and/or the Alberta Ministry of Community and Social Services). In addition, professional staff support for these new units would be needed from other ministries (depending on the subpopulation being supported) at an annual cost of between \$10,000 and \$20,000 per tenant.

¹¹ As of October 2018, the average vacancy rate for private apartments in Alberta was 5.6 per cent.

CHILDCARE

HIGH STAKES:

- Alberta has a young working population with a lot of young children.
- Women here have poor pay equity, despite being among the most educated in Canada.
- The Notley government introduced a \$25/day childcare pilot project and increased the provincial childcare budget by 27% since taking office.
- Gender equality and women's labour market participation in Alberta can be improved further by offering *universal* childcare.

CLEAR CHOICES:

- Begin implementing a universal childcare initiative at a cost of \$1.65 billion annually.

BACKGROUND

Alberta's Ministry of Children's Services focuses on early intervention, child development and delivering supports and services to children, youth and families. Part of this mandate is to provide childcare policies and programs for the province, including funding, supports, and services for families, childcare staff, and childcare operators. In 2017-2018, the Child Care budget for Alberta provided funding support to a growing number of childcare programs becoming accredited, recruiting and maintaining qualified childcare staff, providing childcare subsidies to low-income families, and monitoring and responding to childcare space pressures.¹²

Universal childcare is an easy win for improving gender equality in Alberta, and setting our children on the right path as life-long learners. According to reports from the Organization for Economic Cooperation and Development (OECD), countries that support integrated universal childcare policies have the potential for economic prosperity and better work-life balance for parents. In countries with both high levels of participation in early childhood education and care, and greater intensity of care (i.e. hours per week in care), women are

more likely to work full time.¹³ The more children in childcare for greater hours, then the more likely moms (and dads) can work full time.¹⁴

In addition, many studies highlight that publicly-funded universal childcare is generally better quality than market based for-profit childcare services. The working conditions and training of early childhood educators is generally understood to be better quality in publically funded systems of care.¹⁵ Alberta has one of the most robust economies in Canada; we have unique family demographics with many young workers and young families, and our province would be the ideal jurisdiction for a universal childcare system, benefiting women, children, and all workers alike.

ALBERTA'S GROWING FAMILIES

Improving the quality, accessibility, and affordability of Canada's childcare system is important for growing families, increasing women's participation in the workforce, stimulating economic growth, and reducing poverty. The employment rate among women rose dramatically in the last four

¹² Government of Alberta - Children's Services. (2018, June). Children's Services Annual Report 2017-18. Pp. 21

¹³ OECD. February 2018. How does access to early childhood services affect the participation of women in the labour market? Education Indicators in Focus #59. Paris: OECD Publishing. https://www.oecd-ilibrary.org/education/how-does-access-to-early-childhood-education-services-affect-the-participation-of-women-in-the-labour-market_232211ca-en

¹⁴ OECD. February 2018. How does access to early childhood services affect the participation of women in the labour market? Education Indicators in Focus #59. Paris: OECD Publishing. https://www.oecd-ilibrary.org/education/how-does-access-to-early-childhood-education-services-affect-the-participation-of-women-in-the-labour-market_232211ca-en

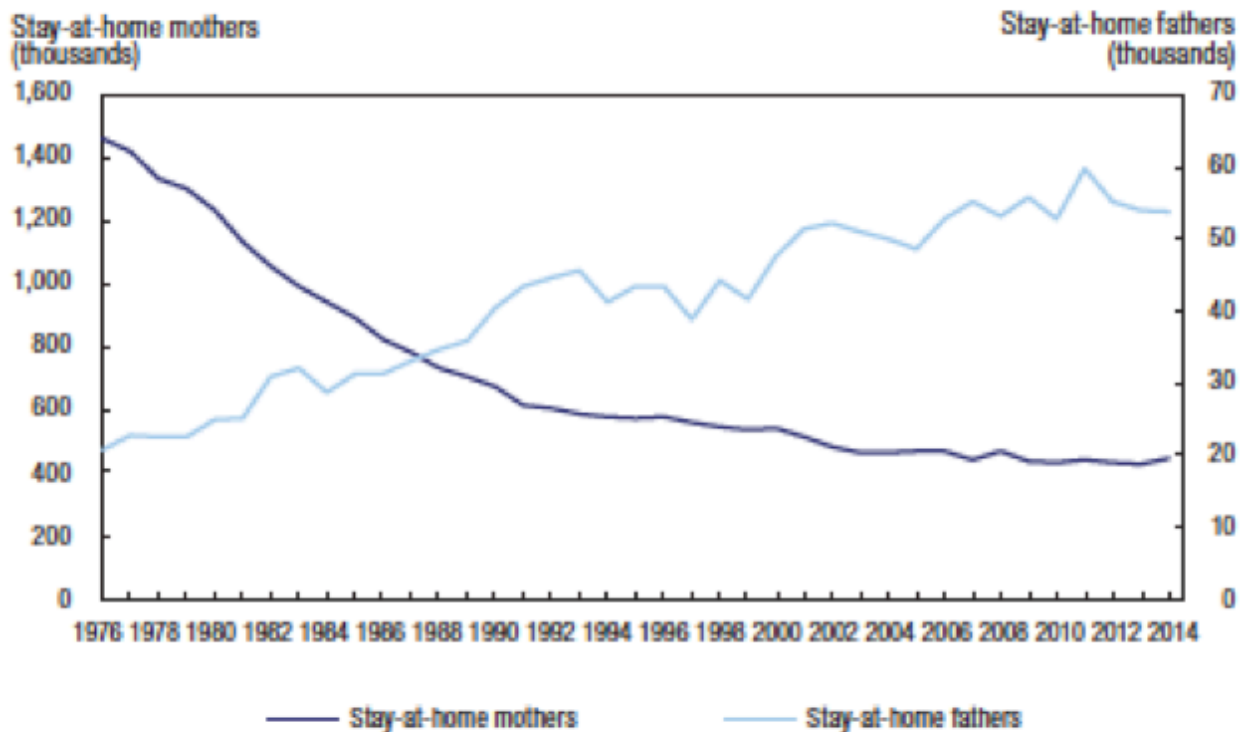
¹⁵ CRIAW. 2017. Policy Briefing Notes: Early Childhood Education and Workforce. https://www.criaw-icref.ca/images/userfiles/files/ECEWorkforce_Accessible.pdf

decades; this has changed working patterns of Canadian families with children.¹⁶ During this period, the proportion of double-earner families has almost doubled in Canada, and the proportion of single-earner families has decreased.¹⁷ This means most children have two working parents, and single earning families are less common in Canada. Mothers and fathers are increasingly in the workforce, as families are squeezed for time, finances, and support services.¹⁸

Over time the proportion of stay-at-home parents in Canada has declined, from 53% of families in

1976 to only 18% in 2014. Chart 8 shows how the number of stay-at-home parents has changed over time in Canada.¹⁹ However, Alberta has a higher proportion of stay-at-home parent families than any other Canadian province, and from 1976 to 2014 the proportion of dual-earner families increased the least in Alberta when compared to other provinces.²⁰ Quebec has the lowest childcare fees in Canada, so it not surprising that they have a lower proportion of stay-at-home parent families (13%) compared to Alberta that has the highest proportion of couple families with a stay-at-home parent (26%).²¹

CHART 8 - NUMBER OF STAY-AT-HOME MOTHERS AND FATHERS WITH AT LEAST ONE CHILD UNDER 16, 1976 - 2014



Source: Statistics Canada, Labour Force Survey, 1976 to 2014.

16 Uppal, S. (2015, June). Employment patterns of families with children. *Insights on Canadian Society*, pp. 1 - 12.

17 Uppal, S. (2015, June).

18 Anderson, L., Ballantyne, M., & Friendly, M. (2016). *Child care for all of us: Universal child care for Canadians by 2020*. Canadian Centre for Policy Alternatives. Ottawa: CCPA. See: <https://www.policyalternatives.ca/publications/reports/child-care-all-us>

19 Uppal, S. (2015, June), pp. 5

20 Uppal, S. (2015, June)

21 Uppal, S. (2015, June)

Alberta has a lot of young people, young workers, and babies. In 2016, Alberta remained Canada's youngest province, with a median age of 36.7 years, compared to the national median of 41.2 years.²² We continue to see an influx of migrants to our province. From 2011 to 2016, we gained 300,000 new residents—these were mostly young, working adults from both international and interprovincial sources.²³ Between 2011 and 2016, Alberta had a higher growth rate of children under 5 years old than any other province. Albertans, on a per capita basis, have slightly more babies than other Canadians, and our province has a higher proportion of children than other provinces.²⁴

The average hourly wage of Alberta men is \$32.91, meaning men earn on average 26% more than women. Women in Alberta had a 61.4% employment rate, Alberta men had 71% employment rate. Alberta has among the highest levels of post-secondary completion rates. In 2017, 52.9% of Alberta women held university degrees compared to 47.1% men.²⁵ Overall, women in Alberta earn decent wages when compared nationally, however when compared internally within the province our women fall far behind our men in the labour market, even though Alberta women are among the most educated in the country.

In response to the recent economic downturn the Ministry of Children's Services responded by "implementing new programs and policies that made life more affordable – like our \$25-a-day daycare pilots, our Alberta Child Benefit, and our Alberta Family Employment Tax Credit".²⁶ After taking office the Notley government introduced an affordable childcare pilot project and increased the provincial childcare budget by 27%. Though this is a substantial increase, the international benchmark

for public spending on early childhood education and childcare is between 0.8% - 1% of GDP (well above what is currently being publicly spent on childcare in Alberta).

A CASE FOR UNIVERSAL CHILDCARE

Most Canadian families cannot access affordable quality childcare.²⁷ Childcare professionals in Canada also tend to be women who are underpaid and do not receive the same level of training when compared to their counterparts in other OECD countries.²⁸

Although a national childcare and early learning framework is key for all Canadians, Quebec has already introduced accessible affordable early childhood development through their \$7-per-day childcare. Albertans can follow suit by establishing our own affordable childcare where we begin with \$25-per-day childcare. In 2018, British Columbia introduced \$10-per-day childcare pilot project²⁹ and has committed to investing \$1 billion over the next three years to improve the accessibility and affordability of childcare.³⁰ BC's 18-month pilot project will offer affordable childcare to 1,800 children at \$200 a month in fees for parents.³¹

A recent study on childcare fees highlights that preschool fees cost \$1,015 per month in Calgary, and \$835 per month in Edmonton. Childcare fees in Alberta are still among the highest in Canada.³² In comparison, preschool fees fall into a more manageable range of \$175 to \$190 per month in Quebec cities.³³ Since the \$25-per-day Alberta Pilot Project has been implemented, research published by the Canadian Centre for Policy Alternatives

22 Alberta Treasury Board and Finance. (2017, May 19). 2016 *Census of Canada - Age and Sex Release*. Retrieved November 1, 2017, from <https://open.alberta.ca/publications/2016-census-of-canada-age-and-sex-release>

23 Alberta Treasury Board and Finance. (2017, May 19).

24 Alberta Treasury Board and Finance. (2017, May 19). Alberta's total fertility rate is 1.8 children per woman of childbearing age, while the rest of Canada is 1.6. Between 2011 and 2016, the number of children in our province increased by 95,000 (13.8% growth), which is the highest growth rate of children in Canada. In 2016, about 2.8 million Albertans are working age (15 to 64 years) comprising 68.5% of the total population, the highest share among the provinces.

25 Government of Alberta. (2018, February). 2017 Alberta labour force profile: women.

<https://open.alberta.ca/dataset/7bb5845d-5b9f-4026-ad6f-15b1f1be735a/resource/4ada2508-e6e0-4528-bf2c-ce754acbadcd/download/labour-profile-women.pdf>

26 Government of Alberta – Children's Services. (2018, June). Children's Services Annual Report 2017-18. Pp. 4

27 Anderson, L., Ballantyne, M., & Friendly, M. (2016). Pp. 4

28 Anderson, L., Ballantyne, M., & Friendly, M. (2016).

29 Government of British Columbia: <https://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children>

30 For more information go to: <https://www.10aday.ca/>

31 See: <https://www.cbc.ca/news/canada/british-columbia/10-day-daycare-launches-in-bc-1.4892728>

32 Macdonald, D., & Friendly, M. (2019, February). Developmental Milestones: Child Care Fees in Canada's Big Cities 2018. <https://www.policyalternatives.ca/publications/reports/developmental-milestones>

33 Macdonald, D., & Friendly, M. (2019, February).

(CCPA) has noted a 6% decrease in childcare fees between 2017 and 2018 in Edmonton; this decrease is directly attributed to the Notley pilot project.³⁴ That being said, childcare fees have been on the rise for some time. The CCPA notes between 2014 and 2018, median preschool fees have increased

by 9.8% in Calgary and 11.9% in Edmonton, rates that far exceed the rate of inflation during the same period (which was 6.8% in this period). Table 6 shows the monthly fees in different Alberta and Canadian cities.³⁵

TABLE 6 - MEDIAN CHILDCARE MONTHLY FEES (MACDONALD, D., & FRIENDLY, M. 2019)

	INFANT	TODDLER	PRE-SCHOOLER
Edmonton	\$975	\$875	\$835
Calgary	\$1,100	\$1,030	\$1,015
Alberta Pilot Project \$25 per day	\$500	\$500	\$500
Montreal (lowest fees)	\$175	\$175	\$175
Toronto (highest fees)	\$1,685	\$1,367	\$1,150

A 2018 report published by the CCPA maps out a complete list of licensed childcare spaces across Canada against the number of children in a given postal code. This identified several childcare deserts, where a community is without adequate access to childcare, irrespective of fees. The study found 44% of all non-school aged children in Canada live in childcare deserts. For example, Calgary has a coverage rate of only 37%. “Calgary’s 78,385 children who haven’t turned five share the city’s 28,851 licensed childcare spaces for non-school-aged children. Over half of Calgary’s children live in a postal code with more than three children competing for every one space, i.e. they live in the city’s childcare desert.”³⁶

The Alberta Child Care Survey 2016 conducted by Public Interest Alberta pointed to the sad state of childcare in this province,³⁷ noting that costs are high, even for many families receiving government childcare subsidies.³⁸ Low-income families in nearly half (44%) of the facilities surveyed are paying over

\$300 per month over and above their subsidy for childcare. Access to childcare is especially insufficient for care of infants and children with special needs. For example, 40% of operators surveyed in Alberta do not offer care to infants.³⁹

The current childcare system in Alberta is a market-based care system, which means parents end up paying higher fees but receive lower quality care and a patchwork of care, where accessibility, universality and affordability are not priorities. For example, the Alberta survey discussed above found a majority of childcare workers employed by non-profit operators (52%) were trained to the highest level (child development supervisor), while just 40% of those employed by for-profit operators were trained to the same level.⁴⁰

A key advantage of universal childcare is that it benefits all children - rich, poor and in between.

