CITIZENS FOR
PUBLIC JUSTICE **CPJ**

Poverty Trends 2018

5.8 million people in Canada live in poverty – That is 16.8% or

1 in 6 people.*

Canada has its first national poverty reduction strategy – *Opportunity for All*.[1] **The strategy sets targets to reduce poverty by 20% by 2020 and 50% by 2030 (2015 MBM rates). It also commits to establishing an official poverty line for Canada, using the Market Basket Measure. This strategy is an important step forward in federal action on poverty, but more is needed to reach those targets and the ultimate goal of poverty eradication.**

*Note: CPJ's *Poverty Trends* reports have previously used the Low Income Measure, after tax (LIM-AT) as its primary measure of poverty rates in Canada. This year, Statistics Canada changed its methodology for calculating this low income threshold, bringing it into line with the indicator commonly used internationally to compare levels of poverty between countries.[2] *Poverty Trends* will now use this updated measure – the **Census Family Low Income Measure** (CFLIM-AT) – in its poverty reports. The new federal poverty reduction strategy has committed to using the Market Basket Measure (MBM) as the official poverty line, in addition to other measures, including the CFLIM-AT. Each of these indicators provides crucial information about the experience of low income in Canada. See next page for further details on different poverty measures.

Source: Statistics Canada. Table: 11-10-0018-01 (formerly CANSIM 111-0046). After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition. 2016 income year.

Poverty rates broken down

Children

19.6% CFLIM-AT

Children in lone-parent families

47.4% CFLIM-AT

Single parent families

36.0% CFLIM-AT

Single adults (non-Seniors, not in census families)

37.7% CFLIM-AT

Single persons with disabilities

23.0% LIM-AT[3]

Single Seniors

25.7% CFLIM-AT

Indigenous peoples

23.6% LIM-AT[4]

Racialized people (visible minority, non-Indigenous)

20.8% LIM-AT[5]

Poverty measures

Statistics Canada provides several low income indicators to calculate poverty rates in Canada. Each measure of low income provides different information on poverty rates and uses different methodologies to calculate rates of poverty.

Low Income Measure (LIM)

The Low Income Measure (after tax) is a fixed percentage (typically 50%) of the adjusted median household income. Anyone at or below the threshold of the LIM is considered low income. The LIM is a purely relative measure of low income and is categorized according to the number of persons present in the household.[6]

Census Family Low Income Measure (CFLIM)

The new Census Family Low Income Measure (after tax) differs from the Low Income Measure (after tax) in the use of a different method for calculating adjusted family size and median income. This leads to higher CFLIM thresholds and in turn higher rates of poverty compared to the LIM. Both measures use T1 Family File (taxfiler) data.[7]

Market Basket Measure (MBM)

Market Basket Measure (MBM) is an absolute measure and is the level at which a household does not have the income to purchase a specific basket of essential goods and services, including a nutritious diet, clothing, shelter, transportation, personal care items, and household supplies. The MBM takes local conditions into account in costing the basket; it is calculated for 19 specific communities and another 29 community sizes across the 10 provinces. The MBM has only been calculated since 2002 and has been criticized for not accurately reflecting the cost of living in some regions, though it is currently under review.[8]

Source: CFLIM-AT: Statistics Canada. Table: 11-10-0018-01 (formerly CANSIM 111-0046). After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition. 2016 income year.
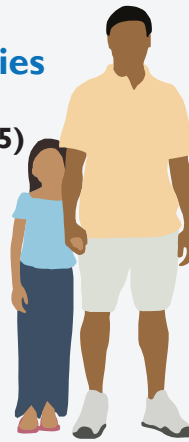
Children
19.6% CFLIM-AT
(down from 20.9% 2015)
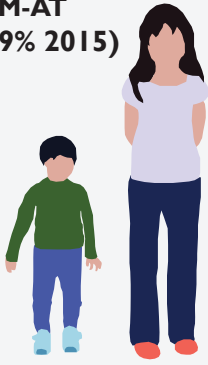
Children in lone-parent families
47.4% CFLIM-AT
(down from 50% 2015)

Single parent families
36.0% CFLIM-AT
(down from 37.9% 2015)

Single parent families are less prevalent in Canada than couple families with children, however, they are highly vulnerable to poverty. The vast majority of single parent families are female-led (80%).

