



Canada's Official Poverty Line

International Seminar on Measuring shared prosperity and inclusion: Challenges and innovative approaches

November 2nd - 4th, 2022



Delivering insight through data for a better Canada

Canada's First Poverty Reduction Strategy

- In 2018, the Government of Canada released *Opportunity for All – Canada's First Poverty Reduction Strategy*, which contained long-term commitments to guide current and future government actions and investments to reduce poverty, including:
 - Establishing the Market Basket Measure (MBM) as Canada's Official Poverty Line
 - Introducing poverty reduction targets using a baseline of 2015
 - Reduce the rate of poverty by 20% by 2020, and
 - Reduce the rate of poverty by 50% by 2030 (aligned with United Nations Sustainable Development Goals)
 - Creating a National Advisory Council on Poverty
 - A Data and Measurement Plan, which includes ongoing funding to develop and improve data to measure poverty and to inform policy decisions.
- The *Poverty Reduction Act* received Royal Assent in June 2019 and legislates commitments made in the Strategy including entrenching the MBM as Canada's Official Poverty Line.

For more information about the Canada's First Poverty Reduction Strategy, click [here](#).

Setting the Market Basket Measure thresholds



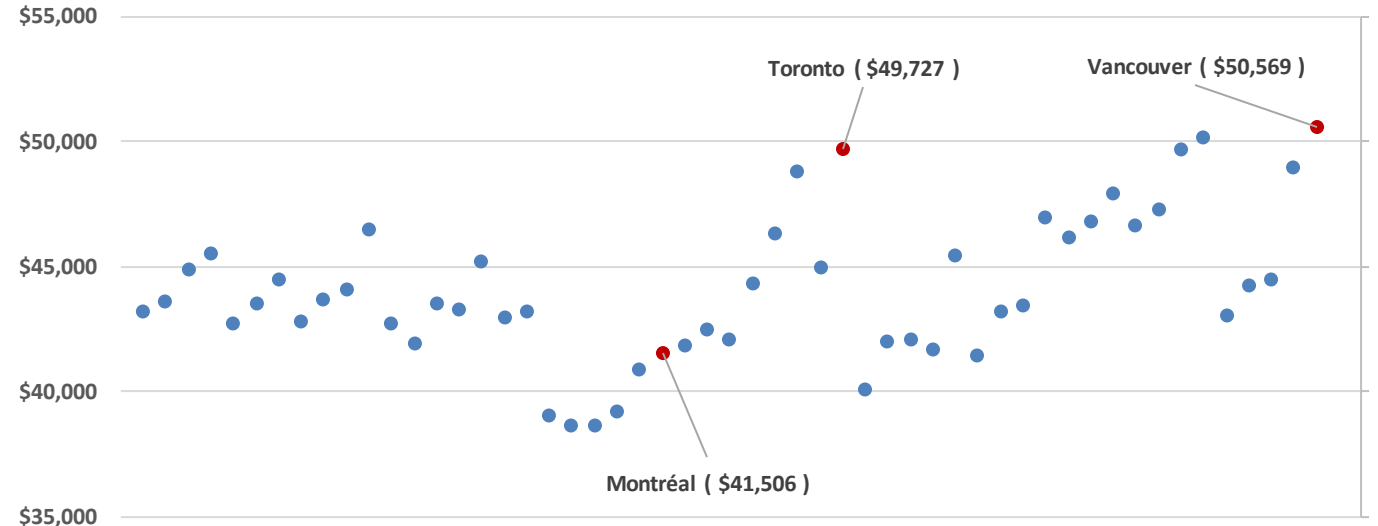
- Basket of goods and services meant to reflect a modest, basic standard of living for a four-person family
- Priced for 53 regional areas to reflect differences in living costs
- Five components are included in the 2018-base basket:
 - Food
 - Clothing
 - Transportation
 - Shelter
 - Other necessities
- Prices are updated annually for inflation
- Methods are reviewed and the basket is re-based every five years

For more information about the components click [here](#).

