



Market Basket Measure (MBM) consultation survey

Why does the MBM matter?

We urge our colleagues and partners to fill out [Statistics Canada's survey](#) on the MBM as the results will have serious implications for people in poverty. **The deadline to fill out the survey is January 31, 2019.** The following document provides an outline of some of the systemic issues arising in the survey, along with some helpful guidelines as you submit your answers.

Overview

The federal poverty reduction strategy launched in August 2018, *Opportunity for All*, and the accompanying legislation, Bill C-87, *An Act respecting the reduction of poverty*, name the MBM as Canada's first official poverty line. The MBM differs from other measurements of poverty — and official poverty lines in other countries — in that it is an absolute and not a relative measure of poverty. That means it is calculated based on a region-specific snapshot of the estimated cost of a “basket of goods” to meet the basic needs of a family of two adults and two school-aged children. The MBM measures poverty by identifying the percentage of households whose income falls below the level that would be necessary to buy this basket of goods.

Many individuals and organizations are concerned that, since this requires Statistics Canada to estimate the cost of these items, there is a potential that this will be done in a way that does not reflect actual costs and the resulting poverty rate will not capture many in Canada living in poverty. **The consequence of getting the MBM wrong has serious implications, particularly for access to services including food banks, housing services, and income support programs.**

1) The MBM underestimates the cost of basic necessities like shelter

The MBM uses a “basket” that includes basic necessities for a “modest” living. It includes **food, clothing and footwear, transportation, shelter, and other basic needs**. A key concern is that the costs for these items is being underestimated, especially the cost of shelter.

Tip: Consider adding a comment on whether the number proposed for your shelter cost represents your living situation.

2) The MBM does not include necessary expenses

Some critical items don't even make it into the basket. Instead, expenses such as childcare or prescription medication are subtracted from the disposable income section as “out-of-pocket” expenditures.

The reality is that service providers across the country will use the cost of the basket (which currently excludes costs like childcare and medication) to measure cost of living – and therefore the prospective eligibility of people living in poverty for programs. Additionally, other significant costs and expenses are completely absent from the MBM calculation. **For example, is no reflection of post-secondary education or debt payments** in the MBM.

Tip: Consider identifying large costs like childcare, debt payments, physiotherapy, or dental care that are not captured.

3) Dignity is not captured in the MBM

The survey asks questions about transit costs, if children should have their own room, if a smart phone is a necessity, if extra-curricular activities for kids are a necessity. It is disturbing to have to calculate the quality of life of individuals and families in these terms – terms that people not living in poverty would not have to consider. Human rights and dignity must be part of the consideration of how we understand and address poverty.

Tip: Consider discussing the qualitative aspects of poverty including social inclusion and dignity that the MBM misses.



4) The MBM will affect whether people qualify for services and programs

Due to the methodology for calculating the MBM, it offers a different, and often lower, poverty rate than other measures. The concern with this is that the poverty measure is used to calculate eligibility for a whole range of income supports, programs, and services. For example, those people considered eligible for programs like the low-income energy rebates, the full Canada Child Benefit, or the full Guaranteed Income Supplement for seniors, may no longer be eligible if the MBM is used as the measure. This could have the effect of actually making people more vulnerable to poverty.

Tip: Consider adding a comment about your concern that if the MBM does not accurately reflect real world costs, people living in poverty may not be considered eligible for programs, services, and other supports they need.

5) Northern and Indigenous community inclusion

Currently, the MBM does not adequately represent Northern and Indigenous communities in its calculations, however, efforts are being undertaken by Statistics Canada to determine these numbers.

Tips for filling out the survey

- ✓ Ensure you have a sense of the real cost of the basket of necessities in your community for your family size on **food, clothing and footwear, transportation, shelter, and other basic needs**
- ✓ Add in the comments* recommendations of what should be included in the basket of necessities that currently is not: **childcare, student tuition and loans, internet**
- ✓ Comment on the need to broaden our understanding of “necessity” and focus on quality of life, rights and dignity.
- ✓ Raise concerns in the comments about the eligibility for income supports, services, and programs that will depend on the MBM. **These could include: Low-income energy rebates and programs, the full Canada Child Benefit, the full GIS/OAS, Disability benefits**

Feel free to copy or build on the sample comments below (1000 word limit):

I'm concerned that, given how difficult this survey was to access and the lack of public awareness about the MBM review, the updated MBM will not be adequately representative of poverty in Canada.

I'm concerned that the MBM measure underestimates costs, like shelter (and utilities), and transportation and that it excludes significant expenses, like childcare and student loan repayment.

Also, I'm concerned that the MBM measures poverty at a lower rate than other measures, and that this could impact the eligibility for programs, like the CCB, GIS, low-income energy rebates, etc. This could move Canada backward in reaching our obligation to end poverty, rather than serving as a tool for progress.

Further, it will be important that the poverty strategy (*Opportunity for All*) offers a range of indicators and measures to provide a comprehensive picture of the reality of poverty, which no one measure can capture on its own. This should factor into the monitoring of the strategy's progress in meeting its targets and setting further targets for poverty eradication.

Links for more information about the MBM and the poverty reduction strategy

- [How does Opportunity for All Measure up?](#) Dignity for All campaign
- Michele Biss, [Why we need to fix Canada's new measure of poverty](#), *Policy Options*
- Katherine Scott, [Making Sense of Poverty Measures](#), Citizens for Public Justice
- Russell Robinson, [Poverty Strategy a strong start, but there's more to do](#), *Policy Options*
- Peter Hicks, [Measuring poverty? Let's get empirical](#), *Policy Options*
- Vivian Labrie, [Statistics Canada's Ongoing Consultation about the Market Basket Measure Needs Recalibration](#), *The Progressive Economics Forum*