



# CASE STUDY | ALBERTA PROVES THAT YES WE CAN! REDUCE POVERTY

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Alberta has experienced one of the most dramatic reductions in poverty on record. Over two years, poverty was reduced for more than 55,000 Albertans. The province's child poverty rate dropped by 50%, from 10% to 5%, making it the lowest in Canada. This paper explores key federal and provincial policies that contributed to this decline. It also highlights the importance of collaboration between governments, cities and communities in rolling out policies and programs at the local level to amplify their impact.

## OVERVIEW

On February 27, 2019, the Government of Alberta [issued a release](#) that between 2015 and 2017, the province's poverty rate dropped from 8.2% to 6.8%, equating to an estimated 55,000 fewer people living in poverty. Using Market Basket Measure (MBM), Canada's new official poverty line, Alberta's child poverty rate dropped by 50%, from 10% to 5%, making it the lowest in Canada. This decline is supported using the Census Family Low Income Measure After Tax (CFLIM-AT), where T1 Family File data shows a 1.2% drop in child poverty between 2016 and 2017.

## KEY TAKEAWAYS

- Key policies contributing to Alberta's observed decline in overall and child poverty include the Canada Child Benefit (CCB), Alberta Child Benefit (ACB) and a range of supportive policies and programs enacted by the Government of Alberta.
- The success of these policies has been dependent on strong collaborations between federal and provincial governments, cities, and communities.
- Cities and communities play a critical role by advocating for supportive policies and programs, supporting families to access tax benefits, and rolling out federal and provincial policies and programs at the local level.

### ALBERTA'S PROGRESS IN POVERTY REDUCTION 2015-2017

- Overall poverty rates declined from 8.2% to 6.8%, equating to 55,000 fewer Albertans in poverty
- Alberta's child poverty rate dropped by 50%, from 10% to 5%, making it the lowest in Canada
- Alberta's child poverty rate in homes with a single mom dropped from 36% to 18%
- Alberta's observed reduction in poverty was one of the most dramatic on record seen by any province

## SETTING THE STAGE

Alberta has the highest wages and after-tax median income of all Canadian provinces. However, it also has the largest income gap, with the [richest 1% earning 46 times the poorest 10%](#). Alberta's two major cities – Edmonton and Calgary – [occupy the second and third spots for highest income inequality](#) in the country.

A [range of factors](#) including boom and bust cycles, growing levels of household debt, and an increase in precarious and low-wage jobs all have a profound impact on health, well-being, and poverty. Indigenous, racialized and LGBTQ2S+ individuals, lone parents, people living with disabilities, women, and children are disproportionately affected.

Factoring in health care costs, costs attributable to crime, intergenerational costs, and opportunity costs, it has been estimated that poverty costs Albertans [\\$7.1 to \\$9.5B per year](#). This works out to approximately 2.5% of the province's 2018 GDP.

## FEDERAL AND PROVINCIAL POLICIES AND PROGRAMS THAT REDUCE POVERTY

Government policies and programs that tackle the root causes of poverty provide the necessary resources for families to thrive and to break the cycle of poverty. Key contributors to Alberta's success in poverty reduction have been identified as large and targeted federal and provincial tax benefits that provide direct financial assistance to low-income parents with children.

In 2015, the Government of Alberta recognized that amidst a provincial economic downturn, dropping global oil prices, and calls for drastic spending cuts, Albertans needed consistency and support in managing the effects of income insecurity. In response, they introduced the Alberta Child Benefit (ACB), which provides direct financial assistance to lower-income families with children under 18 who have a family net income less than \$42,255 per year.

The ACB benefit has [received support](#) from across the political spectrum. First [introduced by Alberta's PC government](#), it was enacted in 2015 by the province's succeeding NDP government. Combined with the Canada Child Benefit (CCB), introduced in 2016, a family with two children earning \$30,000 per year now earns an additional \$4,300 annually. This more than doubles what that same family would have received in 2014 through previous income supports.

Beyond the CCB and ACB, a range of supportive programs and policies were enacted between 2015 and 2019 by the Government of Alberta that also contributed to the province's observed reduction in poverty reduction rates. These include:

- A 2016 increase to Family and Community Support Services (FCSS) funding by \$25M. This provincial and municipal partnership supports more than 300 municipalities and Metis Settlements to support individuals, families and communities through social programs that build independence, healthy relationships, and inclusion.

