



## **Addendum to Canadian Poverty Reduction Strategy Brief: Measuring Poverty, Meeting Targets**

### ***Purpose***

The purpose of this addendum is to provide clarification on three points in preparation for our May 12 telephone consultation.

### ***Improving T1FF Reporting on Poverty Among High Risk Groups***

Historically, the census has been the source of data on poverty among children in groups with higher risk of poverty. This includes children with disabilities, children of recent immigrants, children of racialized groups and others. We understand that this is done through linkage of census socio-demographic data with tax filer data.

The problem is that these data are available only every five years. Therefore, we would hope that the linkage can be maintained beyond the census year and data on these high risk groups can be provided during the five year interval.

### ***Multiple Overlapping Deprivation Analysis (MODA)***

This UNICEF measure assesses material, spiritual and emotional deprivation. Thus, it might be considered a comprehensive measure of child well-being. We think that such a measure should be developed for the Canadian context in order to describe the deprivation experience of children living below the Low Income Measure threshold. Comparisons between children below and above the Low Income Measure threshold would be illuminating. This will be useful in understanding some of the impacts of income poverty

### ***Market Basket Measure***

We do not recommend that the Market Basket Measure be used to assess the effectiveness of the poverty reduction strategy. This is because it is not a comprehensive measure of poverty in that it measures only material deprivation and not differential exposure to stressful environments and a low position on the social status hierarchy. The Low Income Measure has been shown to be associated with all three of these aspects of poverty.

However, the Market Basket Measure is useful in characterizing the material deprivation of children living below the Low Income Measure Income threshold and in comparing their experience with children in families living at various increments above the threshold.

Its usefulness for public education would be enhanced if it could be adjusted to reflect the personal portion of payroll taxes; other mandatory payroll deductions such as contributions to employer-sponsored pension plans, supplementary health plans, and union dues; child support and alimony payments made to another family; out-of-pocket spending on child care; and non-insured but medically prescribed health-related expenses such as dental and vision care, prescription drugs, and aids for persons with disabilities. The cost of these are deducted from income. Therefore, they do not affect the count or rate. But, they do affect the threshold, which is significantly lower than it should be to reflect non-discretionary items in a family's market basket.