



# Understanding Canada's New Poverty Line: The Market Basket Measure

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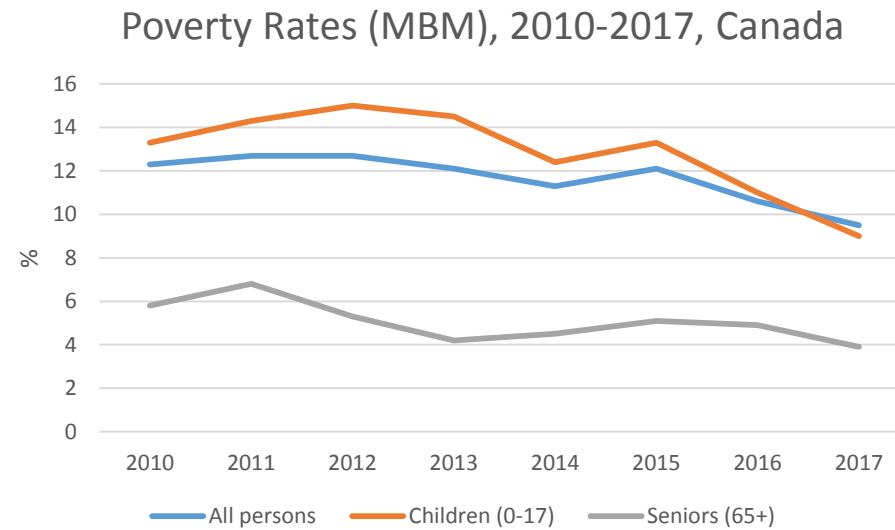
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## Canada's Official Poverty Line

- The **Market Basket Measure** will be used as the basis for the official measure of income poverty, referred to as Canada's Official Poverty Line.
- The MBM is calculated based on the costs of a basket of goods and services that individuals and families require to meet their basic needs and achieve a modest standard of living.
- This basket includes items such as healthy food, appropriate shelter and home maintenance, and clothing and transportation, as well as other goods and services that permit engagement in the community.
- The MBM reflects poverty thresholds for 50 regions across Canada and will also be expanded to include the three territories.

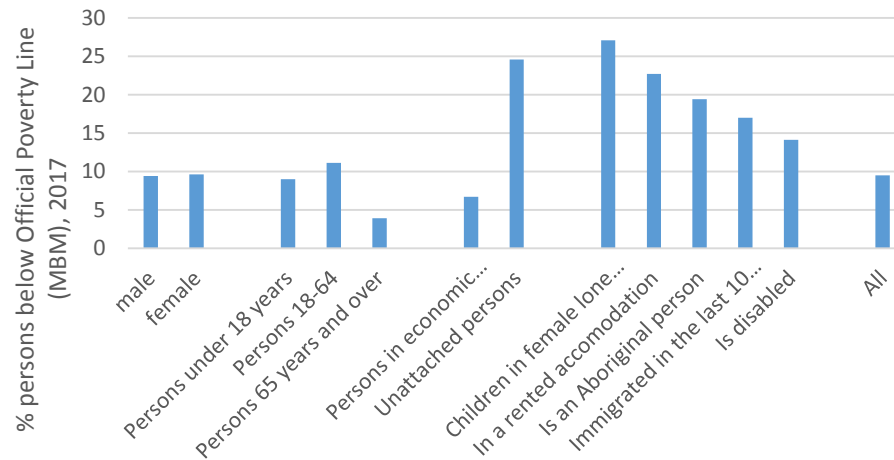
## Poverty has trended downward in recent years



