

Canadian AIDS Society

HIV and Poverty Information Sheet Series

Info Sheet #2

HOW IS POVERTY IDENTIFIED IN CANADA?

IDENTIFYING AND MEASURING POVERTY IN CANADA

There are many different methods to measure poverty. This is an important issue, since a measure that only looks at someone's ability to meet the basic needs for survival will result in policy and programs that target only those needs. Measures that include the amount of income and resources needed to fully participate in society will result in policy and programs that target and promote social inclusion.¹ Here are two examples of frequently used measures of poverty:

Low-Income Cut Offs

The Low-Income Cut Off (LICO) is the measure of income traditionally used by Statistics Canada. It is not strictly a measure of poverty, but a set of calculations that identify income “cut-offs” that indicate when a person's income is no longer able to meet their basic needs. The calculations, however, are criticised for being much lower than what is actually required to meet needs such as housing, food and transportation. Policy makers and researchers often use these measures as poverty lines, although Statistics Canada emphasises that they are not official measures of poverty.

Want to learn more about poverty and HIV?

Check out the other information sheets:

[Info Sheet #1: The Link Between Poverty and HIV](#)

[Info Sheet #2: How is poverty identified in Canada?](#)

[Info Sheet #3: The Economics of Risk and Vulnerability](#)

[Info Sheet #4: Living with the Cost of a Disability](#)

[Info Sheet #5: HIV and the Downward Drift into Poverty](#)

[Info Sheet #6: What is the impact of poverty on the life of someone with HIV?](#)

[Info Sheet #7: Public Income and Health Related Benefits](#)

The LICO lines are calculated every year, and are based on factors such as the estimated amount of income that a household spends on food, shelter and clothing, the number of family members in the household, and the size of the community.

LICOs measure “relative” poverty – how one person’s level of income fits into a community, relative to the income of others around him or her.² Some community-based organizations and poverty rights groups challenge the LICO data that is produced by Statistics Canada. They claim that the extent and depth of poverty is not reflected in the statistics because key populations and regions are omitted from the calculations, such as Aboriginal reserves, prisons, the Yukon, Northwest Territories and Nunavut.³ Alternatively, conservative thinkers and policy groups such as the Fraser Institute argue that the LICO data grossly overestimates the amount of poverty in Canada, suggesting that low-income seniors who own their own home and students (Canada’s “future income elite”) should not be identified as living in poverty.⁴

Market Basket Measure

The Market Basket Measure (MBM) is a relatively new approach being developed through a joint effort of federal, territorial, and provincial governments in response to the problems associated with the LICO measure. This strategy identifies a range of living costs/expenses for a family that go into a “basket”, i.e. food, shelter and clothing. Each of these expenses has a price estimate, calculated by region. For example:

- Agriculture Canada’s ‘Nutritious Food Basket’ calculates the cost of food
- Canadian Home and Mortgage Corporation calculates the cost of shelter
- Winnipeg Social Planning Council and Winnipeg Harvest calculate the cost of clothing (for all of Canada)⁵
- Household needs, transportation, telephone, recreation, school supplies, etc. are priced at 60% of the amount that is recommended for food and clothing
- Legally mandated expenses such as taxes, child support, alimony, as well as medical expenses for people with disabilities (PWD) are subtracted from a household’s income

When used as a tool for measuring poverty, what remains of a household's income, after subtracting legally mandated expenses, determines whether or not a family is able to purchase the basket of necessities.⁶

The MBM is recognised by the National Council of Welfare as a “reasoned and reasonable definition of a minimum standard of living, with acceptable living standards based on acceptable methods”.⁷

One of the challenges to this measure, however, is that the necessities included in the “basket” are based on political decisions. Some of the questions that have been asked include: Which goods and services will be included? What is the quality of these items? How often do these items get replaced? While the National Anti-Poverty Organization identifies a wide range of items to reflect the need to ensure financial independence and self-sufficiency, the Fraser Institute has a much more limited range of costs that should be included.⁸

HOW ARE MEASURES OF POVERTY USED, AND HOW DO THEY AFFECT PROGRAMS, POLICIES AND ADVOCACY?

In addition to the LICO and MBM measures, the Canadian Government, policy makers and researchers have a number of other standardized measures that are occasionally used. Many researchers also develop their own measures and criteria that reflect the focus of their research. Having a range of standardized and non-standardized measures makes it difficult to compare data, and in some cases can make it difficult to inform evidence-based decision-making.

It is important to the AIDS community to ensure that measures of poverty capture the financial consequences of living with HIV. Measures of poverty should not focus solely on statistical calculations, but incorporate personal experience and storytelling, to convey a voice and face of HIV. Any measure that is used should reflect the increased cost of living with HIV (treatment, supportive and medical devices, loss of employment) and the stigma and discrimination associated with HIV (loss of employment, reduced employment opportunities). The supports that many people living with HIV require to be fully integrated and involved in their communities according to the Greater Involvement of People Living with or Affected by HIV/AIDS (GIPA) Principles should also be included. Statistical pictures alone risk creating a superficial overview of poverty among people living with HIV, and can overlook the personal agency of individuals.

There is a need to raise the profile of the relationship between HIV and poverty in a way that is responsible, and without labelling or stereotyping the people who live in poverty and who are at risk for HIV.