### KEY FEDERAL AND PROVINCIAL BENEFITS

#### Canada Child Benefit (CCB)

\$23.7B in tax-free payments to nearly 3.7M Canadian families in 2017-2018

#### Alberta Child Benefit (ACB)

Estimated \$175M in tax refundable benefits to Albertan families in 2018-2019

- Provincial minimum wage increases from 2015-2017, which raised the wage floor by 33%, and were followed by an additional increase to \$15 in 2018. Increases benefited an estimated [10% of low wage employees](#), two-thirds of whom were women, 37% were parents, and more than half worked full time.
- The 2017 Act to End Predatory Lending, which protects consumers from getting trapped in vicious cycles of debt. The legislation reduced annual interest rates on payday loans from [600% to 200%](#), making Alberta's rate the lowest in the country, and increased repayment terms. In the first year of regulations, borrowers [saved over \\$10M](#) in loan fees.
- A 2017 injection of \$4.5M annually into Calgary's sliding scale low-income monthly pass, which offers riders in the lowest income bracket monthly passes for only \$5.30. Also, a \$6.2M commitment to Edmonton's Ride Transit program to provide subsidized (\$35.00) transit passes to low-income riders. Affordable transportation passes in both cities support riders to access work, education, appointments, recreation, and social and other activities.
- The 2019 Act to Combat Poverty and Fight for Albertans with Disabilities, which increased benefit rates for Assured Income for the Severely Handicapped (AISH) and Income Support recipients, indexed rates to the cost of living, and increased asset limits, spousal income exemptions, and child allowance benefits. This supported 250,000 people with disabilities, low-income families, and seniors to better manage the rising costs of living and retain spending power over time.

“ [These policies are] a wonderful demonstration of the positive impact solutions can have that are developed by communities and implemented in partnership with government.

Franco Savoia, Vibrant Communities Calgary

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“ There is incredible value to the range of programs and supports community and multiple levels of government have been able to put in place for people. Poverty has many causes, and there is no single solution, but what is clear is that when we work together, we make our communities better for everyone.

– Cheryl Whiskeyjack, Co-Chair EndPovertyEdmonton's Stewardship Round Table

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Beyond the programs and policies listed above, there are several others, including those relating to affordable housing, early childhood development, and food security, are detailed in **Appendix I**.

## THE CRITICAL ROLE OF CITIES AND COMMUNITIES

The success of federal and provincial poverty reduction programs and policies in realizing large scale population level change is contingent on strong relationships and collaborations between federal and provincial governments, cities, and communities. Alberta's story is testament to how these partnerships can amplify the impact of federal and provincial programs and policies.

Poverty reduction practitioners in Alberta, including Cities Reducing Poverty (CRP) and Alberta Poverty Reduction network (APRN) members, support families to meet basic needs and increase independence. They raise awareness of programs, policies and benefits, overcome barriers to access, and support beneficiaries to meet application, registration, and tax-filing requirements.

Cities and communities in Alberta have a long-standing history of influencing provincial programs and policies, supporting access to tax benefits, and rolling out provincial policies at local levels. These three areas of collaboration are detailed below.

### Influencing Provincial Policies

*Enough for All* was Calgary's first poverty reduction strategy, as well as the first in Alberta. Released in 2013, it was developed through extensive community consultation. Supported and funded by the City of Calgary and United Way Calgary, the strategy provided key foundations for the development of the Alberta Poverty Reduction Network and the Calgary Social Policy Collaborative. It played a pivotal role in impacting policy in Alberta over the next 5 years.

After the release of *Enough for All*, two key reports, *Poverty Costs 2.0* (2013) and *Poverty Costs 2.5* (2015), were collaboratively produced by Vibrant Communities Calgary and Action to End Poverty in Alberta. These reports presented 71 recommendations for policies that could support poverty reduction in Alberta.

Of these, [22 have to-date been implemented](#), including the recommendation for a provincial child benefit. The table on the next page notes several other policies that have moved from recommendation to action.

### THREE CRITICAL ROLES OF CITIES AND COMMUNITIES

- Influencing provincial programs and policies
- Supporting residents to access tax benefits
- Rolling out provincial programs and policies at local levels

“ Since 2013 when the *Enough for All* strategy was developed, there have been significant changes in the social and economic landscape in our community. Progress has been made by many community organizations, as well as all levels of government.

