

Courtesy translation

POVERTY, INEQUALITY AND SOCIAL EXCLUSION IN QUÉBEC

2013 Progress Report

Centre d'étude sur la pauvreté et l'exclusion

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CHAIRMAN'S MESSAGE

In December 2002, the National Assembly of Québec unanimously adopted the *Act to combat poverty and social exclusion*, which affirmed “the desire of Québec society as a whole to act” and “strive towards a poverty-free Québec.” It set an ambitious goal to “progressively make Québec, by March 5, 2013, one of the industrialized nations having the least number of persons living in poverty, according to recognized methods for making international comparisons.”

We're almost there. This report assesses Québec's progress up to 2010 or 2011, because survey data are always behind a few years. The emerging trends nevertheless allow us to take stock of the situation.

The mission of the Centre d'étude sur la pauvreté et l'exclusion (CEPE) is to measure and assess the progress made and identify snags or setbacks. The CEPE is an observation, research and discussion centre tasked with providing reliable and rigorous information on poverty and social exclusion issues in order to guide the government and Québec society as a whole towards a process of planning and implementing actions to create a poverty-free Québec. Headed by a committee composed of recognized experts from government, academia and organizations that work with people living in poverty, the CEPE has several functions, including to develop and recommend to the Minister of Employment and Social Solidarity a series of indicators for measuring poverty and social inclusion, inequalities and other determinants of poverty.

The first disappointing finding: the situation has deteriorated since the 2008 financial crisis. Whereas the low income rate based on the Market Basket Measure (MBM) had dropped from 10.8% in 2002 to 8.3% in 2007, it subsequently rose and stood at 10.7% in 2011. Child poverty followed the same trend (U curve). The percentage of children living in poverty fell from 11.6% in 2002 to 6.7% in 2007, a remarkable gain unequalled in Canada. However, in 2011 the child poverty rate had risen to 10.7%. While this rate is

still relatively favourable compared to the rest of Canada, it is definitely a setback compared to 2007.

Although we cannot be certain of the reasons for these trends, we know that the low income rate closely tracks the unemployment rate. Québec's unemployment rate fell from 8.7% to 7.2% between 2002 and 2007 and then rose to 8.5% in 2009. Low income followed much the same trends. Thus, it can be assumed that in October 2013, when unemployment was down to 7.5%, low income prevalence had also declined. However, it is impossible to say with certainty that this is the case, and the changes observed in recent years give us reason to be cautious.

Caution is all the more important because a simple change of indicator can change the reading. For example, if we take the low income rate based on the Low Income Measure (LIM), there is far less fluctuation between 2002 and 2010. In 2002, the low income rate measured by the LIM was 10.2%. It dropped to 9.3% in 2006, then edged up, then decreased anew to 9.3% in 2010. In this scenario, less progress seems to have been made, but it is more deep-rooted than in the MBM low income scenario.

So in the coming years, the CEPE must continue giving thought to the relevance and relative value of these indicators, while remaining vigilant with regard to both the accuracy of Statistics Canada data and the regular review of Canadian indicators such as the MBM.

Moreover, the LIM must be used to report on the situation in Québec's regions because MBM data are not available at this scale. As measured by the LIM, the low income rate fell between 2002 and 2010 in all administrative regions of Québec except Laval, Montréal and Nord-du-Québec. The situation was particularly worrisome in Montréal and Nord-du-Québec, where the low income rates reached 16.6% and 15.4%, respectively, in 2010. The same finding arises from census metropolitan area (CMA) data, computed using the MBM, which show very little improvement in the Greater Montréal area, even though it outperformed the other major Canadian cities.

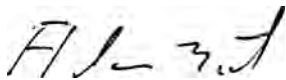
The results are also mixed at the international level. In 2010, Québec's low income rates were significantly lower than those in Canada, southern Europe and the United Kingdom, but virtually the same as those in continental Europe and higher than those in the Nordic countries and the Netherlands. Once again, the employment level seemed to be a factor. In fact, the three countries with the lowest low income rates, i.e. the Netherlands, Norway and Austria, also had the lowest unemployment rates in 2010 (4.5%, 3.6% and 4.4%, respectively). But as previously mentioned, unemployment does not explain everything. Germany, for instance, had an unemployment rate of 7.1% but a higher poverty level than in France, which had higher unemployment.

The same as every year, this progress report shows where Québec households stand in relation to the established low income thresholds for each household type. It is important to underscore the growing negative gap between these thresholds and social assistance recipients. In 2013, the income of social assistance recipients was equal to 49% of the MBM low income threshold; in other words, their income was just below half the income needed to reach the MBM low income threshold. While the increase in social assistance benefits announced in October 2013 will help remedy this situation, it will still leave the poorest individuals well below the MBM threshold—farther below, in fact, than in 2004.

Québec nevertheless remains a relatively egalitarian society, more so than the rest of Canada, as attested by the inequality indicators presented in Section 1.4. In addition, income redistribution not only favours the poorest individuals, but the entire middle class as well, which sees its income rise every year through transfers and income tax. This general logic is clearly illustrated in Figures 23 and 24, which show the contributions and benefits for different income brackets.

Measuring poverty and inequality is a complex and fascinating task that is never entirely completed. The same holds true for social exclusion, for which the CEPE will be proposing apprehension methods and indicators soon. The important thing is to monitor poverty and social inequality closely and to never stop measuring them adequately.

As we near the 2013 deadline, it is time to clarify Québec's objectives and priorities even more so that we have a clear and workable roadmap for the years ahead. For example, can we improve the situation of unattached individuals as much as we have the situation of families with children in the last 15 years? With the number of social assistance recipients having declined steadily for over 20 years, are we able to devote more resources to helping the poorest among us join the labour force and increase their income? We hope that by taking clear stock and qualifying the results as much as possible, this progress report will help fuel public debate and provide the necessary mobilization to move further toward a poverty-free Québec.

A handwritten signature in black ink, appearing to read 'Alain Noël', is positioned above the printed name.

Alain Noël

Chairman, Steering Committee

HIGHLIGHTS

In its advice to the Minister entitled *Taking the Measure of Poverty: Proposed Indicators of Poverty, Inequality and Social Exclusion to Measure Progress in Québec* (CEPE, 2009, hereinafter “Advice to the Minister”), the CEPE made 19 recommendations regarding indicators for measuring Québec’s progress in fighting poverty and exclusion (Appendix 3). The present report follows on the recommendation calling for the yearly publication of a progress report on poverty and social exclusion in Québec. It represents a compilation of the most recent data on poverty and inequality in Québec available at the time of publication.

Overall, Québec’s low income rate based on the Market Basket Measure (MBM) decreased between 2002 and 2007, falling from 10.8% to 8.3%, and then increased steadily from 2008, reaching 10.7% in 2011:

- The same downward-upward trend was seen for low income in children (under 18 years of age), persons aged 18-64, persons in lone-parent families and female lone-parent families.
- The low income rate for persons aged 65 and over remained more or less stable until 2007, and then increased sharply in 2008. The rate for unattached individuals (male and female) followed the same trend.
- The low income rate for unattached individuals is nearly four times higher than the rate for members of economic families with two persons or more.

After reviewing the latest low income thresholds and rates, notably rates based on the Market Basket Measure (MBM)—recommended by the CEPE as the baseline measure for monitoring situations of poverty from the perspective of meeting basic needs—and the Low Income Measure (LIM) where the MBM is not available, below are the annotated results of interregional, interprovincial and international comparisons:

- Interregional comparisons using the LIM show that between 1997 and 2010, the low income rate fell in some of Québec’s administrative regions (e.g. Nord-du-Québec, Gaspésie—Îles-de-la-Madeleine, Côte-Nord), remained relatively stable in others (e.g. Laval, Estrie) and rose in still others (e.g. Montréal). The Chaudière-Appalaches and Capitale-Nationale regions saw the best rates in 2010, whereas Nord-du-Québec and Montréal saw the worst.

- A comparison using the MBM shows where Québeckers stand relative to residents of the other provinces. Although a few provinces have moved ahead of Québec, the differences are not statistically significant. The provinces pretty much fall into two groups. Québec belongs to the group of eight provinces that differs significantly from the second group made up of two provinces. The differences between eight provinces (Alberta, Saskatchewan, Québec, Manitoba, Newfoundland and Labrador, Ontario, New Brunswick and Prince Edward Island) are within Québec's margins of error. The second group, which consists of Nova Scotia and British Columbia, saw substantially higher low income rates than Québec in 2011.
- An examination of low income rates in certain census metropolitan areas (CMAs) between 2002 and 2011, as measured by the MBM, shows that Montréal compared favourably to other large cities, outperforming Toronto and Vancouver. The Québec CMA performed very well overall.
- International comparisons using the LIM reveal that Québec would have ranked in the middle of developed countries in 2010 if it had been considered as a distinct entity. "Developed countries" refers to the 15 most economically developed countries in the European Union (France, Germany, Italy, Netherlands, Belgium, Luxembourg, Ireland, United Kingdom, Denmark, Greece, Spain, Portugal, Finland, Sweden and Austria) plus Norway and Switzerland.

For the purposes of measuring Québec's performance between 2004 and 2013, we simulated typical cases of unattached individuals, unattached individuals with severe employment constraints, lone-parent families with one child aged 3, childless couples with one income, and two-parent families with one income and two children to see if their lot had improved or gotten worse. We noted changes from 2004 to 2013 based on each situation, because families with children and families without children are two different realities, which no doubt reflects the recent advances made through Québec's family and anti-poverty policies, in particular the stronger measures to prevent poverty among families with children. As a result, unattached individuals and childless couples lag further behind.

In terms of inequality, the Gini coefficient and interquintile ratios provide the same overall picture. Québec succeeded in maintaining a lower inequality level than the other Canadian provinces and certain European countries, but still lags behind the Scandinavian countries. Although inequality increased within Québec, the picture provided by income quintile and family type must be qualified. Among unattached

individuals, the poorest quintile stagnated compared with richer quintiles, which saw their disposable income increase.

INTRODUCTION

The existing indicators of poverty and inequality are defined in the 2009 *Advice to the Minister*. Among the existing measures of low income, the *Advice* discusses Low Income Cut-offs (LICOs), the Low Income Measure (LIM) and the Market Basket Measure (MBM) (CEPE, 2009).

For the purposes of this progress report, after reviewing the thresholds for various measures and the observable rates for each, we focused on the interregional, interprovincial and international comparisons enabled by these indicators. These comparisons help show where each region of Québec stands in relation to the other regions and to Québec as a whole, where Québec stands in relation to the other provinces and to Canada as a whole and, finally, where Québec, if considered as a distinct entity on the international stage, and Canada stand in relation to other comparable countries.

However, it is only by comparing changes in the real-life situations of people living in poverty, based on implicit thresholds, that we can measure Québec against itself to determine the progress made.

Among the measures of inequality, we had already used the Gini coefficient and interquintile ratios. For a complete picture of inequality, the polarization coefficient is also used, as it reflects another dimension of inequality.

The start and end years of the time series used may vary according to the type of indicator and availability of data. We tried to use the longest time series for the majority of indicators in order to adequately characterize the situation in recent years and ensure a degree of continuity from one annual progress report to the next.

Some of the indicators used, in particular the low income measures, have their own special characteristics. In the case of the Market Basket Measure (MBM), for instance, the time series now begins in 2002 (data for previous years can no longer be used) due

to changes to shelter calculations. The time series for Low Income Measure (LIM) statistics published by the Institut de la statistique du Québec starts in 1997. The time series for available international data often starts in 2001. In the case of implicit thresholds, we wanted to compare the situations in 2004 and 2013, i.e. beginning just prior to the coming into force, in January 2005, of the fiscal measures (child assistance payment, work premium and social housing) contained in the first government action plan to combat poverty (2004-2010). To measure inequality, it is important to use relatively long time series, which is why we start in 1990 (Gini coefficient and interquintile ratios).

Where possible, low income data, in particular LIM data, and measures of inequality in Québec, Canada and internationally represent income adjusted for household size (LIM) or family size (MBM, inequality), also referred to as “adult-equivalent income.” “Adult-equivalent-adjusted family income” is a per capita measure of family income that accounts for the economies of scale that are introduced as families get bigger. The adult-equivalent-adjustment factor takes into account changes in family size over time, thereby eliminating potential biases (Appendix 2).

In Section 1, we have updated the tables contained in the previous progress report, indicating each adjustment or change made, as the case may be.

Section 2 presents recent and future work by the CEPE, particularly in the area of social exclusion.

The appendices at the end of the report contain:

- notes on methodology, which primarily define several concepts used in the statistical tables, including census and economic family universes and subuniverses and economic and census family membership and family statuses (Appendix 1);
- an explanation of adult-equivalent-adjusted family income (Appendix 2);
- the recommendations made in the 2009 *Advice to the Minister* (Appendix 3);

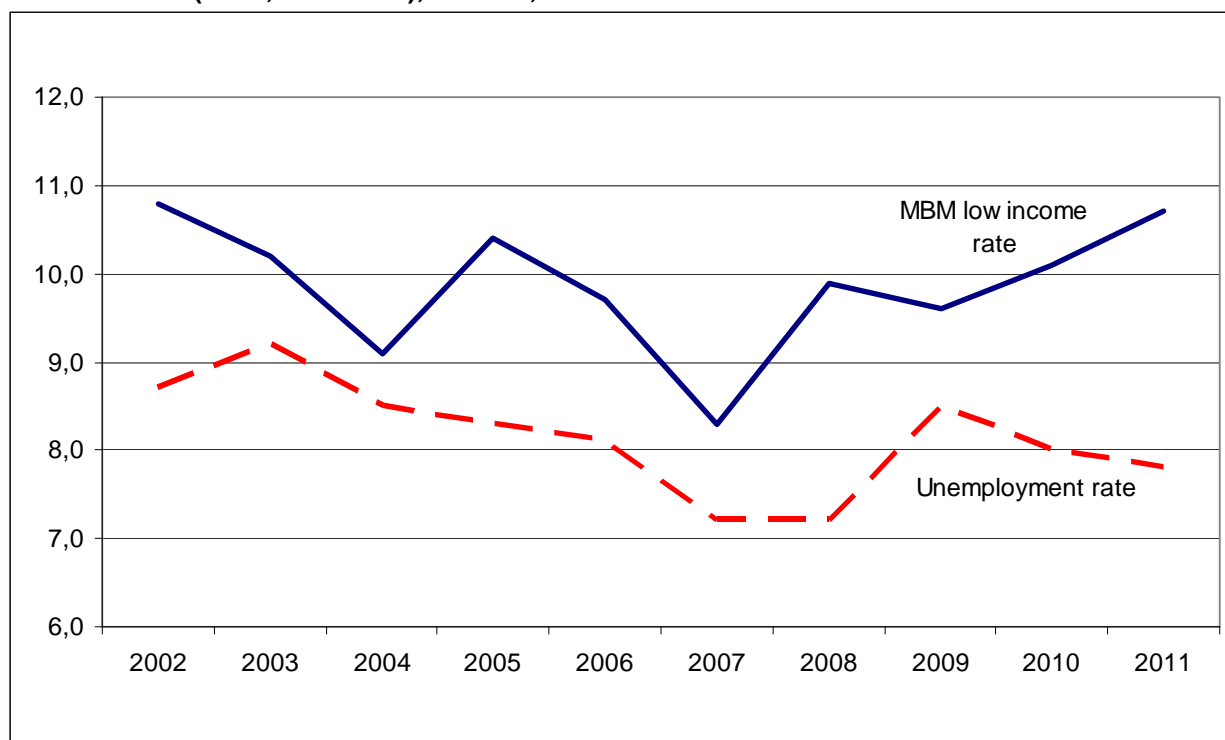
- a list of the CEPE Steering Committee members and everyone involved in the writing of this progress report or who provided feedback (Appendix 4).