34 Macdonald, D., & Friendly, M. (2019, February). Pp.18.

35 The Alberta pilot project is discussed below.

36 Macdonald, David. (2018). Child Care Deserts In Canada. Retrieved November 13, 2018. <https://www.policyalternatives.ca/publications/reports/child-care-deserts-canada>

37 Public Interest Alberta. (2016). *Alberta Child Care Survey 2016*. Edmonton: PIA.

38 For more information on the Government of Alberta’s Child Care Programs go to: <http://www.humanservices.alberta.ca/family-community/child-care.html>

39 Public Interest Alberta. (2016).

40 Public Interest Alberta. (2016).

UNIVERSAL CHILDCARE CAN IMPROVE WOMEN'S ECONOMIC SECURITY

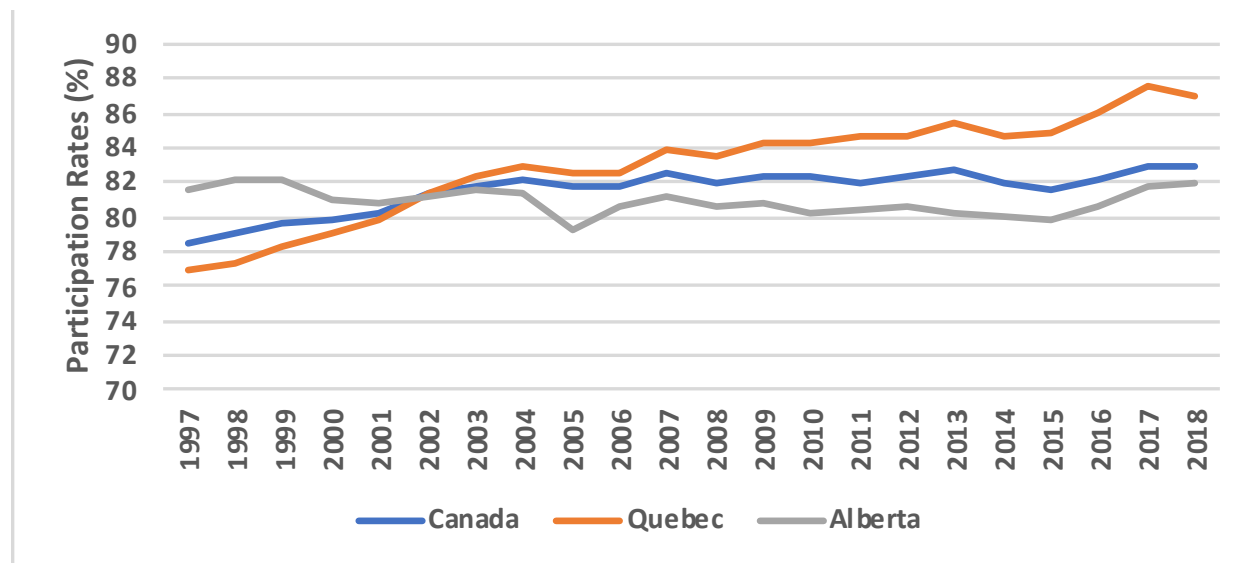
Alberta women have the largest gender pay gap in Canada, where full-time working women are making \$31,000 less than male colleagues per year.⁴¹ Add that to the high childcare fees and lack of accessibility to quality childcare, and Alberta working women have it pretty hard.

Fortin, Godbout, and St-Cerny estimated that, in 2008, Quebec's universal low-fee childcare system increased women's employment in the province by 3.8%. They calculated that Quebec's Gross Domestic Product (GDP) was 1.7% higher as a result and that the program more than pays for itself by increasing women's employment.⁴² It is argued that there are two main impacts of Quebec's low-fee childcare program on government's budgets: the program increases tax revenues and reductions in family transfers (e.g., social assistance, Quebec work premium, Quebec child assistance, federal child tax benefit, federal working income tax benefit,

etc.).⁴³ After the universal childcare system was introduced, the labour force participation of women in Quebec increased substantially. Between 1997 and 2016, the labour force participation rate of mothers (aged 25 - 44) with young children rose from 76% to 85% in Quebec (while rising from 78% to 80% in the rest of Canada).⁴⁴ Employment income for Quebec mothers has greatly increased, adding \$3 billion annually to women's income in the province.⁴⁵

Chart 9 compares labour force participation rates for women over time in Canada, Quebec, and Alberta. The rate increased most quickly in Quebec, moving from 77% to 86.9% for women aged 25 - 44 years from 1997 to 2018. In Alberta, it increased from 81.6% to a mere 81.9%. Labour market participation rates for Alberta women have remained stagnant over the past two decades for women of childbearing age.

CHART 9 - LABOUR FORCE PARTICIPATION RATE: WOMEN 25-44 YEARS OLD



Statistics Canada Table: 14-10-0018-01 (formerly CANSIM 282-0002) Retrieved January 11, 2018

41 Lahey, K. A. (2016). *Equal Worth: Designing Effective Pay Equity Laws for Alberta*. Edmonton: Parkland Institute. See: http://www.parklandinstitute.ca/equal_worth

42 Fortin, P., Godbout, L., & St-Cerny, S. (2012). *Impact of Quebec's Universal Low Fee Childcare Program on Female Labour Force Participation, Domestic Income, and Government Budgets*. University of Sherbrooke. Sherbrooke: Research Chair in Taxation and Public Finance.

43 Fortin, P., Godbout, L., & St-Cerny, S. (2012).

44 Fortin, P. (2017). *What have been the Effects of Quebec's Universal Childcare System on Women's Economic Security*. Université du Québec à Montréal, Economics. Ottawa: Brief Submitted to the Standing Committee on the Status of Women of the House of Commons. See: <http://www.ourcommons.ca/content/Committee/421/FEWO/Brief/BR8806290/br-external/FortinPierre-e.pdf>

45 Fortin, P. (2017).

UNIVERSAL CHILDCARE AND A TOTAL EXPANSION OF THE NDP CHILDCARE PILOT PROJECT

The Notley government campaigned on introducing \$25 per day childcare. Although the childcare budget has seen a modest increase in recent years, this is still not enough to fund universal childcare in the province. A commitment was made in the 2015 Budget to increase childcare funding by \$75 million in 2015-2016 and \$100 million in 2017-2018. And in November 2016, the government announced a \$10 million pilot project, which would allow for \$25 per day childcare fees at a few select centres for about 1,000 spaces.

In December 2017, the Notley government announced an expansion of the pilot project. An additional 78 early learning and childcare centres were soon added to the original 22 pilot sites,⁴⁶ creating an additional 4,500 spaces.⁴⁷ Among the first 100 pilot sites⁴⁸ there were 5,800 childcare spaces created across the province. This expansion was possible because of a multilateral agreement signed by federal, provincial, and territorial partners to support affordable childcare initiatives.⁴⁹ Under the agreement, the province will receive nearly \$46 million per year from the federal government for three years that will cover the cost of the expansion.⁵⁰ As of April 2018, there were 122 pilot centres, resulting in 7,276 spaces at \$25 per day.⁵¹

Under the pilot project, the Early Learning and Child Care Centres focus on five approaches: space creation, affordability (at \$25 per day), quality, improvements to address gaps in the current system, and program evaluation.⁵² Under this pilot project, parents can be offered flexible childcare for those that work shifts outside of typical hours (7am

to 6pm) or work part time hours. Some of the pilot project sites offer cultural diversity and learning for children from diverse ethnic backgrounds, some sites offer parenting resources and supports, and all sites collaborate to support vulnerable families (i.e. low income, lone parents, teen parents).

The Notley government made childcare a priority. Between Budget 2015-16 and 2018-19, the NDP increased the Child Care funding from \$286.7 million⁵³ to \$392.7 million,⁵⁴ an increase of about 27%. As of March 2018, there were 124,824 licensed and approved childcare spaces across Alberta – an increase of more than 8,110 spaces from March 2017.⁵⁵ The Notley government recognized that “affordable, accessible, quality childcare supports job creation, economic growth, poverty reduction, women’s equality, and positive outcomes for Alberta’s children”.⁵⁶ This was an excellent start, but Albertans deserve an integrated universal childcare system.

According to the CCPA, the “international benchmark for public spending on early childhood education and childcare is at least 1% of GDP for children aged 0-5; at an estimated 0.5% annually, Canada spends considerably less than this minimum benchmark”.⁵⁷ Alberta should consider implementing the international benchmark to improve the accessibility and availability of childcare.

Last year, the AAB suggested a budget increase to \$1.1 billion for the pilot project to be expanded to subsidize all the current 117,000 spaces, based on the proportional divide of the Alberta childcare budget where 65% goes towards subsidies and 35% goes towards program delivery. This year, the AAB is suggesting that the budget be increased to 0.5% of Alberta’s GDP, so childcare spaces would

46 Government of Alberta - Human Services. (2016, November). *Early Learning and Child Care Centres Fact Sheet*. Retrieved November 2017, from <http://www.humanservices.alberta.ca/documents/ELCC-fact-sheet.pdf>

47 The Canadian Press. (2017, December 19). Alberta government expands \$25 a day child care to 78 more centres. Calgary, Alberta, Canada. See: <https://www.ctvnews.ca/canada/alberta-government-expands-25-a-day-child-care-to-78-more-centres-1.3728034>

48 The Canadian Press. (2017, December 19).

49 Government of Alberta - Child Services. (2017, December). *Expanding Alberta's Early Learning and Child Care (ELCC) Centres Fact Sheet*. Retrieved December 2017, from <https://www.alberta.ca/assets/documents/elcc-fact-sheet.pdf>

50 Government of Alberta - Child Services. (2017, December).

51 Government of Alberta – Child Services. (2018, April). ELCC Centres by the numbers. <https://open.alberta.ca/dataset/79d4a4f2-e4a1-436d-84b6-86e8eaa6eca2/resource/3294f2b3-4aae-4945-b959-375257756357/download/elcc-centres-by-the-numbers-april-2018.pdf>

52 Government of Alberta - Human Services. (2016, November).

53 Government of Alberta. March 16, 2017. 2017-18 Government Estimates. Page 56 Child Care Estimates. <https://open.alberta.ca/dataset/e7a236ed-860c-44fc-9a59-37b39e4701a4/resource/878cec7d-3037-4eba-8ca7-1d0a2f95f9d2/download/2017-18-Government-Estimates-Complete.pdf>

54 Government of Alberta. March 22, 2018. 2018-19 Government Estimate. Page 56 Child Care Estimates. <https://open.alberta.ca/dataset/e7a236ed-860c-44fc-9a59-37b39e4701a4/resource/67682d0b-0925-4fda-9595-65b4ee81147f/download/2018-19-government-estimates.pdf>

55 Government of Alberta – Children’s Services. (2018, June). Children’s Services Annual Report 2017-18.

56 Government of Alberta – Children’s Services. (2018, June). Page 21.

57 CCPA. (2018, September). Alternative Federal Budget 2019: No time to lose. Pp. 35. <https://www.policyalternatives.ca/afb2019>

be expanded across the province to prevent childcare deserts, and to eventually implement publicly-funded, publicly-managed accredited daycares throughout the province. In 2017, our province had 79,4484 children aged 0-14, with 277,015 aged 0-4 years old,⁵⁸ which is a sizeable population of children requiring early learning and childcare for babies to preschoolers, as well as out-

of-school care for those up to the age of 12. Over time, the market-based model of childcare should be eliminated to improve the quality of care and working conditions of childcare educators. Any work done to lift up early childhood educators is ultimately linked to a societal recognition of the true economic value of the labour traditionally done for free in homes by women and family caregivers.

AAB ACTIONS

ACTION: Begin implementing a universal childcare program throughout the province at the cost of \$1.65 billion annually in 2019-20 (representing of 0.5% of provincial GDP).⁵⁹ This will cover the cost of subsidizing all the current 117,000 regulated childcare spaces, while at the same time making room for another 54,295 children currently waiting to get into regulated spaces. The long-term goal will be to increase provincial childcare spending to 0.8% of GDP over the next five years.

RESULT: Affordable, accessible, universal, better quality childcare will be available to more families. The number of accredited daycares will increase, and more flexible hours will be introduced to meet the needs of parents that work non-typical schedules, and increase culturally relevant services to Indigenous and minority communities. Childcare workers will have access to greater professional development, more spaces will become accredited, and the overall quality, accessibility and availability of childcare in this province will be improved. Universal childcare in Alberta will encourage more women to enter the labour force, and in doing so the program will pay for itself.

58 Statistics Canada. Table: 17-10-0005-01 (CANSIM 051-0001). Population by age and sex: Alberta. Accessed January 16, 2019.

59 According to the last fiscal update, Alberta's Real GDP is 330,949 millions of dollars and Nominal GDP is 365,416 millions of dollars. Government of Alberta. 2018-2019 Second Quarter Fiscal Update and Economic Statement. <https://open.alberta.ca/dataset/9c81a5a7-cdf1-49ad-a923-d1ecb42944e4/resource/f6368ec8-18a4-4e54-b6da-6785f335dc99/download/2018-19-2nd-quarter-report-fiscal-update.pdf>

GENDER EQUALITY

HIGH STAKES:

- Despite recent gains, women in Alberta face the largest employment gender gap of any province and make up more than two-thirds of part-time workers.
- Women are overrepresented in lower-paying careers and earn only 63% of what men earn (the gap is even wider for racialized and Indigenous women). Even their hourly pay for full-time work is only 80 cents on a man's dollar.
- Women are doing twice as much unpaid work as men.
- Alberta lacks pay equity legislation.
- Women make up a large proportion of victims of sexual assault and harassment.

CLEAR CHOICES:

- Increase the annual budget of Alberta's Ministry of Status of Women by 30%, to \$9.6 million.⁶⁰
- Support the creation of a pay equity task force to investigate the reasons and propose solutions for large gender pay gaps across industries and occupations in Alberta (at a cost of \$750,000).

ROLE OF PROVINCIAL GOVERNMENT

Alberta's Ministry of Status of Women (SoW) was established in 2015 and leads the provincial government's work to advance gender equality in Alberta. The Government of Alberta (GoA) divides the efforts of SoW into two outcomes. One focuses on government capacity to pass laws and implement policies and programs that promote gender equality. The other focuses on improving the position of women in relation to three key areas: economic security; leadership and democratic participation; and gender-based violence. The SoW also leads a cross-ministry GoA response to sexual violence, while the Ministry of Community and Social Services (CSS) provides the funding for preventing and

addressing family violence by supporting women's shelters and collaborating with communities and other ministries to address root causes and promote healthy relationships.⁶¹

The SoW Ministry's budget for 2017-18 was \$7.4 million, comprising just 0.01% of the GoA's total budget. More than one-tenth of the SoW budget is allocated for activities of community organizations that improve the lives of women and girls.⁶² All provincial ministries have formally committed to working towards gender equality in their 2018-21 Business Plans.

BACKGROUND

Despite recent gains,⁶³ women in Alberta face the highest labour force participation and employment

gender gaps of any province. They also make up more than two-thirds of all part-time employees.⁶⁴

60 Following the election of a new provincial government, the Ministry has become a part of the Ministry of Culture, Multiculturalism, and Status of Women. The new Ministry's responsibilities pertaining to the status of women were not available at the time of the release of this publication. The recommendation applies to the budget allocated to meet Ministry of Status of Women responsibilities as known at the time of writing.

61 Government of Alberta (2018). *2018-21 Community and Social Services Business Plan*. Retrieved from the Government of Alberta website: <https://open.alberta.ca/dataset/91c57caa-6878-4a31-9747-4e8f6a82d5aa/resource/1477e346-9a17-45f7-9770-0915735abd40/download/community-and-social-services.pdf>.

62 Government of Alberta (2018). *Status of Women Annual Report 2017-18*. Retrieved from the Government of Alberta website: <https://open.alberta.ca/publications/2371-2902>

63 Tombe, T. (2019). "Women led Alberta's economic recovery in 2018." [Opinion piece]. Retrieved from CBC News website: <https://www.cbc.ca/news/canada/calgary/women-led-alberta-s-economic-recovery-in-2018-1.4988174>

64 In the 25-54 (prime working age) group, the employment gap is 10.3 points, 78.3% to men's 88.6%. The gap has decreased since 2014, when it was 13 points. Source: Statistics Canada, table: 14-10-0018-01 (formerly CANSIM 282-0002). Retrieved from: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410001801>.