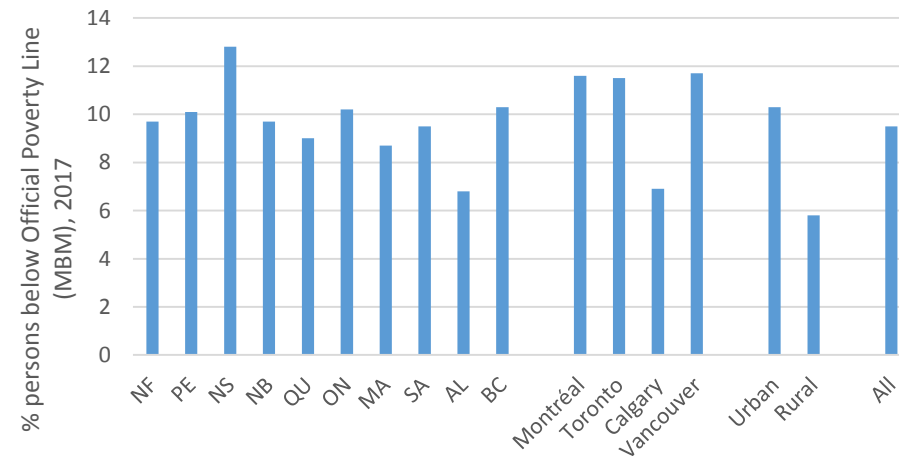
Source: Statistics Canada.

## Poverty varies among target groups and geographically

Poverty differs for vulnerable groups



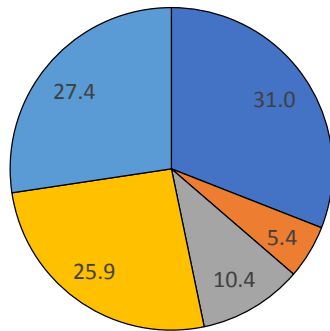
Poverty varies regionally



Source: Statistics Canada.

## Building the thresholds

Component contributions to the total basket,  
average of 50 MBM regions, family of 4, 2017

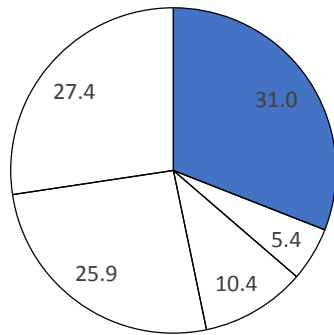


■ Food ■ Clothing ■ Transportation ■ Shelter ■ Other expenses

- The thresholds are built based upon the costs of a basket of food, clothing, transportation and shelter plus an allowance for other necessities
- The following slides highlight how these components are estimated using the current MBM

## Building the thresholds - Food

Component contributions to the total basket,  
average of 50 MBM regions, family of 4, 2017



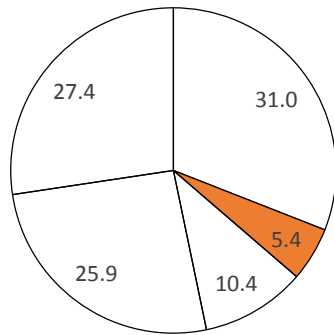
■ Food □ Clothing □ Transportation □ Shelter □ Other expenses

- The current MBM uses the 2008 National Nutritious Food Basket (NNFB) as a reference for a healthy diet
- The NNFB represents a nutritional diet with healthy foods that “people like to eat”
- The NNFB is not a “shopping list” nor “cheapest diet” that meets nutritional requirements
- It is designed to be “socially acceptable and contain sufficient variety to be nutritionally adequate and palatable over the long term”
- Statistics Canada individually prices the items identified in the NNFB at the quantities specified, and aggregates these for a “reference family” of two adults and two children

Source: Statistics Canada.

## Building the thresholds - Clothing

Component contributions to the total basket,  
average of 50 MBM regions, family of 4, 2017



□ Food □ Clothing □ Transportation □ Shelter □ Other expenses

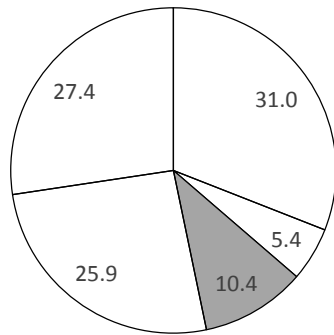
- The current MBM uses the clothing portion of the 2001 Winnipeg Harvest Acceptable Level of Living (ALL) basket as a reference for clothing needs
- Reflected a similar standard of living to that of the MBM
- Clothing and footwear for common work, school and social occasions
- Significant input from low-income persons
- Statistics Canada estimates the cost of clothing for the reference family

Source: Statistics Canada.