Economic context

This progress report on poverty and social exclusion was prepared in the economic context prevailing since the late 2000s, i.e. a significant slowdown in real GDP growth across OECD countries, from 2.8% in 2007 to 0.2% in 2008. In 2009, GDP contracted by 3.6%. Canada did not escape the tide: its GDP increased by barely 1.1% in 2008 before contracting by 2.8% in 2009 (OECD, 2013a). The gloomy economy had a negative impact on the labour market, with the employment rate for people aged 15-64 falling by 2% between 2008 and 2009 in OECD countries as a whole (OECD, 2013b).

The situation in Québec followed the global trend, but to a lesser extent: the employment rate for the population aged 15 and over fell by 0.8% between 2008 and 2009 (-1.6% in Canada), while the unemployment rate rose from 7.3% to 8.5%. Following the steady downturn since the year 2000, Québec's low income rate (MBM) began an upward trend in 2008 and reached 10.7% in 2011 (*Figure 1*).

Figure 1 – Annual unemployment rate (population 15 years and older) and low income rate (MBM, 2011 base), Québec, 2002-2011



Source: STATISTICS CANADA, *Labour Force Survey (LFS)*; STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Even if the number of last-resort financial assistance recipients is not, strictly speaking, an indicator of poverty,¹ it still reflects the trouble individuals have achieving a degree of financial self-sufficiency. Following steady decreases since 1997, the number of individual households receiving last-resort financial assistance rose in 2009 (+1.5%) and 2010 (+0.6%).²

Although the economic situation improved in 2010, the recovery occurred amid persistent uncertainty in all advanced economies. In 2011, the OECD countries saw total growth of just 1.9%, and 1.5% growth in 2012. For its part, the euro area saw its output contract by 0.5% in 2011. The United States, which has struggled with multiple crises since the start of the recession, seems to be on the right path thanks to a combination of tighter public spending and a slow return of consumer confidence.

1. It partly depends on the specific parameters of social solidarity plans determined by governments.

2. Average annual number of individual households.

According to the latest OECD forecasts, the recovery is not expected to become truly robust until 2014. Modest economic growth is also anticipated in Canada in 2013.

SECTION 1 – KEY POVERTY AND INEQUALITY DATA

1.1 LOW INCOME

The best-known measures of low income are the Market Basket Measure (MBM),³ the Low Income Measure (LIM)⁴ before and after taxes, and Low Income Cut-offs (LICOs) before and after taxes.⁵ While their methodology differs, all of these measures entail the establishment of a baseline threshold and systematic computations based thereon. They are also all founded on objective and subjective elements in the selection of criterion or criteria for establishing the threshold.

Of the above three measures, the CEPE felt that the MBM offers the most advantages in terms of methodology and recommended using it as the baseline measure for monitoring situations of poverty from the perspective of meeting basic needs. It also deemed that, within a range of possible low income thresholds, the MBM does not constitute a threshold for exiting poverty, something that remains very difficult to evaluate using current measures (CEPE, 2009).

The CEPE recommended using LICOs and the LIM only in very specific circumstances. LICOs can be useful for examining long time series in one province at a time. However, owing to the biases of the measure, LICOs should not be used for interprovincial comparisons because they do not account for the differences in costs of living across

3. A family in low income is a family whose disposable income falls below the cost of the MBM basket of goods and services in its community or in a similar-sized community. This basket includes food, clothing and footwear, shelter, transportation and other common expenses (personal care, household needs, furniture, telephone service, reading material, recreation and entertainment). MBM disposable family income is used, i.e. after-tax income less certain non-discretionary expenses (payroll taxes, child care, child support and alimony payments) (HATFIELD et al., 2010).

4. A family in low income is a family whose adjusted income based on the size and number of people in the family unit is lower than 50% of the median adjusted household income (STATISTICS CANADA, 2013b).

5. A family in low income is a family that spends at least 63.6% of its after-tax income, i.e. 20 percentage points more than the average Canadian family of the same size, on clothing, food and shelter. These cut-offs were calculated according to the 1992 *Family Expenditure Survey* (FES), then indexed to the annual Consumer Price Index (CPI) for Canada. Cut-offs vary according to family and community size (STATISTICS CANADA, 2013b).

Canada. It was thus decided to stop presenting them after the 2012 progress report. The LIM is the most commonly used low income measure for interregional and international comparisons. In addition to being a measure of poverty, the LIM can, to a certain extent, translate a form of inequality even if this is not its primary function.

1.1.1 The main thresholds

The low income measures are all constructed using different methodologies. LIM thresholds, which are based on income, should not be confused with MBM thresholds, which are based on the cost of a basket of goods and services that should be covered by the disposable income available for consumption. The matrix of MBM thresholds, the baseline measure already used by the CEPE to monitor situations of poverty from the perspective of meeting basic needs, can be used to retrace the threshold based on family size and community size (*Table 1*).

Table 1 Low income thresholds, based on the Market Basket Measure (MBM), for selected family and community types, 2011, Québec

	Rural areas	Less than 30,000 to 30,000	30,000 to 99,999	100,000 to 499,999	Québec CMA	Montréal CMA
1 person	16 347	16 389	15 454	15 842	16 051	16 573
2 persons	23 117	23 177	21 855	22 404	22 699	23 438
3 persons	28 313	28 386	26 767	27 439	27 800	28 705
4 persons	32 693	32 777	30 908	31 684	32 101	33 146
5 persons	36 552	36 646	34 556	35 424	35 890	37 058
6 persons	40 041	40 143	37 854	38 805	39 316	40 595
7 persons or more	43 249	43 360	40 887	41 914	42 466	43 848

Note: CMA: Census Metropolitan Area.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*.⁶ STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Table 2 presents the baseline income levels in 2010 or 2011 converted into estimated 2013 dollars. In the specific case of the MBM, the after-tax income needed to purchase

6. The SLID was replaced with the *Canadian Income Survey* in 2012. Data collected in 2012 will be released in 2014.

a basket of goods varies considerably depending on the family unit's non-discretionary expenses. According to our estimation, the income level should be grossed up 7%, on average, in relation to the cost of the basket in order to be able to purchase it (FRÉCHET et al., 2010a). The amounts corresponding to the low income thresholds are indicated below:

Table 2 Low income thresholds based on various low income measures, selected family and community types, current dollars and 2013 dollars (estimate), Québec

	current \$	2013 \$ (estimate)	Corresponding average after-tax income (estimate) (2013 \$)
MBM (Montréal CMA, 2011)			
Unattached individuals	16 573	17 246	18 454
Lone-parent families (1 child)	23 438	24 390	26 097
Childless couples	23 438	24 390	26 097
Two-parent families (2 children)	33 146	34 493	36 907
After-tax LIM (2010)			
Unattached individuals	17 251	18 499	18 499
Lone-parent families (1 child)	24 397	26 162	26 162
Childless couples	24 397	26 162	26 162
Two-parent families (2 children)	34 502	36 999	36 999

Notes: CMA: Census Metropolitan Area. The value of the Consumer Price Index (CPI) in 2013 was estimated based on the average CPI of the previous 10 years.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*. STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Thus, the Montréal MBM threshold for unattached individuals, indexed in 2013 to \$17,246 and grossed up to a corresponding estimated median after-tax income of \$18,454, can be compared against the LIM threshold of 50%, indexed in 2013 to \$18,499. It may happen that the MBM and LIM thresholds are virtually the same some years and farther apart others; however, these measures are constructed very differently and this relative position could change significantly.

1.1.2 Low income rate

In keeping with the CEPE's main recommendation (Appendix 3) that the MBM be used as the baseline measure to monitor situations of poverty from the perspective of

meeting basic needs, and with another recommendation to use the LIM for international comparisons, these are the only two measures discussed in this report. Since MBM data have been available only since 2002, our analysis will focus on the period 2002-2011.

For all data presented hereafter, note that in addition to the new data for 2011, Statistics Canada has revised all data collected since 2002, due in particular to the revisions to shelter costs in the calculation of thresholds to capture the advantage of mortgage-free owners (CEPE, 2012, Appendix 2). Consequently, these data differ from the data presented in previous reports.

1.1.2.1 Market Basket Measure (MBM)

The Market Basket Measure (MBM) developed by Employment and Social Development Canada – ESDC (formerly “Human Resources and Skills Development Canada – HRSDC”), now published by Statistics Canada, is based on a specific basket of goods and services.⁷

7. The market basket includes the following categories of items:

1. food;
2. clothing and footwear;
3. shelter;
4. transportation (public transit in urban areas, vehicle in rural areas);
5. other goods and services (e.g. furniture, telephone, household products, recreation).

The disposable income available to purchase the above goods and services is calculated by deducting the following expenditures from total family income:

- child care;
- non-insured health-related expenses such as dental and vision care;
- personal income taxes and contributions to the Canada Pension Plan (CPP), the Québec Pension Plan (QPP) and the Employment Insurance (EI) account;
- alimony and child support payments;
- union dues and contributions to employer-sponsored pension plans.

The cost of the goods and services contained in the market basket is calculated for a reference family of four. It is subsequently calculated for all other family sizes, using the square-root-of-family-size equivalence scale. The cost of the goods and services is calculated for a number of communities and community sizes. The MBM thus accounts for differences in costs of living across communities and community sizes in Canada.

In 2011, Employment and Social Development Canada devised a new methodology for calculating shelter costs that captures the advantage homeowners without mortgages have compared to renters (CEPE, 2012, Appendix 2). The series has thus been rebased since 2002, i.e. the year in which mortgage-related data were available, and the MBM “2011 base” is the now used as the reference.

The low income rate fell from 2002 to 2007 and rose thereafter. The coefficient of variation release guidelines have been taken into account.⁸ (*Table 3*).

8. The coefficient of variation (CV) is the standard error of an estimate, expressed as a percentage of the estimate. In accordance with Statistics Canada's release guidelines, estimates with a CV less than or equal to 16.6% are published without restriction; estimates with a CV greater than 16.6% and less than or equal to 33.3% are to be interpreted with caution and are indicated with an asterisk “*”; estimates with a CV greater than 33.3% are not published.

Table 3 **Number of persons in low income families based on the MBM (2011 base), Québec, 2002-2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All persons	791 000	747 000	673 000	775 000	730 000	629 000	754 000	735 000	787 000	842 000
Under 18 years of age	179 000	150 000	127 000	141 000	140 000	102 000	141 000	136 000	132 000	162 000
18-64	580 000	579 000	532 000	606 000	566 000	503 000	581 000	543 000	583 000	613 000
65 and over	32 000*	17 000*	14 000*	28 000*	23 000*	23 000*	32 000*	56 000*	72 000*	67 000*
Males	361 000	362 000	343 000	374 000	357 000	302 000	360 000	364 000	405 000	417 000
Under 18 years of age	99 000	82 000	74 000	71 000	68 000	54 000	74 000	73 000	72 000	89 000
18-64	249 000	276 000	263 000	295 000	278 000	238 000	273 000	274 000	305 000	302 000
65 and over	F	F	F	F	F	F	F	F	27 000*	25 000*
Females	430 000	385 000	330 000	402 000	373 000	327 000	394 000	371 000	382 000	425 000
Under 18 years of age	80 000	68 000	52 000	70 000	72 000	48 000	67 000	63 000	60 000	72 000
18-64	331 000	304 000	269 000	311 000	288 000	265 000	308 000	269 000	277 000	311 000
65 and over	19 000*	F	F	21 000*	F	F	19 000*	39 000*	45 000*	42 000*
Unattached individuals	273 000	276 000	288 000	332 000	307 000	296 000	313 000	352 000	351 000	362 000
Males	122 000	144 000	161 000	176 000	167 000	152 000	150 000	185 000	188 000	189 000
Females	151 000	132 000	127 000	157 000	139 000	144 000	163 000	167 000	163 000	173 000
All unattached seniors	17 000*	F	F	17 000*	F	F	24 000*	46 000*	49 000*	46 000*
Unattached male seniors	F	F	F	F	F	F	F	F	F	F
Unattached female seniors	F	F	F	15 000*	F	F	F	33 000*	34 000*	37 000*
Unattached individuals, under 65 years of age	256 000	268 000	280 000	315 000	289 000	282 000	289 000	307 000	302 000	316 000
Males	117 000	142 000	158 000	174 000	160 000	149 000	140 000	172 000	173 000	180 000
Females	139 000	125 000	123 000	142 000	130 000	133 000	149 000	134 000	129 000	136 000
Persons in economic families, 2 persons or more	518 000	471 000	385 000	443 000	423 000	333 000	441 000	383 000	436 000	480 000
Persons in two-parent families with children	163 000*	142 000*	118 000*	140 000*	156 000*	87 000*	164 000*	116 000*	138 000*	142 000*
Persons in lone-parent families	166 000	147 000	115 000	117 000	110 000	92 000	106 000	124 000	116 000	143 000
Persons in male lone-parent families	17 000*	12 000*	13 000*	11 000*	9 000*	16 000*	F	12 000*	F	F
Persons in female lone-parent families	149 000	135 000	102 000	105 000	100 000	76 000	92 000	113 000	102 000	128 000

Note: * Use with caution, coefficient of variation > 16.6% and ≤ 33.3%. F: data may not be published.

Caution: Note that in addition to the new data for 2011, Statistics Canada has revised all data collected since 2002, due in particular to the revisions to shelter costs to capture the advantage of mortgage-free owners (CEPE, 2012, Appendix 2). Consequently, these data differ from the data presented in previous reports [See *STATISTICS CANADA (2013a)*].

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Table 4 Low income rates based on the MBM (2011 base), all persons and persons in economic families, Québec, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All persons	10,8	10,2	9,1	10,4	9,7	8,3	9,9	9,6	10,1	10,7
Males	10,0	10,0	9,3	10,1	9,6	8,1	9,5	9,6	10,5	10,6
Females	11,7	10,4	8,9	10,7	9,9	8,6	10,2	9,6	9,8	10,8
Unattached individuals	23,2	22,8	23,2	26,1	24,5	23,3	24,3	27,1	26,6	27,1
Males	21,8	24,3	25,9	28,0	27,6	24,9	23,0	27,3	28,1	27,0
Females	24,4	21,4	20,5	24,2	21,7	21,9	25,7	26,8	25,0	27,1
All unattached seniors	5,5*	2,7*	2,5*	5,3*	5,4*	4,1*	6,6*	13,1*	13,2*	12,5*
Unattached male seniors	5,7*	1,6*	3,4*	2,3*	8,4*	3,6*	8,8*	13,6*	13,3*	7,8*
Unattached female seniors	5,4*	3,1*	2,1*	6,3*	4,2*	4,3*	5,7*	12,9*	13,1*	14,7*
Unattached individuals, under 65 years of age	29,3	29,6	30,2	33,0	31,3	30,5	31,1	32,1	31,8	32,6
Males	24,5	27,9	29,6	32,0	31,0	29,0	25,8	29,6	31,1	30,8
Females	35,0	31,8	31,0	34,4	31,6	32,3	38,8	36,1	32,7	35,3
Persons in economic families, 2 persons or more	8,5	7,7	6,3	7,2	6,8	5,3	7,0	6,0	6,8	7,4
Persons in two-parent families with children	6,1*	5,3*	4,4*	5,3*	5,8*	3,2*	6,0*	4,4*	5,0*	5,3*
Persons in lone-parent families	32,4	29,5	23,6	22,8	22,0*	18,9*	20,0	23,3	24,5	28,9
Persons in male lone-parent families	14,8*	11,6*	11,2*	9,4*	7,9*	12,9*	10,9*	11,6*	17,5*	14,4*
Persons in female lone-parent families	37,3	34,2	27,5	26,9	26,5*	20,9*	22,9*	26,1	25,9	33,0

Note: * Use with caution, coefficient of variation > 16.6% and ≤ 33.3%.

Caution: Note that in addition to the new data for 2011, Statistics Canada has revised all data collected since 2002, due in particular to the revisions to shelter costs to capture the advantage of mortgage-free owners (CEPE, 2012, Appendix 2). Consequently, these data differ from the data presented in previous reports [See *STATISTICS CANADA (2013a)*].

