Dictionary, Census of Population, 2021

Market Basket Measure (MBM)

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Definition

The Market Basket Measure (MBM) refers to Canada's official measure of poverty based on the cost of a specific basket of goods and services representing a modest, basic standard of living developed by Employment and Social Development Canada (ESDC). The MBM thresholds represent the costs of specified qualities and quantities of food, clothing, shelter, transportation and other necessities for a reference family of two adults and two children. The square root of economic family size is the equivalence scale used to adjust the MBM thresholds for other family sizes. This adjustment for different family sizes reflects the fact that an economic family's needs increase, but at a decreasing rate, as the number of members increases.

The MBM basket (2018-base) is priced for 53 different geographic areas - 19 specific communities and 34 population centre size and province combinations. The MBM recognises the potential differences in the cost of the basket between similar-sized communities in different provinces and between different geographical regions within provinces. These thresholds are presented in Table 2.2 Market Basket Measure (MBM) thresholds for economic families and persons not in economic families, 2020, *Dictionary, Census of Population, 2021*.

The income measure used to compare against the MBM thresholds is the disposable income for the MBM. When the disposable income for the MBM of an economic family or a person not in economic family falls below the threshold applicable to the family or the person, the person or every member in the case of an economic family is considered to be in poverty according to MBM. Since the MBM threshold and disposable income are unique within each economic family, low-income status based on MBM can also be reported for economic families.

For the 2021 Census, the reference period for low-income data is the calendar year 2020.

Statistical unit(s)

Economic family
Person

Classification(s)

Not applicable

Reported in

2021, 2016 (25% sample), 2011 [1] (30% sample).

Reported for

Economic families and persons not in economic families aged 15 years and over in private households where low-income concepts are applicable (see Remarks).

Question number(s)

Not applicable

Responses

Not applicable

Remarks

Since the initial publication of the low-income lines, Statistics Canada has clearly and consistently emphasized that poverty is not something that can be defined by a National Statistical Organization. Instead, defining poverty is the responsibility of the policy departments of the government. In 2018, the Government of Canada released *Opportunity for All – Canada's First Poverty Reduction Strategy*. In this report, it was recognized that poverty is a multifaceted problem that goes beyond not having enough income. Based on the recommendation of this strategy, the government designated the Market Basket Measure of low income as Canada's official poverty line under the *Poverty Reduction Act* in 2019, and set poverty reduction targets for 2020 and 2030 that aligned with the United Nations Sustainable Development Goals to end poverty. *The Poverty Reduction Act* also established the National Advisory Council on Poverty to advise the government on its strategy and to report on the government's progress toward meeting poverty reduction targets.

As a statistical agency, Statistics Canada's role is to publish measures of poverty and low income based on consistent and well-defined methodology and to update these measures to reflect the current state of the Canadian society and economy. These measures would allow for the reporting of important trends in poverty, low income and economic well-being, such as identifying those who are substantially worse off than average and tracking the changes in composition of those below poverty or any given low-income line over time.

The first MBM basket and disposable income definitions were established in 2000 by a working group of federal, provincial and territorial officials, led by Human Resources and Skills Development Canada (HRSDC). Since then, there have been several revisions including the 2009/2010 comprehensive review (leading to the 2008-base), the subsequent revision to the shelter component of the 2008-base, and the most recent 2018-2020 comprehensive review (leading to the current 2018-base). The MBM thresholds are based on the cost of a specific basket of goods and services representing a modest, basic standard of living in the base-year and are updated annually for prices changes of the basket.

The MBM thresholds (2018-base) used by the Census Program reflect the cost of the following five MBM basket components in income year 2020:

- A nutritious diet as specified in Health Canada's 2019 National Nutritious Food Basket.
- A basket of clothing and footwear according to the 2012 Social Planning Council of Winnipeg and Winnipeg Harvest Acceptable Living Level (ALL) clothing basket.
- Shelter cost of renting a three-bedroom unit (as per the Canadian National Occupancy Standard for a reference family of 4), including electricity, heat, water and appliances.
- Transportation costs - a combination of using public transit and owning and operating a modest vehicle.
- Other necessary goods and services.

For full details on the 2018-base MBM and the associated disposable income concept, see 'An update on the Market Basket Measure comprehensive review,' 'Towards an update of the Market Basket,' 'Defining disposable income in the Market Basket Measure' and 'Report on the second comprehensive review of the Market Basket Measure' in the *Income Research Paper Series* (Catalogue no. 75F0002M).

The Market Basket Measure is one of a series of low-income lines used in the census. Since the MBM is defined for 53 different geographic areas, it is more sensitive than other low-income lines to geographical variations in the cost of many typical items of expenditure.

Note that the Market Basket Measure (MBM) is only available from the sampled population.

Persons living in collective households are considered out of scope, as in the past Censuses, for all of the low-income concepts because their living arrangements and expenditure patterns can be quite different from those of persons living in private households.

The 2018-base MBM low-income concept is not applied in the territories and on reserve. Statistics Canada, in consultation with the three territorial governments, is currently developing a Northern Market Basket Measure (MBM-N) to represent a modest, basic standard of living in a Northern context unique to each territory. For more details, see '*Proposals for a Northern Market Basket Measure and its disposable income*.' Furthermore, as stated in *Opportunity for All*, the Government of Canada committed to "work[ing] with National Indigenous Organizations and others to identify and co-develop indicators of poverty and well-being, including non-income-based measures of poverty, that reflect the multiple dimensions of poverty and well-being experienced by First Nations, Inuit and Métis."

See also low-income status; prevalence of low income; low-income gap; low-income gap ratio and disposable income for the MBM.

For additional information on various low-income concepts, see 'Low Income Lines: What they are and how they are created' and 'Low Income in Canada - A Multi-line and Multi-index Perspective' in the *Income Research Paper Series* (Catalogue no. 75F0002M).

For additional information about data collection method, coverage, reference period, concepts, data quality and intercensal comparability of the income data, refer to the *Income Reference Guide, Census of Population, 2021*.

Note(s)

[1] In 2011, the voluntary National Household Survey was used to collect information related to this variable.

Related 2021 data products

- Census Program Data Viewer (CPDV) (98-507-X2021001)
- Individual Market Basket Measure poverty status by demographic and economic family characteristics of persons: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts (98-10-0112-01)
- Individual Market Basket Measure poverty status by economic family characteristics of persons: Canada, provinces and territories, census divisions and census subdivisions (98-10-0113-01)
- Individual Market Basket Measure poverty status by economic family characteristics of persons: Census metropolitan areas, tracted census agglomerations and census tracts (98-10-0114-01)
- Individual Market Basket Measure poverty status by immigration status and demographic characteristics: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts (98-10-0116-01)
- Individual Market Basket Measure poverty status by indigenous groups and demographic characteristics: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts (98-10-0117-01)
- Individual Market Basket Measure poverty status by visible minority groups and demographic characteristics: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts (98-10-0115-01)

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