When women work, they earn on average only 63% of what men earn.⁶⁵ Even when considering their hourly pay (to account for fewer hours worked) they earn 80 cents on a male counterpart's dollar. The wage discrepancy is even greater for racialized and Indigenous women.⁶⁶ This is all despite Albertan women attaining higher levels of education than men.⁶⁷

Factors that contribute to these gaps include: unequal distribution of unpaid work; occupational segregation and overrepresentation in lower-paying and more precarious occupations (often those associated with their traditional gender role⁶⁸); gender-based barriers to many fields of work, and underrepresentation in leadership positions.⁶⁹ Women are doing twice as much unpaid work as men, including child care.⁷⁰

Compounding these factors is Alberta's economic reliance on the oil and gas sector, an industry where women face very high wage gaps⁷¹ and which employs "large numbers of highly paid executives, managers, technical employees, and skilled labourers – all occupations in which women are markedly under-represented."⁷² The other side of the male-dominated oil industry has been the overrepresentation of women and racialized workers in unpaid work and paid service, retail and

care work in the oil sands region, and the economy at large. This undervalued and more precarious work supports the resource industry, making the higher-paying jobs possible.⁷³ Further, existing efforts to diversify Alberta's economy away from oil and gas mostly focus on investment in sectors currently dominated by men;⁷⁴ they do not explicitly address the need to make diversification more inclusive and ensure equal access to educational, training and employment opportunities in the emerging sectors to women.

Alberta is one of only a few provinces without separate pay equity legislation. Alberta's human rights legislation requires only that employers pay men and women equally "for the same or substantially similar work."⁷⁵ Pay equity legislation guarantees equal pay for work of equal *value*, tackling the undervaluing of women-dominated and traditional gender role-associated occupations. It can ensure that women and men who are performing jobs of equal value receive equal wages, even if their jobs are different.⁷⁶ The positive effects of pay equity on worker productivity have been demonstrated in various studies and expert panels.⁷⁷

Women make up more than half of all victims of violent crime in Alberta, but a much larger

65 Canadian Income Survey, Statistics Canada. Table 2016-0052. "Income of individuals by age group, sex and income source, Canada, provinces and selected census metropolitan areas, annual (number unless otherwise noted)." Retrieved from: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110023901&pickMembers%5B0%5D=1.12&pickMembers%5B1%5D=2.1&pickMembers%5B2%5D=3.3&pickMembers%5B3%5D=4.4>
66 Provincial data in Grant, T. (2017, March 6). "Who is Minding the Gap," Globe and Mail. <http://www.theglobeandmail.com/news/national/genderpaygapapersistentissueincanada/article34210790/> (based on the Statistics Canada calculation from Canadian Income Survey). McInturff, K. (2017, December 13). A Deficit Worth Worrying About: The Gendered And Racialized Wage Gap [Web blog post]. Retrieved from: <http://behindthenumbers.ca/2017/12/13/11924/>

67 Government of Alberta Treasury Board and Finance. Office of Statistics and Information. (2018). *Women in Alberta: Education*. Retrieved from Government of Alberta website: <https://open.alberta.ca/publications/women-in-alberta-education-2018#summary>

68 Moyser, M. (2017). Women and Paid Work. Retrieved from the Statistics Canada website: <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

69 Vincent, C. (2013) "Why Do Women Earn Less Than Men? A Synthesis of Findings from Canadian Microdata." CRDCN Synthesis Series, September 2013. Retrieved from: https://crdcn.org/sites/default/files/carole_vincent_synthesis_final_2.pdf. Moyser, M. (2017). *Women and Paid Work*. Retrieved from the Statistics Canada website: <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

70 Lahey, K. (2015). *The Alberta Disadvantage. Gender, Taxation, and Income Inequality*. Parkland Institute, p. 15. Retrieved from the Parkland Institute website: https://www.parklandinstitute.ca/the_alberta_disadvantage

71 Grant, T. (2017, March 6). "Who is Minding the Gap," Globe and Mail. <http://www.theglobeandmail.com/news/national/genderpaygapapersistentissueincanada/article34210790/>

72 Lahey, K. (2015). *The Alberta Disadvantage. Gender, Taxation, and Income Inequality*. Parkland Institute, p. 11. Retrieved from the Parkland Institute website: https://www.parklandinstitute.ca/the_alberta_disadvantage

73 Alook, A, Hill, N. & Hussey, I. (2017). "Seeking good jobs in the oil patch: How gender and race shape experiences of work in Alberta's extractive industries." *Monitor*, Vol. 24, No. 4. Retrieved from the CCPA website: <https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/10/CCPA%20Monitor%20Nov%20Dec%202017%20WEB.pdf>

74 Government of Alberta. (2018) Growing a diversified economy: Finding new opportunities, encouraging investment and getting our products to new markets. [Official web page.] Retrieved from: <https://www.alberta.ca/diversifying-economy.aspx#p8929s1>

75 *Alberta Human Rights Act*, Equal Pay 6(1). Retrieved from: <http://www.qp.alberta.ca/documents/Acts/A25P5.pdf>. An argument has been made that this is not Charter compliant, i.e. that "a provision requiring only equal pay for the same or substantially similar work has a discriminatory impact on women by failing to pay them equitably for the value of their work." Koshan, J. (2018) "The Supreme Court of Canada's Pay Equity Decisions: A Call to Action for Alberta?" [Blog]. Retrieved from ABLawg website: http://ablawg.ca/wp-content/uploads/2018/06/Blog_JK_Pay_Equity_June2018.pdf.

76 For an overview of pay equity legislation in various Canadian jurisdictions, see Ontario Pay Equity Office (2018). *An Overview of Pay Equity in Various Canadian Jurisdictions*. Retrieved from the website of the Ontario Pay Equity Commission: <http://www.payequity.gov.on.ca/en/DocsEN/2018-11-07%20An%20Overview%20of%20Pay%20Equity%20in%20Various%20Canadian%20Jurisdictions%20-%20ENG.pdf>

77 Lahey, K. (2016). *Equal Worth: Designing Effective Pay Equity Laws For Alberta*. Parkland Institute. Retrieved from Parkland Institute website: https://www.parklandinstitute.ca/equal_worth.

proportion of victims of sexual assault and harassment.⁷⁸ Indigenous women are three times more likely to report being victims of spousal violence than non-Indigenous women.⁷⁹ While factors influencing rates of gender-based violence are multiple, it is widely recognized that gender inequality in public and private life is an underlying cause of violence against women.⁸⁰ While GoA investment in addressing violence and supporting survivors has increased over the last several years, the Alberta Council of Women's Shelters still reports that, in 2018, demand for services by women and children fleeing violence is rising, requiring "urgent government investment."⁸¹

RECENT GENDER EQUALITY INITIATIVES

The GoA sees affordable child care as a key lever needed to promote women's full economic participation. Alberta signed a bilateral agreement with the federal government outlining the transfer of federal funds to support the province in expanding its Early Learning and Child Care Centres (ELCC) pilot program, under which affordable, high quality care has been offered to a limited number of families since 2016. (For AAB actions in this area, see the AAB chapter on Child Care.)

To promote women's leadership in the private sector, public service and on public boards, the SoW has worked with corporate actors to put in place policies that increase diversity among executives, supported women's advancement in public service, and adjusted the application process to improve diverse participation on public boards.⁸² It also implemented a variety of programs to encourage women's greater political participation.

To better address gender-based violence in the province, the GoA significantly increased funding for women's shelters in 2015 and increased the

coordination of efforts of government agencies and community partners to make women safe and survivors supported, allocating \$8.1 million in 2017-18 for sexual violence programs.

The GoA has taken additional actions that have benefited, or will benefit, women in the province in significant ways. These include:

- Maintaining existing levels of investment in key public services (keeping increases just below population growth and inflation) despite calls for cuts;
- A minimum wage increase to \$15/hour (the majority of those workers are women);
- Protection at work, such as additional leaves in the new employment standards legislation and stronger provisions on preventing workplace harassment in the Occupational Health and Safety Act;
- Better supports for low-income families (including single mothers) through the Alberta Child Benefit and Alberta Family Employment Credit;
- Capital funding for building new transitional homes for women fleeing domestic violence;
- A commitment of \$1.2 billion for an affordable housing strategy to build new social and non-profit units and update the current stock.

The quality of public services is directly linked to the quality of women's lives. GoA is Alberta's largest employer of women and public services have a predominantly female workforce. Recent employment data suggest that the GoA's commitment to maintaining investment in public services (just below inflation and population growth), as well as the nature of Alberta's economic recovery, have resulted in women's employment levels that are slightly higher than those before the recession.⁸³ However, the fact that even the current, by many accounts insufficient, level of public sector investment is dependent on an unstable revenue

78 Allen, M. & McCarthy, K. (2018). *Victims of police-reported violent crime in Canada: National, provincial and territorial fact sheets*, 2016. Retrieved from the Statistics Canada website: <https://www150.statcan.gc.ca/n1/pub/85-002-x/2018001/article/54960/s10-eng.htm>

79 Statistics Canada (2014). "Victimization of Aboriginal People in Canada." Retrieved from: <https://www150.statcan.gc.ca/n1/pub/85-002-x/2016001/article/14631-eng.htm>

80 Heise, L. & Kotsadam, A. (2015). "Cross-national and multilevel correlates of partner violence: an analysis of data from population-based surveys." *The Lancet*, Vol 3 Issue 6. Retrieved from: [https://www.thelancet.com/journals/langlo/article/PIIS2214-109X\(15\)00013-3/fulltext](https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(15)00013-3/fulltext)

81 Alberta Council of Women Shelters. (2018) 2018 Data Release: Facing the Facts of DV in Alberta. Retrieved from: <https://acws.ca/collaborate-document/3090/view>

82 Women's participation on public boards has increased from 32% in 2015 to more than 50% in 2018. Government of Alberta (2018), *Status of Women Annual Report 2017-18*. Retrieved from the Government of Alberta website: <https://open.alberta.ca/publications/2371-2902>

83 University of Calgary economist Trevor Tombe's own calculations from Statistics Canada data, in: Tombe, T. (2019). "Women led Alberta's economic recovery in 2018." [Opinion piece]. Retrieved from CBC News website: <https://www.cbc.ca/news/canada/calgary/women-led-alberta-s-economic-recovery-in-2018-1.4988174>

stream funding makes these gains for women vulnerable and the prospects for improving gender equality uncertain.⁸⁴

COST SAVINGS

There are many economic benefits to increasing and diversifying women's workforce participation. A 2017 McKinsey study estimates incremental GDP increases for Alberta at \$21.3 billion (from a combination of increases in women's participation,

hours worked and a change in the sectors where they work).⁸⁵ As women are much more likely than men to be at risk of poverty as lone parents – the rate is especially high for those with children under five⁸⁶ – improved access to the workforce and more equitable earnings can contribute to women's improved economic security and reduce the burden on provincial income support programs.⁸⁷ Reducing rates of relationship violence has also been demonstrated to lead to cost savings in the long run.⁸⁸

AAB ACTIONS

ACTION: Strengthen the GoA's commitment to advancing gender equality by increasing its SoW budget by 30%, to \$9.6 million.

RESULT: SoW can better ensure that: a) public policies developed across governmental departments (including in areas such as job training, income support, and delivery of key public services) are tailored to benefit women and other economically disadvantaged groups; and b) Ministry-led and community-based initiatives that advance gender equality, empower women and girls, and address violence against women and girls are better supported.

ACTION: Support the creation of a pay equity task force to investigate the reasons for, and propose solutions to, large gender pay gaps across industries and occupations in Alberta, with the view of introducing pay equity legislation and enforcement mechanisms that would contribute to closing the gender pay gap in the province.

RESULT: Women would be more fairly compensated for their work, including for their undervalued work in feminized occupations. Women's productivity will increase, as will the likelihood of women staying in the workforce, which in turn would further contribute to closing their employment gap. It would also add money to families' budgets and increase Alberta's GDP.

84 For more on how the current level of staffing in our major areas of public services, health care and education, is inadequate, for example, see: French, J. (2018, June 19). Showing our work: Why we wanted to report on Alberta class sizes and how we did it. Take a look behind the scenes to see how Postmedia gained access to class size information and the fees some school districts charged for the information. Retrieved from: <https://edmontonjournal.com/news/local-news/showing-our-work-why-we-wanted-to-report-on-alberta-class-sizes-and-how-we-did-it>; and Campanella, D. (2016). Losing Ground: Alberta's Residential Elder Care Crisis. Parkland Institute. Retrieved from: https://www.parklandinstitute.ca/losing_ground

85 McKinsey Global Institute. (2017). *The Power of Parity: Advancing Women's Equality in Canada*. Retrieved from the MGI website: <https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-canada>

86 Based on MBM data. Kneebone, R. & Wilkins, M. (2019). *Measuring and Responding to Income Poverty: Concepts and Possibilities*. School of Public Policy. Retrieved from School of Public Policy website: <https://www.policyschool.ca/publications/>

87 As has happened in Quebec. Fortin, P. (2017). *What Have Been the Effects of Quebec's Universal Childcare System on Women's Economic Security?* [Brief Submitted to the Standing Committee on the Status of Women (FEWO) of the House of Commons, Ottawa]. Retrieved from: <http://www.ourcommons.ca/content/Committee/421/FEWO/Brief/BR8806290/br-external/FortinPierre-e.pdf>

88 The federal government has estimated that the societal costs of relationship violence amount to more than \$7 billion. These costs can continue to be incurred through the legal and health-care systems as the ripple effects of violence play out over the years, even after a relationship has ended. Other types of violence are also costly to society and not just in terms of dollars, but in young lives diverted into criminal activity. From: <https://www.policyschool.ca/wp-content/uploads/2017/05/Fourth-R-Crooks-Zwicker-Wells-Hughes-Langlois-Emery.pdf>

HEALTH CARE

HIGH STAKES:

- 1 in 5 Alberta households has had someone unable to take prescribed medications because of cost.⁸⁹
- Costs of dental care keep patients from getting proper care,⁹⁰ with Alberta having the highest dental costs in Canada.⁹¹
- Despite growing recognition of the need for mental health care, costs remain a barrier.
- Alberta's population and consumer price index continues to grow - but health funding has not kept up.
- Alberta's health care workers are the bedrock of the care system, yet politicians appear to expect their wages to fall behind with freezes.

CLEAR CHOICES:

- Stop waiting for Ottawa and implement a universal prescription drug plan in Alberta.
- Take steps towards universal dental coverage by starting with youth 18 and under.
- Reduce cost barriers for mental healthcare by covering up to six therapy visits per year.
- Ensure health funding for 2019-20 increases to cover growth in population and inflation.
- Cover increases in health workers' wages to keep up with inflation.

ROLE OF PROVINCIAL GOVERNMENT

The Government of Alberta has the primary responsibility to deliver off-reserve health care services in Alberta through the Ministry of Health and its subsidiary, Alberta Health Services.

Some health services such as continuing care may be delivered through municipal governments, often with provincial funding.

The Federal Government has historically had a role in providing funding to the provinces for health care. When medicare was first established in Canada over 50 years ago,⁹² the original funding formula saw the federal government provide 50% of the funding and the provinces the other 50%. After decades of federal funding generally being cut (with occasional increases), the federal share was below 25% in 2017.⁹³ Standards for federal funding

are in theory enforced via the Canada Health Act, but monitoring and enforcement of the Act has been inadequate.