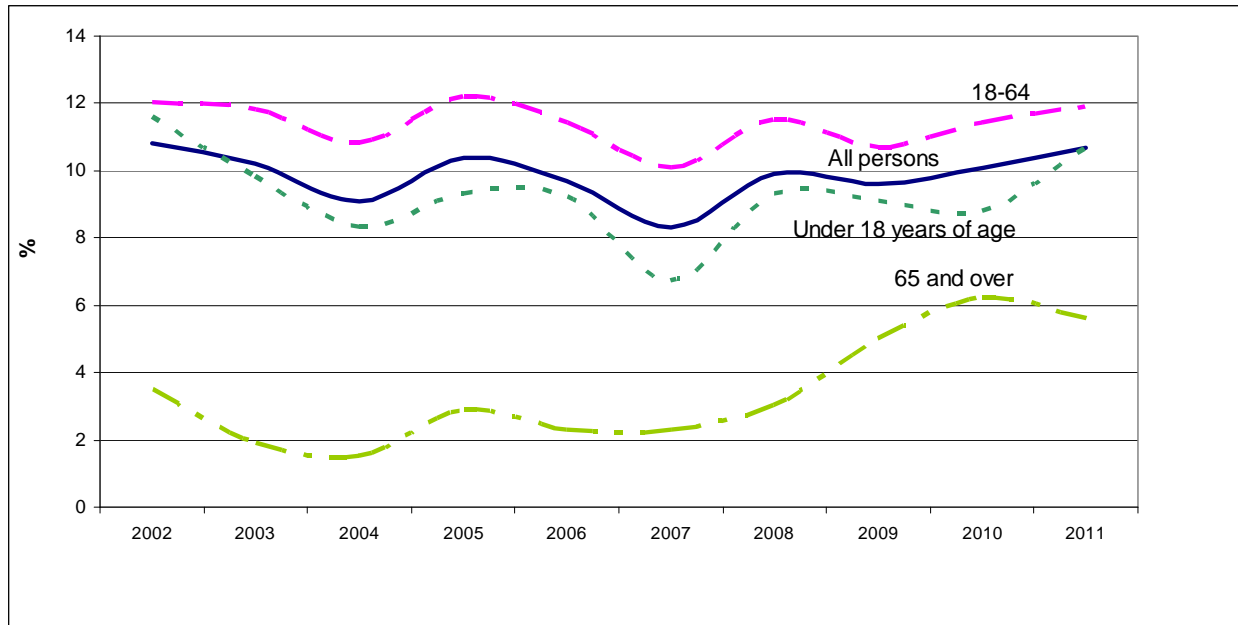
Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

A few highlights (*Table 4*):

- The low income rate for children (under 18 years of age) fell from 11.6% in 2002 to 10.7% in 2011.
- The low income rate for persons aged 18-64 remained unchanged between 2002 and 2011, at around 12%.
- The low income rate for persons aged 65 and over remained more or less stable, at between 1.5% and 3.5% from 2002 to 2008, and then increased, standing at 5.6% in 2011. The rate increased for both male seniors (from 3.4% in 2002 to 4.6% in 2011) and female seniors (from 3.7% in 2000 to 6.3% in 2011). However, the data for persons aged 65 and over must be used with caution.
- The case of seniors living alone, males and females alike, is noteworthy for the sudden increase in 2009. The low income rate among female seniors living alone jumped from 5.7% in 2008 to 12.9% in 2009, and to 14.7% in 2011. However, the low income rates for seniors living alone must be used with caution.
- The low income rate for unattached individuals is nearly four times higher (27.1% in 2011) than that for members of economic families with two persons or more (7.4% in 2011).
- Two trends were observed for low income among persons in lone-parent families: a downward trend from 2002 to 2007, with the low income rate falling from 32.4% to 18.9%, followed by an upward trend, with the rate reaching 28.9% in 2011.

- The same trends can be seen for lone-parent families headed by women (the rate fell from 37.3% in 2002 to 20.9% in 2007 and then increased, reaching 33.0% in 2011).

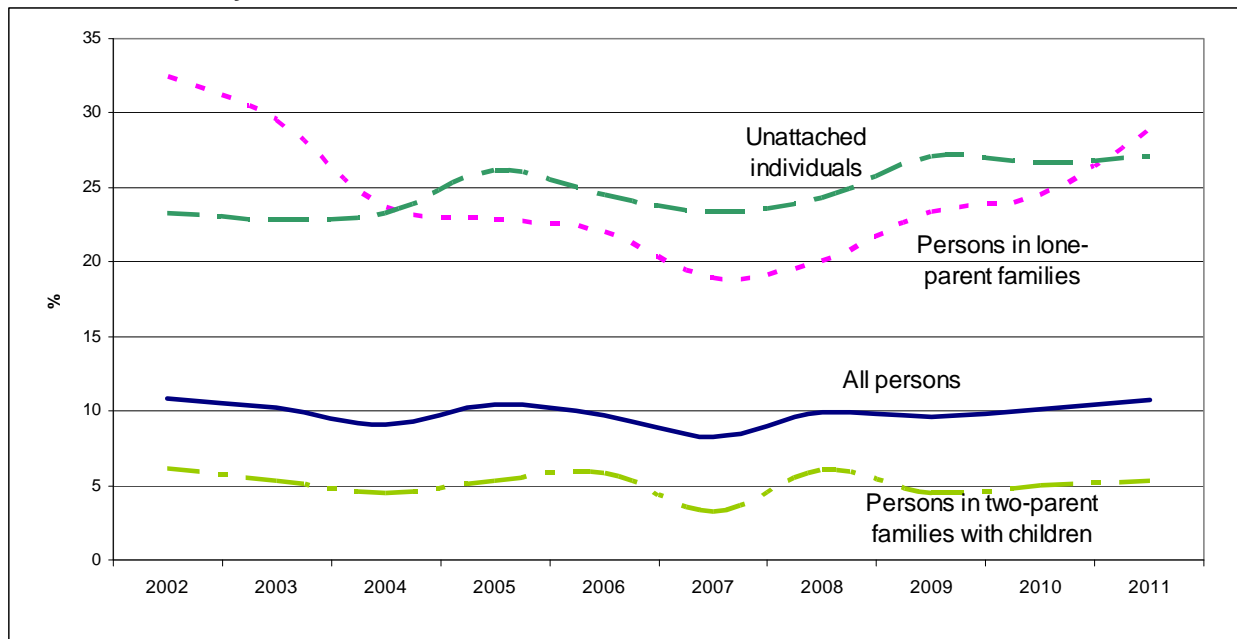
Figure 2 – Low income rates based on the MBM (2011 base), all persons, by age, Québec, 2002-2011



Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

As shown by the observable trends in Figures 2 and 3, the low income rate rose suddenly between 2007 and 2008, with the sharpest increase being for children. The increase came a bit later for persons aged 65 and over. Low income among this age group rose considerably between 2008 and 2010.

Figure 3 – Low income rates based on the MBM (2011 base), persons in family units, by type of family unit, Québec, 2002-2011



Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Compared with the rate for all persons, for example, unattached individuals and persons in lone-parent families continue to see the highest low income rates (*Figure 3*). However, the situation of persons in families with at least two members differs considerably depending on whether the family is headed by a single parent or two parents. The low income rate for persons in lone-parent families declined substantially at the beginning of the study period and then began an upward trend. The low income rate for persons in two-parent families with at least one child has been relatively low since 2002. However, the data specific to persons in families with children must be interpreted with caution because of their low rate and variability.

All data for persons aged 65 and over must also be interpreted with caution because of the relatively low sample size. Data for unattached seniors often follow a sawtooth pattern, with wide year-to-year fluctuations. The low income rate among unattached individuals under 65 years of age was often over 30% during the study period, and basically the same for both females (35.3% in 2011) and males (30.8% in 2011).

1.1.2.2 Low Income Measure (LIM)

According to Statistics Canada's LIM, a household is in low income if its income is less than half (50%) the median⁹ household income in the population, adjusted for household size and type. The LIM can be calculated based on before-tax income (LIM-BT) or after-tax income (LIM-AT). Some organizations, such as Statistics Canada, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP), set their low income threshold at 50% of the median household income, while others, such as the European Union and several of its member states, set theirs at 60% of the median. The LIM thus enables international comparisons.

The low income rate for individuals aged 16 and over based on age and sex of the major income earner barely changed between 1997 and 2010 (*Table 5*).

⁹ The median splits the population in half, with half the population below the median and the other half, above it.

Table 5 After-tax low income rates based on the LIM, all persons, by age and sex of the major income earner, Québec, 1997-2010

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All persons 16 years of age and over	11,8	10,8	10,6	10,6	10,2	11,0	10,6	10,3	11,0	10,5	10,2	10,4	10,2	11,1
Males	10,6	9,7	8,7	8,8	8,5	9,2	9,5	9,7	9,6	9,6	8,9	9,1	9,6	10,8
Females	12,9	11,9	12,4	12,3	11,9	12,6	11,7	11,0	12,4	11,3	11,5	11,7	10,8	11,4
Age														
Under 65 years	13,3	12,1	11,6	11,5	11,2	11,6	11,4	11,0	11,5	11,2	10,7	11,1	10,5	11,2
Males	11,8	10,5	9,6	9,6	9,4	9,8	10,5	10,6	10,6	10,3	9,5	9,8	10,3	11,3
Females	14,9	13,7	13,6	13,5	13,0	13,5	12,4	11,4	12,5	12,1	12,0	12,4	10,7	11,2
Under 25 years	15,2	12,5	12,1	10,7	11,4	14,3	14,0	12,0	13,9	13,3	10,9	10,8	10,6	10,0
Males	13,3	11,1	10,1	9,1	9,0	12,5	13,6	11,6	12,6	13,1	9,7	9,8	13,1	10,5
Females	17,3	14,1	14,1	12,3	13,9	16,1	14,4	12,6	15,3	13,6	12,2	11,7	8,0	9,5
25-44 years	12,0	11,0	9,6	10,1	9,6	9,2	9,5	9,5	8,6	8,2	8,6	9,7	9,5	9,9
Males	10,8	9,2	7,3	8,0	7,8	7,8	8,6	9,7	7,8	7,8	8,0	7,9	8,8	10,0
Females	13,3	12,7	11,9	12,1	11,5	10,6	10,5	9,4	9,5	8,5	9,3	11,6	10,3	9,7
45-64 years	14,2	13,4	13,9	13,8	12,9	13,2	12,4	12,1	13,6	13,3	12,7	12,5	11,3	13,0
Males	12,3	11,9	12,3	11,9	11,4	10,7	11,2	11,2	12,6	11,7	10,9	11,5	10,6	12,8
Females	16,0	14,8	15,4	15,6	14,4	15,6	13,5	12,9	14,5	14,9	14,4	13,4	12,0	13,1
65 years and over	2,4	3,4	4,8	5,3	5,0	7,2	6,3	6,8	8,3	6,7	7,7	7,2	8,9	10,5
Males	2,4	4,5	2,3	3,3	2,8	5,8	3,2	3,9	3,7	5,5	5,7	5,3	5,9	8,2
Females	2,4	2,6	6,7	6,8	6,6	8,3	8,7	9,1	11,8	7,8	9,3	8,7	11,4	12,3

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; Institut de la statistique du Québec, site consulted in November 2013.

1.1.3 Interregional comparisons

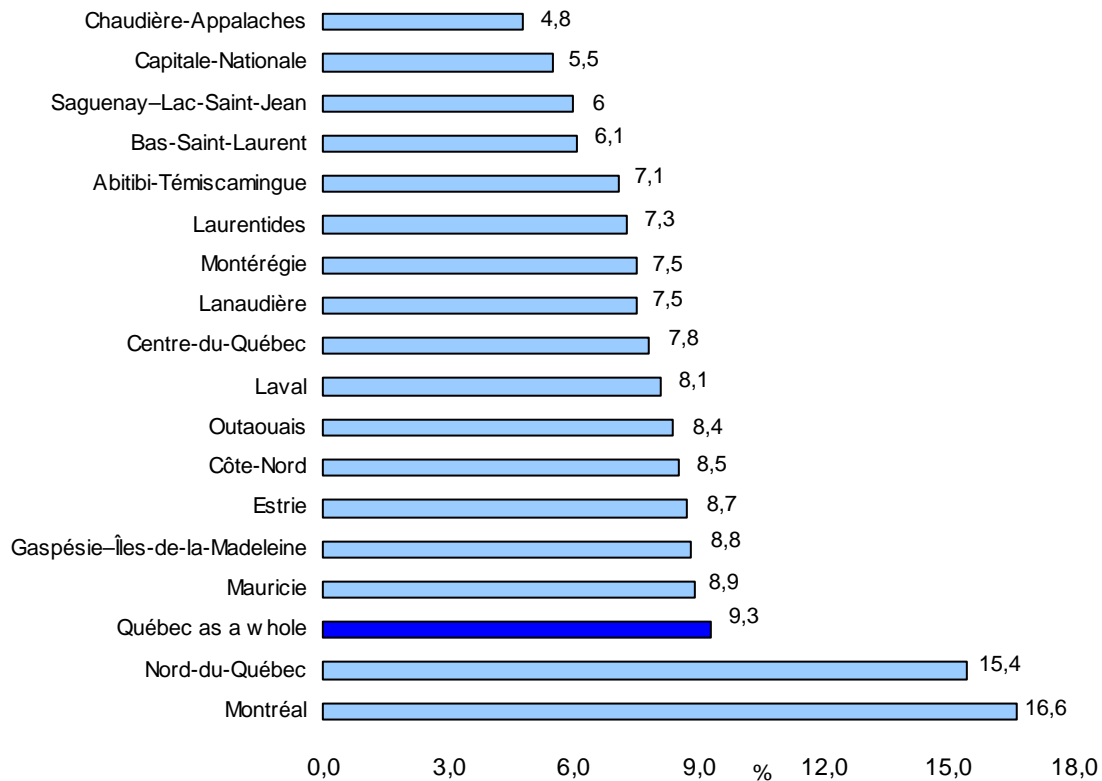
To date, the provincial median income has been used for interregional comparisons of low income in Québec. The Institut de la statistique du Québec (ISQ) releases these data annually using federal taxation statistics. Interregional comparisons using the Low Income Measure (LIM) show that between 1997 and 2010, the low income rate fell in some of Québec's administrative regions (e.g. Nord-du-Québec, Gaspésie-Îles-de-la-Madeleine, Côte-Nord), remained relatively stable in others (e.g. Centre-du-Québec, Laval, Estrie) and rose in still others (e.g. Montréal). The Chaudière-Appalaches and Capitale-Nationale regions saw the best rates in 2010 (most recent year for which data are available), at just under 6%, whereas the Nord-du-Québec and Montréal regions saw the worst, at above 15% (*Table 6* and *Figure 4*).