Franco Savoia, Vibrant Communities  
Calgary ”

### Implementation Status of Policies Recommended in Poverty Costs 2.0 and 2.5

Recommended	Implemented
Provincial child benefit	Alberta Child Benefit (ACB)
Increase social assistance rates to within 10% the poverty line by 2023 indexed to the cost of living	<i>Act to Combat Poverty and Fight for Albertans with Disabilities</i>
Increase minimum wage to \$11.00/hr, index to inflation and move to a single tier	Minimum wage increased to \$15/hr
Create 5,000 new affordable public childcare spaces	Early Learning and Child Care Centre pilot
Eliminate school fees from kindergarten to Grade 12	<i>Act to Reduce School Fees</i>
Free transit for people living on low-incomes	Calgary's Fair Entry; Edmonton's Ride Transit
Modify Payday Loan Regulations	<i>Act to End Predatory Lending</i>

### Supporting Residents to Access Tax Benefits

The success of poverty reduction programs and policies in realizing population-level outcomes is dependent on low-income families enrolling for and accessing the benefits that they are entitled to. To this note, cities and communities play a critical role by supporting individuals living in low-income to access affordable tax filing services.

Seven CRP members in Alberta are currently supporting financial empowerment in their communities. These groups deliver financial literacy workshops and provide tax filing support through programs such as the Community Volunteer Income Tax Program. The table below details 2018 outcomes of tax filing supports in Calgary and Edmonton.

### 2018 Tax Filing Supports in Edmonton and Calgary

EndPovertyEdmonton e4c Make Tax Time Pay	<ul style="list-style-type: none"> <li>• 3,218 individuals supported to file 3600 returns</li> <li>• \$8.9M in anticipated benefits and returns</li> </ul>
Enough for All Calgary: Financial Empowerment Collaborative	<ul style="list-style-type: none"> <li>• 7,721 returns filed</li> <li>• \$3.3M in tax refunds</li> </ul>

### Rolling Out Provincial Programs and Policies at Local Levels

Cities and communities play a key role in rolling out and complementing provincial programs and policies at a local level. For example, Edmonton's Ride Transit Program Pilot was jointly funded from 2017 to 2018 by the Government of Alberta and the City of Edmonton, and was rolled out by the Edmonton Transit Service. A 2018 evaluation reported that the program was successful in making transportation more accessible for more than 13,000 eligible low-income Edmontonians, by improving riders' access to employment, education, health care, and community events. It also supported increased independence, and reduced stress and social isolation.

As a second example, in support of the Government of Alberta's 2017 *Act to End Predatory Lending*, businesses and non-profits came together to develop and offer safer, affordable and more inclusive

financial alternatives to payday loan consumers. First Calgary developed Cash Crunch loans of \$500 to \$1,500 on 6 to 18-month terms with 19% Annual Percentage Rates (APRs). These offered monthly repayment schedules and had no penalties for early payouts.

ATB Financial and Cashco Financial in Red Deer also entered into an innovative arrangement which supported more than 300 low-income individuals to access mainstream financial products such as fee-free bank accounts with no minimum balance requirements, no debit fees, and no funds held on cheques. They also offered clients access to financial literacy supports and matched savings programs. These collaborations amplified the impact of the Act as they supported low-income individuals to build savings and achieve financial stability.

## CARRYING MOMENTUM INTO 2019

Alberta's Cities Reducing Poverty and Poverty Reduction Network members are committed to maintaining the province's strong history of collaboration by working closely with the Government of Alberta in support of making Alberta the best place to live, work, start a business, and raise a family.

Ongoing support from the provincial government is critical to ensuring that all Albertans have the opportunity to thrive and contribute meaningfully to their communities and the economy. Recognizing the critical need to build on the progress Alberta has made in reducing poverty since 2015, the APRN is encouraging Alberta's newly formed government to support ongoing efforts and lead Alberta to an even brighter and prosperous future.

To do so, the network is recommending that the Government of Alberta retain and build on the foundation and trajectory set by current measures and funding, including critical policies, pieces of legislation, and associated regulations that have proven effective in reducing poverty in Alberta. These include the Alberta Child Benefit, FCSS funding, income supports, consumer protection, and investments in affordable housing and public transportation.

