

# Alberta facts

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## get the facts on the: 1997 FEDERAL ELECTION

On June 2, 1997 Canadians will be voting in a new federal government. It is your chance to voice your opinion and choose who will make decisions on your behalf in the Parliament of Canada. You want to make sure you have the facts needed to make an informed decision.

### The Changes in Social Program Funding

The Federal government has an important but poorly understood role in health care, advanced education and social services. While the provinces administer and deliver these services, the federal government provides billions of dollars to help pay for them. Without these transfers, the provinces could not afford the programs.

**Ending the Agreement** In 1993, the Federal government announced it was unilaterally ending the agreement around transfer payments. The two agreements, called Canada Assistance Plan (CAP) and Established Program Financing (EPF), were to be ended and replaced with the Canadian Health and Social Transfer (CHST). The CHST differed from CAP and EPF in a number of important ways. CAP and EPF clearly marked how much money was to be spent in each of the three program areas. The CHST gives money as a single "block," allowing the provinces to decide where to put the money.

The CHST eliminates national standards for advanced education and welfare and weakens standards for health care. The national standards were minimum requirements provinces had to meet to receive the transfer. **The CHST over five years reduces transfers by \$7.5 billion or 39 per cent** (beginning in 1994/95).

**How the CHST Affects Alberta** A 39 per cent reduction in transfer payments means Alberta will lose almost \$500 million a year by 1998. The provincial government will need to make this up through cutbacks or revenue increases.

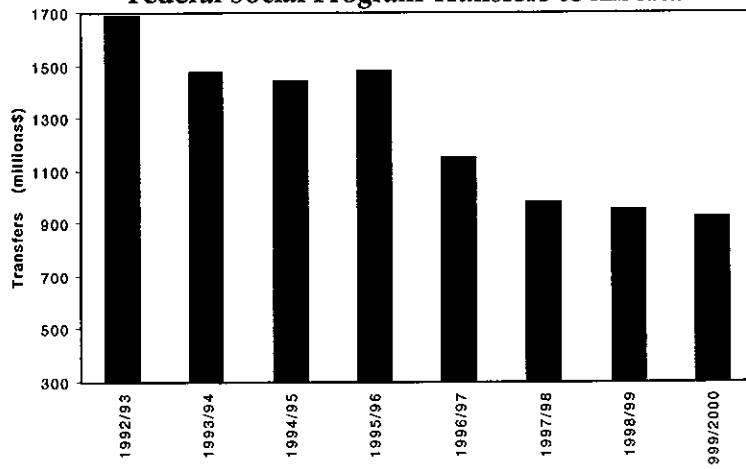
On a per person basis, Alberta now receives the lowest amount from the Federal government of any province in Canada.

Equal in importance to the loss of money is the loss of a Federal enforcement role in social programs. The CAP/EPF arrangements allowed for provinces to be penalized—for example if they tried to set up two-tier health care, create work-for-welfare programs or reduce access to post-secondary education.

With the loss of national standards under the CHST, the federal government is no longer able to penalize provinces. (In health care, there is still limited enforcement power.)

In addition, by moving to a "block fund" arrangement, the CHST cannot stop provinces from spending money where they wish.

Federal Social Program Transfers to Alberta



For example, a province could stop paying for welfare and divert the money to health care.

**A question for candidates:** How will you protect important people programs and make sure provinces fulfil their commitments in health, welfare and advanced education?

## the changes in Unemployment Insurance

The reform of Canada Unemployment Insurance program (UI) has been swift and sweeping in the last four years. You are probably aware that the program name has been changed to Employment Insurance—EI, but you may not know the underlying changes that brought about the name change.

**Phase one:** The first phase of UI reform was brought in 1992 and 1993. Successive governments made UI harder to receive by increasing the number of weeks needed to receive benefits and disqualifying workers who were fired or quit their jobs. Benefit payments were also reduced, from 60 per cent of earnings to 55 per cent. The maximum number of weeks of benefits was also reduced, from 50 to 45 weeks.