The private sector still plays a major role in the delivery of Canada and Alberta's health care system. Continuing care facilities, which include supportive living and long-term care centres, are 79% privately-delivered in Alberta with a large role for for-profit providers.⁹⁴ Walk-in clinics and family medicine clinics are often privately delivered. Diagnostic services such as MRIs are becoming more privatized, with expensive fees and implied promises of queue jumping becoming common.⁹⁵ Many Albertans pay out of pocket or via private insurance for a number of services from prescription drugs to dental care to mental health therapy.

89 Prescription drug access and affordability an issue for nearly a quarter of all Canadian households - Angus Reid, July 15, 2015 <http://angusreid.org/prescription-drugs-canada/>

90 Globe and Mail Sep 1, 2017 <https://www.theglobeandmail.com/opinion/the-exorbitant-cost-of-dentist-visits-in-alberta-cannot-be-brushed-off/article36153690/>

91 Government of Alberta <https://www.alberta.ca/dental-fees.aspx>

92 Government of Canada <https://www.canada.ca/en/health-canada/services/health-care-system/reports-publications/health-care-system/canada.html>

93 Canadian Health Coalition & Ontario Health Coalition, Oct 28, 2017 <https://www.canada.ca/en/health-canada/services/health-care-system/reports-publications/health-care-system/canada.html>

94 Losing Ground: Alberta's Residential Elder Care Crisis - Parkland Institute, Oct 25, 2016 https://www.parklandinstitute.ca/losing_ground

95 Blurred Lines: Private Membership Clinics and Public Health Care - Parkland Institute, Nov 28, 2017 https://www.parklandinstitute.ca/blurred_lines

Alberta's private health care delivery also includes not-for-profit providers, with a large presence of faith-based providers such as Covenant Health. This has raised concerns over access to abortion⁹⁶ and medical assistance in dying.⁹⁷ Indeed, the not-for-

profit sector can often mirror some of the problems present in the for-profit sector, including inequalities among staff and unnecessary duplication of administration.

BACKGROUND

Alberta's 2018-2019 budget has been described as "ho-hum."⁹⁸ With inflation projected to rise by 2.3% and population continuing to grow by 1.4%, the minimum funding to avoid an effective cut for the year would be 3.7%. Yet, the Ministry of Health's budget failed to meet that target, providing an increase of only 3.0%.

The budget choices made in 2018 therefore left insufficient room for the investments needed to cover gaps in Alberta's health care system, which still requires many medically necessary services to be paid for out of pocket or through private insurance.

Still, some important improvements were made through the year. Generic pre-exposure prophylaxis (PrEP) drugs are now provided universally for Albertans at high risk of HIV exposure.⁹⁹ Mental health and addictions services have seen improvements such as \$5 million for mental health treatment in schools¹⁰⁰ and the opening of Canada's first in-hospital supervised consumption site in Edmonton,¹⁰¹ in addition to Calgary's supervised consumption site becoming permanent in 2018. Further, new Emergency Medical Services funding means over 100 new EMS staff and 17 new ambulances are now serving patients in Alberta.¹⁰²

The government was also able to highlight innovation within the public system in April when it was reported that the wait list for non-urgent gastrointestinal patients had dropped from 2,742 to just 30 patients between January 2016 and February 2018.¹⁰³ Thanks to the success of this program,

similar initiatives are now underway in other medical specializations. A continued focus on public sector solutions will be needed to further reduce other wait lists in the system.

Canada is the only country in the world with a universal health system that does not have a national system for prescription drugs. With growing national interest, and the support of BC's new NDP government, momentum was moving in favour of finally adopting pharmacare. Prescription drugs were set to be a big focus of the Western Premiers Conference in May 2018. Disappointingly, then-Premier Notley instead used this conference to further her pipeline dispute with BC's Premier. then-Premier Notley refused to even attend, and was quoted saying that "Pharmacare doesn't grow on trees,"¹⁰⁴ seemingly withdrawing support for the program, and drawing an unnecessary connection between pharmacare and pipeline construction. Regardless of the outcome of Alberta's pipeline politics, patients' need for prescription medication will not diminish.

Later in 2018, Alberta's then-Health Minister, Sarah Hoffman apparently found a few pharmacare trees growing and endorsed a policy resolution at the October NDP convention to support a federal program to add prescription drugs, dental, and vision care to universal coverage.¹⁰⁵ That said, the resolution stopped short of committing to provincial leadership and forging ahead even if the federal government turns down the proposed improvements to the system. The election of

96 The Catholic Archdiocese of Edmonton, Aug 10, 2017 <https://caedm.ca/PastoralScene/entryid/571/catholic-doctors-wont-prescribe-abortion-drug-may-harm-women>

97 Covenant Health policy, Dec 3, 2018 <https://www.covenanthealth.ca/media/124082/medical-assistance-in-dying-vii-b-440-december-3-2018-final.pdf>

98 Parkland Institute, Mar 24, 2018 https://www.parklandinstitute.ca/albertas_ho_hum_budget

99 Global News, September 1, 2018 <https://globalnews.ca/news/4423237/alberta-hiv-prevention-drug/>

100 Global News, May 7, 2018 <https://globalnews.ca/news/4191619/alberta-school-mental-health/>

101 CBC, Mar 27, 2018 <https://www.cbc.ca/news/canada/edmonton/safe-consumption-royal-alex-opening-1.4595112>

102 CBC, Dec 7, 2018 <https://www.cbc.ca/news/canada/edmonton/alberta-paramedics-ambulances-frontline-care-1.4937053>

103 Ministry of Health news release, April 26, 2018 <https://www.alberta.ca/release.cfm?xID=5583818BE8809-D59B-045C-67C00327DF5018C0>

104 Twitter, @RachelNotley May 22, 2018 <https://twitter.com/rachelnotley/status/999108403006816256?lang=en>

105 The Star Edmonton, Oct 27, 2018 <https://www.thestar.com/edmonton/2018/10/27/ndp-fired-up-in-edmonton-passing-progressive-resolutions-ahead-of-spring-election.html>

Doug Ford's Progressive Conservative government in Ontario will likely add further challenges to realizing a national plan.

At the May 2018 United Conservative Party (UCP) convention, health care was also on the agenda. A noteworthy commitment to provide prescription medication coverage for home care patients was made, but talk of serious expansion of universal healthcare was missing. Instead, party delegates endorsed a resolution to support not only more publicly-subsidized private delivery, as well as more user fees. The delegates made their views clear, with one delegate from Innisfail saying to applause: "Let's bury the Canada Health Act!" and many convention delegates speaking favourably of two-tiered health care.¹⁰⁶ This was consistent with UCP statements on health care through the year; their MLAs spoke critically of NDP decisions to support public delivery of laboratory and laundry services.¹⁰⁷

While health care workers saw improvements in job security and other areas in their contract negotiations in 2018, Alberta's NDP government expressed that public sector workers should not expect wage increases for 2017 and 2018.¹⁰⁸ In the face of a still rising cost of living in Alberta, this means the effective value of front-line staff will fall behind. At the same time, the response from Alberta's political right was that the NDP had been too generous to the people who save our lives and keep us healthy.¹⁰⁹ The days of health care workers leaving the province after proposed cutbacks and rollbacks could easily return with a change in government.

COST SAVINGS

Alberta's health care system still has significant private funding and delivery, as well as inadequate coverage for medically-necessary services. The emphasis should be on investment to overcome these gaps rather than on "bending the cost curve."

Savings to the system would be likely if this Chapter's recommendations on new health programs are adopted. Cost barriers often mean care gets delayed until it becomes an emergency to be dealt with in Alberta's hospitals. Covering services such as mental health, prescribed medications, and dental care will keep many patients out of costlier hospital beds.

There are other areas to look for savings as well:

- Research suggests savings can be found by bringing fertility services such as in-vitro-fertilization (IVF) under public delivery and coverage.¹¹⁰
- Adopting consistent and enforceable informed consent practices for health services, such as hormone replacement therapy for trans patients,¹¹¹ would reduce the reliance on gatekeeping psychologist and endocrinologist referrals which delay needed patient care.¹¹²

106 Friends of Medicare, May 23, 2018 http://www.friendsofmedicare.org/setting_the_stage_for_2019

107 Tany Yao, Facebook, Nov 27, 2018 <https://www.facebook.com/TanyYaoAB/videos/801149056882927>

108 CBC, Nov 28, 2017 <https://www.cbc.ca/news/canada/edmonton/alberta-gdp-forecast-1.4423041>

109 Edmonton Sun, September 10, 2018 <https://edmontonsun.com/opinion/columnists/gunter-ndp-coddling-civil-servants-while-the-private-sector-bleeds>

110 Assisted Reproductive Technologies (ARTs) Final Report - University of Alberta, February, 2014 <https://open.alberta.ca/dataset/f635b529-8ab5-4f69-9895-4c357fbc167c/resource/5f401c83-e31f-4f63-8083-a84fe3dd65a2/download/AHTDP-Assisted-Reproductive-Technologies-2014.pdf>

111 Catherine White Holman Wellness Centre <http://www.cwhwc.com/about-us/informed-consent-faqs/>

112 Friends of Medicare, Sep 1, 2017 <http://www.friendsofmedicare.org/yycpride>

AAB ACTIONS

The AAB will commit to significant new and needed investments in Alberta's health care system through five actions totalling \$1.19 billion in new spending for 2019-2020.

ACTION: Adopt a provincial pharmacare plan that provides first dollar coverage – meaning no out of pocket or private insurance costs – for every Albertan with an evidence-informed formulary. New spending: \$406 million.

RESULT: Reduce economic barriers to medically-necessary care. Produce efficiencies through greater bulk purchasing. Greatly reduce private payment costs to individuals and employers.

ACTION: Adopt an Alberta Mental Health plan that covers every Albertan for up to six therapy sessions per year. New spending: \$379 million.

RESULT: Reduce economic barriers to medically-necessary care. Reduce cost and strain on related programs and systems such as acute mental health, justice, and social services. Reduce private payment costs for mental health to individuals and employers.

ACTION: Adopt an Alberta children's dental care program covering basic dental services for all Albertans 18 and under. New spending: \$64 million.

RESULT: Reduce economic barriers for children to access preventative and necessary care. Lay the foundation for good oral health in adults. Reduce private payment costs to individuals and employers.

ACTION: Protect health care budgets by funding increases that cover population growth and inflation adjustments for 2019-2020. New spending: \$68 million.

RESULT: Existing health services and programs will not fall behind on resources as the province grows and costs rise.

ACTION: Provide funding for health care workers' pay to keep pace with inflation increases from 2017 through to 2020. New spending: \$273 million.

RESULT: Valuable health care workers will not see a net reduction in pay as inflation continues to rise. Retention of quality staff will be made easier by respecting their value as workers.

K-12 EDUCATION

HIGH STAKES:

- In 2017-18, over 80% of Alberta's Kindergarten through Grade 3 classes exceeded the government's own class size targets.
- Also in 2017-18, almost half of the province's Grade 4 through Grade 12 classes exceeded the government's own class size targets.
- In high schools across the province, roughly half of all core subject classes exceed the Alberta Commission on Learning (ACOL) targets set in 2003.
- Since 2011, real, per-student expenditure (for K-12) has fallen by roughly 9%.
- Alberta's education system is more diverse and inclusive than other jurisdictions, with more classes which include significant numbers of English Language Learners and students with special needs.

CLEAR CHOICES:

- Fund enrolment growth for the additional 34,000 students expected in the next two school years.
- Reduce class sizes to ensure that the ACOL averages are met at all grade levels in all school jurisdictions.
- Hire more education assistants and paraprofessionals to ensure that students with special learning needs are included in classrooms with appropriate supports.
- Address equity of education opportunity by reducing the public funding of private schools, which are scarce public funds that other provinces with private schools do not provide.

ROLE OF PROVINCIAL GOVERNMENT

The Government of Alberta is the principal funder of K – 12 education in Alberta. While municipalities do collect education property taxes on behalf of the Government of Alberta (GoA), the provincial government pools these funds centrally and redistributes them – along with additional provincial funding – back to school boards as instructional and operational grants. The vast majority of these grants are per-pupil grants and the largest grant, by far, is the per pupil base instructional grant. There are a number of grants related to specific initiatives and demographic criteria, but school boards are largely left autonomous to decide how to allocate funding in their local areas. School authorities (including public boards, Catholic boards, francophone boards,

charter schools and private schools) are responsible for the administration of schooling in the province.

Jurisdictions in the public education system (public, separate and francophone boards) and charter schools are almost entirely funded by Alberta's Ministry of Education, although they may receive some revenue through school fees, locally-generated sources, and grants from other provincial departments or levels of government. Private schools receive 60 – 70% of the per-pupil instructional funding allocated to public jurisdictions and therefore make up additional revenue through tuition fees paid by parents.

BACKGROUND

Alberta has an excellent K-12 education system. As technology advances and the world becomes ever more connected, the educational demands on future graduates are expected to increase and a good education system will be needed to prepare students for the future. However, the success and sustainability of the system is in jeopardy unless the provincial government makes it a priority.

From 2011-12 to 2017-18, the student population in Alberta increased by over 16%. However, according to Alberta Education audited financial statements K – 12 instructional spending has not kept pace. In Table 7 below, the second column shows consolidated expenditure on K-12 education in Alberta over the years 2011-12 through 2018-18 (in current dollars). The next column adjusts for inflation and expresses those amounts in 2011 dollars. Finally, the last

column expresses real expenditure adjusted for student population growth. Overall, from 2011-12 to 2017-18, expenditure on K-12 instruction,

adjusted for inflation and population growth, has fallen by 8.7%.

TABLE 7

YEAR	K - 12 INSTRUCTION EXPENDITURES (BILLIONS)	ADJUSTED FOR INFLATION (BILLIONS)	ADJUSTED FOR INFLATION AND ENROLMENT GROWTH (BILLIONS)
2011-12	5.26	5.26	5.26
2012-13	5.4	5.35	5.2
2013-14	5.4	5.25	4.96
2014-15	5.61	5.39	4.95
2015-16	5.82	5.51	4.95
2016-17	6.01	5.61	4.94
2017-18	6.09	5.56	4.80

Sources: Statistics Canada, Audited Financial Statements, Government of Alberta, Student population data from Alberta Education

This is a large part of the reason that Alberta school boards have not met class size targets. To remedy this, Alberta Education needs to fund enrolment growth and inflation offsets. In 2019-20, according to Alberta’s 2018 budget, enrolment growth is projected at 2.5% and inflation is projected at 1.9%.

Last school year, 81% of K – 3 classes were larger than the ACOL guidelines and all but five school jurisdictions exceeded the targets. According to analysis done by the Edmonton Journal using Alberta government open data, the proportion of core classes with 40 or more students has grown by 600% since 2002.¹¹³

While Alberta’s classes remain large, they are also considerably diverse and complex. According to the Organization for Economic Cooperation and Development (OECD), Alberta schools are more than twice as likely as schools elsewhere to have a significant number of students with special needs and a significant number of English as a Second Language students. However, teachers often report that the resources for schools to adequately support these students aren’t adequately available.¹¹⁴

At the start of the 2017-18 fiscal year, Alberta school boards had amassed almost \$370 million in school-based reserves (operating and capital). This is money that should have been spent on students. A major reason for this is that school boards are reluctant to make investments in classrooms as they have faced very unpredictable program funding. Boards, understandably, are unwilling to commit to program spending when they are not sure if the funding will still be there in the future. The result is that boards receive funding that they choose not to commit to long-term program development – that money is not spent in the classroom where it belongs. To alleviate this system-wide problem, boards need to be able to count on stable and predictable funding going forward.