## CONCLUSION

Contributing factors to Alberta's dramatic 50% decline in child poverty include key federal and provincial benefits and supportive provincial programs and policies. While government benefits help people break the cycle of poverty, the Alberta story exemplifies the need for strong relationships and collaborations between federal and provincial governments, cities, and communities. Alberta is celebrating real success in poverty reduction. The province's story is testimony to what is possible when a provincial government works closely with the federal government, cities and communities to effect large scale population level change.



**These policies have helped Alberta families lift themselves out of poverty. It is critically important that these are maintained and enhanced.**

Letter to Alberta Premier Jason Kenney, submitted on behalf of the Alberta Poverty Reduction Network



**“ Albertans at all levels of government, in all walks of life and across all sectors are coming together to end poverty. We’ve come a long way, and we’re looking forward to the great things we can accomplish together on the long road ahead. ”**



– Michael Phair, Co-Chair EndPovertyEdmonton’s Stewardship Round Table

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**Canada**



The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

## APPENDIX I – PROVINCIAL POLICIES AND PROGRAMS THAT REDUCE POVERTY

Domain	Type of benefit	Benefit to families
<b>INCOME AND EMPLOYMENT</b> 	The <a href="#">Alberta Family Employment Tax Credit</a> (AFETC) provides from \$801 (to working families with 1 child) to \$2,112 (to families with 4 or more children) annually.	In 2018/2019, an estimated 180,000 working lower- and middle-income families will receive \$153M by way of this tax-free, refundable benefit.
	Alberta's general <a href="#">minimum wage</a> was increased by 33% between 2015 and 2017, from \$10.20 to \$13.60, then again to \$15.00 on October 1, 2018.	An estimated <a href="#">10% of employees</a> making less than \$15/hour benefited. Of these, two-thirds were women, 37% were parents, and more than half were full-time workers.
	As of Jan 1 2019, <a href="#">An Act to Combat Poverty and Fight for Albertans with Disabilities</a> increased benefit rates for Assured Income for the Severely Handicapped (AISH) from \$1,588 to \$1,685. The legislation also indexed rates to the cost of living and increased asset limits, exemptions for spousal income, and child allowance benefits.	250,000 people with disabilities, low-income families, and seniors have been supported to better manage rising costs of living, retain spending power over time, and earn and keep additional income (e.g. from employment, pension, interest and investments)
	The <a href="#">Alberta Climate Leadership Adjustment Rebate</a> (ACLAR) was Alberta's tax-free carbon tax re-allocation paid to low and middle-income individuals and families. It was discontinued as of June 2019.	This rebate supported nearly 40% of Alberta families with carbon tax credits that <a href="#">exceeded their carbon tax costs</a> . For those with incomes below \$60,000, 70% received a net rebate.
	Established in October 2018, the <a href="#">Community Economic Development Corporation (CEDC) tax credit</a> offers a 30% tax credit to Albertans who invest in registered CEDCs.	Investors and local small businesses, cooperatives, and social enterprises <a href="#">were supported</a> to advance social impact initiatives and rural economic development.
<b>AFFORDABLE HOUSING</b> 	The Government of Alberta's <a href="#">Provincial Affordable Housing Strategy</a> was launched in 2017. It included a \$1.2B investment to support a sustainable housing system through Housing First and mixed-income models and 4,100 new and updated affordable housing units.	Low-income Albertans were supported to secure safe and affordable housing, stabilize their finances, and make transitions to market housing or homeownership. Tenants receive improved housing supports and are now able to access an improved dispute resolution process to resolve tenancy issues.
	Alberta's <a href="#">Electricity Price Cap</a> was introduced in 2017, capping the energy portion of their bill at 6.8 cents per kilowatt-hour	Albertans were supported to better manage their utility costs.