**Phase Two:** Phase two constituted a complete rethinking of the program's eligibility requirements. Three key areas were overhauled:

1. **Weeks to Hours:** The new system uses hours worked as the calculation for benefit eligibility. The previous system used weeks worked.
2. **Calculation of Weekly Earnings:** The old system used to ignore weeks of no income when determining average weekly earnings (which is used to determine UI benefit levels). The new system includes these weeks, effectively reducing average earnings for benefit calculation.
3. **Three Tier Benefits:** The amount of benefit a worker receives is now partly determined by their personal situation. Most claimants will receive 55 per cent of their previous income (unchanged). Repeat claimants will have their benefit reduced 1 per cent for every 20 weeks they previously received UI (to a minimum of 50 per cent of income). Low income families will receive a top-up averaging \$40 a week.

Also, people entering or re-entering the workforce must work more weeks than other workers to apply for UI.

In total, the latest changes have cut \$2 billion or 11 per cent from the UI fund. Some of this amount (about \$800 million) is being returned into job creation programs and job training.

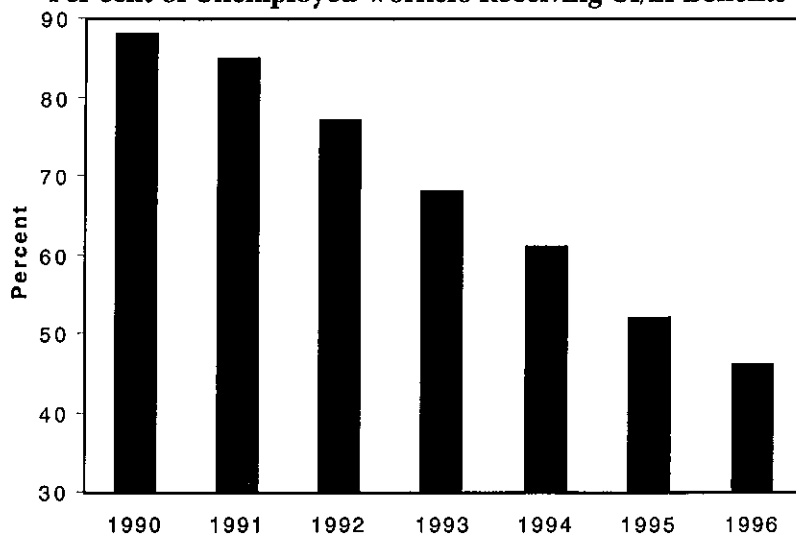
The Unemployment Insurance program is self-funded. Employers and employees share the costs of running the program. No tax dollars go to support the system, and as a result, cuts in its benefits do not go to aid deficit reduction.

The series of changes to UI has affected its ability to protect unemployed workers. In 1990, 87 per cent of unemployed workers were eligible for UI benefits. In 1996, only 46 per cent were eligible. The Canadian Labour Congress estimates that only 1/3 of workers will be eligible in future years.

With the switch to hour-based eligibility, part time workers must now work more weeks before becoming eligible and are entitled to fewer weeks of benefits. The changes also encourage greater use of overtime.

Young workers will find UI harder to get. They face higher thresholds for eligibility. Young workers are more likely to have part time or temporary employment. This means they are likely to need UI more frequently, lowering their benefit levels even more.

**Per cent of Unemployed Workers Receiving UI/EI Benefits**



**A question for candidates:** How will you ensure unemployed workers have adequate income security and employment supports?

## the changes in Social Housing

Access to decent and affordable housing is not only a basic human right, but a key element of Canada's social safety net.

Children who do not grow up in a safe, secure home have more difficulties later in life than children who do. Safety means properly maintained buildings with limited tenant turnover. Secure means not being afraid of having to move every few months because their families cannot afford the rent. Children cannot thrive in this kind of atmosphere.

Almost 1.2 million Canadian families do not have adequate, affordable shelter (Canadian Centre for Policy Alternatives, *Monitor*, February 1993, p.13).

Currently, there is no federal government program to ensure the creation of affordable housing. It is estimated that Calgary alone requires an additional 5,000 affordable housing units (Needs Assessment, Calgary Housing Committee 1995). The numbers are similar for Edmonton.

