



market basket measure

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Edmonton Social Planning Council
... Fact sheet

- MBM is a new measurement tool to assess low income and provide another perspective on low income in Canada
- Designed to complement, but not replace, existing Statistics Canada measures such as the Low Income Cut-offs (LICOs) and Low Income Measure (LIM-IAT)
- MBM is not an official poverty line, nor was it designed for determining eligibility for government programs and services
- Developed over a six-year period by the federal government (HRDC) in consultation with the provinces and territories
- MBM is an *absolute* indicator of low income: it measures the cost of a specific basket of goods and services in various communities. LICO is a *relative* indicator of low income: it compares the spending on necessities of low-income families to that of typical families in comparable communities
- MBM definition of low income – when the *disposable* income of individuals and families falls below the cost of buying the goods and services in the Market Basket in their community or community size
- Market basket includes specified quantities and qualities of good and services related to food, clothing and footwear, shelter, and transportation
- MBM also includes personal and household needs: furniture, phone service, and “modest” levels of reading, recreation and entertainment (ie. newspaper and magazine subscriptions, fees for recreational activities or sports, video rentals, tickets to local sports events)
- MBM is sensitive to significant geographical variations in the cost of items in the basket, especially for shelter and transportation. It also recognizes that families of various sizes and compositions in the same community require different amounts to purchase the basket of goods and services

Looking at the Low Income Statistics for 2000 through MBM

- Examined the income needed to purchase a specific basket of goods and services for a family of 4 (2 adults and 2 children) in 19 communities and 29 community sizes across Canada
- Amounts needed ranged from \$21,182 in urban communities (30,000 to 99,000) in Quebec to \$28,752 in urban communities with less than 30,000 people in B.C.

- Incidence (# of people) of low income in 2000 (Canada) – MBM 13.1% vs. 10.9% post-income tax version of LICOs
- Reason low income rate higher using MBM – more stringent definition of disposable income in MBM
- Children under age 18 made up a higher share (29.5% vs. 26.6%) of the low-income population in 2000 using MBM compared with post-income tax LICOs
- Using MBM, 12.6% of children in two-parent families lived in low income vs. 43.3% of children living in female lone parent families
- Seniors and single adults had a lower share of the low-income population using the MBM compared with the post-income tax LICOs
- Depth of low income is also lower using the MBM vs. the post-income tax LICOs
- Among low-income people, the gap between their MBM disposable income and their MBM threshold was on average 0.309; this means that low-income people had only about 69% of the money they needed to buy the basket of good and services

Incidence of Low Income in 2000 among Selected Groups in Alberta vs. Canada

Measure	All Persons		All Families		2 Parents with Children		Female Lone Parent		All Singles	
	Alberta	Canada	Alberta	Canada	Alberta	Canada	Alberta	Canada	Alberta	Canada
MBM	11.9%	13.1%	14.1%	15.5%	10.4%	10.8%	34.3%	39.5%	25.2%	25.6%
LICO (post income tax)	10.1%	10.9%	13.3%	14.6%	7.3%	7.5%	34%	33.9%	27%	28.6%

MBM Thresholds (Rates) in Alberta for a Family with 2 Adults & 2 Children by Item

Community or Community Size	Food	Clothing & Footwear	Shelter	Transportation	Other	Total
Alberta Rural	6,499	2,156	6,377	3,517	5,960	\$24,509
Alberta <30,000	6,499	2,156	7,587	3,517	5,960	\$25,719
Alberta 30,000 – 99,999	6,499	2,156	7,744	1,319	5,960	\$23,677
Edmonton CMA	6,259	2,156	7,874	1,488	5,795	\$23,571
Calgary CMA	6,183	2,156	8,707	1,392	5,743	\$24,180

* All information from *Understanding the 2000 Low Income Statistics Based on the Market Basket Measure*. HRDC, May 2003. Available online at www.hrhc-drhc.gc.ca