Table 6 Low income rates based on the LIM, all persons, by administrative region, and change between 1997 and 2010, Québec, 1997-2010

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Percentage point change 1997-2010
Bas-Saint-Laurent	9,7	7,8	8,5	9,1	8,2	8,4	8,4	8,1	7,4	7,3	7,7	7,3	6,9	6,1	-3,6
Saguenay–Lac-Saint-Jean	9,2	7,6	7,7	8,3	8,2	8,5	8,4	8,1	7,6	7,2	7,4	7,0	6,7	6,0	-3,2
Capitale-Nationale	8,3	7,0	7,3	7,5	7,0	6,9	6,7	6,7	6,2	6,0	6,3	5,9	5,9	5,5	-2,8
Mauricie	11,4	9,8	9,9	10,4	10,1	10,4	10,4	10,4	9,9	9,4	10,0	9,7	9,6	8,9	-2,5
Estrie	9,0	7,5	8,1	8,6	8,2	8,6	8,8	8,7	8,2	8,4	9,1	9,0	9,1	8,7	-0,3
Montréal	15,9	13,8	14,8	15,6	15,5	16,5	17,0	17,1	16,7	16,1	16,8	16,7	17,0	16,6	0,7
Outaouais	12,0	10,2	10,8	10,6	9,3	9,9	9,8	9,8	9,1	9,1	9,4	9,0	8,9	8,4	-3,6
Abitibi-Témiscamingue	10,6	9,2	9,5	10,3	10,1	9,9	10,1	9,7	8,6	8,3	8,6	8,1	8,0	7,1	-3,5
Côte-Nord	13,9	12,6	10,7	10,9	10,3	10,5	9,9	10,2	9,7	9,7	10,1	10,0	9,7	8,5	-5,4
Nord-du-Québec	28,6	27,1	15,1	15,6	14,7	14,4	14,2	15,0	14,8	16,5	17,5	14,9	16,0	15,4	-13,2
Gaspésie–Îles-de-la-Madeleine	14,4	11,9	12,1	12,5	11,4	11,5	11,0	10,8	10,4	9,9	10,4	10,0	9,7	8,8	-5,6
Chaudière-Appalaches	7,0	5,6	5,8	6,1	5,6	5,9	5,8	5,7	5,3	5,3	5,7	5,5	5,4	4,8	-2,2
Laval	8,5	7,1	7,4	7,5	7,2	7,5	7,6	7,7	7,3	7,4	8,0	8,1	8,4	8,1	-0,4
Lanaudière	9,5	8,0	8,3	8,7	8,3	8,5	8,2	7,9	7,3	7,3	8,1	8,0	8,1	7,5	-2,0
Laurentides	9,9	8,1	8,5	8,7	8,1	8,5	8,2	8,0	7,4	7,3	8,1	7,9	7,9	7,3	-2,6
Montréal	9,0	7,4	7,7	8,0	7,5	7,8	7,8	7,6	7,2	7,1	8,0	7,8	8,0	7,5	-1,5
Centre-du-Québec	9,0	7,3	7,8	8,0	8,0	8,3	8,5	8,4	7,8	7,9	8,5	8,4	8,6	7,8	-1,2
Québec as a whole	11,0	9,3	9,7	10,1	9,7	10,2	10,1	10,0	9,6	9,3	9,9	9,7	9,8	9,3	-1,7

Sources: STATISTICS CANADA, *T1 Family File (T1FF)*; Institut de la statistique du Québec website, consulted November 2013; CEPE compilation, December 2013.

Figure 4 – Low income rates based on the LIM, all persons, by administrative region, Québec, 2010

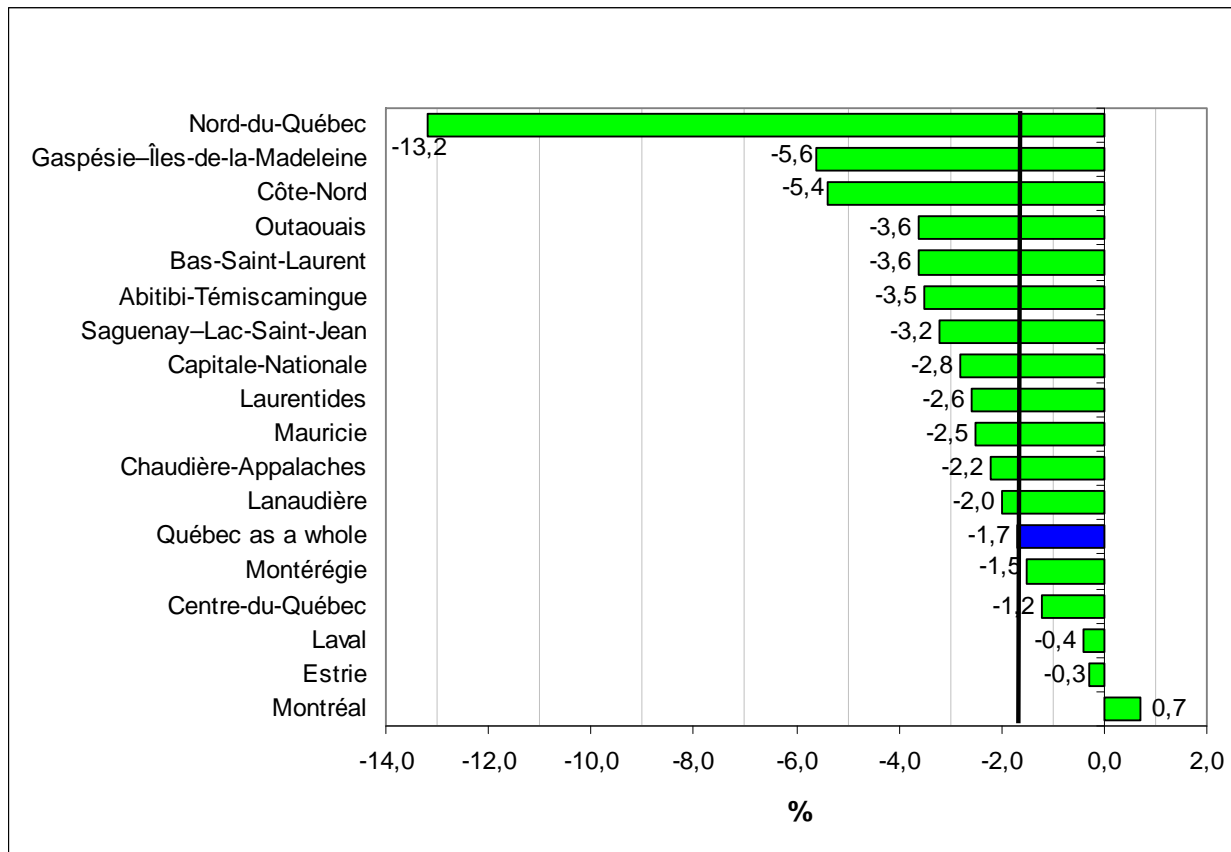


Notes: Data in this figure refer to the percentage point change in low income rate for each region. No modulus of precision is available.

Sources: STATISTICS CANADA, *T1 Family File (T1FF)*; Institut de la statistique du Québec website, consulted November 2013; CEPE compilation, December 2013.

Some of the regions that saw their low income rate drop stood out for their performance. Between 1997 and 2010, 12 of Québec's administrative regions improved their low income rates compared with Québec as a whole; among them, Nord-du-Québec, Gaspésie-Îles-de-la-Madeleine and Côte-Nord saw their low income rates measured by the LIM decline. By contrast, the rates in the Laval and Estrie administrative regions remained virtually unchanged while the situation in Montréal deteriorated slightly (*Figure 5*).

Figure 5 – Change in low income rates based on the LIM, all persons, by administrative region, Québec, 1997-2010



Notes: Data in this figure refer to the percentage point change. No modulus of precision is available.

Sources: STATISTICS CANADA, *T1 Family File (T1FF)*; Institut de la statistique du Québec website, consulted November 2013; CEPE compilation, December 2013.

In the case of the Nord-du-Québec region, however, the year in which the time series starts is of importance. For example, if the time series started in 1999 instead of 1997, data might be interpreted very differently because a sudden change occurred between 1998 and 1999. The situation should thus be interpreted as stable since 1999.

1.1.4 Interprovincial comparisons

A comparison using the MBM shows where Québeckers stand in relation to residents of the other provinces (*Table 7* and *Figure 6*). Although a few provinces have moved ahead of Québec, the differences are not statistically significant (precision moduli are not released). The provinces pretty much fall into two groups. Québec belongs to the group of eight provinces that differs significantly from the second group made up of two

provinces. The differences between eight provinces (Alberta, Saskatchewan, Québec, Manitoba, Newfoundland and Labrador, Ontario, New Brunswick and Prince Edward Island) are within Québec's margins of error. The second group, which consists of Nova Scotia and British Columbia, saw substantially higher low income rates than Québec in 2011.

Table 7 Low income rates based on the MBM (2011 base), all persons, by age group and province, and change between 2002 and 2011, Canada, 2002-2011

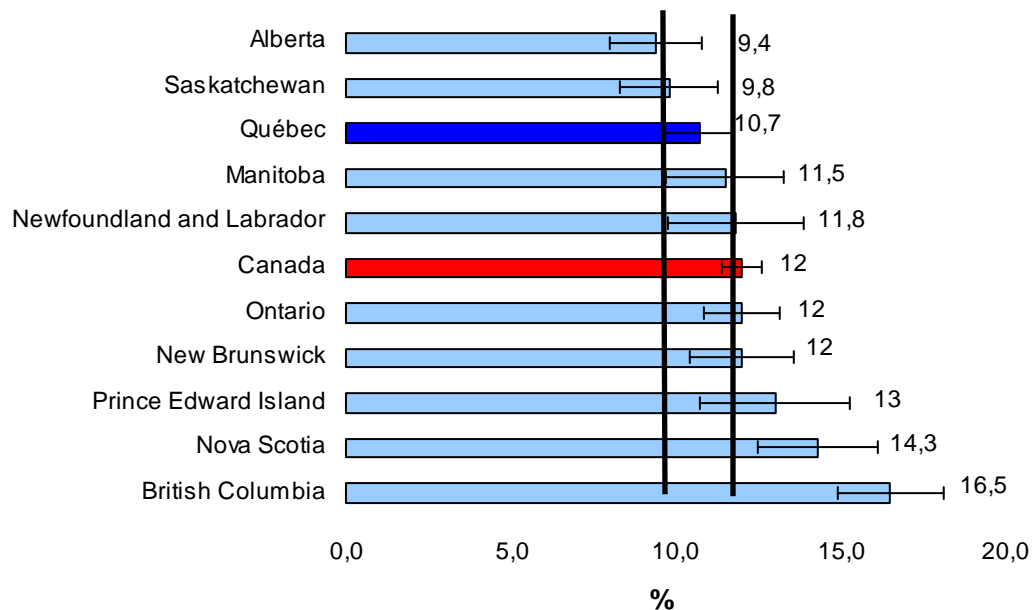
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Percentage point change 2002-2011
All persons											
Newfoundland and Labrador	19,7	16,6	18,4	16,0	14,8	12,9	12,9	13,4	13,0	11,8	-7,9
Prince Edward Island	15,1	13,3	12,9	11,6	12,5	10,1	12,0	11,2	13,7	13,0	-2,1
Nova Scotia	16,1	16,4	14,5	14,3	13,7	13,3	14,2	15,5	14,5	14,3	-1,8
New Brunswick	16,4	16,3	14,9	16,1	15,4	13,8	13,7	12,9	13,3	12,0	-4,4
Québec	10,8	10,2	9,1	10,4	9,7	8,3	9,9	9,6	10,1	10,7	-0,1
Ontario	12,1	11,8	12,9	12,3	12,1	10,6	11,2	12,7	12,0	12,0	-0,1
Manitoba	12,8	11,5	10,9	11,6	11,1	9,6	9,2	11,5	10,7	11,5	-1,3
Saskatchewan	13,7	12,7	13,7	13,5	13,7	11,9	10,3	10,3	10,1	9,8	-3,9
Alberta	10,5	12,6	12,2	9,9	7,8	7,1	7,3	11,2	9,2	9,4	-1,1
British Columbia	19,5	18,8	17,6	15,8	15,7	13,2	13,7	15,6	15,7	16,5	-3,0
Canada	13,0	12,7	12,7	12,3	11,7	10,2	10,9	12,2	11,8	12,0	-1,0
Persons under 18 years of age											
Newfoundland and Labrador	28,2	22,6	26,0	23,2	20,2	16,8	17,9	20,2	16,9	15,9	-12,3
Prince Edward Island	18,3	18,0	16,9	13,4	14,8	12,4	15,7	13,7	22,5	17,2	-1,1
Nova Scotia	23,9	23,9	21,2	19,7	18,0	17,2	17,2	18,9	17,1	20,7	-3,2
New Brunswick	20,6	22,0	19,1	20,9	20,4	18,8	18,1	17,7	15,1	14,2	-6,4
Québec	11,6	9,8	8,3	9,3	9,2	6,7	9,3	9,1	8,8	10,7	-0,9
Ontario	15,1	14,5	16,5	16,0	15,1	12,6	12,8	14,0	13,4	13,2	-1,9
Manitoba	18,9	16,6	13,3	14,6	12,0	11,0	11,2	15,0	15,4	17,4	-1,5
Saskatchewan	20,0	17,9	18,4	19,2	20,1	18,1	14,4	14,2	11,9	12,5	-7,5
Alberta	11,3	15,5	15,2	11,6	8,9	8,4	9,6	15,0	10,1	10,4	-0,9
British Columbia	25,3	26,2	24,4	20,7	21,0	18,1	15,9	18,4	18,2	21,1	-4,2
Canada	16,1	15,8	15,8	15,0	14,1	11,9	12,3	13,9	12,8	13,7	-2,4
Persons 65 and over											
Newfoundland and Labrador	5,8*	5,4*	5,4*	5,7*	6,7*	7,1*	5,9*	6,4*	8,3*	9,9*	4,1
Prince Edward Island	10,7*	7,3*	10,3*	11,9*	12,6*	8,3*	11,4*	10,6*	8,8*	15,5*	4,8
Nova Scotia	6,4*	6,7*	5,9*	6,6*	6,1*	6,4*	7,1*	10,5*	11,0*	9,0*	2,6
New Brunswick	6,5*	7,2*	6,9*	6,4*	6,2*	4,3*	3,9*	4,3*	7,0*	6,8*	0,3
Québec	3,5*	1,9*	1,5*	2,9*	2,3*	2,3*	3,0*	5,0*	6,2*	5,6*	2,1
Ontario	3,6	3,3	2,5	2,9	3,3	2,4	4,2	4,6	4,1	5,3	1,7
Manitoba	3,4*	2,7*	3,2*	3,6*	2,9*	3,2*	1,7*	4,4*	2,9*	2,3*	-1,1
Saskatchewan	3,3*	1,4*	3,7*	3,1*	3,1*	2,3*	3,7*	3,6*	3,4*	4,7*	1,4
Alberta	2,1*	2,7*	2,1*	1,5*	1,7*	2,0*	1,4*	2,2*	2,5*	1,9*	-0,2
British Columbia	9,6	8,3	6,4	5,5	5,4	4,8	8,5	6,7	6,7	8,4	-1,2
Canada	4,5	3,8	3,1	3,5	3,4	3,0	4,3	5,0	5,2	5,7	1,2

Note: * Use with caution, coefficient of variation > 16.6% and ≤ 33.3%.

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Québec compares favourably to the rest of the provinces in terms of low income among all persons and among children, and is in the middle of the pack in terms of seniors in low income.

Figure 6 – Low income rates based on the MBM (2011 base), all persons, Canada and the provinces, 2011

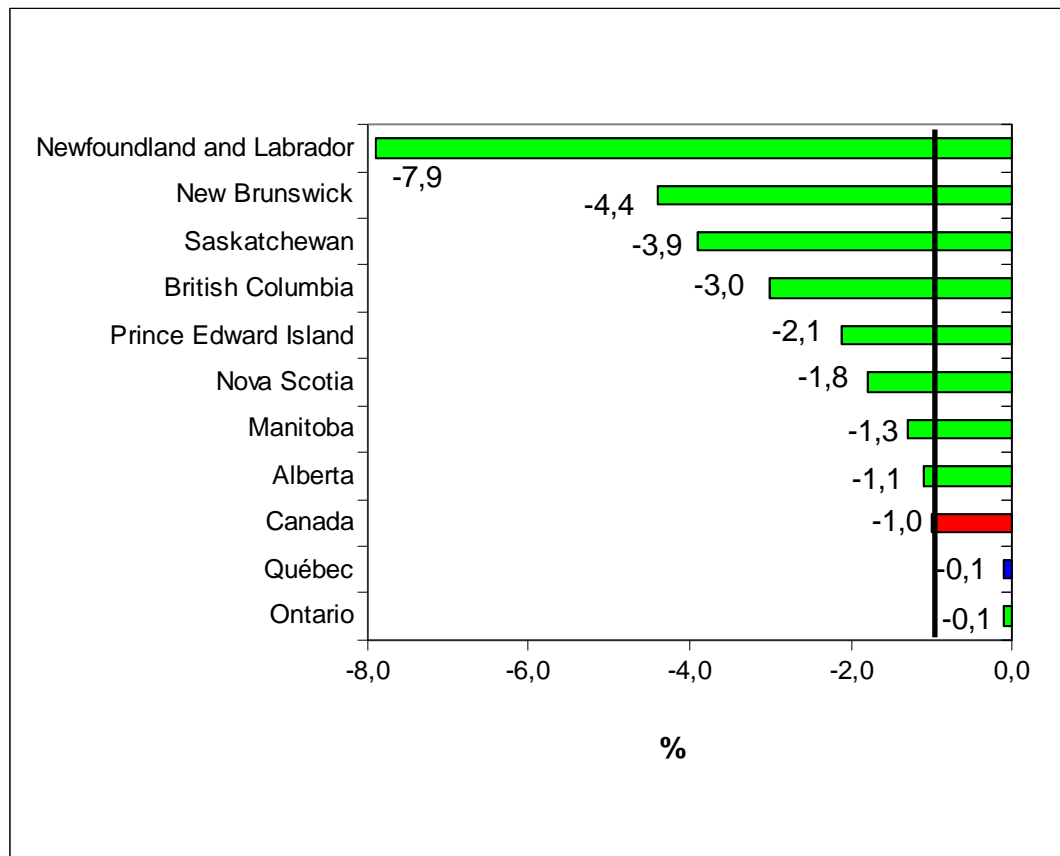


Note: The two vertical black lines represent the lower and upper limits of Québec's 95% confidence interval.

