

ALBERTA FACTS

NUMBER 3

Poverty in our Province - *The Working Poor* Published by the Edmonton Social Planning Council

Congratulations! You have a job! In a province with more than 144,000 unemployed, you are one of the lucky ones. You should be able to make ends meet and support your family, shouldn't you?

For 154,500 working Albertans, the answer is NO. These people are the working poor. In fact, they make up 60% of the poor in this province.

This is the highest proportion of working poor in all of Canada. For these people, no matter how they budget, there is never enough to meet even their basic needs.

Poor in Spite of Working...

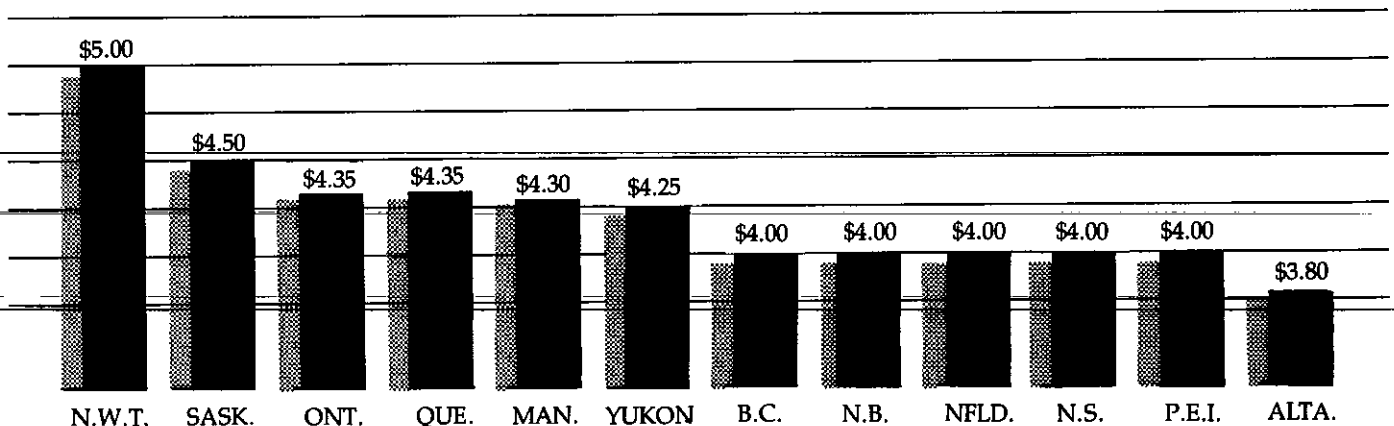
One reason for the high number of working poor in our province is that our minimum wage is the lowest in Canada. There is little chance it will

be raised soon. According to government officials, raising the minimum wage will increase business costs and might force employers to cut staff or reduce hours of work.

Yet what are the consequences for many Albertans? More live and work in poverty. A single person earning the minimum wage is still more than \$2,000 a year below the Statistics Canada poverty line. A single mother supporting a child is more than \$5,500 below the poverty line and a family of four is more than \$12,000 below the poverty line!

Farmworkers, domestics and the mentally handicapped have even less protection than the average worker. They are not covered by Alberta minimum wage laws.

Our Minimum Wage is The Lowest



Source: Canadian Law Reports, 1987

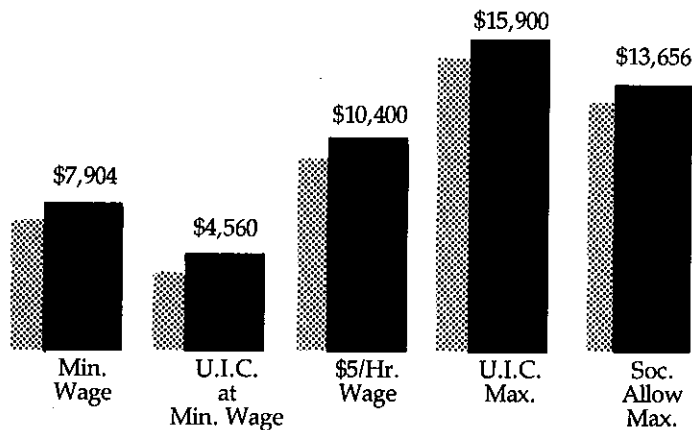
Alberta's average weekly wage is about \$444. At \$3.80 an hour, a minimum wage earner makes \$152 per week, or one third of the average.

In our society we believe that if you work hard you won't be poor. Yet a family whose wage earner makes the minimum wage actually earns less than a family on welfare. This is shocking since welfare rates are meant to meet only basic needs such as food, clothing and shelter (and little else). Surviving on a minimum wage is even more difficult.

The Poverty Gap

For a family of 4 in Alberta, 1985

Poverty Line \$20,810



Cheated by the Work Ethic...

The one thing the working poor have in common are their jobs. They are low paid, often seasonal and usually dead end. No matter how hard they work, there is little chance to move ahead.

These people cannot afford to be sick or laid off as their jobs have no fringe benefits. This means no health and dental plan, no paid sick leave, no life and accident insurance and no private pension plan. Low wage earners are the ones who need these services. They have little opportunity to save for emergencies.

Even public benefits such as unemployment insurance and worker's compensation are inadequate for someone earning the minimum wage. They are scaled according to previous earnings. For example, if someone earning the minimum wage of \$152 per week is laid off, they are only eligible to receive \$91 per week on unemployment insurance.