Domain	Type of benefit	Benefit to families
<p><b>AFFORDABLE TRANSPORTATION</b></p> 	<p>As of 2017, the Government of Alberta government injected \$4.5M annually into Calgary's <a href="#">sliding scale low-income monthly pass</a>, which now offers in the lowest income bracket monthly passes for only \$5.30. In Edmonton, starting in 2017, the Government committed \$6.2M over three years to the City's <a href="#">Ride Transit</a> program, which provides subsidized (\$35) transit passes to low-income riders.</p>	<p>From 2016 to 2017, demand for low-income passes in Calgary rose <a href="#">from just under 200,000 to just over 300,000</a>, with more than <a href="#">48,000 Calgarians</a> purchasing a low-income transit pass in 2017. Access to subsidized passes supports Albertans to access work, education, appointments, recreation, and social and other activities.</p>
<p><b>EARLY CHILDHOOD DEVELOPMENT</b></p> 	<p>Alberta's <a href="#">Early Learning and Child Care Centre</a> (ELCC) pilot program capped fees for children up to kindergarten age at \$25-per-day and launched 22 pilot ELCC centres. It <a href="#">created</a> more than 700 new licenced child care spaces, 120 new childcare jobs, and supported 357 parents, mainly women, to enter the workforce. In December 2017, the Alberta Government signed a bilateral agreement with the federal government to provide \$136M over 3 years to <a href="#">expand</a> this pilot to 122 early childhood childcare centres totalling 7,276 spaces.</p>	<p>The ELCC program addresses gaps in childcare services and provides parents with young children with affordable, accessible, and high-quality childcare options. It improves the inclusiveness of programming, introduced an evidence-based early learning curriculum, and enhanced supports for children with diverse needs. Flexible care options were made available to support parents that required services outside of typical daycare hours, for example for those who work part-time or shift work, or for those attending school.</p>
<p><b>EDUCATION</b></p> 	<p>An <i>Act to Reduce School Fees</i>, implemented as of the 2017-2018 school year, provided funding to school boards to reduce school fees, transportation fees, and fees for instructional supplies or materials (e.g. textbook, printing and photocopying). For the 2018-2019 school year, \$60M is being invested.</p>	<p>Costs were reduced <a href="#">for 600,000 school children and has saved families \$200M</a>. The Act supports students to attend special education programming, students with disabilities to access transportation, kindergarten students to access noon-hour transportation, and school boards to maintain educational programming.</p>
<p><b>FOOD SECURITY</b></p> 	<p>For the 2016/2017 school year, the Government of Alberta invested \$3.5M for 14 school authorities across Alberta to participate in a collaborative <a href="#">school nutrition pilot</a>. A further \$10M in 2017 and \$15.5M in 2018 were since granted to expand the <a href="#">School Nutrition Program</a> to 62 public, separate and francophone school authorities.</p>	<p>Over the 2018/2019 school year, an estimated 30,000 elementary school students received a daily nutritious meal or snack that met the <a href="#">Alberta Nutrition Guidelines for Children and Youth</a>. School authorities were given the flexibility to continue, establish, or enhance existing programs in schools, in order to best target students with the greatest need.</p>

Domain	Type of benefit	Benefit to families
<p><b>FINANCIAL EMPOWERMENT</b></p> 	<p>In 2017, the Government of Alberta enacted the <a href="#">Act to End Predatory Lending</a>, to protect consumers. Regulations capped payday loan interest at \$15 per \$100 borrowed and increased repayment terms to at least 42 days. These changes reduced individual payments and borrowing rates. The Act <a href="#">reduced</a> annual interest rates to the lowest in the country, from 600% to 202%.</p> <p>Introduced in January 2019, the <a href="#">Consumer Protection Act</a> and the corresponding <a href="#">High-Cost Credit Regulation</a> introduced a legal definition of high-cost credit in Alberta and a requirement for all lenders to be licensed.</p>	<p>Vulnerable consumers who access high-cost credit options were supported to avoid getting trapped in vicious cycles of debt. In the first year of regulations, Albertan payday loan borrowers <a href="#">saved over \$10M</a> in loan fees. Between 2017 and 2018, the number of payday lending stores <a href="#">dropped</a> from 220 to 195, and the number of loans issued by predatory lenders also dropped substantially.</p> <p>Clear rules and consistent standards are applied to businesses that offer high-cost credit options (e.g. instalment loans, title loans, lines of credit, rent-to-own transactions and pawn loans) that protect consumers from unfair business practices.</p>
<p><b>SAFETY AND SECURITY</b></p> 	<p>In 2015, the Government of Alberta <a href="#">invested \$15M</a> into women’s shelters across the province, to offset operating costs, provide program funding, and hire 84 new outreach workers and 40 child and youth counsellors. In 2016, the Government followed up with <a href="#">Safer Spaces for Victims of Domestic Violence</a> legislation, which allows victims of family violence to end a residential tenancy agreement without receiving a financial penalty.</p>	<p>Funding helps to reduce the effects that family violence has on poverty by providing safe and anonymous homes for women and children, and by supporting women to leave abusive partnerships and access as a broad range of counselling, housing, financial, and other supports. These supports promote independence and help women and their families to lead violence-free lives.</p>