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New yardstick places more people in poverty

Data reveal Vancouver as Canada's costliest city

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Ottawa will unveil a new measure today showing that one in eight people in Canada lives in poverty, a rate higher than Statistics Canada's previous calculations.

Five years in the works, the Market Basket Measure has become the third yardstick of low income in Canada. It is the first to break down poverty rates by geography, taking into account that people living in big cities, with lofty rents and steep prices, are worse off than those with the same incomes in a small town in Saskatchewan.

Calculated using the new measure, 13.1 per cent of Canadians – almost four million – are poor.

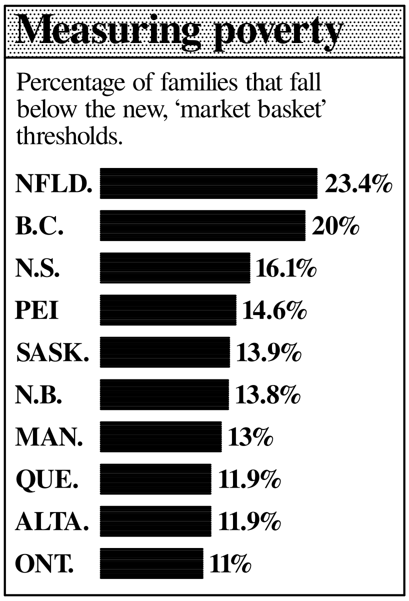
Under Statscan's Low-Income Cut-Off, a complicated and much-maligned calculation of low income devised four decades ago and long treated as the unofficial poverty line, 10.9 per cent of Canadians are poor after taxes.

Expected to be less baffling for Canadians, the Market Basket Measure shows the number of Canadians unable to afford a collection of goods – food, clothing, shelter, transportation and sundries such as telephone service and postage stamps – that the federal government has set as the minimum standard for decent living in Canada.

The new poverty lines are certain to place provincial welfare rates, which are far lower than the price of the market basket in every province, in a fresh light.

The provinces had pushed for a lower benchmark than the LICO to measure the impact of the National Child Benefit program introduced at the same time to reduce child poverty. But the resulting Market Basket Measure, with its higher poverty rates in almost every province, will provide powerful ammunition for antipoverty activists, who have long decried social assistance rates across the country as stingy.

The Market Basket Measure pegs Vancouver as Canada'a most expensive city, with the basket of goods setting the threshold for poverty at $27,800 for a family of four. Close on its heels is Toronto, where the



ingredients of the basket cost $27,300. In Calgary, the line was drawn at $24,180; in Edmonton, it stands at $23,571. In St. John's, the same family would be considered poor if its disposable income falls below the $24,000 cost of the market basket.

The measure considers people to be low-income when their incomes after taxes, child support, daycare, payroll deductions, and out-of-pocket medical expenses slips short of the cost of goods as priced where they live.

The market basket is a list of remarkably specific items priced in 48 different parts of the country. Food includes the contents of an average grocery cart, such a strawberry jam and vanilla ice cream. Clothes are counted down to the number of pairs of underwear and socks for each child. Transportation includes the cost of bus and taxi fares for city dwellers, and the cost of operating a five-year-old Chevy Cavalier for those in the country.

Across the country, the measure shows 16.9 per cent of people under 18 to be poor, far higher than the 12.6 per cent who are considered poor after taxes under LICO. And it finds that 39.5 per cent of families led by single mothers are poor, while the age-old Statscan measure calculates an after-tax rate of 33.9 per cent.

Newfoundland and Labrador is the province with the greatest proportion of poor people, with 23.4 per cent of them unable to afford the basket of goods. British Columbia follows, with a low-income rate of 20 per cent. Ontario, with 11 per cent of the population surviving on incomes falling below the threshold, is the province with the lowest proportion of poor people.

But more than just the rate of low-income dwellers, the new measure also shows the depth of poverty among those who fall short of the threshold.

While Alberta followed Ontario as home to the fewest poor people, the median income of those who were poor was 29 per cent below the provincial poverty line, revealing deeper poverty than in most other provinces. (The median income is the point at which half of incomes are higher and half are lower).

No other country uses a yardstick of poverty such as the LICO, considered a relative measure that regards as low-income a family that spends a disproportionate share of its income on food, clothing and shelter compared with other Canadians, drawing a somewhat arbitrary poverty line at the point where families spend 64 per cent of their incomes on these necessities.

Constantly climbing with inflation, it has long been criticized by conservatives as exaggerating Canada's problem of poverty. Others dismiss it for lumping all Canadian cities together, ignoring the huge impact on incomes of the different costs of living.

Its other measure of low income – for years, the agency has avoided declaring anyone "poor" – is called the Low-Income Measure, which sets the threshold for poverty at half of Canadians' median income and is widely used for international comparisons.

Unlike its predecessors, the Market Basket Measure is more of an absolute measure of poverty, the first to regard poverty as the inability to pay for groceries, food, rent and transit fares, rather than expressing it as relative to the fortunes of other Canadians.