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

The observable changes in MBM low income rates between 2002 and 2011 have had more positive effects in some provinces, such as Newfoundland and Labrador and some of the western provinces, but most of these provinces had a much higher rate than Québec to begin with. In Newfoundland and Labrador, for example, the low income rate was 19.7% in 2002 and 11.8% in 2011, representing a decline of 7.9 percentage points, whereas Québec's rate remained stable over the same period, at below 11%, which explains the minimal change (*Figure 7*).

Figure 7 – Change in low income rates based on the MBM (2011 base), all persons, Canada and the provinces, 2002-2011



Note: Data in this figure refer to the percentage point change. The vertical black line represents the mean (Canada as a whole). Precision moduli are not released.

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

An examination of MBM low income rates from 2002 to 2011 in selected census metropolitan areas (CMAs)¹⁰ shows that Montréal (11.8% in 2011) outperformed other major cities in Canada, including Toronto (13.3%) and Vancouver (17.3%). The Québec CMA performed very well overall, at 6.7% in 2011 (*Table 8* and *Figure 8*).

10. A census metropolitan area is formed by one or more adjacent municipalities centered around a core. A CMA must have a total population of at least 100,000, of which 50,000 or more must live in the core.

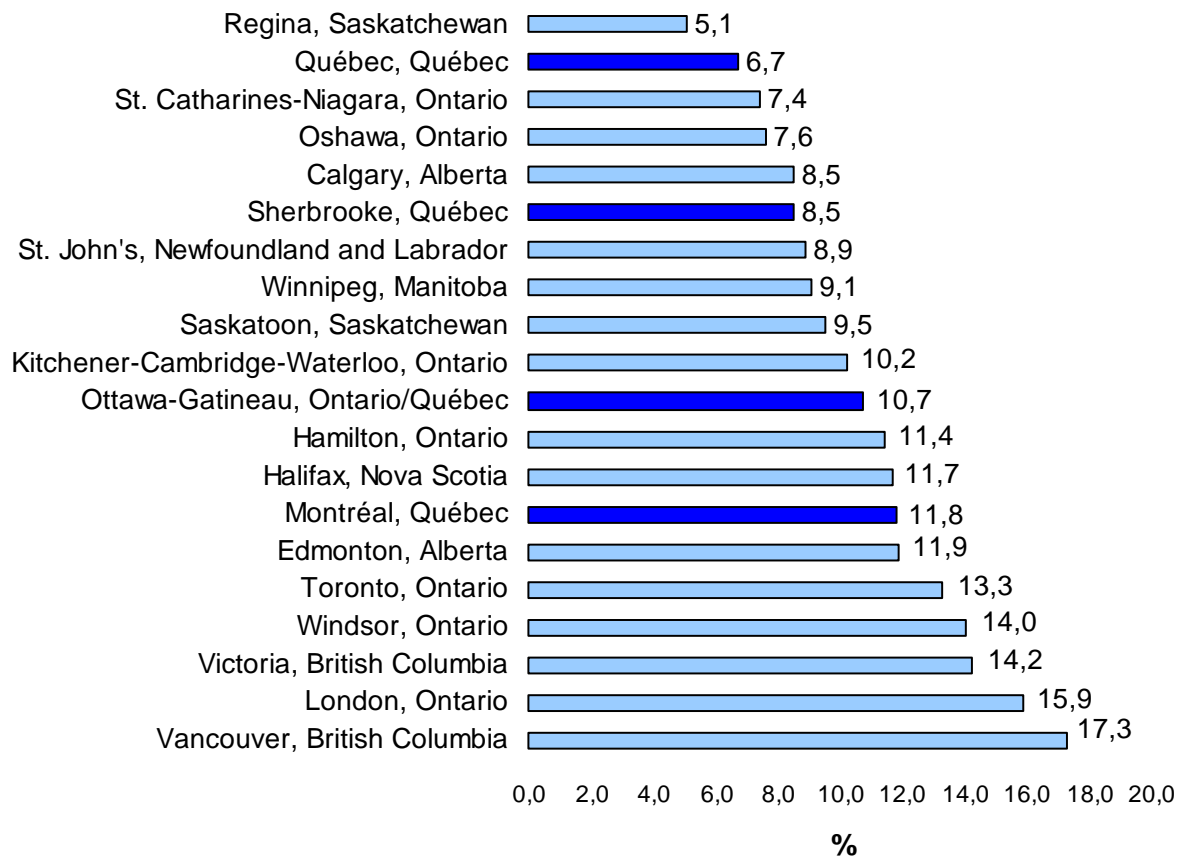
Table 8 Low income rates based on the MBM (2011 base), all persons, by CMA, and change between 2002 and 2011, Canada, 2002-2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Percentage point change 2002-2011
Total for selected CMAs	12,9	12,4	12,2	12,1	11,6	10,1	11,4	12,8	12,2	12,1	-0,8
St. John's, Newfoundland and Labrador	19,7	15,7	16,6	12,4	13,2	11,9	12,9	13,3	12,7	8,9	-10,8
Halifax, Nova Scotia	16,3	18,9	15,5	14,2	15,2	13,9	14,1	15,7	13,4	11,7	-4,6
Québec, Québec	8,1*	7,4*	6,6*	7,0*	6,3*	7,5*	4,6*	3,7*	6,0*	6,7*	-1,4
Sherbrooke, Québec	12,1*	8,5*	8,6*	9,2*	10,3*	8,9*	8,7*	13,9*	10,6*	8,5*	-3,6
Montréal, Québec	11,9	11,6	9,3	11,0	10,3	8,8	12,7	11,6	11,5	11,8	-0,1
Ottawa-Gatineau, Ontario/Québec	11*	12,7*	12,3*	10,2*	11,0*	8,5*	13,5*	11,1*	11,5*	10,7*	-0,3
Oshawa, Ontario	5,3*	8,6*	8,4*	5,0*	5,5*	6,2*	8,2*	9,2*	7,4*	7,6*	2,3
Toronto, Ontario	14,2	12,2	14,1	14,8	14,6	12,9	12,7	14,9	14,4	13,3	-0,9
Hamilton, Ontario	9,0*	11,3*	10,4*	8,5*	7,4*	6,0*	6,9*	9,5*	9,6*	11,4*	2,4
St. Catharines-Niagara, Ontario	8,4*	9,7*	11,6*	12,8*	9,5*	8,1*	8,4*	8,5*	7,7*	7,4*	-1,0
Kitchener-Cambridge-Waterloo, Ontario	9,0*	8,0*	8,4*	11,6*	11,4*	9,7*	10,2*	13,8*	9,5*	10,2*	1,2
London, Ontario	13,5	12,8	14,7	11,3	10,5	10,8	12,0	10,6	15,9	15,9	2,4
Windsor, Ontario	13,1*	12,9*	11,2*	10,2*	10,1*	10,9*	13,2*	15,5*	12,0*	14,0*	0,9
Winnipeg, Manitoba	12,7	10,0	9,6	9,8	10,0	7,8	8,1	10,0	8,8	9,1	-3,6
Regina, Saskatchewan	7,7*	7,8*	7,4*	8,0*	7,5*	6,2*	7,8*	7,6*	4,4*	5,1*	-2,6
Saskatoon, Saskatchewan	14,1	11,7	14,8	16,1	16,6	11,6	8,8	10,5	11,7	9,5	-4,6
Calgary, Alberta	10,2	14,7	10,3	9,4	8,0	6,8	7,1	9,1	8,5	8,5	-1,7
Edmonton, Alberta	9,9*	8,5*	10,6*	8,2*	5,9*	5,2*	6,5*	13,5*	9,8*	11,9*	2,0
Vancouver, British Columbia	20,4	18,2	17,8	15,9	15,9	12,9	15,2	18,7	16,8	17,3	-3,1
Victoria, British Columbia	11,3*	16,2*	16,1*	18,4*	16,7*	17,0*	12,1*	11,7*	12,5*	14,2*	2,9

Note: * Use with caution, coefficient of variation > 16.6% and ≤ 33.3%.

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Figure 8 – Low income rates based on the MBM (2011 base), all persons, by CMA, Canada, 2011

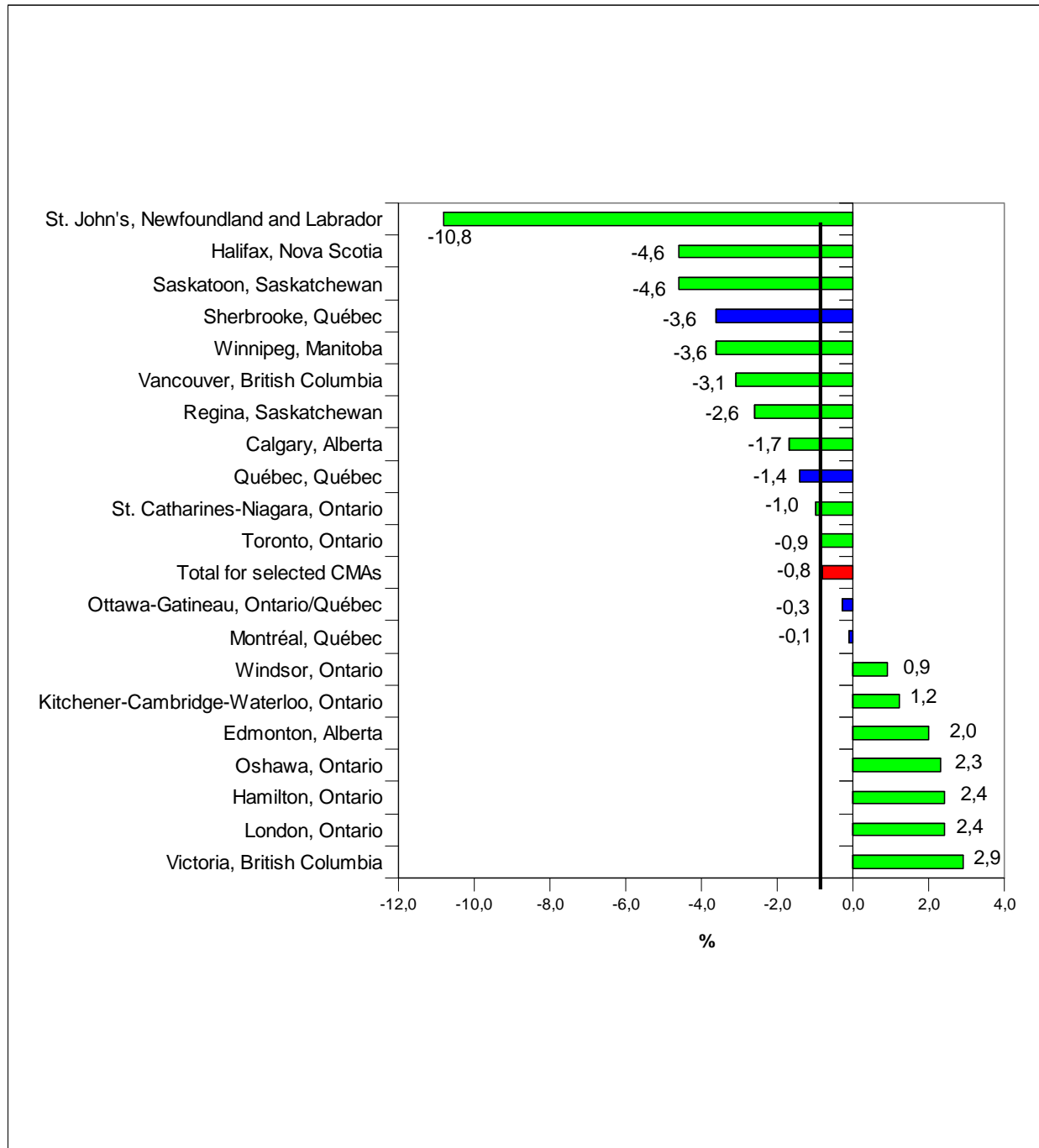


Notes: Data in this figure refer to the percentage point change in low income rate for each region. No modulus of precision is available.

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

The observable changes in MBM low income rates between 2002 and 2011 have had a more positive impact on certain census metropolitan areas (CMAs), such as St. John's, Newfoundland and Labrador (in this case, no doubt partly because of oil), Halifax or Saskatoon. By contrast, the impact has not been nearly as positive in several cities in southern Ontario, which in all likelihood suffered from the crisis in the auto industry (*Figure 9*). Two of the CMAs in Québec (Sherbrooke and Québec) saw greater improvement than the selected CMAs as a whole.

Figure 9 – Change in low income rates based on the MBM (2011 base), all persons, by CMA, Canada, 2002-2011



Note: Data in this figure refer to the percentage point change. The vertical black line represents the mean for the selected CMA. No modulus of precision is available.

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

1.1.5 International comparisons

For international comparisons, most countries use thresholds of 50% or 60% of median income, depending on the standard in force in the countries being compared. The results of national surveys conducted to produce statistics on income and living conditions (EU-SILC) enable a comparison of low income rates using the threshold of 60% of median income. The standard errors for these data also call for qualification of the observed differences between countries. Québec and Canada can thus be compared against a subset of 17 of the most economically developed OECD countries,¹¹ considering Québec as a distinct entity (*Table 9* and *Figure 10*). In 2010,¹² Québec ranked in the middle of the pack based on the threshold of 60% median after-tax income. Canada excluding Québec was at the back of the pack.

11. The 17 countries include the EU-15 Member States plus Norway and Switzerland. The EU-15 countries are referred to as the most economically developed member countries in the European Union. The EU-15 Member States, in order of entry into the European Union, are: France, Germany, Italy, The Netherlands, Belgium, Luxembourg, Ireland, the United Kingdom, Denmark, Greece, Spain, Portugal, Finland, Sweden and Austria.

We no longer present data from the *Luxembourg Income Study*, which we used in the past, for some of the countries in the Tables contained in this report (e.g. United States, Australia, New Zealand); however, we can use OECD data in particular to discuss their situation where needed.

12. Most recent year for which standard errors for the 60% thresholds are available for the European countries under study.

Table 9 Low income rates at 60% of adjusted median after-tax income, all persons in households, by country, 2010

Country	Low income rate	Standard error	Lower lim. 95%	Upper lim. 95%
Netherlands	10,3	0,67	9,0	11,6
Norway	11,2	0,52	10,2	12,2
Austria	12,1	0,54	11,1	13,2
Sweden	12,9	0,44	12,0	13,7
Finland	13,1	0,4	12,4	13,9
Denmark	13,3	0,68	11,9	14,6
France	13,3	n.a.	n.a.	n.a.
Luxembourg	14,5	n.a.	n.a.	n.a.
Belgium	14,6	0,74	13,1	16,1
Switzerland	15	0,53	13,9	16,0
Québec	15,2	0,76	13,7	16,7
Germany	15,6	0,3	15,1	16,2
Ireland	16,1	0,98	14,1	18,0
United Kingdom	17,1	0,59	16,0	18,3
Portugal	17,9	0,93	16,1	19,7
Italy	18,2	0,43	17,3	19,0
Canada	18,3	0,4	17,5	19,0
Canada excluding Québec	19,5	0,53	18,4	20,5
Greece	20,1	0,9	18,4	21,9
Spain	20,7	0,53	19,7	21,8
EU-15	16,2	n.a.	n.a.	n.a.

