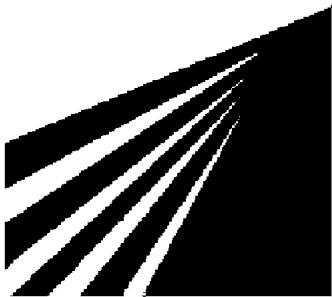


Market Basket Measure:

A New Measure of Poverty in Canada

Prepared by



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Why Measure Poverty?

“An accurate definition of a problem is part of its solution.”

A Somali Proverb

- Poverty is a problem in Canada. We, therefore, need to measure poverty in order to
 - Evaluate the success of social policies directed to reduce or eliminate poverty; and
 - Advocate for change

How to Measure Poverty

- Poverty measurement consists of determining the income level that is deemed to be sufficient to meet the basic needs of families and individuals.
- All those who do not earn such level of income are then defined to be poor.
- The question ‘**what income do families and individuals need?**’ constitutes the essence of the current debate on poverty measurement.

What Are the Basic Needs of Families & Individuals?

- How we answer that question determines the needs we will strive to fulfill for all Canadian families and individuals.
- Some analysts limit the needs of families and individuals to basic physiological necessities.
- Others argue that not being able to fully participate in social interactions for lack of means is also a sign of poverty.

Approaches to poverty Measurement

- Two main approaches to answering such a question:
- **Relative Measures of Poverty**
 - Link poverty to national incomes. A person is defined poor if his/her means are small compared to other Canadians. Here social inclusion is considered to be a legitimate need.

...Approaches to Poverty Measurement

Absolute Measure of Poverty:

- Identifies a bare minimum of goods to meet basic needs. A person is defined poor if they lack the means to buy a specified basket of goods, regardless of how rich his/her community may be.

Current Measures of Poverty

- There are a number of poverty measures in Canada, none of which is an official measure.
- Statistics Canada Measures:
 - **LICOs** (low income cut-offs)
 - combines the two approaches and is widely used by researchers.
 - **LIMs** (low income measure)
 - A relative measure of poverty that is linked to the national average income. Similar approach to the international measurements of poverty.

.....Current Measures of Poverty

- Social Planning Councils' measures of poverty. Typically arrived at after public hearings.
- Other statistical measures brought forward by other progressive organizations like CCSD

.....Measures of Poverty

- UNDP introduced the **human poverty** concept which looks beyond income and includes social dimensions such as
 - lack of political freedom,
 - Inability to participate in decision-making,
 - lack of personal security,
 - inability to participate in the life of a community and
 - threats to sustainability and intergenerational equity.

The New Measure of Poverty: The Market Basket Measure (MBM)

- Jointly proposed by the federal government, the provinces and the territories.
- Declared objective of the MBM is to measure the impact of the National Child Benefit policy on poverty.
- Will likely end up being the the **official** poverty measure in Canada because of its support from both the federal and provincial governments.

.....The Market Basket Measure

- MBM is an absolute measure of poverty.
- It is below Statistics Canada's LICOs, and SPCs' measures.
- It is not tied to the national resources.
- The basket of goods does not change over time, regardless of how the the living standard of the mainstream population may change.

Goods in the Basket

- **Shelter** - Based on Statistics Canada survey
- **Food** - Based on Health Canada's National *Nutritious Food Basket*.
- **Clothing & Footwear** - To be determined
- **Transportation** - 2 bus tickets for a family of four living in urban centers served by public transportation, that is composed of two adults aged 25-49 and two children aged 9 and 13.
- **Other Goods** - Estimated as a fraction of the cost of food and clothing.

Who is Poor According to MBM?

- All those, who after paying for expenses such as:
 - Childcare and alimony
 - non-insured medical expenses
 - aids for disability,
- Cannot afford to buy the goods in the basket.

Implications of the MBM

- Because it sets the bar so low, MBM *miraculously* reduces poverty.
- Poverty Rates for all Persons (1996 data):

Province	Poverty by LICO	by MBM	% Change
Ontario	15.8	12.5	-21%
Quebec	21.2	10.8	-49%
Alberta	15.8	9.2	-42%
BC	17.6	13.9	-21%
NF	17.2	17.8	+4%

The National Council on Welfare

What is not seen as a problem is not resolved.

- By Falsely reducing poverty rate, the MBM will lead to decreased efforts in public policy to eliminate poverty.
- Consequently the gap between the rich and the poor will likely increase.
- High social costs will be paid by all of us.

The Social Costs of Poverty

- Child and Family Canada identifies the following social costs of poverty:
 - Child mortality rate is twice as high among families at lowest incomes levels compared to families at the highest level of incomes.
 - High school drop out rates was 2.5 times higher for children in poor families.
 - Drowning is 3.4 times more common among boys of low income families.

....The cost of poverty

- Children in low income families are 1.7 times more likely to have psychiatric disorders than children from other families.
- Teens in low-income families are:
 - 1.8 times more likely to smoke;
 - 1.8 times more likely to have alcohol problems
 - 1.4 times more likely to use drugs.

What can be done?

- Statistics Canada is expected to hold public consultations in the Fall.
- Activist groups and concerned citizens can participate in such consultations and make their views known.

Facts on Poverty in Ottawa

- 28 % of Ottawa residents are living in poverty.
- **Poverty rate by demographic groups**

Demographic Group	Poverty Rate
Children 0-5	42%
Lone-parent with children	60%
Recent immigrants	64%
Visible minorities	53%
Aboriginal identity	51%
Persons with disability	39%
Elderly women	41%

Canadian Council on Social Development

Geographic Concentration of Poverty in Ottawa