While data are not yet clear on the impact of the Canada Child Benefit on addressing poverty for children and families, what is clear is that a combination of increased income security, access to adequate employment, safe, affordable housing, and affordable childcare are all needed to address this vulnerability.

"Merely having a job does not always lift a family over the poverty line, particularly in a lone-parent household. For employment to lift a lone parent family out of poverty, the hours and pay need to be high enough to meet the needs of all family members, including any child care expenses."[9] - Zon and Alderidge, Maytree.

Single adults (non-seniors)
37.7% CFLIM-AT
(up from 37.5% 2015)

Single seniors
25.7% CFLIM-AT
(down from 26.6% 2015)

Single persons with disabilities
23% LIM-AT

Single working age adults and single seniors continue to experience high rates of poverty, and single women are particularly vulnerable due to chronic wage inequity and higher likelihood of employment precarity.

Precarious employment (low-wage, non-permanent, lacking benefits, lacking sick leave), inadequate social assistance programs, and few income security benefits, along with the lack of safe, affordable housing contribute to vulnerability for single adults.

Barriers multiply for those who are women, Indigenous, racialized, and newcomers, and for persons with disabilities, including mental illness.[10]

"Given the fact that women tend to be more precariously employed than men, policies aimed at closing the gender pay gap are an important part of the solution to economic insecurity, even among professionals."[11] - Hennessey and Tranjan, CCPA

"Trends in poverty rates for lower income seniors tell us that conditions have been improving in terms of meeting very basic needs, but that many seniors have experienced much lower income growth in recent years than have working age Canadians. This likely reflects the fact that pension coverage has been falling, and that government income support programs such as the Guaranteed Income Supplement (GIS) are indexed only to inflation."[12] - Jackson, Broadbent Institute

Indigenous peoples
23.6% LIM-AT

Indigenous people in Canada continue to face high rates of poverty as a result of the legacy of colonialism, discrimination, a lack of access to educational, health care, and child care services, and inadequate housing and infrastructure.

2016 Statistics Canada census data[13] indicate that Indigenous people make up 4.9% of the population of Canada but are highly overrepresented when it comes to poverty and its outcomes.

- Half of children in foster care are Indigenous (51.2%).
- About 20% of Indigenous people aged 15 and over experienced food insecurity in the past 12 months. Among the Inuit living in Inuit Nunangat, 52% of adults experienced food insecurity.
- One in five Indigenous people live in dwellings in need of major repair. One-quarter (26.2%) of Inuit, 24.2% of First Nations people and 11.3% of Métis lived in a dwelling that was in need of major repairs. These rates were highest for Inuit living in Inuit Nunangat (31.5%) and Status First Nations people living on reserve (44.2%). And close to one fifth (18.3%) live in overcrowded housing.[14]

> **"There is a $30-billion infrastructure gap on First Nation reserves in Canada, reflecting needs in housing, water, roads and other construction projects. Economic development cannot happen without roads and broadband internet. More importantly, no one in Canada should live without a home, without access to clean drinking water, or without heat and electricity. Yet there were 174 drinking water advisories in First Nations communities in May 2018 alone."**[15] - CCPA, *No Time to Lose, Alternative Federal Budget 2019.*

Racialized people
20.8% LIM-AT
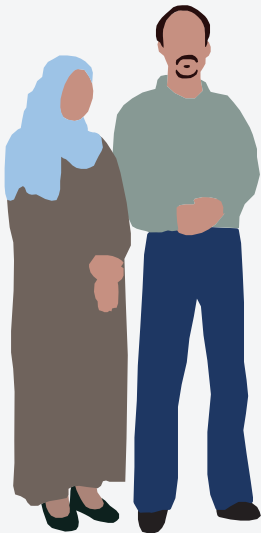
Poverty among racialized communities is persistent[16] and reflects a range of social and economic barriers.

Recent immigrants (including refugee claimants, convention refugees, and landed immigrants) face multiple barriers resulting in high poverty rates, including a lack of access to affordable housing and childcare, difficulty finding adequate employment or training, a lack of recognition of credentials, etc.