In 2017-18, approximately 20% of school board spending in Alberta was spent outside the classroom. While some of this is essential (for example, for student transportation, building maintenance, professional support services, etc.) a substantial portion is administrative spending. Some administrative expense is necessary and justified, but too much administrative spending—e.g., corporate communications, consulting

113 French, J. (2018, November 19). Crowded rooms: Class sizes surged in Alberta schools as spending remained untracked, new data shows. *Edmonton Journal*. Retrieved from <https://edmontonjournal.com/news/local-news/alberta-school-class-size-crowded-rooms-surged-as-spending-remained-untracked>

114 Alberta Education. (2014). *Teaching and Learning International Survey (TALIS) 2013: Alberta Report*. Retrieved from <https://open.alberta.ca/publications/9781460120392>

services, trustee and superintendent salaries and expenses—represents a diversion of funds that are intended for the classroom. In an attempt to encourage reductions in administrative spending, Alberta Education makes a deduction from school board operating grants based on a formula intended to cause boards to reduce administrative spending. This is not an effective way to address concerns about too much administrative spending and ultimately serves to reduce school board revenue, potentially diverting other funds from the classroom.

Alberta provides significant public funding for private schools at 70% of the per-pupil instructional grants provided to public schools. Alberta is the only province in Canada that provides this much funding to private schools (most provinces provide no funding, and those that do provide 50% funding or less). In 2017-18, this funding amounted to just over \$272 million. (Approximately \$78 million of

that went to private Early-Childhood operators and private special education schools – both of which are filling gaps given the lack of supports available in the public system.) Private schools often charge high rates of tuition and subsequently cater to a segregated population of families of higher means. An equitable allocation of public funds would allocate scarce public dollars to the students, schools and systems that require the most support, instead of providing subsidies for niche educational choices for those who can most afford it. Furthermore, private schools are not held to the same public governance, reporting and accountability requirements as schools governed by public school boards. Thus, approximately \$194 million spent in 2017-18 on funding for accredited private primary and secondary schools is not money well spent. This money could be better allocated to public schools to finance other recommendations in the Alberta Alternative Budget.

AAB ACTIONS

ACTION: Invest in school boards by funding enrolment growth of 2.5% for the 2019-20 school year and increase grant rates by 1.9% to reflect inflation. This amounts to an additional \$198.9 million over and above Budget 2018 allocations.

ACTION: Hire 2,100 teachers to achieve the ACOL class size targets. The cost of this is approximately \$191 million.

ACTION: Increase inclusive education funding by \$46 million and improve accountability requirements for boards to ensure that money allocated to inclusion support and class size reduction actually gets where it is intended.

ACTION: Reduce funding rates to private schools to 50% of the per-pupil grants provided to public boards. This will bring Alberta in line with the other four provinces that provide public funding to private schools. Savings of \$55 million

RESULT: School boards will be able to hire additional teaching and support staff to ensure that the additional students are supported.

RESULT: Class sizes will be more in line with the ACOL objectives and this will provide better learning environments for students.

RESULT: Students requiring additional learning supports will have greater access to the specialized supports they require for successful inclusion.

RESULT: Public funds will be used equitably to ensure that all students are able to access high quality educational opportunities regardless of their ability to pay.

LABOUR

HIGH STAKES:

- Alberta's minimum wage is not indexed to inflation, meaning 254,000 low-income earners' purchasing power declines each year.
- The minimum wage for Albertans under age 18 who are enrolled in school is \$2 per hour less than for all other workers.
- There are almost 6,000 reported cases of wage theft (i.e., unpaid wages) in Alberta each year.
- In 2017/18, only 41% of wage-theft complaints were resolved within 180 days.
- Only half of Alberta employers comply with even the most basic of Occupational Health and Safety requirements (i.e., identifying hazards and control strategies).
- 1 in 5 Alberta workers will be injured on the job this year, 1 in 11 seriously.

CLEAR CHOICES:

- Index Alberta's minimum wage to the Consumer Price Index so low-wage workers don't fall further behind economically.
- Reinstate a single minimum wage for all workers.
- Hire 350 additional occupational health and safety inspectors to reduce workplace injuries.
- Hire 75 additional employment standards officers to prevent and remedy wage theft.

ROLE OF PROVINCIAL GOVERNMENT

Alberta's Ministry of Labour regulates the employment of approximately 90% of Alberta workers. (The other 10% of employees work in federally regulated workplaces.) This work includes ensuring that employers meet workplace standards set by the provincial government.

In 2017/18, Alberta's Ministry of Labour spent approximately \$60.1 million ensuring employers

provided the minimum wage, paid workers the wages they were owed, and ensured workplaces were safe and healthy.¹¹⁵ Enforcement activity is primarily delivered by Employment Standards and Occupational Health and Safety officers, who respond to complaints that employers are violating these laws as well as conduct a small number of random workplace inspections.

BACKGROUND

Alberta's minimum wage rose to \$15.00 per hour in 2018 from \$10.20 per hour in 2015 (a 47% increase). Prior to the 2018 increase, approximately 254,000 Albertans (13.3% of the workforce) earned less than \$15 per hour. Of these workers, 75% were at least 20 years old, 63% were women, 37% were parents, 53% worked full time, and 75% had permanent jobs.¹¹⁶

The three-year, 47% increase in the minimum wage moved Alberta from having one of the lowest minimum wages to the highest among provinces, in part reflecting Alberta's high cost of living. Absent additional increases, however, inflation will again begin eroding the purchasing power of minimum-wage workers.

¹¹⁵ Alberta. (2018a). Labour annual report, 2017-18. Edmonton: Alberta Labour. <https://open.alberta.ca/dataset/2545eb86-75f5-4fc9-b211-176e1ef38ac4/resource/8bf764ff-f097-4bc6-bf48-31cd10ce4b48/download/labour-annual-report-2017-2018.pdf>

¹¹⁶ Alberta. (2018b). Alberta low-wage profile, April 2017 - March 2018. Edmonton: Alberta Labour. <https://open.alberta.ca/dataset/7399b2c8-865a-4c58-8e74-6e597615c448/resource/27eab4b8-5aee-4baa-9b18-065870c99c1a/download/alberta-low-wage-profile.pdf>

Indexing the minimum wage to a measure of inflation ensures minimum-wage workers can continue to afford to provide for themselves and their families. Prior to the 2015 election of the NDP government, Alberta indexed the minimum wage to the average of annual increases of the Average Weekly Earnings and the Consumer Price Index (CPI). Mirroring the annual increase in the CPI provides a simple and consistent method by which to adjust the minimum wage.

In 2019, the new UCP government reduced the minimum wage for workers under the age of 18 who are enrolled in school by \$2.00 per hour (-13%). This reduction was putatively designed to increase youth employment. There is no evidence linking lower youth wages with increased employment levels. The likely effect of this change will simply be lower income for youth.

Alberta has also enacted legislation and regulation to address recurring workplace issues. The *Employment Standards Code*, for example, requires employers to pay workers the wages they earned and provides a complaint mechanism in cases of wage theft. In 2017/18, Alberta recorded 4,679 employment standards complaints alleging 1,892 employers owe 4,103 workers \$19 million.¹¹⁷ Approximately \$3.2 million in unpaid wages were recovered during that period (down from \$4.6 million the previous year).¹¹⁸ It is generally accepted that formal wage-theft claims represent a small fraction of all instances of wage theft.

Nearly 1,700 complaints were backlogged due to a lack of staff and only 41% of complaints were resolved within 180 days (6 months), compared to 49% the previous year.¹¹⁹ Workplace employment standards inspections were also down appreciably. Limited staffing means employers face little risk of being caught stealing worker wages and wage recovery is limited. In July of 2018, Alberta's provincial government reported that it employed 75 Employment Standards Officers, an increase of 23 since the New Democrats took office in 2015.¹²⁰

While an additional 38 staff (mostly new officers) are expected to be hired in 2018/19, further staffing increases are required.¹²¹

Alberta's *Occupational Health and Safety Act* (along with its associated regulation and *Code*) requires employers to ensure workplaces are safe and healthy. Alberta employs approximately 140 Occupational Health and Safety (OHS) inspectors who inspected 11,752 workplaces in 2017/18 and undertook over 5,076 follow-up visits. Inspectors wrote almost 11,000 OHS compliance orders while prosecutors laid 26 charges for OHS violations in 2017/18.¹²²

While the numbers of inspections and orders have significantly increased over time, only about 4% of Alberta employers will receive an OHS inspection this year. This means employers face little chance of being caught violating the law. The most common sanction if they are caught is an order to simply comply with the law. Not surprisingly, a recent study suggests only half of Alberta employers comply with even the most basic of OHS requirements (i.e., identifying hazards and control strategies).¹²³ Additional funding would permit the Ministry to conduct additional compliance blitzes that target high-risk industries or employers with a history of non-compliance.

Non-compliance with OHS rules results in approximately 170,000 disabling injuries annually. Disabling injuries are injuries that mean a worker cannot go to work the next day or requires modified job duties. Overall, approximately 400,000 Albertans experience some sort of major or minor occupational injury or illness in each year.¹²⁴ Additional OHS inspectors and additional resources for prosecution will increase the risk of non-compliance for employers. This should, in turn, reduce the level of occupational injury in Alberta.

117 Kaufmann, B (2018, July 15). Amid provincial crackdown, number of unpaid wage complaints persist. *Calgary Herald*. <https://calgaryherald.com/news/local-news/amid-provincial-crackdown-numbers-of-unpaid-wage-complaints-persist>

118 Alberta (2018a).

119 Alberta (2018a).

120 Kaufmann (2018).

121 Alberta (2018a).

122 Alberta (2018a).

123 Barnetson, B. and Matsunaga-Turnbull, J. (2018). *Safer by design: How Alberta can improve workplace safety*. Edmonton: Parkland Institute and Alberta Workers' Health Centre. https://www.parklandinstitute.ca/safer_by_design

124 Barnetson and Matsunaga-Turnbull (2018).

COST SAVINGS:

A higher minimum wage and reduced wage theft could result in reduced costs to other parts of Alberta's social welfare system, as recipients might be less likely to require additional social supports (e.g., income assistance and other means-tested programs). Reduced workplace injuries would result in savings to Alberta's health care system.

AAB ACTIONS

ACTION: The AAB will legislatively index Alberta's minimum wage to the Consumer Price Index in order to protect the spending power of low-wage workers.

RESULT: Albertans earning the minimum wage will see their spending power stay even with inflation and be better able to provide for their families.

ACTION: The AAB will reinstate a single minimum wage for all Alberta workers in order to promote fairness.

RESULT: Albertans under the age of 18 who are enrolled in school will have the same minimum wage as all other Albertans.

ACTION: The AAB will invest an additional \$70 million in enforcement of Alberta's occupational health and safety laws in order to make workplaces safer.¹²⁵

RESULT: Alberta's Ministry of Labour will be better able to prevent and remedy workplace injury.

ACTION: The AAB will invest an additional \$11.25 million in enforcement of Alberta's employment standards laws to make workplaces fairer.¹²⁶

RESULT: Alberta Labour will be better able to prevent wage theft and recover stolen wages.

125 \$200k per OHS officer x 350 officers.

126 \$150k per ES officer x 75 officers.

POST-SECONDARY EDUCATION

HIGH STAKES:

- In Alberta, tuition fees as a share of university operating revenue have roughly tripled over the last 30 years.
- Over the next 10 years, 70% of jobs will require some kind of post-secondary education (PSE).
- Having a PSE qualification increases the likelihood that an individual will earn higher wages over their lifetime—this is particularly true for women and Indigenous people living in Alberta.
- In 2011, 47 percent of Indigenous people in Alberta had a PSE qualification, compared to 65 percent of non-Indigenous people,¹²⁷
- Alberta women have higher levels of post-secondary education than men, but make significantly less income.
- Since 2006, undergraduate tuition fees for domestic students in Alberta have decreased by 1.1% in real terms;¹²⁸ for international students, undergraduate tuition fees have increased by 28.6% in real terms;^{129,130}
- The Notley government froze tuition fees in 2015, and recently introduced legislation that would tie tuition fee increases to inflation.

CLEAR CHOICES

- Introduce a five-year phase out of tuition fees, starting with a 20% reduction in tuition fees for all post-secondary students, including international students.
- Increase the base Operating Grants (for the use of universities and colleges operating expenses) by 3 percent.
- Increase student aid by \$57.5 million in 2019-20 through non-repayable grants to help cover the costs of living while attending university and college

ROLE OF PROVINCIAL GOVERNMENT

Section 93 of Canada's Constitution stipulates that provinces have a responsibility for post-secondary institutions. Alberta's provincial government is therefore in charge of post-secondary system design, including tuition fee policies. Alberta's provincial government also funds a large share of financial

assistance to students in the province. Canada's federal government also provides important funding to post-secondary education—notably through transfers to provincial governments, some research funding, and some student financial assistance.

127 Statistics Canada. (2016). *Aboriginal peoples: Fact sheet for Alberta*. Retrieved from: <https://www150.statcan.gc.ca/n1/pub/89-656-x/89-656-x2016010-eng.htm>

128 This decrease is related in part or in whole to the introduction of a freeze on tuition rates for domestic students, and the tying of tuition fees to inflation by the Notley government.

129 Data used to calculate this includes the years 2006-2007 until 2018-2019. The data has been adjusted for inflation. The Bank of Canada *Inflation Calculator* was used to calculate inflation.

130 Statistics Canada. (2019) Table 37-10-0045-01. *Canadian and international tuition fees by level of study*. Retrieved from: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3710004501>

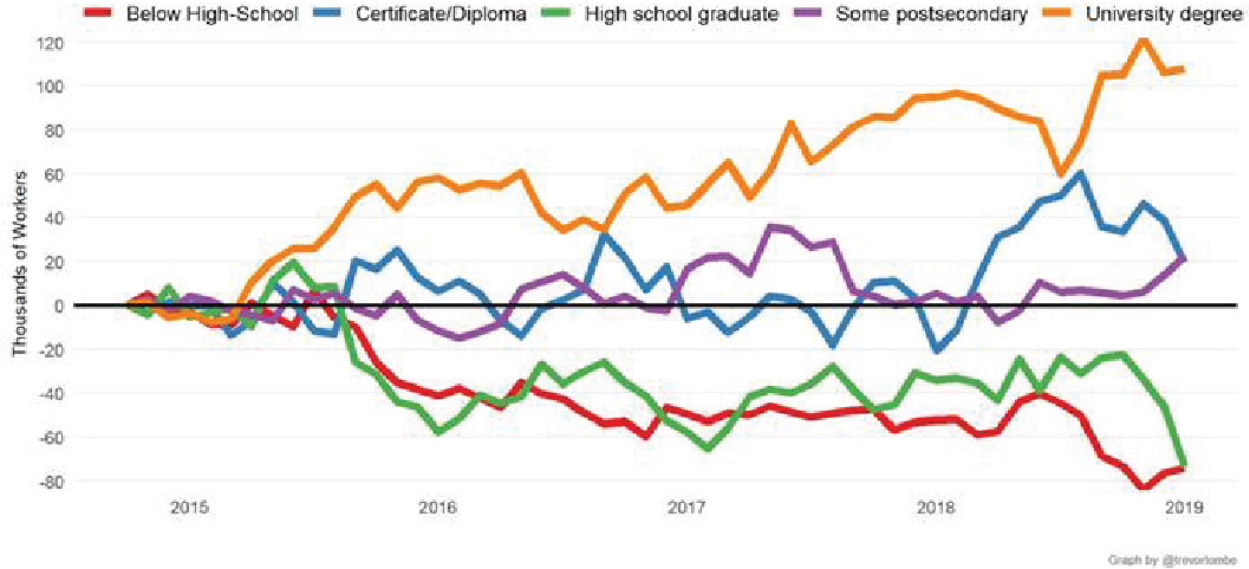
BACKGROUND

PSE in Alberta still remains inaccessible to some students due to high tuition fees. Albertans receive fewer PSE qualifications than people living in other jurisdictions, with only 37.8% of women and 27.1% of men between the ages of 25-34 receiving a qualification.¹³¹¹³² High tuition fees serve as especially large barriers for women, people from lower-income backgrounds, Indigenous students, new Canadians, and students with disabilities.