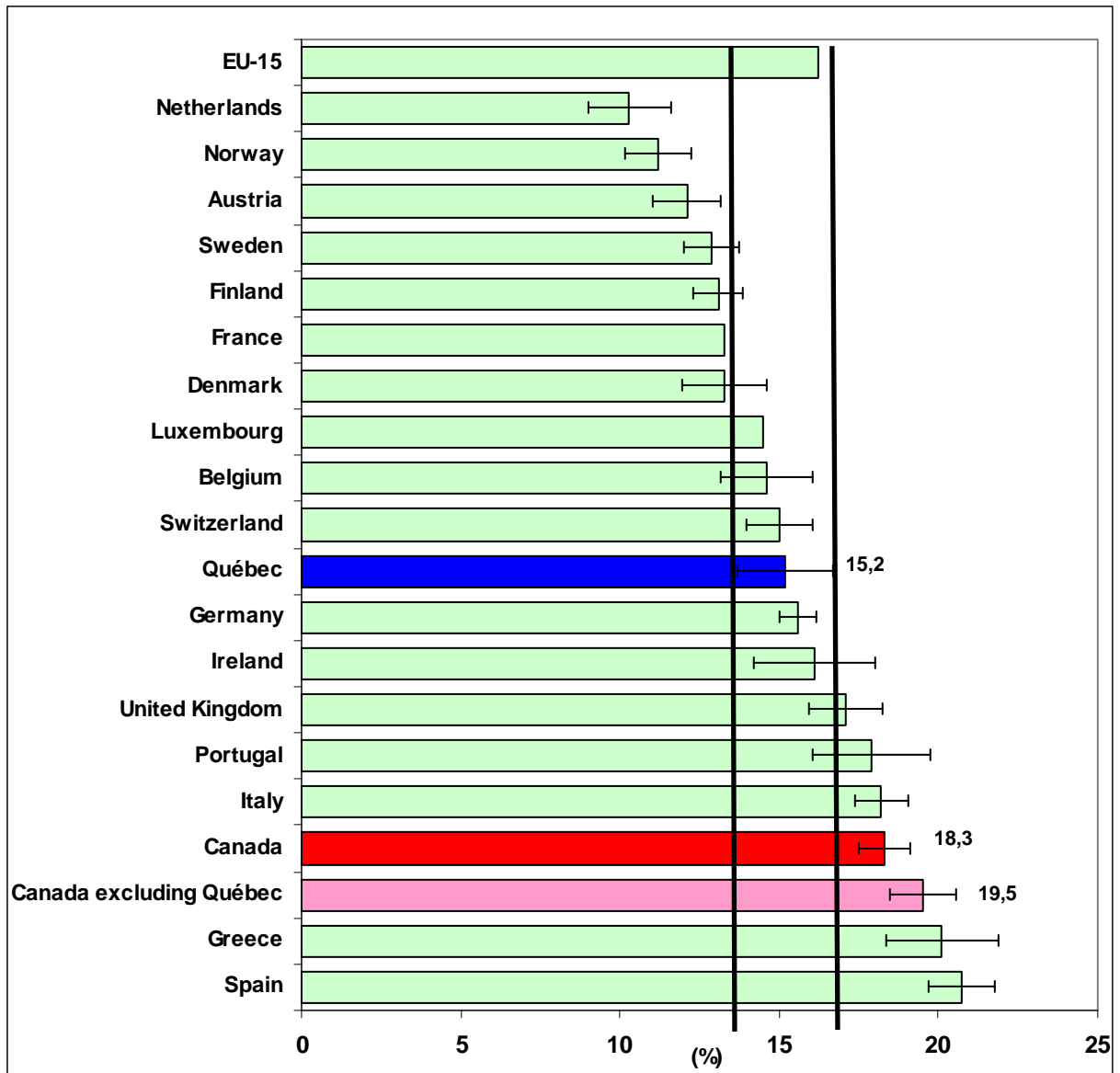
Note: Low income threshold set at 60% of median income (Québec median in the case of Québec). The 95% confidence limits are provided. For "Canada excluding Québec," the Canadian median excluding Québec is used.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*, CEPE compilation, December 2013.

In addition, the estimated confidence intervals can be used to determine statistically significant differences between Québec's low income rate and that of the countries under study.¹³ In 2010, Québec's low income rate was similar to those of Luxembourg, Belgium, Switzerland, Germany and Ireland (*Figure 10*).

¹³ Even though the surveys on which data for the European countries under study are based are not necessarily identical from one country to the next, the umbrella survey (EU-SILC) guarantees that certain criteria are met (in particular, minimum sample sizes) in order to ensure data comparability (EUROSTAT, 2012a).

Figure 10 – After-tax low income rates (60% of adjusted median income), all persons in households, by country, 2010



Note: Low income threshold set at 60% of median income (Québec median in the case of Québec). For “Canada excluding Québec,” the Canadian median excluding Québec is used. The confidence intervals are provided. The vertical black lines represent the estimated confidence limits for Québec.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*; CEPE compilation, December 2013.

Also note that, at 50% of the median, Québec’s low income rate was below that of the United States (8.9% in 2010 for Québec versus 17.4% for the United States, according to OECD statistics).

1.1.5.1 Temporal changes

Between 2001 and 2010, a subset of 15 European countries (EU-15) plus Norway and Switzerland saw its low income rate (using the threshold of 50% of median income) increase by 0.7 percentage point on average (*Table 10 and Figure 11*). If Québec had been considered as a distinct entity, its rate would have dropped 1.3 percentage points between 2001 and 2010. All countries together saw an increase in the proportion below the 60% median income threshold, whereas Québec's low income rate fell by 0.5 percentage point between 2001 and 2010 (*Figure 12*). Note, however, that several countries had relatively low rates to begin with (in 2000), several of them being below 6% using the 50% threshold, and that they outperformed Québec in 2010 despite increases in their rates.

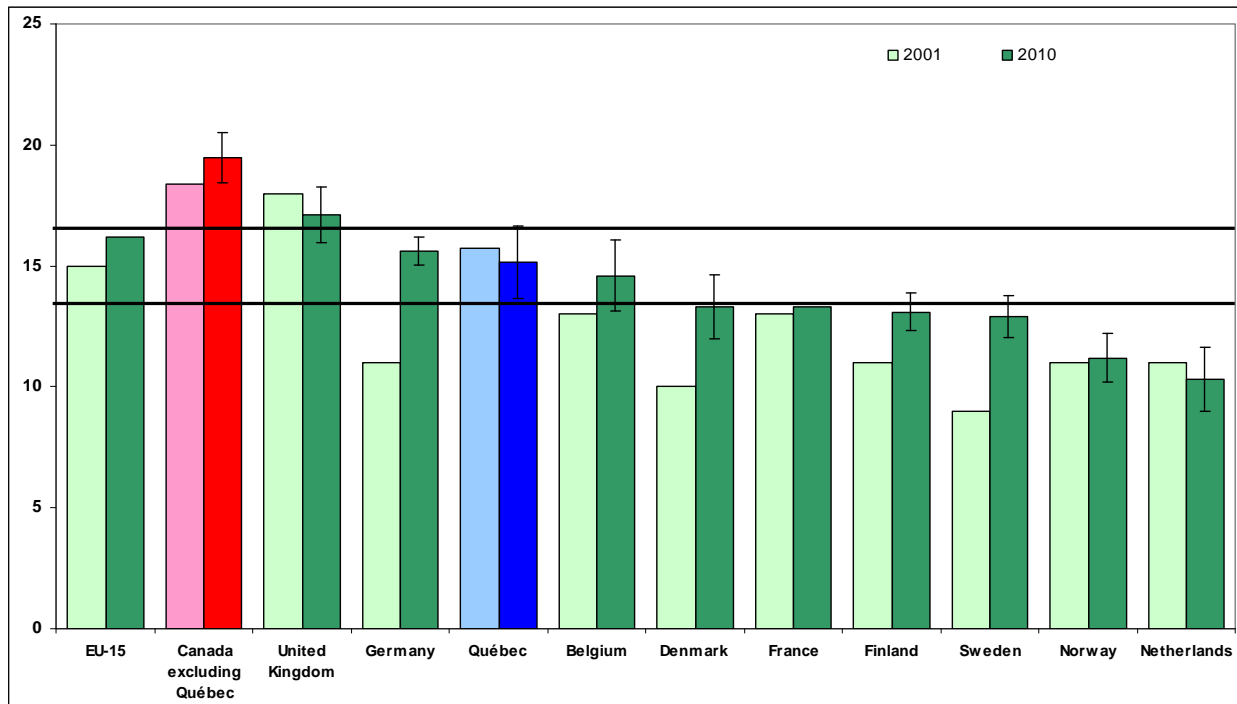
Table 10 After-tax low income rates (50% and 60% of adjusted median income), all persons in households, by country, and change between 2001 and 2010

Country	Rate 2001 (%)		Rate 2010 (%)		Change 2001-2010 (percentage points)	
	50%	60%	50%	60%	50%	60%
Ireland	15,0	21,0	7,8	16,1	-7,2	-4,9
Portugal	13,0	20,0	11,3	17,9	-1,7	-2,1
United Kingdom	10,0	18,0	9,9	17,1	-0,1	-0,9
Italy	13,0	19,0	11,6	18,2	-1,4	-0,8
Netherlands	6,0	11,0	4,9	10,3	-1,1	-0,7
Québec	10,2	15,7	8,9	15,2	-1,3	-0,5
Austria	6,0	12,0	6,2	12,1	0,2	0,1
Greece	14,0	20,0	12,4	20,1	-1,6	0,1
Norway	n.a.	11,0	6,1	11,2	n.a.	0,2
France	6,0	13,0	7,5	13,3	1,5	0,3
Canada	11,2	17,5	11,4	18,3	0,2	0,8
Canada excluding Québec	11,6	18,4	12,2	19,5	0,6	1,1
EU-15	9,0	15,0	9,7	16,2	0,7	1,2
Belgium	6,0	13,0	7,9	14,6	1,9	1,6
Spain	13,0	19,0	14,4	20,7	1,4	1,7
Finland	4,0	11,0	5,5	13,1	1,5	2,1
Luxembourg	6,0	12,0	8	14,5	2,0	2,5
Denmark	4,0	10,0	7,9	13,3	3,9	3,3
Sweden	5,0	9,0	7	12,9	2,0	3,9
Germany	6,0	11,0	9,2	15,6	3,2	4,6
Switzerland	n.a.	n.a.	8,7	15	n.a.	n.a.

Note: Québec median in the case of Québec. For “Canada excluding Québec,” the Canadian median excluding Québec is used.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*; CEPE compilation, December 2013.

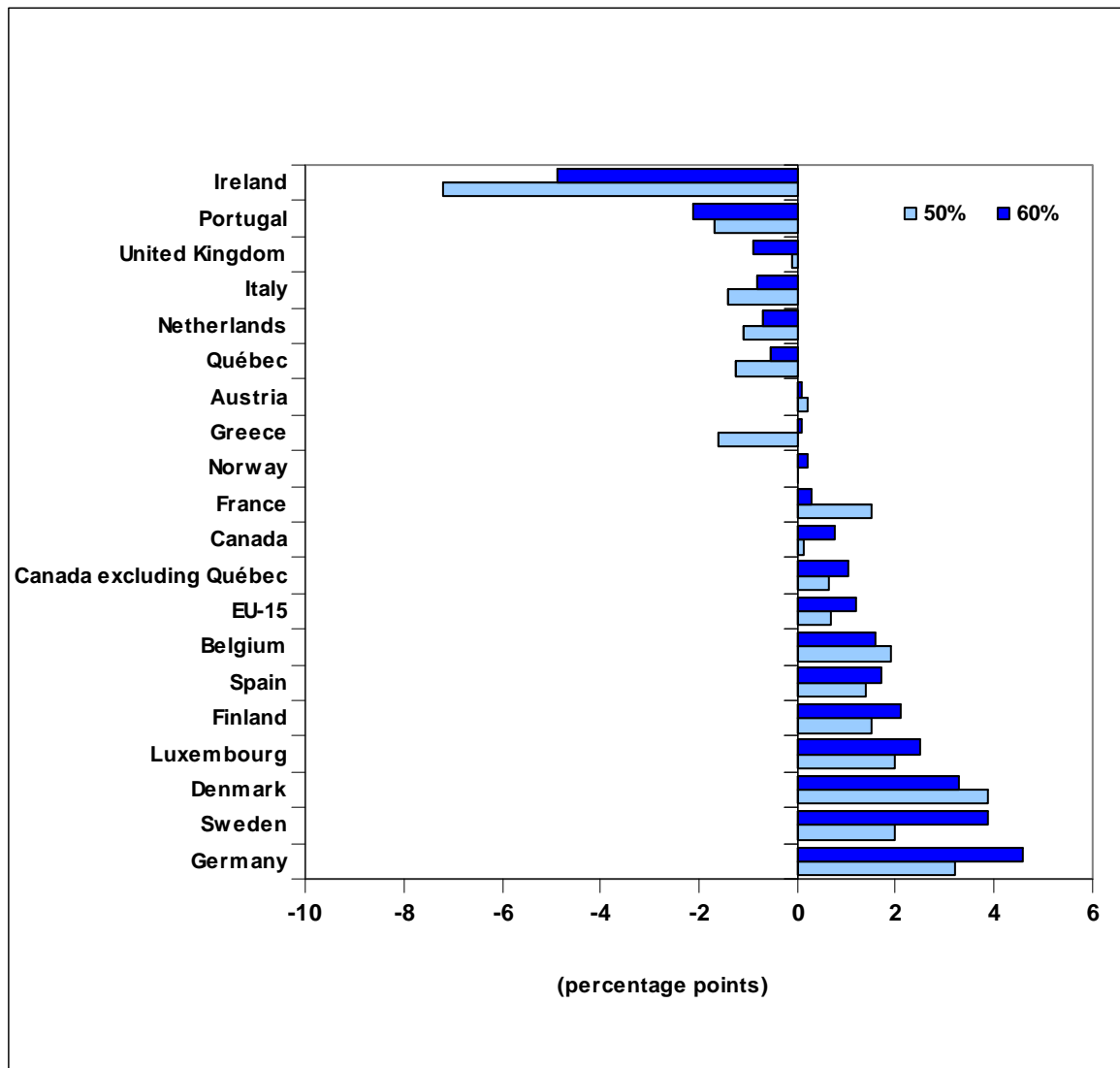
Figure 11 – Low income rates at 60% of adjusted median after-tax income, all persons, selected countries, 2001 and 2010



Note: Québec median in the case of Québec. For “Canada excluding Québec,” the Canadian median excluding Québec is used.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*; CEPE compilation, December 2013.

Figure 12 – Change in low income rates, thresholds of 50% and 60% of adjusted median after-tax income, all persons, by country, between 2001 and 2010



Note: 50% threshold data not available for Norway.

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*; CEPE compilation, December 2013.

1.2 DISPOSABLE INCOME AND AFTER-TAX LOW INCOME THRESHOLDS BASED ON VARIOUS SOCIAL AND FISCAL SCENARIOS

An implicit threshold is a baseline threshold determined by a social or fiscal measure. For example, an implicit threshold might correspond to various existing thresholds, such as the zero tax threshold, the last-resort financial assistance exit threshold, the working income tax benefit exit threshold or the salary earned at a minimum-wage job for a set

number of hours. The correspondence between the thresholds of each of the low income measures, as well as other implicit tax-specific thresholds and the thresholds for various government assistance programs makes it possible to gauge changes in the situation of Québeckers in relation to Québec itself.