In addition, refugees are burdened with the repayment of travel loans starting 1 year after their arrival to Canada.[17]

> **"Immigrants continue to experience discrimination in the labour market due to lack of recognition of their credentials and systemic racism."**[18] - CCPA, *No Time to Lose, Alternative Federal Budget 2019.*

Poverty rates in Canada

Anti-Poverty Strategy
- Yes (green)
- Yes/Not Implemented (green dotted)
- Pending (yellow)
- Expired (orange)

2016 CFLIM-AT
2015 CFLIM-AT
Rate Change

Canada has its first ever national poverty reduction strategy, *Opportunity for All*, setting a new poverty line (MBM), targets, and timelines, and committing to legislating a Poverty Reduction Act.

Canada
16.8%
17.3%
-0.5%

YT
12.1%
12.9%
-0.8%

NT
18.0%
18.3%
-0.3%

NU
29.0%
31.2%
-2.2%

NL
14.6%
15.4%
-0.8%

BC
18.7%
19.3%
-0.6%

AB
13.6%
13.0%
+0.6%

SK
18.1%
17.7%
+0.4%

MB
20.7%
21.1%
-0.4%

ON
17.0%
17.7%
-0.7%

QC
16.1%
16.8%
-0.7%

PEI
16.2%
16.9%
-0.7%

NS
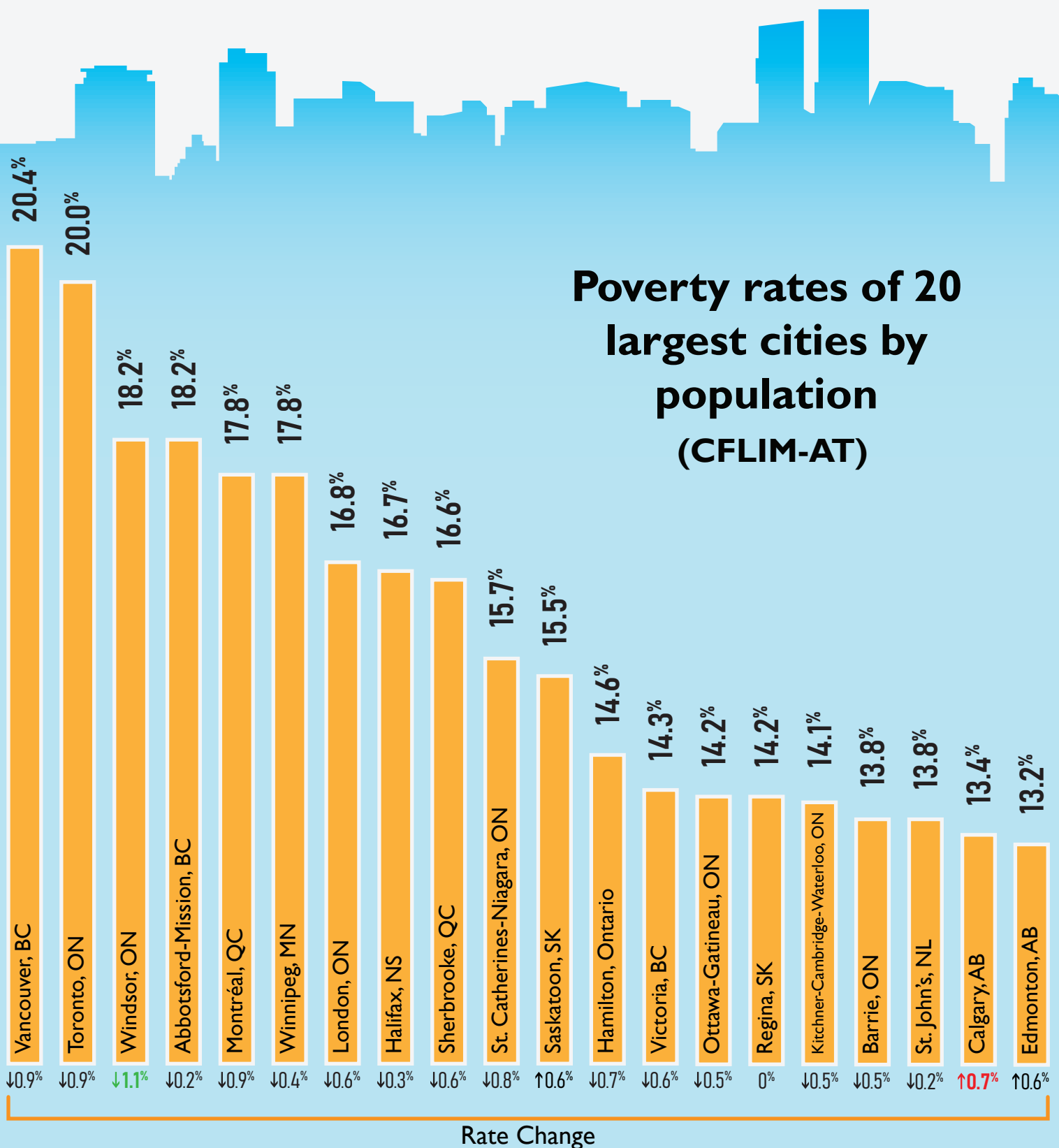18.5%
18.8%
-0.3%

NB
17.1%
18.1%
-1.0%

BC has tabled legislation for a poverty reduction act and announced a timeline and targets to reduce child poverty by 50% and overall poverty by 25% in the first 5 years of the strategy. The planned release of the provincial poverty strategy has been postponed until March 2019.[19]

Alberta's poverty reduction strategy, *Together We Raise Tomorrow: Alberta's poverty reduction strategy*, released in June 2013. However, it was not implemented and has since expired.[20] Municipal strategies are filling the void.

Prince Edward Island's poverty reduction strategy expired in 2015. There has been a commitment to introduce a poverty reduction "action plan" for 2018.[21]