In Alberta at this time thousands of households live as "invisible" homeless—they do not live on the streets but live in rooms, in basements, and/or move constantly. **One in seven households in Alberta are either homeless, at risk of being homeless or among the "invisible" homeless** (Statistics Canada).

Statistics from Connection Housing (Calgary), a not-for-profit agency that aids the homeless, suggest clients spent an average of 62 per cent of monthly income on shelter costs in 1996. In Edmonton a study of Food Bank recipients showed they spent 58 per cent of their income on housing (*Two Paycheques Away: Social Policy and Hunger In Edmonton*, Edmonton's Food Bank and the Edmonton Social Planning Council, 1996). The average monthly income of these families is between \$650 and \$700. The average rent for a one bedroom apartment in Calgary is \$495—in Edmonton it is \$421.

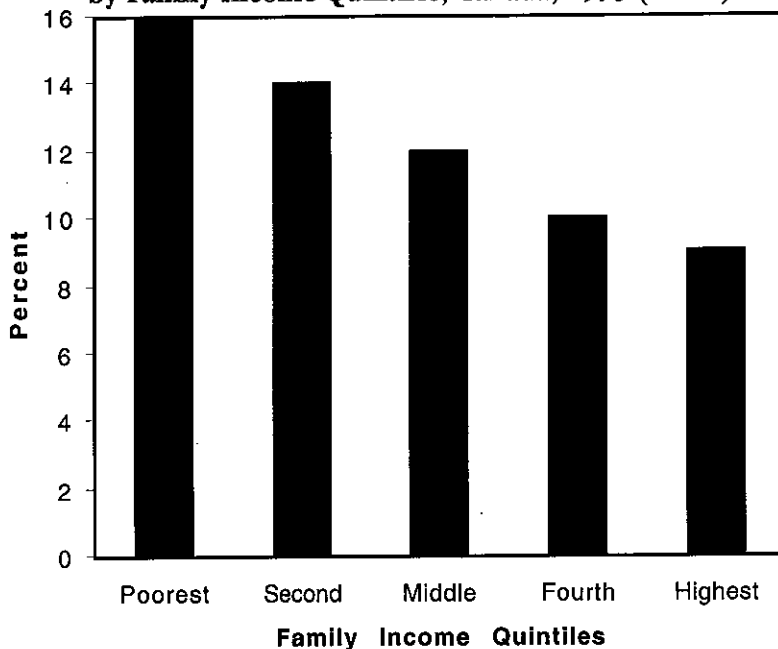
The estimated number of absolutely homeless individuals in Calgary is 5,000 to 7,000 daily dependent upon the weather and the type of count used (Horizon Housing of Calgary, 1995 report).

The number of children living in housing their parents cannot afford has risen 60 per cent since 1989 (Campaign 2000, 1996 report card on child poverty).

The federal government spends 1.3 per cent of the federal budget on housing needs. There has been a moratorium on new construction of social housing since 1993. Federal transfer payments for housing are now for maintenance of existing structures only. In Edmonton alone 420 housing units lost their government subsidies in 1997 making them less affordable to 420 families.

There has been some provincial support for shelters for single men and women but this is a "reactive" response to a growing problem. This type of support does nothing to resolve homelessness or help low-income households and the thousands of women-headed households that cannot use shelters.

**Percentage of Children in Housing Requiring Major Repairs, by Family Income Quintiles, Canada, 1993 (CCSD)**



In 1996 the federal government said it would pass the administration of co-op and social housing over to the provinces and territories. While the federal government have guaranteed the money they currently spend on social housing programs this money is not tied to existing programs and projects. This means social housing dollars are not required to stay in the existing public and non-profit housing sector, nor are there any protections against sale or loss of housing stock. Where agreements have been signed (Saskatchewan and New Brunswick) it appears the federal contribution will steadily shrink. These provinces are not bound to keep funding co-operative housing or they could alter the operating agreements taking control away from community-based co-operative boards. No deal has yet been signed with Alberta.