## Building the thresholds - Transportation

Component contributions to the total basket,  
average of 50 MBM regions, family of 4, 2017



□ Food □ Clothing ■ Transportation □ Shelter □ Other expenses

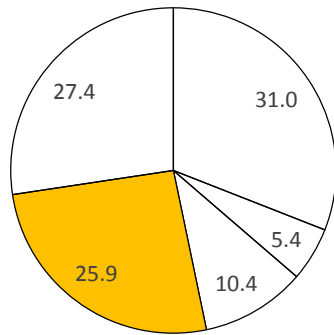
- MBM includes a component to meet the basic transportation needs for work, school, shopping, and participation in community activities.
- In areas with a public transit system, it consists of transit passes and taxi trips.
- In areas without a public transit system, it uses the cost of purchasing, operating and maintaining a five-year-old car.
- A variety of different methods are currently used to determine costs for these components

Source: Statistics Canada.



## Building the thresholds - Shelter

Component contributions to the total basket,  
average of 50 MBM regions, family of 4, 2017



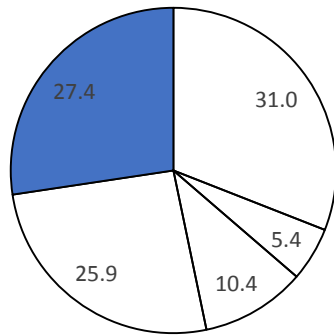
□ Food □ Clothing □ Transportation ■ Shelter □ Other expenses

- Shelter costs are added, based upon the cost of 2-3 bedroom serviced units with some amenities, for each MBM region.
- Includes:
  - Rent
  - Utilities (heat, water, and electricity)
  - Amenities (refrigerator, stove, washer and dryer)
- Currently, data comes mostly from the 2006 census, and is updated using the rental cost CPI (to account for inflation)

Source: Statistics Canada.

## Building the thresholds – Other

Component contributions to the total basket,  
average of 50 MBM regions, family of 4, 2017