Poverty reduction strategies across Canada vary in terms of structure, targets, goals, and success rates. Strategies that include targets and timelines, public reporting, legislation, and commitment through policy and financial investment are more effective.

Ranking of poverty rates across municipalities

Poverty rates of 20 largest cities by population
(CFLIM-AT)

City	Rate	Rate Change
Vancouver, BC	20.4%	↓0.9%
Toronto, ON	20.0%	↓0.9%
Windsor, ON	18.2%	↓1.1%
Abbotsford-Mission, BC	18.2%	↓0.2%
Montréal, QC	17.8%	↓0.9%
Winnipeg, MN	17.8%	↓0.4%
London, ON	16.8%	↓0.6%
Halifax, NS	16.7%	↓0.3%
Sherbrooke, QC	16.6%	↓0.6%
St. Catherines-Niagara, ON	15.7%	↓0.8%
Saskatoon, SK	15.5%	↑0.6%
Hamilton, Ontario	14.6%	↓0.7%
Victoria, BC	14.3%	↓0.6%
Ottawa-Gatineau, ON	14.2%	↓0.5%
Regina, SK	14.2%	0%
Kitchner-Cambridge-Waterloo, ON	14.1%	↓0.5%
Barrie, ON	13.8%	↓0.5%
St. John's, NL	13.8%	↓0.2%
Calgary, AB	13.4%	↑0.7%
Edmonton, AB	13.2%	↑0.6%

Rate Change

Statistics Canada. Table: 11-10-0018-01 (formerly CANSIM 111-0046). After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition. 2016 income year.

# Opportunity for All – Does it measure up?

Official Poverty Line

- *Opportunity for All* is establishing, for the first time, an official poverty line for Canada, based on the Market Basket Measure.
- While an official line can be a helpful tool for measuring progress on targets for reducing poverty, multiple measures provide a fuller understanding of income variation and inequality.[22] However, low income measures and lines do not explain the full reality of poverty, which also involves social isolation and wide ranging impacts on health and well-being.