FAST FACTS

Percentage of persons in low-income/poverty using LICO⁹

	1990	1999
All persons	15.3% (4,181,000)	16.2% (4,886,000)
Under 18 years old	17.6% (1,195,000)	18.5% (1,298,000)
18-64 years old	13.4% (2,357,000)	15% (2,942,000)

According to Winnipeg Harvest, a food bank and advocacy organization, people with jobs are the fastest growing segment of their clients who depend on the organization for food.¹⁰

When examining the private income of individuals and excluding public income support, 1.6 million (21.9%) of Canadians of working age would be living in poverty. If the public income supports are calculated back in, 1.1 million (15.3%) families are living in poverty. This difference reveals how crucial public income supports are in preventing and reducing poverty.¹¹

In 2003, welfare rates across Canada met neither the LICO nor the MBM poverty lines.

In 2003, people working for minimum wage everywhere but Quebec almost never reached the standards met by either measure.¹²

WHY SHOULD THE ANTI-POVERTY AND DISABILITY COMMUNITIES BE AWARE OF HIV ISSUES? WHY SHOULD THE AIDS COMMUNITY BE AWARE OF POVERTY AND DISABILITY ISSUES IN CANADA?

- Because HIV is a disability.
- Because living in poverty is a key factor in causing Canadians to be vulnerable to HIV infection
- Because people living with HIV are at risk of drifting into poverty
- Because poverty puts people living with HIV/AIDS at risk of rapid disease progression and poor quality of life
- Because many people living with HIV also live with other disabilities.
- Because many clients of AIDS Service Organizations (ASOs) are also clients of community based organizations (CBOs) that work to reduce and alleviate poverty and/or support people living with disabilities

RESOURCE LIST

David P. Ross, Katherine J. Scott and Peter J. Smith. (2000) *The Canadian Fact Book on Poverty* Ottawa: Canadian Council on Social Development.

Publication available for download www.ccsd.ca

Understanding the 2000 Low Income Statistics Based on the Market Basket Measure. (2003) Ottawa: Applied Research Branch, Strategic Policy, Human Resources Development Canada.

Publication available for download www.sdc.gc.ca

Market Basket Measure Overview National Anti-Poverty Organization.

Publication available for download www.napo-onap.ca

Andrew Mitchell, Richard Shillington and Hindia Mohamoud. (2003) *A New Measure of Poverty.* Ottawa: Social Planning Council of Ottawa.

Publication available for download www.spcottawa.on.ca

WHAT CAN I DO?

Community Based Organizations (CBOs)

- Work with staff, volunteers, clients, and Board of Directors to identify how poverty and HIV is experienced in your community/among your clientele (i.e. finding a definition of *basic needs*, *social inclusion* and *quality of life* that meets your needs), and what barriers it poses to individuals and families.
- Identify ways to collect and preserve this information (i.e. intake forms, workshops, discussion groups, storytelling, writing down personal stories and experiences).
- Raise these issues when participating in research projects or providing input on government policies and programs.
- Examine the measures of poverty that are used when provided with information about income and poverty in your community, to gauge whether or not it is able to capture the experience of your community.

Researchers

- Work with CBOs to identify a range of ways to collect information about poverty and income.
- Include CBOs, through participatory action research, when planning research projects and include their issues in your research initiatives.
- Consult with CBOs to ensure that their experiences are reflected when developing and working with measures of poverty.
- Examine the measures of poverty that are traditionally used in your field to ensure that it captures current definitions of *basic needs*, *social inclusion* and *quality of life* that are accepted by the community.
- Confer with CBOs when using or developing a measure of poverty and ensure that it can capture the experience of their community.

Policy Makers/Analysts

- Examine the measures of poverty that are traditionally used to inform your policies and programs to ensure that it captures current and relevant definitions of *basic needs*, *social inclusion* and *quality of life*.
- Consult with CBOs when using or developing a measure of poverty to ensure that it can capture the experience of their community.

1 Mitchell, Andrew, Richard Shillington and Hindia Mohamoud. A New Measure of Poverty. Social Planning Council of Ottawa, Ottawa: 2003.

2 Ross, David P., Katherine J. Scott & Peter J. Smith. (2000) *The Canadian Fact Book on Poverty*. Ottawa: Canadian Council on Social Development

3 Morris, Marika. (2002) *Women and Poverty Fact Sheet* Ottawa: Canadian Research Institute for the Advancement of Women.

4 Sarlo, Christopher A. (1996) *Poverty in Canada* (2nd ed). Vancouver: The Fraser Institute

5 Ross, David P., Katherine J. Scott & Peter J. Smith. (2000) *The Canadian Fact Book on Poverty*. Ottawa: Canadian Council on Social Development

6 Ibid.

7 *Income for Living?* (2004) Ottawa: National Council of Welfare, Government of Canada

8 Mitchell, Andrew & the Community Social Planning Council of Toronto. (May 2000) *The Market Basket Measure – Update*. Toronto: Social Planning Network of Ontario.

9 *Percentage and Number of Persons in Low Income/Poverty by Age, Sex and Family Characteristics, Canada, 1990 & 1999*. (2002) Ottawa: Canadian Council on Social Development.

10 *The Minimum Wage Should be Increased-Fact Sheet*. Just Income Coalition. www.just-income.ca

11 Ross, David P., Katherine J. Scott & Peter J. Smith. (2000) *The Canadian Fact Book on Poverty*. Ottawa: Canadian Council on Social Development

12 *Income for Living?* (2004) Ottawa: National Council of Welfare, Government of Canada



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The Canadian AIDS Society (CAS) is a national coalition of more than 115 community-based AIDS organizations across Canada. CAS is dedicated to increasing the response to HIV/AIDS across all sectors of society, and to enriching the lives of people and communities living with HIV/AIDS.

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