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Edmonton Social Planning Council

Why ESPC challenges Alberta to adopt the MBM

EXECUTIVE SUMMARY September 2004

The issues

This is a summary of the main points contained in ESPC's POSITION PAPER: *More Money in Their Pockets: Pragmatism, Politics and Poverty in Alberta*

Many of the 350,000 low income Albertans (11.9% of the total population) would be better off today if the Alberta government had not abandoned its support for the the Market Basket Measure (MBM) as a tool "to ensure that Albertans who need support get it."

By using the MBM we can identify the extent to which provincial government policies and programs are falling short for many of the people in Alberta who live in poverty.

Specifically, the MBM shows that government policy is failing those who receive income support, such as Alberta Works and AISH, as well as workers who earn the minimum wage in Alberta. The reason is simple: welfare and minimum wage rates are not based on the cost of living in this province.

People on social assistance in Alberta receive an income (according to the MBM) that provides only 39% - 73% of what it costs to buy basic necessities for their households.

Many full time workers earning the minimum wage in Alberta take home an income (according to the MBM) that provides only 79% - 86% of what it costs to buy basic necessities for their households.

"By any measure," the Position Paper states, "this is a serious social dysfunction in a province as rich as ours."

The challenge

- Adopt the Market Basket Measure (MBM) as the measure of low income in Alberta and the instrument to set welfare and minimum wage rates.
- Create an independent, non-partisan, multi-sectoral body to assess and evaluate low income rates and programs in Alberta.

What is the MBM?

The MBM (Market Basket Measure) is Canada's newest low income measuring tool (introduced in May 2003). The Alberta government participated in the development of the MBM as a credible tool that would identify "the basic requirements of everyday living." So the MBM contains "essential" goods and services including food, clothing and footwear, shelter, transportation, and "other" personal and household needs such as furniture, phone service, and "modest" levels of reading, recreation and entertainment. The cost of purchasing these goods and services is tabulated, showing the income required to afford this basic "basket."

These proposals were presented earlier this year to the Alberta government's Standing Policy Committee on Learning and Employment. A POSITION PAPER was developed to further explain and validate our positions. The paper and this summary are available in print by calling our office or they can be viewed on our website at www.edmspc.com.

Using the MBM

Social assistance would need to be increased by \$5,000-\$7,000 per household annually to provide people on welfare with enough income to buy the basket of goods and services in the MBM. This increased support would enable nearly 29,000 households in Alberta, over 50,000 people, to more readily move toward independence.

The minimum wage would need to be increased by \$1.50 per hour to \$7.40 per hour to ensure that most households with members working would have incomes that matched the MBM. This would benefit the 5.1% of Alberta workers (approximately 69,800 people) who work for less than \$7 per hour. It would especially improve the lives of the 5,250 people who work full-time for minimum wage. A minimum wage of \$7.40 per hour would also bring Alberta closer to the four other provincial/territorial jurisdictions that currently have minimum wages higher than \$7.40 per hour.

Adopting the MBM in Alberta provides a pragmatic opportunity to literally put more money in the pockets of people with low incomes.

The MBM as an objective, non-partisan benchmark

Although the MBM has limitations, the Council believes its practical advantages offset its theoretical disadvantages. In particular, adopting the MBM would provide a much needed objective benchmark in tracking and evaluating relevant economic policies and income support programs.

Establishing a non-partisan, independent body to assess and evaluate low income rates and income support programs in Alberta would remove the process from political oversight. Members of the review body would be drawn from academia, business, the human services sector, as well as people who have experienced poverty.

Alberta's current income support programs are primarily based on the value of promoting self-sufficiency rather than ensuring that every Albertan's basic needs are provided for. The adoption of the MBM presents an opportunity to reframe the perception of poverty in Alberta by linking low income to the capacity to buy the basic necessities.

Alberta's current minimum wage is inconsistent with the values of independence and self-reliance championed in the province. Adopting the MBM as the instrument to help set minimum wage rates provides an opportunity to redress this inconsistency and support Albertans struggling to maintain their independence.

Adopting the MBM presents an opportunity to put poverty back on the public agenda. Perhaps **by adopting the MBM Albertans would better understand the inadequacy of the welfare benefits and the minimum wage, and provoke a demand for rates that reflect the actual cost of living.**

Further Reading

Here are just a few of the more than 50 sources cited in the Position Paper:

Alberta Human Resources and Employment. *Minimum Wage Profiles - July 2003-June 2004, 12-month average* (2004) www.gov.ab.ca/hre

Human Resources Development Canada. *Understanding the 2000 low income statistics based on the Market Basket Measure* (2003) www.hrdc-drhc.gc.ca

National Council of Welfare. *Income for a living?* (2004) www.ncwcnbes.net