Targets and Timelines

- *Opportunity for All* sets the following targets for reducing poverty rates: 20% by 2020 and 50% by 2030 (starting at the 2015 MBM rate of 12.1%).
- The targets and timelines set by the poverty reduction strategy reflect the minimum commitment of the United Nations Sustainable Development Goals (UN SDG). Canada has committed to the overall UN SDG goal of ending poverty.[23]

National Advisory Council on Poverty
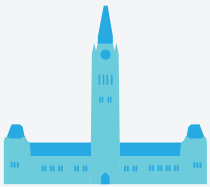
- *Opportunity for All* commits to the creation of a National Advisory Council on Poverty that would be established through legislation and would have as its mandate advising the Government on poverty in Canada, as well as regular reporting to Parliament and the public on the progress of the strategy. It will also be the body through which ongoing dialogue with the public on the strategy will be coordinated.
- A National Advisory Council on Poverty should be an independent, arms-length body that holds the government to account for their progress on achieving the targets and timelines set out by the poverty reduction strategy. It should have funding for research, public reporting, and public engagement and should be included in a legislated poverty reduction act.

Measurement and Tracking Progress

- *Opportunity for All* will use "meaningful, measurable, and monitorable" indicators to track the progress of the strategy. This will include a publicly accessible "dashboard of indicators" that will be accessible online and will range from measuring and tracking food security to housing and health needs to the median hourly wage.
- It is essential for the poverty reduction strategy to be comprehensive in scope and to publicly report on and monitor progress toward targets. It should address at least six key policy priority areas: income security, housing and homelessness, health, food security, jobs and employment, and early childhood education and care.[24]

Poverty Reduction Legislation

- *Opportunity for All* commits to introducing legislation for a Poverty Reduction Act that would include the targets, official poverty line, and national council outlined in the strategy.
- Legislation of the poverty act is essential to ensuring that the strategy will be implemented, even as governments change. It is an important step in setting the targets and goals outlined in the strategy. Any legislation should be linked with the coming National Housing Strategy legislation[25] and should include human rights commitments.[26]

Three Pillars: Dignity, Opportunity & Inclusion, Resilience & Security

- *Opportunity for All* includes three pillars: dignity refers to meeting basic needs; opportunity and inclusion refer to promoting full participation and social equality, and resilience and security refer to income support and protection from falling into poverty.
- Dignity has been at the core of the Dignity for All campaign from the beginning. This involves the belief that freedom from poverty is a human right, that all people deserve respect, equity and inclusion, and that all are entitled to economic and social security.
- At its core, this strategy should function as a "living document" that is responsive to social change and involve ongoing engagement with the public, particularly those with lived experience of poverty.

Dignity   **Opportunity & Inclusion**   **Resilience & Security**

Overall assessment

Opportunity for All has committed to taking important steps in setting targets and timelines, setting an official poverty line, establishing a national council on poverty, and committing to legislation. It has also included helpful steps for monitoring and tracking progress, as well as acknowledging the importance of gender equity and inclusion of highly marginalized communities, particularly Indigenous and racialized people.

However, *Opportunity for All* requires an implementation plan to clearly outline the stages of the strategy and how it plans to meet its targets. It is not clear when the mechanisms of the strategy will be in place, or if there will be any real accountability for meeting the targets and timelines.

The targets and timelines are consistent with the minimum commitments made by Canada in September 2015 when we signed onto the United Nations' Sustainable Development Goals. However, the first SDG commits nations to "End Poverty". The federal strategy should also commit, beyond reduction, to eventually eradicate poverty.

The strategy assumes that policy and financial commitments already made by the federal government will allow it to reach its goals, which is highly unlikely.

Opportunity for All requires additional and ongoing investments and more comprehensive policy commitments to be effective and to move toward the goal of poverty eradication.

Notes

[1] Government of Canada, *Opportunity for All – Canada's First Poverty Reduction Strategy* (August 2018): https://www.canada.ca/en/employment-social-development/campaigns/poverty-reduction.html

[2] Dominique Pinard, "Methodology Changes: Census Family Low Income Measure Based on the T1 Family File," Statistics Canada (April 2018): https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2018001-eng.htm

[3] Katherine Wall, "Low income among persons with a disability in Canada," Statistics Canada (August 11, 2017); https://www150.statcan.gc.ca/n1/pub/75-006-x/2017001/article/54854-eng.htm

[4] Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016173.