**A question for candidates:** What is your plan to meet the need for social housing in Canada?

# The changes in Child Poverty

In 1989, the House of Commons passed a resolution to eliminate child poverty by the year 2000. Between 1989 and 1995, the child poverty rate increased by 41 per cent, and the actual number of poor children increased by 54 per cent (National Council of Welfare).

In 1995, the number of children living in poverty jumped to a sixteen year high of 1,441,000 and the poverty rate for children rose to 20.5 per cent (National Council of Welfare).

Canada has the second highest rate of child poverty in the industrialized world. (Canadian Council on Social Development)

On average, poor families with children are living well below the poverty line. On average, the families of poor children are living on less than 70 per cent of the poverty line (National Council of Welfare).

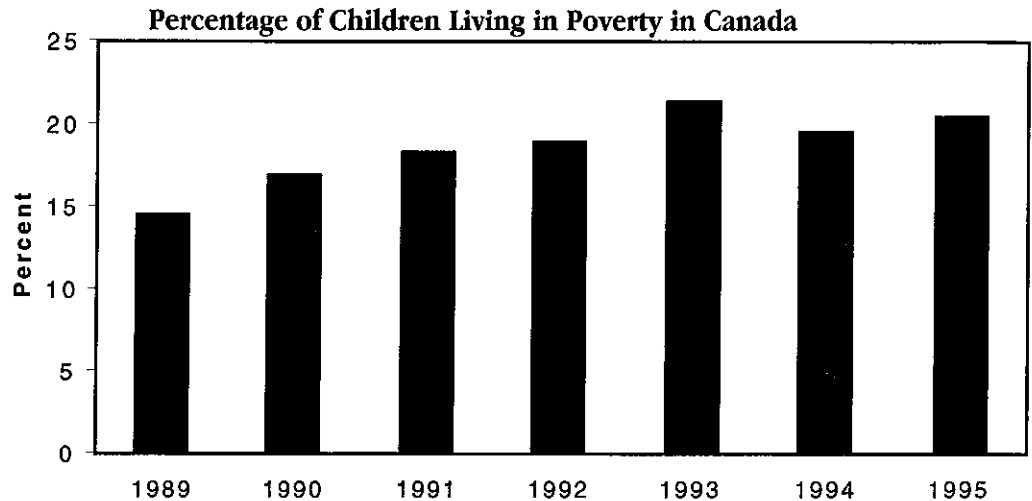
Poor children have poorer health, lower levels of educational attainment, they live in riskier environments, and they partake in riskier behaviours (*Child Poverty: What are the Consequences*, Canadian Council on Social Development).

The 1997 Federal Budget committed \$600 million dollars to the new Canada Child Tax Benefit. This, in addition to \$250 million committed in the 1996 budget, brings to \$850 million the amount of new dollars committed to child poverty by the last government. Campaign 2000, a national coalition of advocacy groups has estimated that at least \$2 billion dollars would be required to make a significant dent in the problem.

This new federal-provincial joint initiative will allow provinces to "free up" dollars formerly spent on welfare

programs for new initiatives aimed exclusively at low-wage, or working poor, families. The program will have no benefit for families on welfare.

The kind of programs which the provinces may choose to provide include tax credit programs, child care, or supplementary health benefits for prescription drugs or dental care.



At no point have there been any formal objectives established to say how many children will no longer live in poverty as a result of this program. Advocates expect the numbers to change little.

Details of the new arrangements will be concluded in mid 1997.

**A question for candidates:** How will you ensure that children (and their families) who live in poverty will get the help they need?

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Voting is not mandatory in Canada. You have the choice to vote or not. You have the right to vote if you are a Canadian citizen and 18 years old and you must reside in the electoral district where you will cast your vote. You can obtain more information about where you vote, advanced polls etc., by calling **Elections Canada at 1-800-463-6868**.

This Alberta Facts was prepared by the Edmonton Social Planning Council with input from Connection Housing & Family Care Centre in Calgary. Its report on homeless women in Calgary is available May 15th, 1997. Write to: 10601 Southport Rd. Calgary, AB. T2W 3M6, or visit them to obtain more copies of this fact sheet. In Edmonton you can visit the Edmonton Social Planning Council at #41, 9912-106 Street or call 423-2031 or fax: 425-6244.