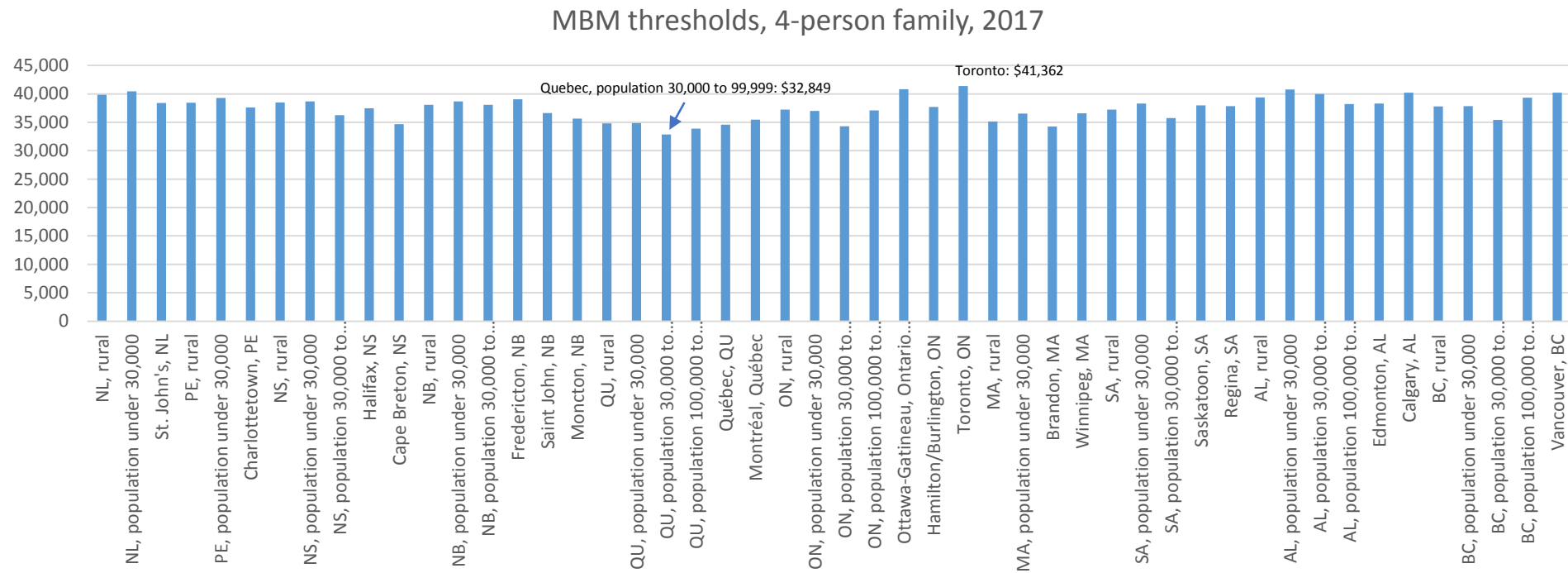


□ Food □ Clothing □ Transportation □ Shelter ■ Other expenses

- MBM adds an amount for other needs
- Meant to cover other goods and services, not covered by the previously discussed components, but are generally considered be necessities
- Does not use prices, like the other parts of the MBM
- Set at a fixed proportion of the food and clothing baskets
- Since 2010, the Other component has been fixed at about 75% of food+clothing

Source: Statistics Canada.

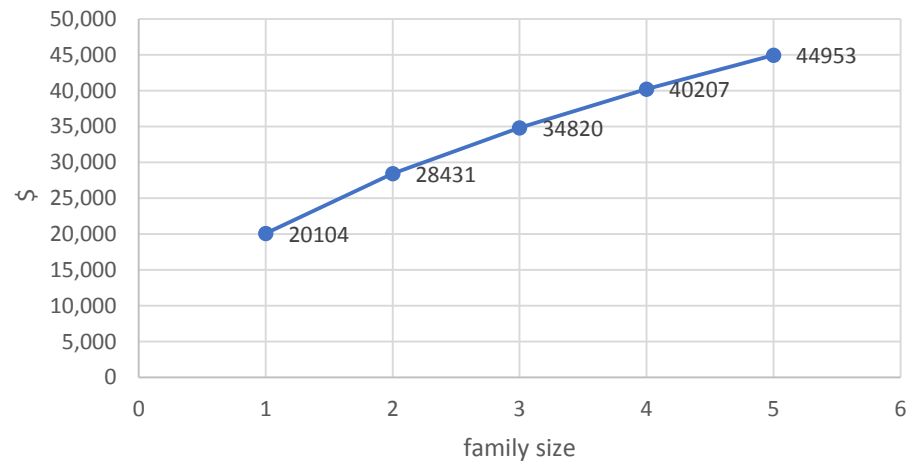
## MBM Thresholds, family of four, 2017



Source: Statistics Canada.