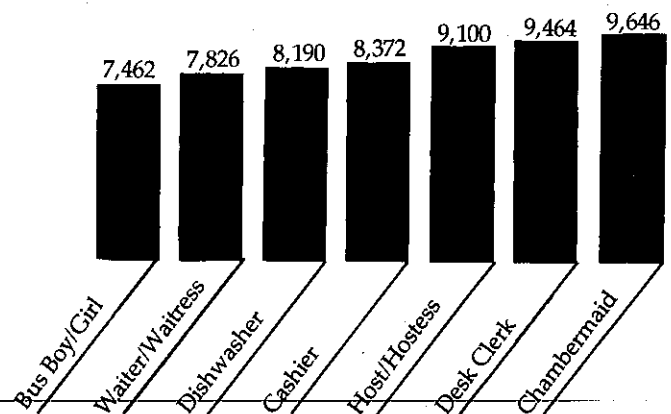
The Numbers are Growing...

Sales clerks, cashiers, waiters, cooks, typists, laundry workers, janitors... These are some of the jobs of the future. According to Statistics Canada, most new jobs now being created are service related. These jobs are not much above the legal minimum wage and many are part-time.

Some Low Income Jobs in Alberta, 1985

Poverty Line for a Family of 4, \$20,810

Poverty Line for an Individual, \$10,233



Most of these jobs are above the Minimum Wage

Source: Alberta Pay and Benefits
Alberta Bureau of Statistics, 1985

Because of this growth in service jobs, the number of working poor will increase in the future. Women will likely be the hardest hit as they make up the majority of service workers. In Alberta, 58% of service workers were female in 1984.

Overall, women have a greater chance of being poor as, on average, they earn 60% of a man's salary even when they have the same training and work in the same jobs.

Treading Water...

For many families, both the husband and wife need to work to stay out of poverty. According to a study done by the National Council of Welfare, one out of every five one earner families was poor in 1983. Even more startling, one out of every sixteen families with two wage earners was poor. The National Council estimated there would be 68% more low income families in Alberta, Saskatchewan and Manitoba if wives quit work.

Part-Time Better Than No-Time...

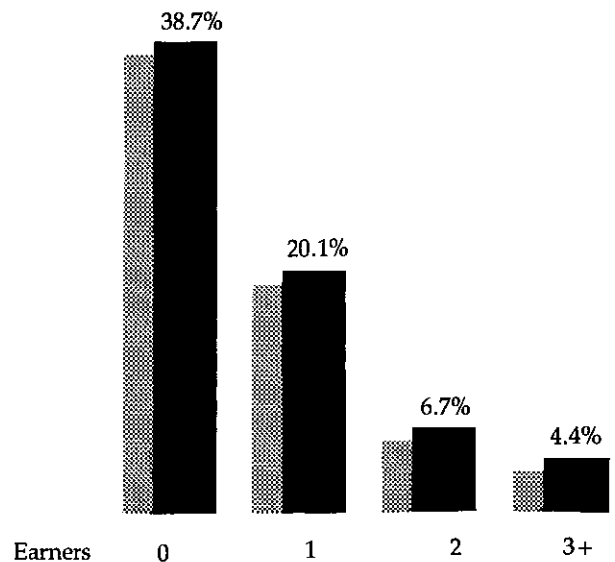
Recent employment figures show there is a move towards part-time work. Since 1975 part-time work in Alberta increased by 45% from 96,000 to 175,000 jobs.

Many part-time workers would like to work full-time. In 1985, nearly one third of all part-time workers (over half a million Canadians) could not find a full-time job.

Part-time workers are paid less than full-time workers. In 1984, they made an average of \$6.85 an hour compared to \$10.41 for full-time workers. As well, only 9% of part-time workers are covered by a company sponsored pension plan compared with 49% for full-time workers.

Again, the people most affected are women. In 1985, they made up 73% of all part-time employees in Alberta.

Family Poverty By Number of Earners, 1983



(Source: Poverty Profile, National Council of Welfare, 1985)

What Can Be Done?

The working poor are trapped into low paying jobs by family responsibilities and lack of skills. Seasonal work and low pay make it hard for them to save any money.

One way to help the working poor is to raise the minimum wage. According to the 1968 Special Senate Committee on Poverty, it should be raised to 60% of average weekly earnings. In Alberta this would mean that the minimum wage would need to be raised by an extra \$3 an hour!

Raising the minimum wage alone will not solve the low income problem for all families. What is enough for a small family to live on is not enough for a large family.

Other actions that can be taken are:

- Make up the difference between a family's earnings and the poverty line through wage supplementation programs.
- Improve labour standards laws to ensure that unorganized and part-time workers have the same fringe benefits and working conditions as organized workers.
- Better enforce existing labour standards laws.

- Bring domestics and farm workers under the protection of minimum wage laws.
- Improve job creation programs so that they offer long-term jobs with decent wages and working conditions.
- Improve the access to and quality of on-the-job training programs.

Questions for Discussion

1. What do you think is a fair minimum wage? What are the advantages and disadvantages of raising the minimum wage?
2. Many low income people are forced to choose between low wages and inadequate social assistance benefits. Why do you think more working poor do not quit their jobs and go on welfare?
3. What changes in your lifestyle would you have to make if you had a job at the minimum wage? Work out your own family budget based on minimum wage earnings.

This is one of a series of factsheets on social issues produced by the Edmonton Social Planning Council. They are available for bulk distribution at \$15.00 per 100 plus a small mailing and handling charge. The contents may not be commercially reproduced; reproduction for other uses is encouraged.

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