Albertans know that education, especially PSE, helps

ensure that all members of our community can obtain good jobs with fair wages. As we can see from Chart 10 below, since 2015 jobs have increased for Albertans with a university degree, some post-secondary education, and a certificate/diploma respectively. During the same period, the number of jobs for Albertans with just a high school diploma or without a high school diploma decreased. PSE qualifications clearly play an important role in an individual's employability in Alberta, particularly during and after a recession.

CHART 10 - EMPLOYMENT CHANGE IN ALBERTA SINCE OCT 2014, BY WORKER EDUCATION



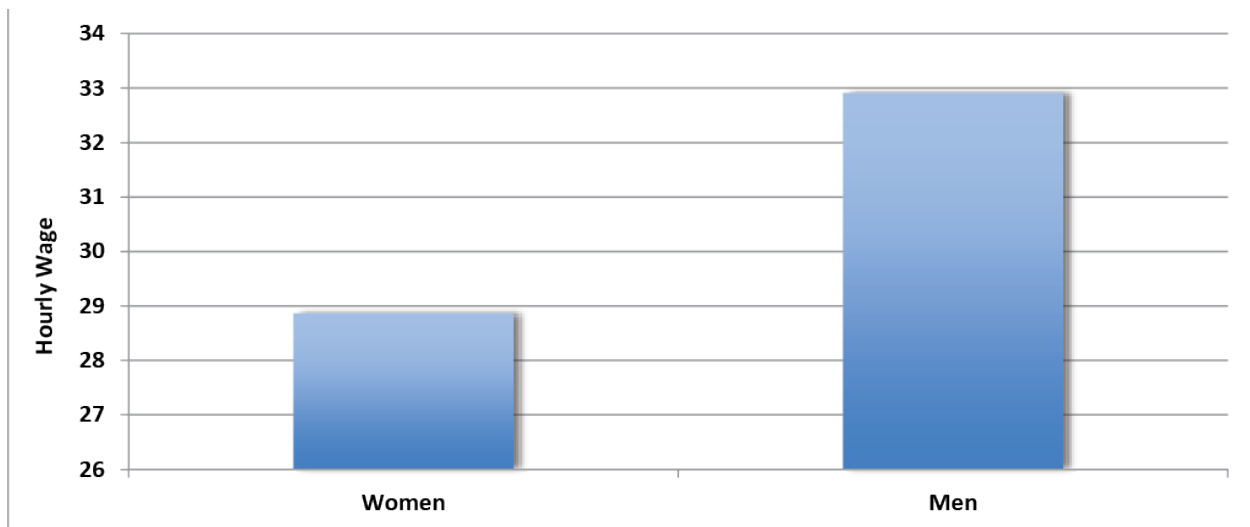
Source. Trevor Tombe calculations from Statistics Canada data table 14-10-0019.

When people have PSE qualifications they are also more likely to have higher wages. This is particularly important for Alberta women, who are achieving higher levels of education than their male

counterparts, yet they are still making significantly less (see Chart 11).¹³³¹³⁴

131 This number includes those who have received a university certificate, diploma, or a degree at the Bachelor's degree or higher.
 132 Statistics Canada. (2017). *Education Highlights Tables, 2016 Census*. Retrieved from: <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/edu-sco/Table.cfm?Lang=E&T=11&Geo=00&View=2&Age=2>
 133 Government of Alberta. (2018). *2017 Alberta labour force profiles: Women. Alberta's women's highlights*.
 134 It should also be noted that women in Alberta make roughly 6\$/hour less than men in Alberta, but also make roughly \$2 more than the average hourly wage for women across Canada. From the Government of Alberta (2018). *2017 Alberta labour force profiles: Women: Alberta women's highlights*.

CHART 11 - AVERAGE HOURLY WAGE IN 2017 IN ALBERTA



This figure was compiled with data from the Government of Alberta 2017 Alberta Labour Force Profiles: Women: Alberta women's highlights.

In Alberta's 2018-2019 Budget, the Government of Alberta (GOA) dedicated \$6.1 billion of funding to Advanced Education. This included funding for:

1. An increase to the operating grants for post-secondary institutions (PSIs);
2. Funding for a fourth year of tuition fee freezes;
3. Funding specifically for apprentice training;
4. Investment to support 3,000 new technology spaces over five years to develop a 'high tech' work force.¹³⁵

COST SAVINGS

For generations, post-secondary institutions (PSIs) have been viewed as sites of expenditure for governments, individuals and families. However, PSIs, their employees, and their students provide significant economic contributions to the local economy. For example, over \$40 billion in spending moves through colleges and universities throughout Canada each year. This creates approximately \$55 billion in economic activity, and roughly 700,000 direct and indirect jobs. Albertans can see the benefits of allocating provincial and federal investments to PSIs. For every dollar invested into PSIs, there is roughly \$1.36 of economic value added to communities.¹³⁶ In 2017-2018, PSIs in Alberta produced roughly \$129,440,000.¹³⁷

CURRENT ISSUES:

There are three major barriers to PSE being affordable, accessible, universal, and of high quality in Alberta. They are:

1. the cost of PSE to youth, including the impacts of the loan system on students, as well as high tuition fees;
2. the privatization of PSIs; and
3. the rise of precarious labour in PSIs.

These three issues will now each be discussed in turn.

1. THE COST OF POST-SECONDARY EDUCATION

Despite the need for PSE in an ever-advancing society, and despite the Notley government's freezing of tuition fees, Albertans still face high PSE costs. This has primarily taken the form of high tuition fees, and a reliance on student loan programs.

Despite the fact that the cost of tuition fees dropped

¹³⁵ Government of Alberta. (2018). *Budget highlights*. <https://www.alberta.ca/budget-highlights.aspx>

¹³⁶ Michael, Grant. (2014). The Economic Impact of Post-Secondary Education in Canada. *The Conference Board of Canada*.

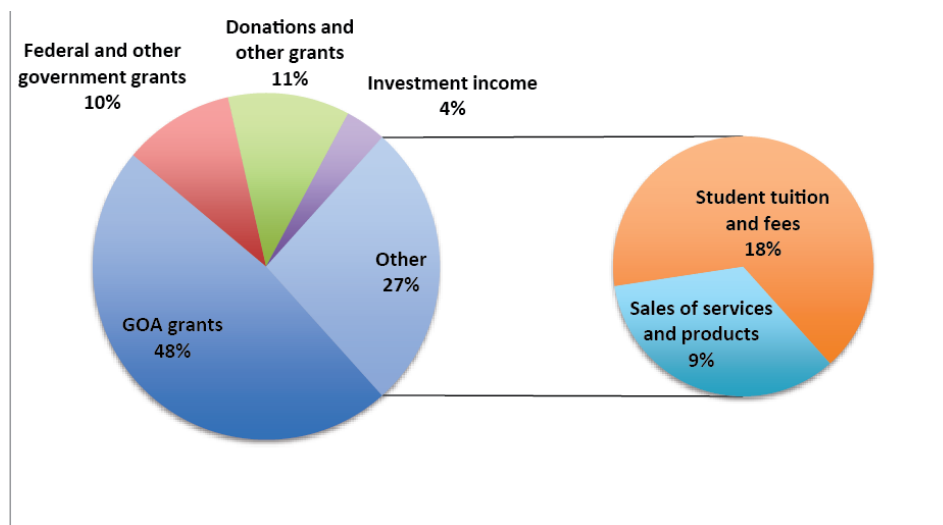
¹³⁷ In 2018-2019, the GOA dedicated the same amount of money as they did in 2017-2018 for Advanced Education. In order to calculate this increase I used the 2.7% increase of funding between 2016-2017, and multiplied this by the GDP Multiplier from the Alberta Economic Multipliers (2013) equivalent to: 0.809

by 3% in 2018-2019,¹³⁸ Albertans who wish to receive a PSE qualification still face rising costs of living on top of high costs for books and other study materials all while recovering from a deep economic recession.

The phenomenon of rising tuition fees can be tied to the cuts in funding to provincial PSE through the Canada Social Transfer (CST) which began in the late 1980s with some of the most significant cuts happening in 1996. In 1996, the federal government

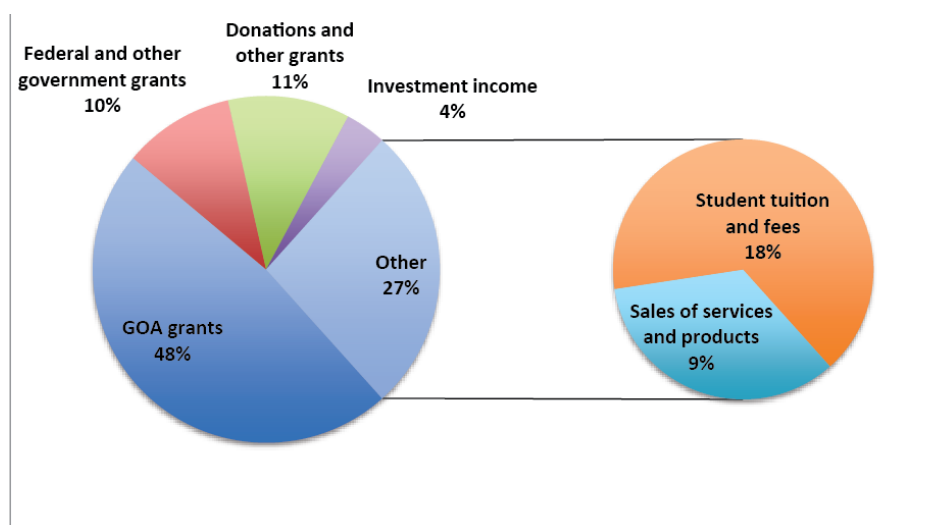
made an 18% cut to the PSE transfers to the provinces worth roughly \$2.29 billion.¹³⁹ This shifted the burden of funding PSE to students and parents through increased tuition, as well as increased costs for supplies and other university services. In Alberta, tuition fees as a share of university operating revenue have roughly tripled over the last 30 years, going from 12.5% in 1985 to 31.1% in 2015. See Charts 12 and 13 for an example of how this looks at the University of Calgary between 2013-2018.

CHART 12 - TUITION FEES AS A PROPORTION OF REVENUE (2014)



Note. Calculations were made using University of Calgary Financial Statements from 2013-2014.¹⁴⁰

CHART 13 - TUITION FEES AS A PROPORTION OF REVENUE (2018)



Note. Calculations based on the University of Calgary's 2017-2018 Budget.

138 CAUT. (2018). *By the numbers / the skyrocketing cost of undergraduate education*. Retrieved from: <https://www.caut.ca/bulletin/2018/11/numbers-skyrocketing-cost-undergraduate-education>

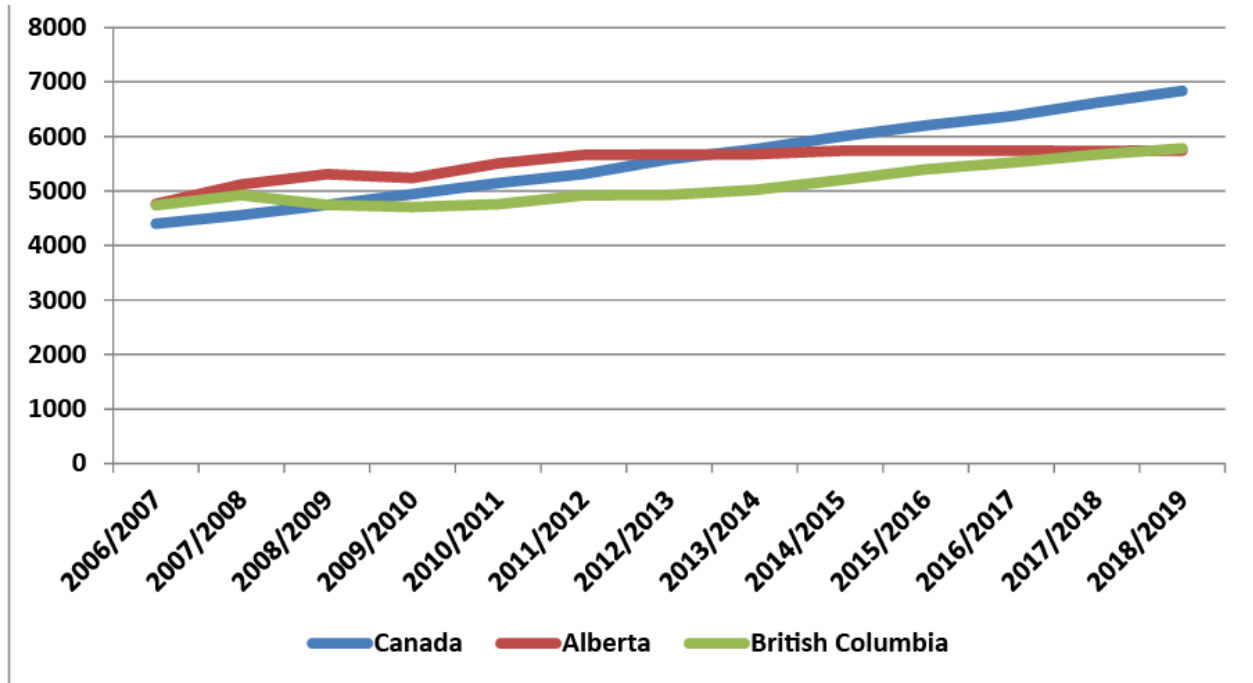
139 Canadian Centre for Policy Alternatives (2017). *Alternative Budget 2017*. Retrieved from: <https://www.policyalternatives.ca/afb2017>

140 University of Calgary. (2014). *University of Calgary Financial Statements*. Retrieved from: <https://www.ucalgary.ca/finance/home/quick-links/financial-statements-and-mdas>

Prior to 1992, Alberta had some of the lowest tuition fees in the country;¹⁴¹ however, since then Albertans have become accustomed to deep cuts and increased government fiscal restraint. In the education sector, this has meant that Alberta's students have paid some of the highest tuition fees in Canada. In 2009, tuition rates in Alberta were

only outpaced by the tuition rates in Nova Scotia and Ontario.¹⁴² As Chart 14 demonstrates, the tuition fees in Alberta were higher than the national average and higher than British Columbia. However, our tuition fees dropped below the national average in 2015, when the Notley government introduced a tuition freeze.

CHART 14 - TUITION FEES COMPARED: CANADA, ALBERTA, BRITISH COLUMBIA



Source. CANSIM Table 37-10-0045-01.^{143/144}

However, what we can see from chart 15 below is that tuition fees for international students have been significantly higher than the rates for domestic students. When international students are asked to pay higher tuition fees, students from countries with lower incomes and more difficult economic and social circumstances face greater barriers

to education in Alberta, and Alberta loses out on the economic and social benefit of international students from lower-income backgrounds. While international students continue to comprise a significant share of PSI students, high tuition fees make life more difficult for an often vulnerable and racialized group of students.