53 provincial MBM thresholds, 2020

- In 2020, the MBM thresholds ranged from \$38,500 CAD for small communities in Quebec to \$50,500 CAD for Vancouver.
- Canada's three most populous metropolitan areas and their corresponding 2020 threshold amounts for a four-person family have been highlighted.
- Overall, the basket costs tend to be higher in Ontario, Alberta and British Columbia

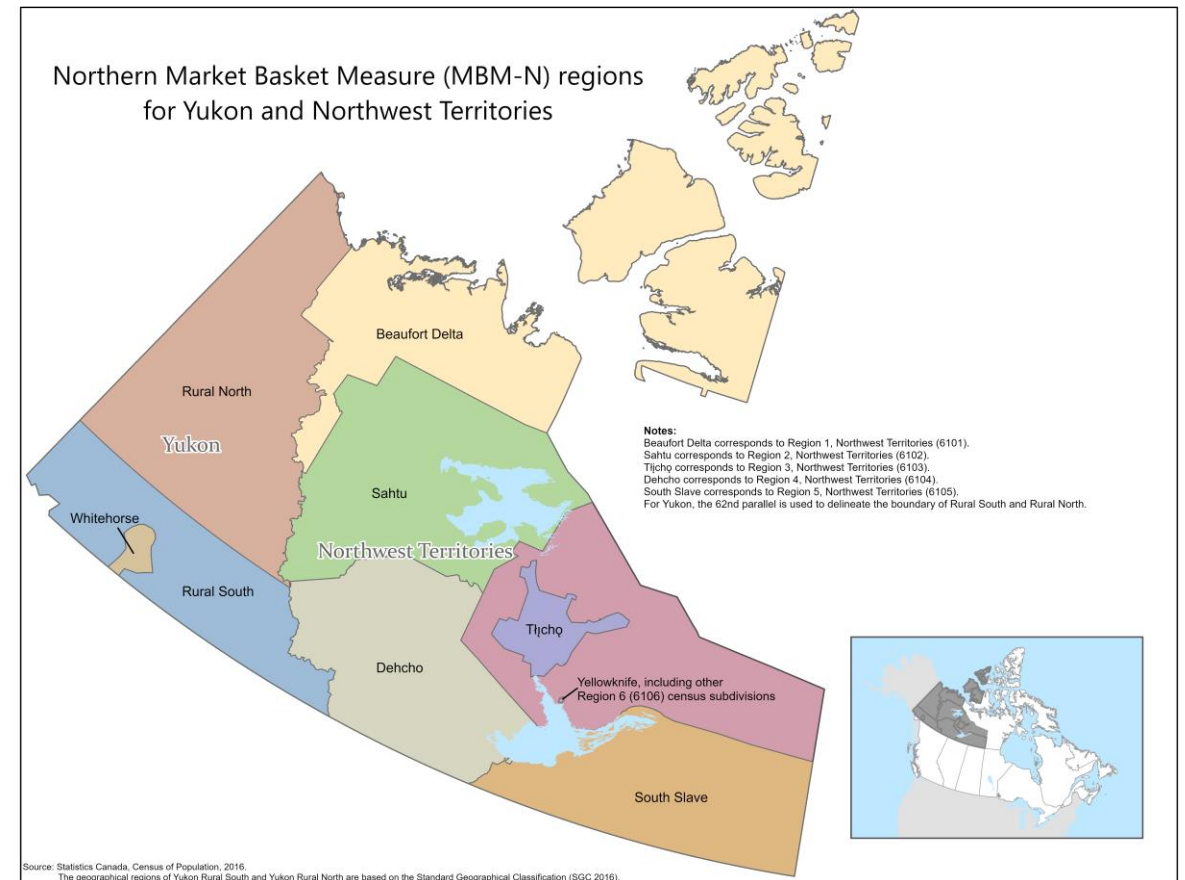
Total threshold amounts for the 53 MBM regions in the provinces, 2020



Source: Statistics Canada. Table 11-10-0066-01 Market Basket Measure (MBM) thresholds for the reference family by Market Basket Measure region, component and base year

Adapting the MBM to Canada's North

- Adaptation of the existing MBM to two-of-three Canadian territories (i.e., low-density jurisdictions) previously not covered.
- Same five major components, still aims to represent a modest, basic standard of living
- Adjustments to the contents of the MBM to reflect life in the North