For that purpose, we simulated typical cases using a disposable income model employed by the Ministère de l'Emploi et de la Solidarité sociale and were able to see the changes, between 2004 and 2013, in the relative level of personal and family disposable income in relation to existing thresholds. The parameters used were those in force on July 1, 2004 and July 1, 2013 and applied throughout the year.

The tables on the following pages illustrate the implicit thresholds relative to different low income thresholds (LIM 50%, LIM 60%¹⁴ and Montréal MBM), based on the typical cases of unattached individuals, unattached individuals with severe employment constraints, lone-parent families with one child aged 3, childless couples with one income, and two-parent families with one income and two children. The first column presents the implicit thresholds and the next three, the coverage rate for each of the two years, measured according to the ratio of implicit thresholds to the three thresholds used. The coverage rate thus equals the proportion of disposable income corresponding to each of the implicit thresholds in relation to the three thresholds used.

The value of each threshold is indicated in the two charts (2004 and 2013) accompanying each table. We can see that some people with a disposable income at least equal to the implicit threshold are either in a deficit position (ratio below 100%) or a surplus position (ratio over 100%). The typical cases presented allow us to establish these coverage rates for individuals or families with a disposable income at least equal to the implicit threshold.

The implicit thresholds were chosen on the basis of certain tax rules (e.g. Québec and federal zero tax thresholds) or thresholds determined by certain social programs (e.g.

14. Remember that the 60% LIM is used especially in the European Union.

last-resort financial assistance exit threshold). Some of the programs in question were introduced after 2004 (reference year prior to implementation of the fiscal measures contained in the first government plan to combat poverty). In other words, these programs exist in 2013, but did not exist in 2004 (e.g. the working income tax benefit exit threshold (WITB), the exit threshold for the solidarity tax credit, which replaced the QST credit in 2011, the property tax refund and the credit for individuals living in northern villages).

In most cases, the gap narrowed between 2004 and 2013, but in some it remained the same or barely changed, and in others actually widened slightly, especially among unattached individuals (*Tables 11 to 15*).

For example, the Montréal MBM threshold for an unattached individual, indexed to the cost of living,¹⁵ was \$13,189 in 2004¹⁶ and \$17,246 in 2013. Thus, the coverage rate for an unattached individual who worked at a minimum-wage job 35 hours a week and had a disposable income of \$12,785 in 2004 and \$17,671 in 2013 rose from 96.9% in 2004 to 102.5% in 2013.

The gap between the 50% and 60% median income LIMs, whose thresholds rose considerably between 2004¹⁷ and 2013,¹⁸ and the MBM widened, resulting in a lower

15. The 7% increase previously mentioned (FRÉCHET et al., 2010a) was not applied in the following Tables and charts, as it was not applied in the CEPE's *Advice to the Minister* (2009). Where possible, the CEPE prefers to apply published thresholds, even though they are indexed, to account for the cost of living. Indeed, the objective is not so much to compare thresholds against each other, but rather to compare implicit thresholds against selected low income thresholds. Also, income tax, payroll tax and child care expenses have already been deducted from the implicit thresholds to avoid double counting (with the MBM plus 7%). Moreover, the 7% increase is valid only for disposable income levels near the MBM threshold ($\pm 5\%$).

16. The 2004 thresholds differ from those previously published owing to the changes made to the MBM methodology.

17. The 2004 thresholds differ from those previously published owing to the changes made to the LIM methodology.

18. Primarily as a result of the changes made to the LIM methodology in 2008, based on recommendations by THE CANBERRA GROUP (2001) and aimed at bringing the methodology closer in line with international norms and practices (MURPHY et al., 2010). These changes are as follows:

coverage rate for the LIM than for the MBM. Taking the same example using 50% of the median income, the coverage rate for an unattached individual who works at a minimum-wage job 35 hours a week rose from 91.1% in 2004 to 95.5% in 2013. Using 60% of the median income, the same person saw his or her coverage rate increase from 75.9% in 2004 to 79.6% in 2013. Whereas the coverage rate for persons receiving last-resort financial assistance was 49.0% using the Montréal MBM threshold in 2013, it was 45.6% using the 50% LIM threshold and 38% using the 60% LIM threshold (*Table 11*).

-
1. The first replaces economic family by household as the basic accounting unit in which individuals pool income and enjoy economies of scale in consumption.
 2. The second consists in adopting the square-root-of-household-size equivalence scale to adjust household income (previously, Statistics Canada's 40/30 scale was used).
 3. The third uses person rather than household income weights. Person weighting produces an estimate of the overall distribution of income among individuals in the population, assuming that all household or family incomes are pooled.

Table 11 Disposable income, after-tax low income thresholds and coverage rates (implicit thresholds/thresholds), unattached individuals, Québec, 2004 and 2013

	Implicit thresholds	Coverage rate		
	current \$	LIM 50%	LIM 60%	Montréal MBM
2004 LRFA	7 081	50,5	42,1	53,7
LRFA \$200	9 672	68,9	57,4	73,3
Federal zero tax threshold	9 826	70,0	58,4	74,5
Exit threshold - LRFA	10 111	72,1	60,1	76,7
Québec zero tax threshold	12 383	88,3	73,5	93,9
Minimum wage	12 785	91,1	75,9	96,9
2013 LRFA	8 444	45,6	38,0	49,0
LRFA \$200	10 880	58,8	49,0	63,1
Exit threshold - LRFA	13 021	70,4	58,7	75,5
Federal zero tax threshold	14 980	81,0	67,5	86,9
Québec zero tax threshold	16 927	91,5	76,3	98,2
Exit threshold - work premium	16 938	91,6	76,3	98,2
Minimum wage	17 671	95,5	79,6	102,5
Exit threshold - WITB	17 819	96,3	80,3	103,3
Exit threshold - STC	34 754	187,9	156,6	201,5

Notes: Individuals under 53 years of age in 2013 (eligible for the shelter allowance).

LRFA: last-resort financial assistance.

LRFA \$200: last-resort financial assistance with allowable work income of \$200.

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2004** and **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, property tax refund.

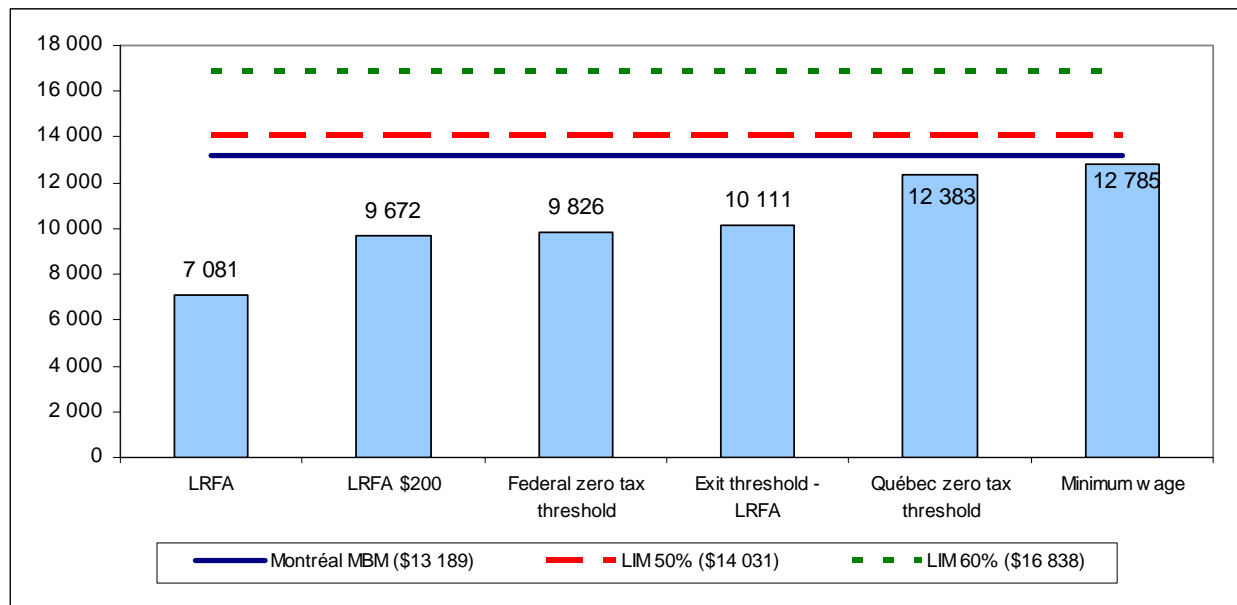
Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Two figures illustrate the changes over time for each typical case under study. The first figure shows the situation in 2004, i.e. the year prior to implementation of the first Government Action Plan to Combat Poverty and Social Exclusion (2004). The related fiscal measures (in particular the child assistance payment and the work premium) came into force in January 2005. The second figure illustrates the situation in 2013, taking into account the known parameters used for the purposes of this progress report (*Figures 13 to 22*).

Thus, in 2004, unattached individuals with a disposable income at least equal to the implicit thresholds were below all of the low income thresholds. Individuals working 35 hours a week at minimum wage were actually in a deficit position relative to the 50%

LIM, the 60% LIM or the Montréal MBM. In 2013, the gaps widened in some cases and narrowed in others for individuals under 53 years of age (owing to the new rules for the shelter allowance): unattached individuals with a disposable income at least equal to some of the implicit thresholds (last-resort financial assistance, \$200 in allowable work income, last-resort financial assistance exit threshold or federal zero tax threshold) fell below the Montréal MBM threshold. However, they reached or were above the Montréal MBM with all of the other thresholds (*Table 11 and Figures 13 and 14*).

Figure 13 – Disposable income and after-tax low income thresholds, unattached individuals, Québec, 2004



Notes: LRFA: last-resort financial assistance.

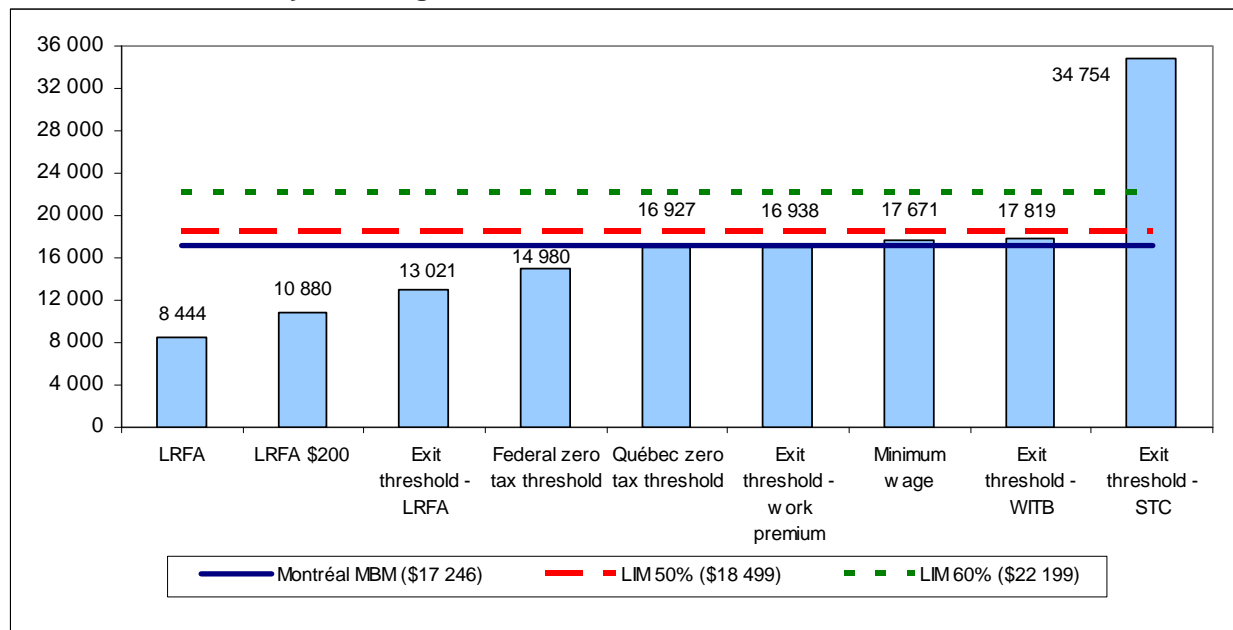
LRFA \$200: last-resort financial assistance with allowable work income of \$200.

Simulations take into account the known parameters in force in **July 2004**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, property tax refund.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 14 – Disposable income and after-tax low income thresholds, unattached individuals under 53 years of age, Québec, 2013



Notes: LRFA: last-resort financial assistance.

LRFA \$200: last-resort financial assistance with allowable work income of \$200.

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, solidarity tax credit, shelter allowance, GST credit.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Similarly, unattached individuals with severe employment constraints and a disposable income at least equal to the implicit thresholds were also below all low income thresholds in 2004. Individuals working 35 hours a week at minimum wage were actually in a deficit position relative to the 50% LIM, the 60% LIM or the Montréal MBM. In 2013, the gaps barely changed in some cases, but in most cases narrowed for individuals under 53 years of age: unattached individuals with severe employment constraints and a disposable income at least equal to some of the implicit thresholds (last-resort financial assistance, \$100 in allowable work income, federal zero tax threshold or last-resort financial assistance exit threshold) still fell below the Montréal MBM threshold. However, they were above the Montréal MBM for all other thresholds (*Table 12 and Figures 15 and 16*).

Table 12 Disposable income, after-tax low income thresholds and coverage rates (implicit thresholds/thresholds), unattached individuals with severe employment constraints, Québec, 2004 and 2013

	Implicit thresholds	Coverage rate %		
		LIM 50%	LIM 60%	Montréal MBM
2004	current \$			
LRFA	10 099	72,0	60,0	76,6
LRFA \$100	11 402	81,3	67,7	86,5
Federal zero tax threshold	11 637	82,9	69,1	88,2
Exit threshold - LRFA	11 931	85,0	70,9	90,5
Québec zero tax threshold	12 383	88,3	73,5	93,9
Minimum wage	12 785	91,1	75,9	96,9
2013				
LRFA	12 260	66,3	55,2	71,1
LRFA \$100	13 484	72,9	60,7	78,2
Federal zero tax threshold	16 244	87,8	73,2	94,2
Exit threshold - LRFA	16 248	87,8	73,2	94,2
Québec zero tax threshold	18 233	98,6	82,1	105,7
Minimum wage	18 805	101,7	84,7	109,0
Exit threshold - WITB supp. hand. pers.	19 559	105,7	88,1	113,4
Exit threshold - adapted work premium	21 109	114,1	95,1	122,4
Exit threshold - STC	34 754	187,9	156,6	201,5

Notes: Individuals under 53 years of age in 2013 (eligible for the shelter allowance).

LRFA: last-resort financial assistance.

LRFA \$100: last-resort financial assistance with allowable work income of \$100.

WITB: working income tax benefit.