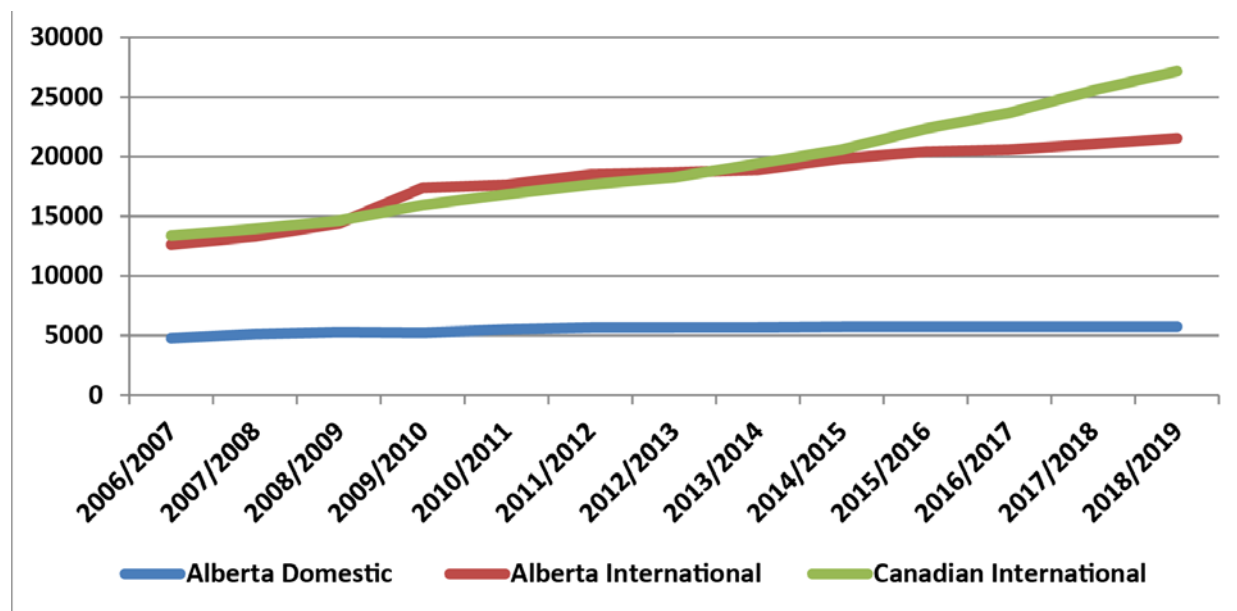
141 CAUS. (2017). *CAUS 2017/2018 Priorities: Ensuring an affordable & accessible post-secondary system*.

142 CAUS. (2009). *Tuition in Alberta*.

143 Statistics Canada. (2019). Table: 37-10-0045-01. *Canadian and International tuition fees by level of study*. Retrieved from: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>

144 The tuition rates used to calculate these tuition fees only include the fees for domestic undergraduate tuition rates.

CHART 15 - DOMESTIC AND INTERNATIONAL TUITION FEE RATES



Source: CANSIM Table 37-10-0045-01

In addition to high tuition fees, many post-secondary students rely on student loans. According to the Government of Alberta, the number of students who are using Alberta student loans has drastically increased from 51,083 in 2011-2012 to 78,994 in 2016-2017 year, representing a 54.6% increase.¹⁴⁵ High tuition fees and systems that rely on loans discriminate against students who do not have the ability to pay up front.¹⁴⁶ Furthermore, students who rely on loans typically must pay more over time for the same education, as they will have to pay interest on loans which can often be two or three times higher than the borrowed principle.¹⁴⁷ As an alternative to reducing tuition fees, some provinces (including Ontario) have implemented non-repayable grants and have bolstered their loan programs.¹⁴⁸ However, these types of programs still require students to pay tuition fees up front and receive reimbursement afterwards, which disadvantages students from lower-income backgrounds, as well as international students and non-permanent residents who may not qualify for these programs.

In short, the current student aid system is complex and includes back-ended programs that require students to pay up front and get reimbursed later. It would be much more efficient, effective, transparent, and fair to fund institutions and reduce tuition fees. Higher-income students can then pay the government back through progressive income taxes once they hit the job market.¹⁴⁹

2. PRIVATIZATION OF PSIs

In addition to using tuition fees to cover the decrease in funding from the federal government for PSE, universities and colleges rely on partnering with private companies to help fund research and infrastructure expansions on campuses. As a result, we have seen the increased privatization of PSIs.¹⁵⁰ While this manifests differently on each PSI campus, privatization can take the form of private donations, grants, infrastructure donations for libraries, and the creation of research centres. As researchers have found, these private donations can compromise the integrity of research and

145 Government of Alberta. (2017). *Alberta Student Aid: Statistical Profiles 2016/2017*.

146 Joel Harden (2017). *The Political Economy of Student Debt in Canada*. Canadian Federation of Students. Retrieved from: <http://dev.cfswnetwork.ca/wp-content/uploads/sites/71/2015/07/2017-Political-Economy-Student-Debt.pdf>. ; CUPE National. (2018). Myth buster no.1: Federal funding post-secondary education: Our time to act. Retrieved from: <https://cupe.ca/myth-buster-federal-funding-post-secondary-education>

147 Canadian Federation of Students-Ontario. (2015). *Free Post-Secondary Education: The case for eliminating tuition fees*. Retrieved from: <http://cfsontario.ca/research/>

148 Andrea Brown. (2017). *Student Speak: The Truth about Free Tuition in Ontario*. Student Speak Blog. <http://blog.uoit.ca/the-truth-about-free-tuition-in-ontario>

149 CUPE. (2018). *Myth Buster No.1: Federal Funding Post-Secondary Education: Our Time to Act*.

150 Turk, James. (2000). *The corporate campus: Commercialization and the dangers to Canada's colleges and universities*. James Lorimer and Company.

teaching, while encouraging major tax breaks for wealthy donors and corporations. Some examples of the role of corporations in PSIs include the large roles that oil and gas companies have in science and engineering departments.

One example of this was the creation of the Enbridge Centre for Corporate Responsibility (ECCS) at the University of Calgary Haskayne School of Business. Academics and journalists alike heavily criticized the role of Enbridge on campus, and the university's deep connection to the corporation. The Canadian Association of University Teachers argued that the academic freedom of ECCS's Director was compromised due to a "desire on the part of U of C leadership to please a significant donor."¹⁵¹¹⁵²

In addition, the President of the U of Calgary was accused of being in a conflict of interest due to her paid role on Enbridge's Income Fund Holdings board, which was controlled by Enbridge Inc.¹⁵³ ¹⁵⁴Retired Justice Terrence McMahon, Q.C was hired by the University of Calgary's Board of Governors to conduct an independent investigation. In his final report, Justice McMahon, Q.C, found that "no improper conduct by the university or any of its employees' in its relationship with Enbridge," and that "none of the involvement by Enbridge...resulted in any encroachment upon or compromise of the academic freedom of the university or its staff."¹⁵⁵¹⁵⁶

While the two investigations provided different interpretations of what constitutes a conflict of interest in academia, what is certain is that when private corporations and private funding play a role in the direction in academic institutions we see the rise of conflict between PSIs and researchers.

3. RISE OF PRECARIOUS LABOUR

The employment landscape in the PSE sector has become increasingly precarious over the years, and this has been seen across Canada. While research has shown that PSIs in Alberta rely more on full-time contracts than do their counterparts across Canada, it is crucial that existing contract instructors (which exist in Alberta's PSIs across almost all departments), teaching assistants, and non-academic workers continue to have fair wages and good working conditions.¹⁵⁷ It is difficult for contract instructors, faculty, and teaching assistants to provide comprehensive and high quality education when they may be working multiple jobs, or cannot afford food or rent.

Universities and colleges use base grant funds to pay academic and non-academic staff wages and benefits. If there were increased provincial funding for these grants, wages and benefits could increase in the sector.

151 Canadian Association of University Teachers. (2017). *A clear case of conflict of interest*. Retrieved from: <https://www.caut.ca/bulletin/2017/11/clear-case-conflict-interest>

152 After a series of troubling investigative media stories began to arise regarding the relationship between Enbridge and the University of Calgary, CAUT launched an investigation into the centre's establishment.

153 Canadian Association of University Teachers. (2017). *A clear case of conflict of interest*. Retrieved from: <https://www.caut.ca/bulletin/2017/11/clear-case-conflict-interest>

154 See also: Johnson, Tracy. (2017 October 11). Academic freedom compromised by U of C, watchdog group finds. *CBC Calgary*. Retrieved from: <https://www.cbc.ca/news/canada/calgary/caut-uofc-enbridge-centre-elizabeth-cannon-1.4348114>

155 University of Calgary, Board of Governors. (2015). *CCS Independent Review Report: findings of independent review affirm President Elizabeth Canon acted with integrity in all matters related to the Centre for Corporate Sustainability*. Retrieved: <https://www.ucalgary.ca/secretariat/board-governors/ccs-independent-review-report>

156 Further information on Justice McMahon's report can be found here: <https://www.ucalgary.ca/secretariat/board-governors/ccs-independent-review-report>

157 Shaker, E., Pasma, C. (2018). *Contract U: Contract faculty appointments in Canadian Universities*. Canadian Centre for Policy Alternatives. <https://www.policyalternatives.ca/publications/reports/contract-u>

AAB ACTIONS

The AAB will increase annual funding to the Ministry of Advanced Education by a total of \$655 million.

ACTION: Reduce tuition fees for all post-secondary students by 20% at a cost of \$247 million.¹⁵⁸¹⁵⁹

RESULT: As the first installment of a five-year phase out of tuition fees, this will help make PSE more affordable, reducing the economic barriers that keep people from receiving a PSE qualification. This will mean that more Albertans, including more women, will receive a PSE qualification.

ACTION: Increase funding to Universities and Colleges Operation Grants by 3%, at a cost of \$172 million.¹⁶⁰¹⁶¹

RESULT: This additional funding will help to ensure that PSIs have the funding they need to continue to provide high quality learning spaces for students and good working conditions for staff.

ACTION: In addition to the 3% increase to the Operating and Capital Grants, provide \$6 million as a dedicated line item to the Operating Grants to PSIs to be used to help fund public research. Cost: \$6 million.

RESULT: This will get PSIs to re-focus on providing public research, rather than having to rely entirely on private donors and corporations to help fund research.

ACTION: Return the Capital expansion and upgrading budget line from \$179,866,000 back to the 2016-2017 investment of \$333,614,000.¹⁶²¹⁶³ Cost: \$153,748,000.

RESULT: This will provide additional resources to PSIs so that they can continue to make infrastructure investments without having to rely on private donors or companies for new buildings.

ACTION: Increase existing non-repayable student aid grants, at a cost of \$57.5 million.¹⁶⁴¹⁶⁵

RESULT: This will help cover costs of living for students, and will reduce economic barriers for people to receive a PSE qualification.

ACTION: Maintain the \$8 million investment from 2018 for mental health services for PSE students. Cost: \$8 million.¹⁶⁶¹⁶⁷

RESULT: Mental health is often a significant barrier to students beginning or completing their post-secondary work. This fund will ensure that students can receive the help that they need and the support they deserve while at school.

158 Based on the 2018-2019 Government of Alberta estimates prepared for Budget 2018-2019

159 Government of Alberta. (2018). *2018-2019 Office of the Legislative Assembly Estimates*. Prepared for Budget 2018-2019. Retrieved from: <https://www.alberta.ca/budget-documents.aspx>

160 Based on the 2018-2019 Government of Alberta estimates prepared for Budget 2018-2019

161 Government of Alberta. (2018). *2018-2019 Office of the Legislative Assembly Estimates*. Prepared for Budget 2018-2019. Retrieved from: <https://www.alberta.ca/budget-documents.aspx>

162 Based on the 2018-2019 Government Estimates

163 Government of Alberta. (2018). *2018-2019 Government Estimates*. Retrieved from: <https://www.alberta.ca/budget-documents.aspx>

164 Based on the Government of Alberta, *Ministry Business Plans 2018-2021*. Retrieved from: <https://www.alberta.ca/budget-documents.aspx>

165 Government of Alberta. (2018). *2018-2021 Ministry business plans*. Retrieved from: <https://www.alberta.ca/budget-documents.aspx>

166 Government of Alberta. (2018). *Legislative Assembly of Alberta: The 29th legislature: fourth session. Standing committee on Alberta's economic future*. Retrieved from: https://www.assembly.ab.ca/net/index.aspx?p=adr_home

167 This specific item was a dedicated infusion into the Government of Alberta Budget 2017-2018 that could be easily removed or redistributed elsewhere in the Advanced Education Budget. As such, we advocate that this item be maintained in Budget 2019-2020.

ACTION: Maintain the \$11 million investment from 2018 for Indigenous specific training opportunities. Cost: \$11 million.

RESULT: Everyone in Alberta deserves to have the training that meets their needs. This funding will further help to reduce the barriers that many Indigenous students in Alberta face.¹⁶⁸

ACTION: Lobby the Federal government for a dedicated, well-funded PSE transfer rather than relying on a lump transfer for social services under the Canada Social Transfer. Cost: \$0.

RESULT: By having a dedicated transfer, more funding can be allocated from the federal government to the provinces for PSE. Furthermore, this ensures accountability on behalf of the provinces for how that money is used, and increases the transparency for federal transfers.

¹⁶⁸ Ibid.

POVERTY

HIGH STAKES:

- Alberta's economy continues to struggle with the effects of low oil prices.
- Despite favourable "headline" statistics showing a lower unemployment rate, the average duration of unemployment remains very long.
- Social assistance caseloads, particularly among single Albertans, are very high.
- Housing affordability remains a concern, particularly for those with low incomes who, when housing costs rise, must choose between housing, food, and paying utilities.

CLEAR CHOICES:

- Change the *Alberta Family Employment Tax Credit* to the *Alberta Employment Tax Credit* in order to allow all low-income working Albertans access to this tax credit.
- Make the amount of social assistance available to meet core housing needs sensitive to local housing costs.
- Focus on re-training of those who are suffering long-term unemployment.

ROLE OF PROVINCIAL GOVERNMENT

All levels of government play a role in implementing policies that have an impact on poverty. Municipal governments impact poverty by such measures as determining the size and availability of transit subsidies and by the role they play in providing support for subsidized housing. Over the past two decades the federal government has dramatically increased its role influencing poverty by increasing the size of child tax benefits and of course it bears the main responsibility for income supports provided to seniors. The provincial role in poverty

reduction is most directly in the form of providing social assistance benefits and supporting the development of employment skills, responsibilities of the Ministry of Community and Social Services. However, the provincial role should also be recognized as including the provision of health care, a responsibility of the Ministry of Health. In this chapter we focus on the role played by the Ministry of Community and Social Services in addressing poverty.

BACKGROUND

As background we highlight two issues that have recently impacted Albertans. One has to do with changes in the labour market and the other with the housing market. Unless the government takes action, both have the potential for worsening issues related to poverty.

The most recent downturn in the Alberta economy is different from those that have come before. Although the downturn was precipitated by a familiar cause, namely a fall in the price Alberta companies received for oil, this time the fall in the price of oil has also been accompanied by pipeline constraints. This has resulted in a prolonged fall in the price Alberta producers receive even as the world price for oil recovers. As a result, this episode

has less the look of a temporary recession and more the look of a permanent adjustment to a new reality, perhaps with a smaller energy sector.