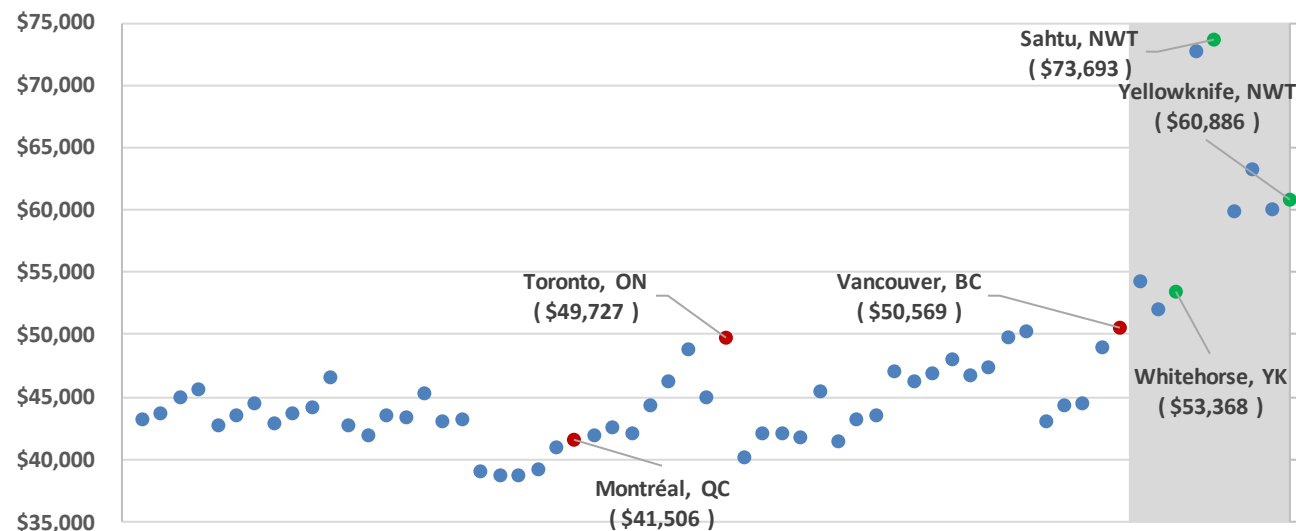


For more information about the MBM-N for Yukon and the Northwest Territories click [here](#).

53 provincial MBM and 9 territorial MBM-N thresholds, 2020

- In 2020, the Northern MBM thresholds for a four-person family in Whitehorse was about \$53,300 CAD, while in Yellowknife it was \$61,000 CAD.
- In general, all Northern MBM thresholds were higher (greyed region in the chart) than the 53 original regions in the provinces.
 - Shelter typically representing the largest costs of the basket.

Total threshold amounts for the 53 MBM regions and 9 MBM-N regions in the provinces, Yukon and the Northwest Territories, 2020



Source: Statistics Canada. Table 11-10-0066-01 Market Basket Measure (MBM) thresholds for the reference family by Market Basket Measure region, component and base year.

Coverage issues

- Geographical
 - Currently only available for twelve-of-thirteen jurisdictions across Canada
 - All ten provinces
 - Two-of-three territories
 - Costs and incomes associated with people living in 'on reserve' census subdivisions (CSD) are not included in the MBM calculations.
 - The Census has six defined CSD 'on reserve' types.
 - The vast majority of these CDSs are in the provinces.
- Respondent
 - Annual income information is collected for a household and for those 16 years of age or older
 - Limits certain demographic information for children (e.g., disability status, immigration status, indigenous status, etc.).
 - Statistics for people living in institutions, people with no fixed address and people experiencing homelessness are not possible

Poverty Trends

- Among Indigenous people aged 16 and older, about 89,000 (11.8%) were below the poverty line in 2020. This is a decrease of 14.4 percentage points from the 2015 rate (26.2%).
- The poverty rate among First Nations people living off reserve was 15.2% in 2020, down from 35.3% in 2015. Among Métis, the poverty rate was 9.4%, down from 18.2% in 2015. Separate estimates for Inuit could not be published because of a smaller sample.

