

## Response to new income data showing decline in child poverty rates

Newly released data from Statistics Canada's Canadian Income Survey confirm the importance of government investments to combat poverty and make the case for additional funding for anti-poverty efforts in Budget 2019. This latest data release shows a downward trend in poverty rates according to both the Market Basket Measure (MBM), now Canada's official poverty line, and the Low Income Measure After Tax (LIM-AT), the most widely used internationally comparable poverty measure.

"For decades, Campaign 2000 has called for stronger government investment in income transfers such as the Canada Child Benefit (CCB)," says Anita Khanna, Campaign 2000's national coordinator. "Targeted government spending on the CCB has driven a much needed decline in child poverty rates. Now, we must be more ambitious and reduce child poverty faster."

How we define and measure poverty matters, so assessing poverty reduction necessarily involves a discussion of indicators and measurement. Campaign 2000 has reported on child and family poverty since 1991, tracking various indicators, surveys and data sets to help formulate policy solutions to support children and their families.

We note that the data released on February 26<sup>th</sup> is likely to underestimate the extent of poverty among children for two reasons. The Canadian Income Survey is based on a small survey of the Canadian population that doesn't include First Nations' communities and the territories. The second reason is the choice of the MBM as the headline measure of poverty.

The MBM's basket of goods and services to achieve an adequate standard of living was assembled in 2008 and is out of date with current norms. For example, cellular phones and internet connectivity are not included and soaring housing costs are not adequately reflected. Statistics Canada recently completed a consultation to update the MBM but the updated thresholds have not yet been released. We note that even if updated, the MBM is a partial poverty measure because its focus is on material deprivation. In assessing poverty reduction progress, the LIM-AT deserves greater attention because it is a more comprehensive indicator and is deemed the gold standard the world over. Statistics Canada's February 26<sup>th</sup> data release specified the need to assess poverty rates according to *both* the MBM and the LIM-AT to obtain a fuller picture of poverty. Campaign 2000 eagerly awaits the opportunity to view and use the planned dashboard of indicators announced as part of Canada's first Poverty Reduction Strategy (CPRS).

The MBM is named in *Bill C-87, An act respecting the reduction of poverty* (undergoing second reading) as Canada's official poverty line but there is no indication of how frequently the basket will be updated. Specifying the frequency of updating the MBM is essential to avoid the sort of 'data time warp' currently at play and to help improve broader acceptance for the measure as one that reflects Canadians' realities.

Further, to ensure more accurate poverty rates, we recommend government use the taxfiler data set in its calculation of the MBM and the LIM-AT. Taxfiler data cover much more of the Canadian population and contain higher estimates of poverty with less sampling error.

The bottom line is that Canada can do more to support low income children and families. “While the MBM shows 278,000 children lifted out of poverty and the LIM-AT shows 197,000, we must not lose sight of the fact that Canada’s child poverty rate is still too high at 9.0% (MBM) or 12.1% (LIM-AT),” says Sid Frankel, University of Manitoba associate professor of Social Work. “Rather than congratulating ourselves for reaching an inadequate 20% target early, all parties should use this evidence to develop more ambitious targets.”

Most importantly, the latest data tells us that we can afford to set more ambitious targets. As one of the world’s wealthiest nations, Canada can and must accelerate its poverty reduction efforts and commit to eradicating poverty by 2030 rather than aiming only to cut it in half. We must track our efforts and investments through more reliable and robust indicators to assess if our efforts are working and determine if further investments are required. We call on the federal government and all provinces and territories to boost spending on targeted income transfers, promote the creation of good green jobs and invest in high quality and affordable childcare to drive down poverty rates even further.

“Campaign 2000 urges all parties to support accelerated efforts to eradicate poverty by 2030 and to ensure the poverty reduction act is passed within this mandate,” adds Khanna. “In the thirtieth year since the 1989 all party commitment to end child poverty by the year 2000, the 2019 budget and election ought to reignite Canada’s collective resolve to rid the shadow of poverty from every single childhood.”

Campaign 2000 is a non-partisan, cross-Canada network of 120 national, provincial and community partner organizations committed to working to end child and family poverty that is hosted by Family Service Toronto. For more information visit <http://www.campaign2000.ca>.

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