## MBM thresholds: other family sizes

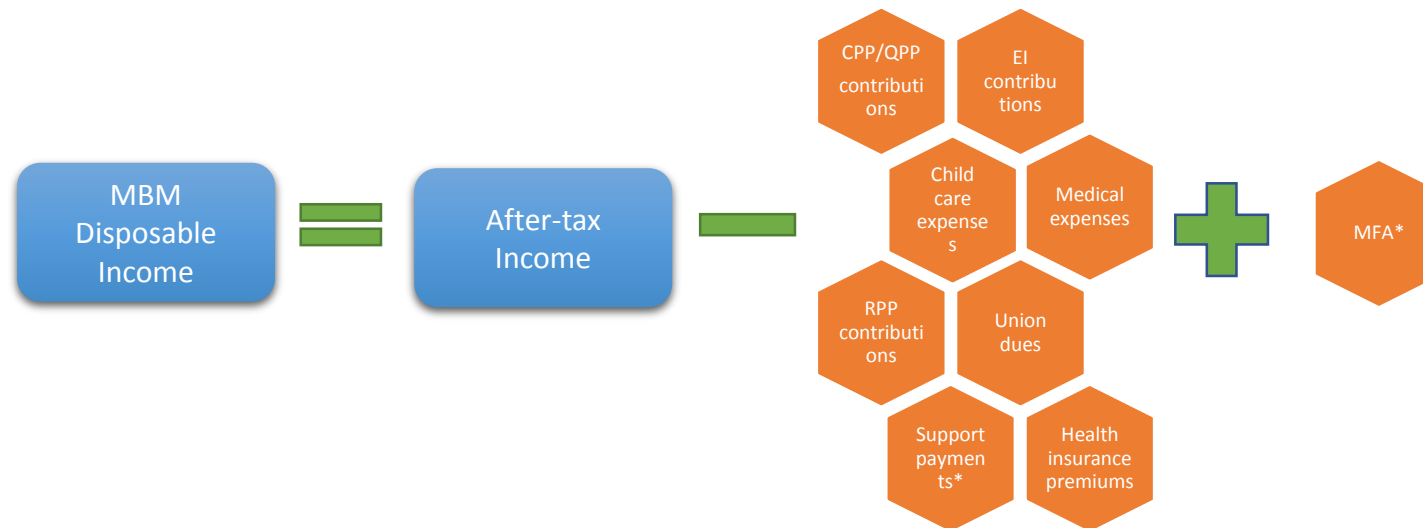
MBM Thresholds, Calgary, 2017



- Statistics Canada estimates the threshold value for a family of four
- Thresholds for other family sizes are calculated by scaling up or down this threshold
- Uses the "square root" equivalence scale
- Accounts for economies of scale (a two person household needs more than half the income of a four person family, because the four person family can share some expenses like shelter, utilities, etc...)

## The Disposable Income concept

- For a family to be in poverty, its Disposable Income must be less than the threshold amount for its family size and region.



\*Support payments are net (received minus paid)

\*MFA is the Mortgage Free Advantage, which accounts for the fact that mortgage-free households have lower shelter costs than others

## The Current MBM Comprehensive Review

- A modest, basic standard of living can change over time, so it is determined that the MBM methodology should be rebased on a regular basis.
- The rebasing is informed by the results of a “Comprehensive Review”. Following the comprehensive review, basket contents can also be adjusted to reflect contemporary circumstances, and necessary methodological updates are made.
- The MBM was first developed in the late 1990s, and was last rebased in 2008-2010
- Objective of the current review: to create an MBM-base appropriate to reference year 2018

## 2018-base comprehensive review timeline

- October-November 2018: Receive advice from Provinces, Territories, federal, academic, NGO
- October-December 2018: Conducting various outreach activities
- 2019: Develop 2018 base
- 2020: Publish 2018 base, low-income estimates for 2015-2018
- On a separate "track" - developing MBM thresholds for the Territories



## Activities to date

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- Face-to-face and focus group interviews with Canadians with lived experiences of poverty, in all Provinces and Territories
- An on-line survey to gather views on the MBM, which was open to all
- A workshop with Provincial and Territorial focal points
- A workshop with members of the academic and NGO communities
- Ad-hoc activities

## What do you think?

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- Thinking about all aspects of the MBM,
  - What changes to the MBM do you think are most important?
  - What is your advice to Statistics Canada as we work towards a new 2018-base MBM?
- How do your organisations use, or plan to use, the MBM?

## Wrap-up

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- We appreciate the discussions we have had up to now, and look forward to more in the future as we continue to collaborate to review and improve the MBM.

## Want to contact us?

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