[5] Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016211.

[6] CPJ, *Poverty Trends Highlights Canada 2013* (October 2013): https://www.cpj.ca/sites/default/files/docs/Poverty-Trends-Highlights-2013.pdf

[7] Dominique Pinard, "Methodology Changes: Census Family Low Income Measure Based on the T1 Family File," Statistics Canada (April 2018): https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2018001-eng.htm

[8] CPJ, *Poverty Trends Highlights Canada 2013* (October 2013): https://www.cpj.ca/sites/default/files/docs/Poverty-Trends-Highlights-2013.pdf

[9] Noah Zon and Hannah Alderidge, "Why is lone-parent poverty so high and what can we do about it?" Maytree Foundation (August 2018): https://maytree.com/wp-content/uploads/Policy-Brief-Lone-Parent-Poverty.pdf

[10] Laurie Monsebraaten, "Income gap persists for recent immigrants, visible minorities, and Indigenous Canadians," *Toronto Star* (October 26, 2017): https://www.thestar.com/news/gta/2017/10/25/income-gap-persists-for-recent-immigrants-visible-minorities-and-indigenous-canadians.html

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[12] Andrew Jackson, "Poverty strategy requires more resources and more ambitious goals," Broadbent Institute (August 2018): http://www.broadbentinstitute.ca/poverty_strategy_requires_more_resources_and_more_ambitious_goals

[13] "First Nations People, Metis, and Inuit in Canada: Diverse and Growing Populations," Statistics Canada (March 20, 2018): https://www150.statcan.gc.ca/n1/pub/89-659-x/89-659-x2018001-eng.htm

[14] "First Nations People, Metis, and Inuit in Canada: Diverse and Growing Populations," Statistics Canada (March 20, 2018): https://www150.statcan.gc.ca/n1/pub/89-659-x/89-659-x2018001-eng.htm

[15] Canadian Centre for Policy Alternatives, *No Time to Lose, Alternative Federal Budget 2018* (September 2018): https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2018/09/AFB%202019.pdf

[16] National Council of Welfare, Government of Canada, "Snapshot of Racialized Poverty in Canada" (January 2012): https://www.canada.ca/content/dam/esdc-edsc/migration/documents/eng/communities/reports/poverty_profile/snapshot.pdf

[17] Government of Canada, "Notice – Helping refugees succeed," (Feb 21, 2018): https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/changes-immigration-loans-program.html

[18] Canadian Centre for Policy Alternatives, *No Time to Lose, Alternative Federal Budget 2018* (September 2018): https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2018/09/AFB%202019.pdf

[19] Perrin Grauer, "BC sets timetable to reduce poverty by 25 per cent," *The Star Vancouver* (Oct 2, 2018): https://www.thestar.com/vancouver/2018/10/02/bc-introduces-poverty-reduction-plan-to-cut-child-poverty-by-50-per-cent-over-five-years.html

[20] Canada Without Poverty, *2017 Poverty Progress Profiles* (January 2018): http://www.cwp-csp.ca/wp-content/uploads/2018/03/2017-Poverty-Progress-Profiles-318.pdf

[21] Government of Prince Edward Island, Poverty Reduction Action Plan for PEI (April 2018): https://www.princeedwardisland.ca/en/service/poverty-reduction-action-plan-pei

[22] Andrew Jackson, "Federal poverty strategy discounts the needs of seniors," Broadbent Institute (August 2018): http://www.broadbentinstitute.ca/andrew_ajackson/federal_poverty_strategy_discounts_needs_of_seniors

[23] Government of Canada, *The 2030 Agenda for Sustainable Development* (2018); http://international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/agenda-programme.aspx?lang=eng

[24] See Dignity for All, *Dignity for All, A National Anti-Poverty Plan for Canada* (February 2015): https://dignityforall.ca/wp-content/uploads/2017/02/DignityForAll_Report.pdf

[25] Legislating the Right to Housing: http://nhs.socialrights.ca/

[26] Dignity for All," Poverty Reduction Legislation," 1 pager (August 2018): https://dignityforall.ca/wp-content/uploads/2018/08/Legislation-One-Pager.pdf