Persons living below the poverty line¹, by selected demographic group, Canada², 2015 to 2020

	thousands						% of population					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
All persons	5,044	4,552	4,260	4,065	3,793	2,357	14.5	12.9	11.9	11.2	10.3	6.4
Persons 16 years and over	4,032	3,695	3,501	3,372	3,177	2,054	14.0	12.7	11.8	11.2	10.4	6.7
Indigenous peoples	205	151	186	157	133	89	26.2	19.2	22.5	20.1	18.6	11.8
First Nations living off-reserve	127	100	118	104	81	60	35.3	25.9	27.8	25.1	22.8	15.2
Métis	75	47	65	52	47	33	18.2	12.1	16.6	14.4	13.7	9.4
Inuk (Inuit)	F	F	F	F	F	F	F	F	F	F	F	F

F too unreliable to be published

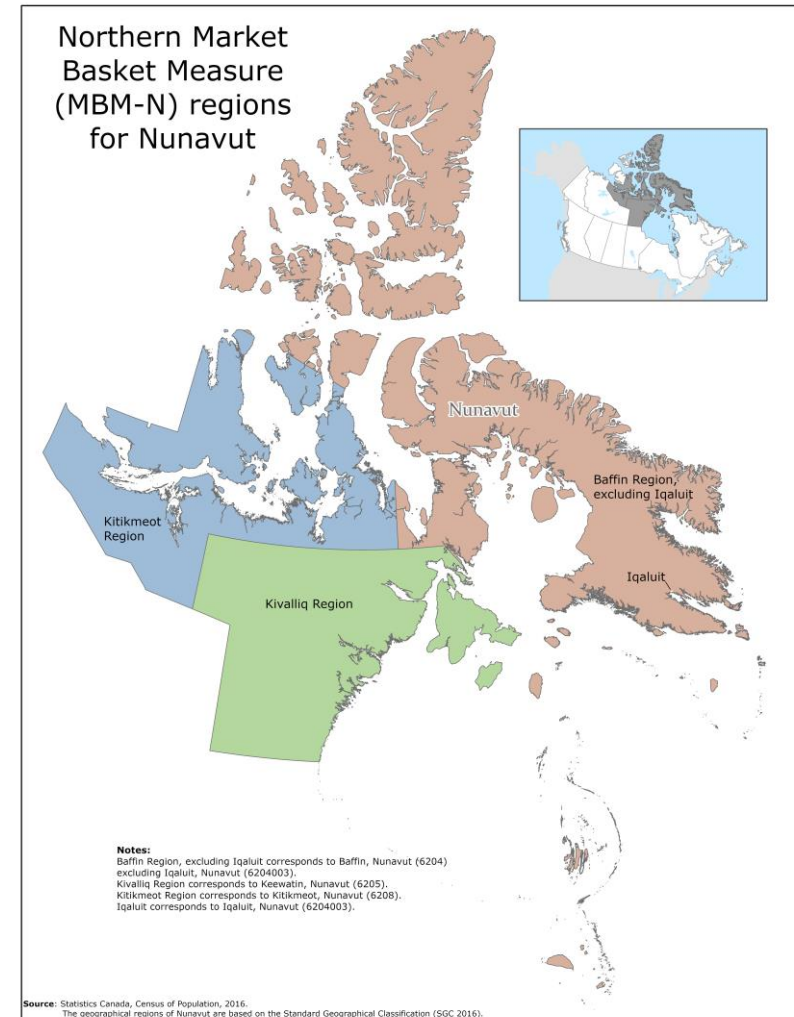
¹ Based on the Market Basket Measure (2018 base).

² Provinces only.

Source: Statistics Canada. Canadian Income Survey (CIS), custom tabulation.

Developing a Northern MBM for Nunavut

- Discussion paper will be published, detailing the proposed methodology, thresholds and poverty estimates
- An adaptation of the MBM-N for Yukon and the Northwest Territories, with the same five components.
 - An additional component is being proposed for the Nunavut MBM-N, meant to conserve Nunavummiut culture, tradition and way of life.
- A collaborative process between the Government of Nunavut and Employment and Social Development Canada.



Questions and/or comments?

- Email:
 - statcan.market.basket.measure-mesure.du.panier.de.consommation.statcan@statcan.gc.ca
- 2018-base MBM documentation:
 - [Report on the second comprehensive review of the Market Basket Measure](#)
 - [Defining disposable income in the Market Basket Measure](#)
 - [Towards an update of the Market Basket](#)
 - [An update on the Market Basket Measure comprehensive review](#)
- MBM-N documentation:
 - [Construction of a Northern Market Basket Measure of poverty for Yukon and the Northwest Territories](#)
 - [Proposals for a Northern Market Basket Measure and its disposable income](#)
- Poverty Reduction Strategy documentation:
 - [Poverty Reduction Act](#)
 - [Canada's First Poverty Reduction Strategy](#)