Evidence of this can be observed by what is happening in the labour market. As recently reported, the average duration of unemployment in Alberta has increased from an average of roughly 10 weeks in the early to mid-2000s to more than twice that level currently.¹⁶⁹ What's more, the duration of unemployment, when pushed up by recession, is not falling to pre-recession levels but is instead ratcheting upward with each economic downturn. Thus Albertans are finding it much more difficult to find re-employment and many, having exhausted the federal Employment Insurance benefits to which

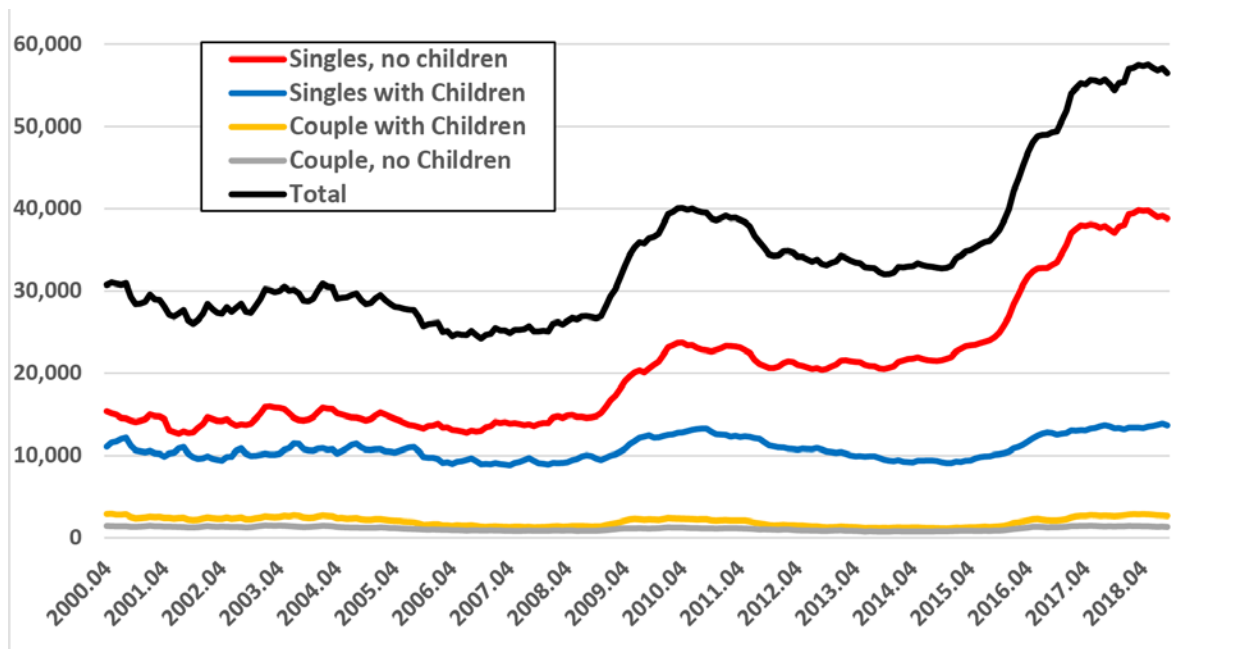
¹⁶⁹ Wilkins, M. and R. Kneebone (2018), "Duration of Unemployment in Alberta," Social Policy Trends, School of Public Policy, University of Calgary, November.

they are entitled, are being forced onto provincially-funded social assistance.

Chart 16 shows the implication of this change in the labour market for the number of social assistance cases. It shows, for the period from April 2000 to September 2018, the number of Alberta Works cases by family composition.¹⁷⁰ These data show that, over this period, the majority of social assistance cases have always been opened for individuals and couples without children and that the proportion of social assistance cases not involving children has grown over time. In April 2000, 45% of social assistance cases involved families with children. By September 2018, this had fallen to just 29% of cases.

The pattern in these data is also interesting as they show how the number of caseloads is increasing with each economic downturn and so parallels the earlier observation with respect to the average duration of unemployment.¹⁷¹ That is, following the increase due to the 2008-09 recession caused by the financial crisis, caseloads failed to fall back to pre-recession levels. The more recent economic downturn has driven caseloads up again but from a higher baseline. While the number of caseloads appears to have stopped rising, it remains to be seen if they will fall back to pre-recession levels or, as following the 2008-09 recession, settle to a level higher than what was observed prior to the recent fall in oil prices.

CHART 16 - SOCIAL ASSISTANCE CASES BY FAMILY COMPOSITION



Source: Data by family composition for the period 2000.04 to 2012.03 kindly provided by the Alberta Ministry of Community and Social Services. Data since 2012.04 are available from <https://open.alberta.ca/opendata/income-support-caseload-alberta>

These recent observations of changes in the average duration of unemployment and the rapid increase in social assistance caseloads are both indicative of a growing degree of *hysteresis* in the Alberta labour market. In reference to labour markets, hysteresis is a term used to describe how an increase in unemployment due to a temporary downturn can become permanent. An explanation for hysteresis that may be particularly relevant for Alberta describes how a permanent loss of jobs

in one sector of the economy results in former employees in that sector facing permanent unemployment because of they lack the skills necessary to move into another industry. Thus, in Alberta, permanent or long-term job losses in the oil and gas sector may result in longer bouts of unemployment and permanently higher social assistance caseloads.

In order to prevent and reverse the effects of

¹⁷⁰ The data include expected to work (ETW) and barriers to full employment (BFE) cases.

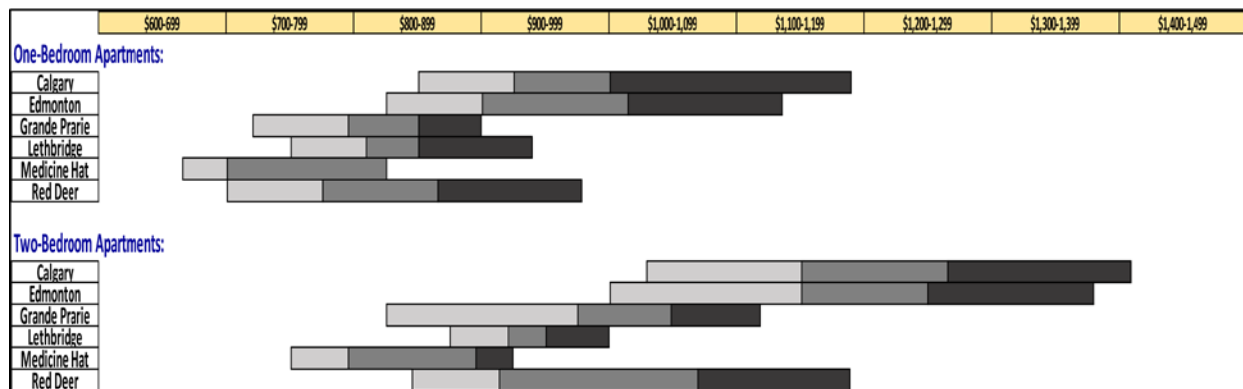
¹⁷¹ This is true even after adjusting for population growth. The total number of ETW and BFE cases, measured as a percentage of Alberta's population aged 17-64 years, fell from 1.6% in 2000 to 1.0% in 2007 before doubling to 2.0% in 2018.

hysteresis, it is necessary for governments to focus efforts on re-training former employees of a shrinking industry for re-employment in other industries. This is an investment in people that yields direct benefits to the government in terms of fewer people falling on to social assistance rolls and higher income tax revenue. Some limited funds to support efforts at re-training are available through the federal EI program; but these funds are negotiated for six-year agreements and so are not responsive to the kind of sudden and large changes in employment recently observed in Alberta. The provincial government must step up and increase the size of its investment in retraining Albertans whose jobs may have disappeared forever.

have also been witness to prolonged increases in the cost of housing (the AAB's Affordable Housing and Homelessness chapter provides a broad overview of our province's affordable housing picture). The implications of rising housing costs are of course most serious for those with low incomes. As is well-known in the literature on homelessness, as housing costs rise, individuals and families with low income are squeezed into the lower end of the housing market so they can continue to pay for other necessities, such as food and utilities.¹⁷² If they are squeezed too much, they may be forced to forego conventional housing and instead try their luck doubling up with relatives or friends, or even resort to using a city's homeless shelter system. The cost of housing, then, is central to issues of poverty.

As well as changes in the labour market, Albertans

CHART 17 - MONTHLY RATE QUINTILES BY CITY IN 2017



Source: Data provided by Canada Housing and Mortgage Corp., special data request. The range of rents paid on the first and fifth quintiles are not reported for data confidentiality reasons.

Chart 17 above shows, for seven cities in Alberta, the range of private market rents paid on one- and two-bedroom apartments. The light coloured bars define, for each city, the range of rents paid on the second quintile of private market rents. The next darkest bar defines the range of rents paid on the third quintile of rents, while the darkest bars define the range of rents paid on the fourth quintile of rents.¹⁷³ These data show how affordability varies widely by community. For example, in 2017 a family in Calgary had to pay \$279 per month more to rent a 2-bedroom apartment priced at the bottom of the

second quintile of rents than the same family would have had to pay had they lived in Medicine Hat.

The implication of these differences is that income is not always an effective measure of poverty. Even if they had the same income, a family in Calgary is clearly in a different circumstance than an identical family living in Medicine Hat because the family living in Medicine Hat can devote a greater share of income to non-housing necessities like food, utilities, and transportation.

172 On this see Kirkpatrick, I. and V. Tarasuk ("Adequacy of Food Spending is Related to Housing Expenditures among Lower-Income Canadian Households," Public Health Nutrition, Volume 10, Issue 12, pp. 1464-73, 2007) who show how rising housing costs drive increases in food insecurity for individuals and families with low income.

173 Imagine a community having 100 rental units ordered from the least expensive (unit 1) to the most expensive (unit 100). The range of rents identified by the light-grey bar represents the rent paid on units 20 to 40. The medium-grey bars show the rent paid on units 41 to 60, and the dark-grey bars show the rent paid on units 61 to 80.

Kneebone and Wilkins¹⁷⁴ calculate that in 2017, if a lone parent with one child living in a low quality one-bedroom private market rental unit in Medicine Hat lived instead in a similar apartment in Calgary, it would have had to spend an additional \$2,220 per year on housing. Living in Medicine Hat rather than Calgary therefore provided that family with an extra \$2,220 per year (or \$185 per month) to spend on non-housing necessities. For a couple with two children, the Medicine Hat advantage relative to Calgary would have been \$3,348 or \$279 per month.

Calculations like these have a clear and important implication: the depth of poverty, when measured by the income someone in straitened circumstances has left over after paying for housing, is significantly greater in some communities than in others. Social assistance, which is the provincial government's policy tool for providing relief to people in poverty, makes no attempt to deal with this issue. In particular, the amount provided to social assistance recipients for housing is the same regardless of where one lives in the province.

Kneebone and Wilkins describe how the amount provided for core housing needs could be varied by community and in this way ensure all social assistance recipients can devote the same percentage of income to housing. Arbitrarily choosing 35% as an Alberta-wide target rent-to-income ratio, they estimate the cost to the current social assistance program of making this change to be approximately \$200 million. To put this cost into perspective, it is equal to less than 1% of the provincial health care budget. Recognizing the health benefits that result from housing and the diminishing returns from still additional increases to the health budget, a reallocation of money between the Ministry of Health and the Ministry of Community and Social Services would likely produce better health outcomes for Albertans without any new expenditures.¹⁷⁵

While disappointed that it took until the fourth year of its mandate, we nonetheless applaud the Notley government for changes introduced in

Bill 26 which came into effect on January 1, 2019. Benefit levels provided to AISH and income support recipients were increased by amounts that are predicted to have a significant impact on homeless shelter stays¹⁷⁶ and food security.¹⁷⁷ Effects like these illustrate that the *net* cost of income support payments is likely quite small after accounting for savings realized by the homeless-serving and health care systems. It is now time to take another step toward providing Albertans in need of income support with protection from high and variable housing costs.

In a similar way, the government needs to target support toward those Albertans who are suffering long periods of unemployment as a result of what may be a prolonged or possibly permanent loss of employment in the energy sector. The announcement in April 2018 of \$15 million spread over three years and across 14 Alberta communities – an average of only \$350,000 per year per community -- to expand the Transitions to Employment Services program is far too little.

Finally, we emphasize that the recent efforts of both the federal and Alberta government to increase child tax benefits are currently providing support for people in only 29% of social assistance cases. Single people are not immune to poverty and ought to enjoy similar access to government supports as people with children. It makes little sense to target working tax credits solely toward those working Albertans with children. The 2018 AAB determined the cost of changing the Alberta Families Employment Tax Credit to the Alberta Employment Tax Credit – thereby making it available to all working Albertans – to be \$230 million. We reiterate the need for this policy adjustment.

174 See Kneebone, R. and M. Wilkins (2019), "Measuring and Responding to Income Poverty," *SPP Research Paper Series*, The School of Public Policy, Volume 12, Issue 3, February.

175 For evidence of this using Canadian provincial data see Dutton, D., P-G Forest, R. Kneebone, and J. Zwicker (2018), "Effect of Provincial Spending on Social Services and Health Care on Health Outcomes in Canada: An Observational Study," *CMAJ*, Volume 190, Issue 3, January.

176 For an estimate see Kneebone, R. and M. Wilkins (2016), "Shrinking the Need for Homeless Shelter Spaces," *SPP Research Paper Series*, Volume 9, Issue 21, May.

177 For evidence of this see Li, N., N. Dachner, and V. Tarasuk (2016), "The impact of changes in social policies on household food insecurity in British Columbia, 2005-2012," *Preventative Medicine*, Vol. 93: 151-158.

AAB ACTIONS

This chapter's poverty asks total \$530 million. They are as follows:

ACTION: Adjust the amount provided to social assistance recipients for housing so it varies according to the actual cost of housing in each community. Cost: \$200 million.

RESULT: Ensure that all social assistance recipients have the choice to devote no more than 35% of their income to housing.

ACTION: Increase funding for re-training of those Albertans who are experiencing prolonged periods of unemployment. Cost: \$100 million.

RESULT: Halt the flow of people onto social assistance by improving the likelihood of re-employment of people suffering long-term unemployment.

ACTION: Change the Alberta Families Employment Tax Credit to the Alberta Employment Tax Credit. Cost: \$230 million.

RESULT: Albertans without children will enjoy the benefits of the same tax credit as families with children.

ACTION: Announce that the government has joined all other provinces in Canada in investigating effective strategies to reduce poverty.

RESULT: Alberta will develop cost-effective strategies that challenge old approaches that have to this point failed to adequately support those most in need.

ACTION: Announce the use of the Market Basket Measure as a poverty line.

RESULT: Alberta will use the same poverty measure as the federal government in gauging its success in the fight against poverty.

CONCLUSION

Alberta has experienced its worst recession in over 30 years, brought on by the collapse in global oil prices. In response, the NDP government of Rachel Notley weathered the storm by taking important steps toward strengthening both the economy and the province’s social welfare system. Now is not the time to reverse course on any of these important initiatives; rather, it is the time to press forward.

Despite the current budget deficit, Jason Kenney’s newly-elected UCP government has the capacity to invest in public services. Our overall macroeconomic situation remains strong when compared with other provinces, and there is room to increase tax revenues. A five percent provincial portion of a Harmonized Sales Tax will finance important spending initiatives.

The current deficit reflects the province’s revenue problem, which stems from an over reliance on resource revenues. To correct this, we must expand our tax base in a progressive manner. A Harmonized Sales Tax with a rebate for low-income households is the way to get that done.

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ALBERTA ALTERNATIVE BUDGET

A New Era