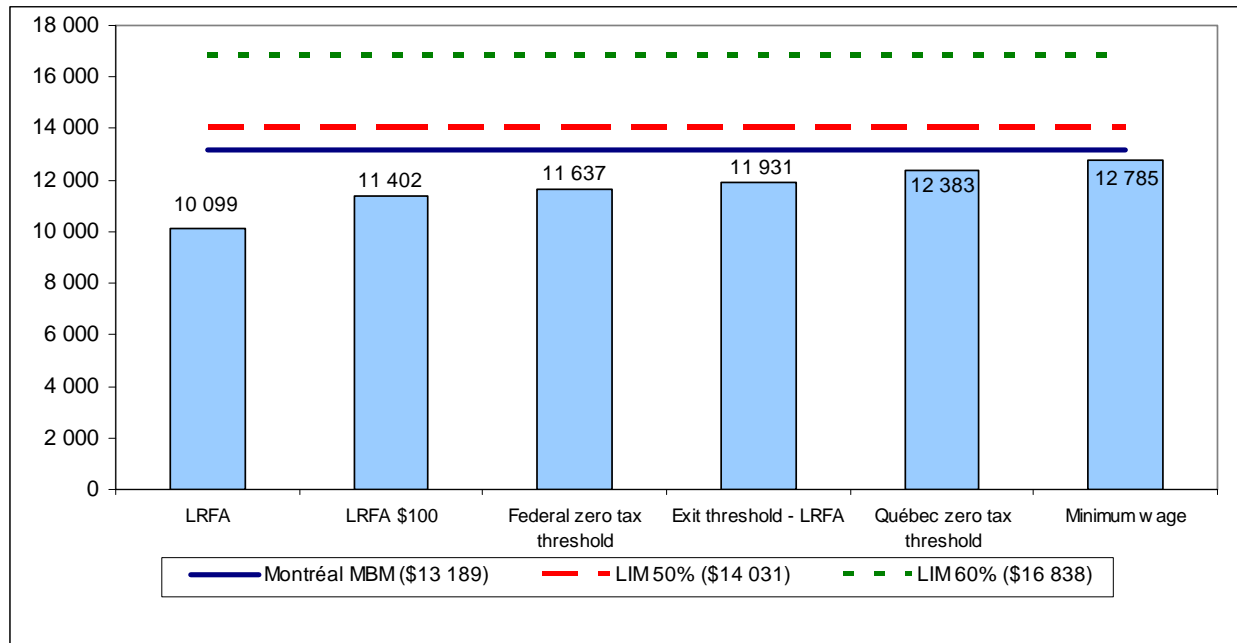
STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2004** and **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, property tax refund.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 15 – Disposable income and after-tax low income thresholds, unattached individuals with severe employment constraints, Québec, 2004



Notes: LRFA: last-resort financial assistance.

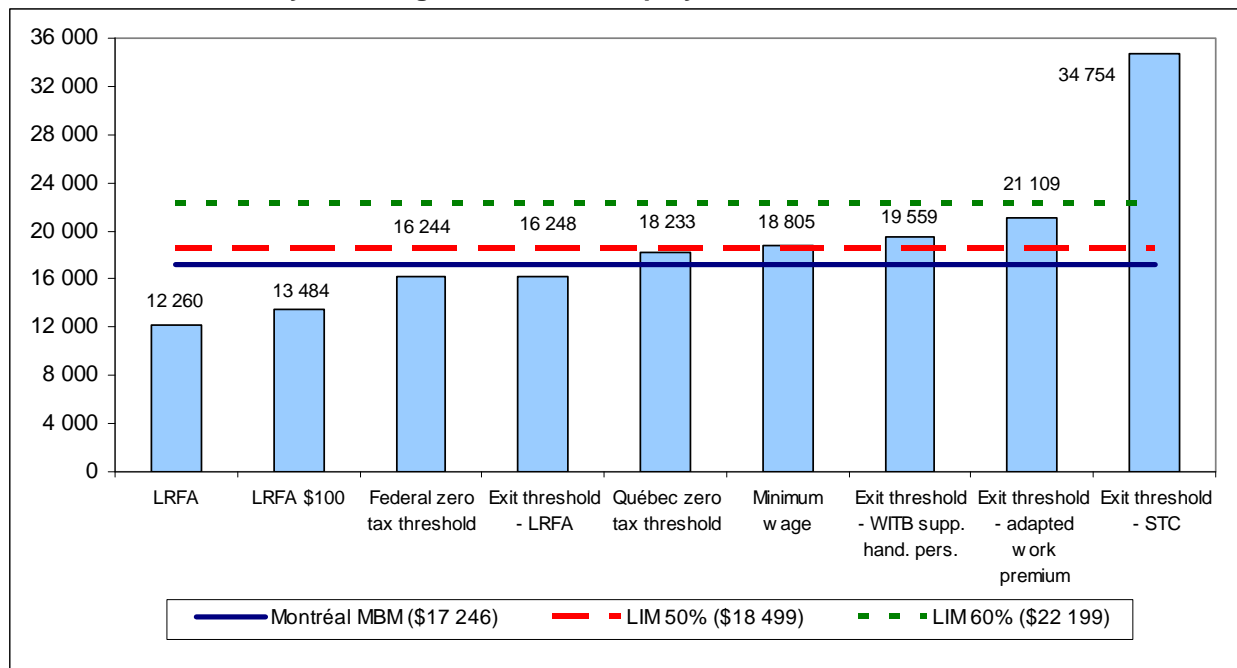
LRFA \$100: last-resort financial assistance with allowable work income of \$100.

Simulations take into account the known parameters in force in **July 2004**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, property tax refund.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 16 – Disposable income and after-tax low income thresholds, unattached individuals under 53 years of age with severe employment constraints, Québec, 2013



Notes: LRFA: last-resort financial assistance.

LRFA \$100: last-resort financial assistance with allowable work income of \$100.

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, solidarity tax credit, shelter allowance, GST credit.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

In 2004, lone-parent families with a disposable income at least equal to some of the implicit thresholds (last-resort financial assistance, \$200 in allowable work income) fell below the Montréal MBM threshold. All other thresholds lift them above the Montréal MBM threshold. In 2013, lone-parent families with a disposable income at least equal to some of the implicit thresholds (last-resort financial assistance and \$200 in allowable work income) fell below the Montréal MBM threshold. All other thresholds lift them above the Montréal MBM threshold (*Table 13 and Figures 17 and 18*).

Table 13 Disposable income, after-tax low income thresholds and coverage rate (implicit thresholds/thresholds), lone-parent families with one child aged 3, Québec, 2004 and 2013

	Implicit thresholds	Coverage rate %		
		LIM 50%	LIM 60%	Montréal MBM
2004 LRFA	14 700	74,1	61,7	78,8
LRFA \$200	17 454	88,0	73,3	93,6
Exit threshold - LRFA	18 871	95,1	79,3	101,2
Minimum wage	19 984	100,7	83,9	107,1
Federal zero tax threshold	20 634	104,0	86,7	110,6
Exit threshold - PWA	20 870	105,2	87,6	111,9
Québec zero tax threshold	24 619	124,1	103,4	132,0
2013 LRFA	19 455	74,4	62,0	79,8
LRFA \$200	20 951	80,1	66,7	85,9
Exit threshold - LRFA	23 216	88,7	74,0	95,2
Québec zero tax threshold	25 586	97,8	81,5	104,9
Exit threshold - WITB	26 554	101,5	84,6	108,9
Minimum wage	27 317	104,4	87,0	112,0
Federal zero tax threshold	32 309	123,5	102,9	132,5
Exit threshold - work premium	34 719	132,7	110,6	142,3
Exit threshold - STC	40 540	155,0	129,1	166,2

Notes: LRFA: last-resort financial assistance.

LRFA \$200: last-resort financial assistance with allowable work income of \$200.

PWA: Parental Wage Assistance Program (replaced by the work premium in 2005).

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

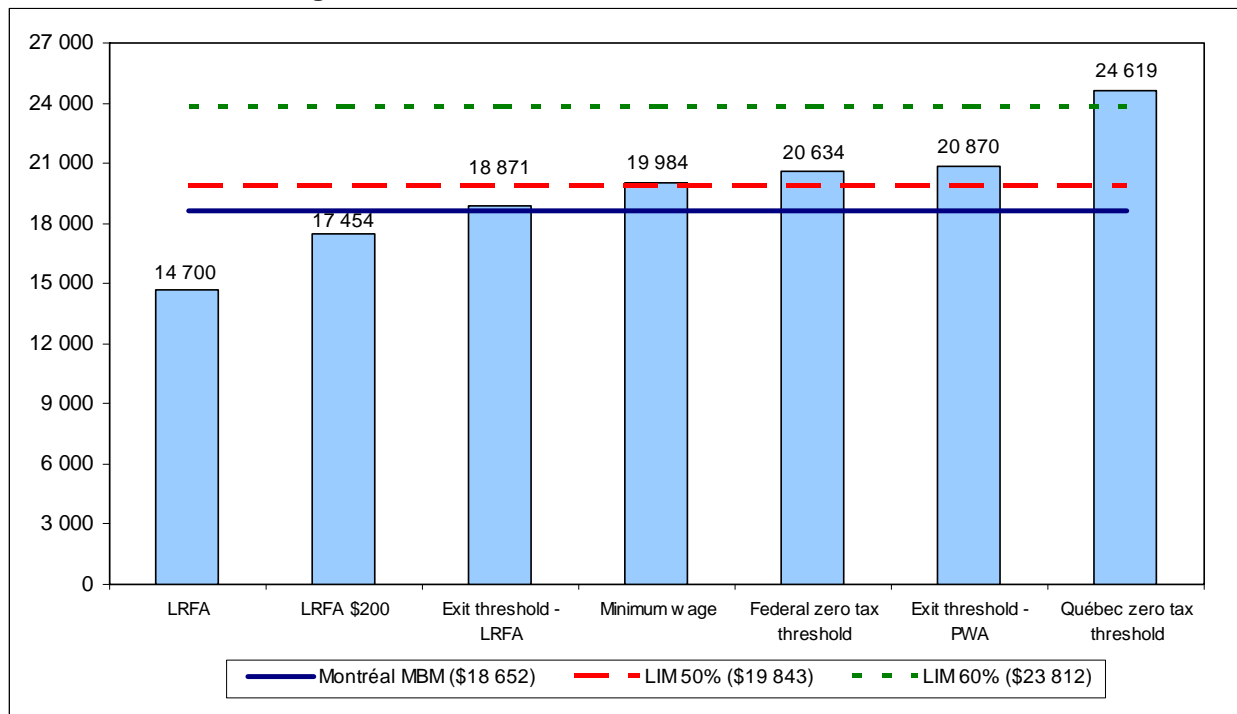
Simulations take into account the known parameters in force in **July 2004** and **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, Canada child tax benefit, universal child care benefit, child assistance payment, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, Québec tax credit for childcare expenses, property tax refund.

Preschool child: 260 days in a reduced-contribution childcare service. Child aged 5 or over: 200 days in a reduced-contribution childcare service and 60 days in a regular childcare service costing \$25 a day. It is assumed that no childcare services are used where work income is zero.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 17 – Disposable income and after-tax low income thresholds, lone-parent families with one child aged 3, Québec, 2004



Notes: LRFA: last-resort financial assistance.

LRFA \$200: last-resort financial assistance with allowable work income of \$200.

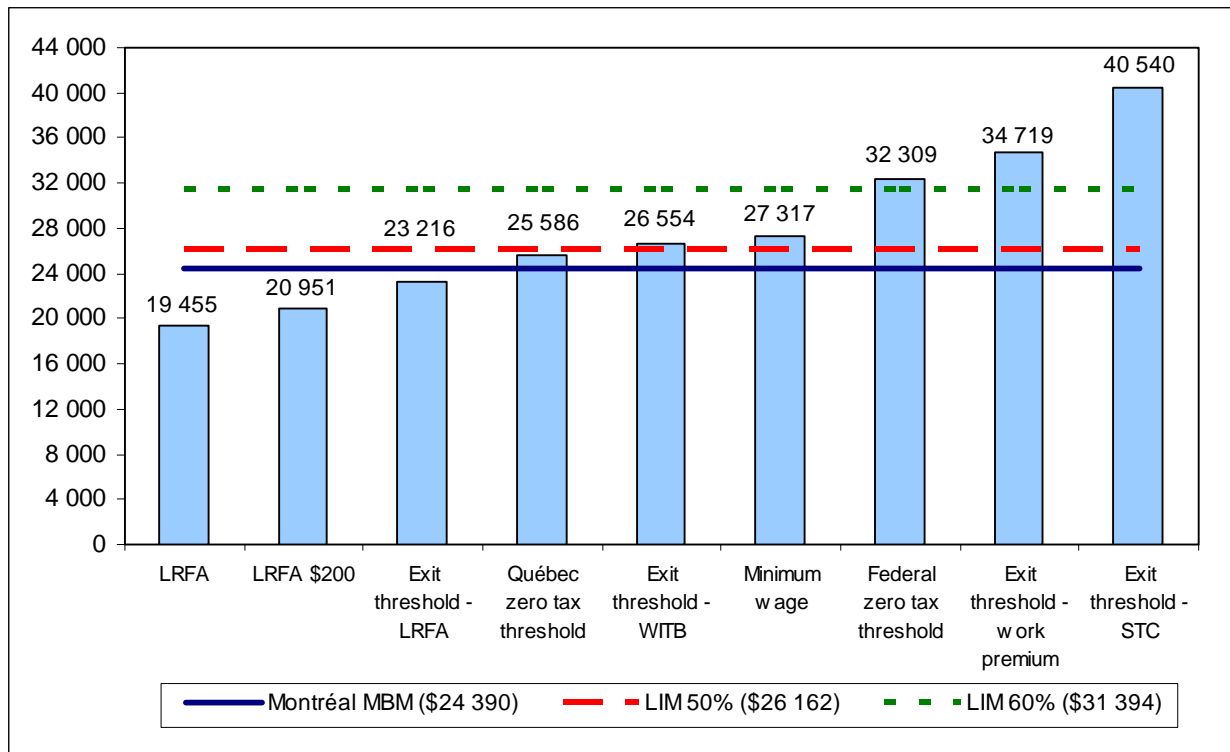
PWA: Parental Wage Assistance Program (replaced by the work premium in 2005).

Simulations take into account the known parameters in force in **July 2004**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, Canada child tax benefit, universal child care benefit, child assistance payment, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, Québec tax credit for childcare expenses, property tax refund. Preschool child: 260 days in a reduced-contribution childcare service. Child aged 5 or over: 200 days in a reduced-contribution childcare service and 60 days in a regular childcare service costing \$25 a day. It is assumed that no childcare services are used where work income is zero.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 18 – Disposable income and after-tax low income thresholds, lone-parent families with one child aged 3, Québec, 2013



Notes: LRFA: last-resort financial assistance.

LRFA \$200: last-resort financial assistance with allowable work income of \$200.

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, Canada child tax benefit, universal child care benefit, child assistance payment, work premium, working income tax benefit, solidarity tax credit, shelter allowance, QST credit, Québec tax credit for childcare expenses.

Preschool child: 260 days in a reduced-contribution childcare service. Child aged 5 or over: 200 days in a reduced-contribution childcare service and 60 days in a regular childcare service costing \$25 a day. It is assumed that no childcare services are used where work income is zero.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

In the case of childless couples with one income, in 2004 only those with a disposable income at least equal to the Québec zero tax threshold reached the Montréal MBM and LIM 50% thresholds. In 2013, the gaps had barely changed in some cases and narrowed in others, and except for couples with a disposable income at least equal to some of the implicit thresholds (last resort financial assistance with allowable work income, exit threshold and minimum wage), all of the other thresholds lift childless

couples with one income above the Montréal MBM threshold, the Québec zero tax threshold and thresholds above the LIM 50% (*Table 14* and *Figures 19 and 20*).

Table 14 Disposable income, after-tax low income thresholds and coverage rate (implicit thresholds/thresholds), childless couples with one income, Québec, 2004 and 2013

	Implicit thresholds	Coverage rate %		
	current \$	LIM 50%	LIM 60%	Montréal MBM
2004 LRFA	10 757	54,2	45,2	57,7
LRFA \$300	14 594	73,5	61,3	78,2
Minimum wage	14 658	73,9	61,6	78,6
Exit threshold - LRFA	14 984	75,5	62,9	80,3
Federal zero tax threshold	15 673	79,0	65,8	84,0
Québec zero tax threshold	21 377	107,7	89,8	114,6
2013 LRFA	12 947	49,5	41,2	53,1
LRFA \$300	16 571	63,3	52,8	67,9
Exit threshold - LRFA	19 898	76,1	63,4	81,6
Minimum wage	21 898	83,7	69,8	89,8
Federal zero tax threshold	25 869	98,9	82,4	106,1
Exit threshold - work premium	26 088	99,7	83,1	107,0
Québec zero tax threshold	28 117	107,5	89,6	115,3
Exit threshold - WITB	28 195	107,8	89,8	115,6
Exit threshold - STC	40 304	154,1	128,4	165,2

Notes: Adults under 53 years of age in 2013 (eligible for the shelter allowance).

LRFA: last-resort financial assistance.

LRFA \$300: last-resort financial assistance with allowable work income of \$300.

WITB: working income tax benefit.

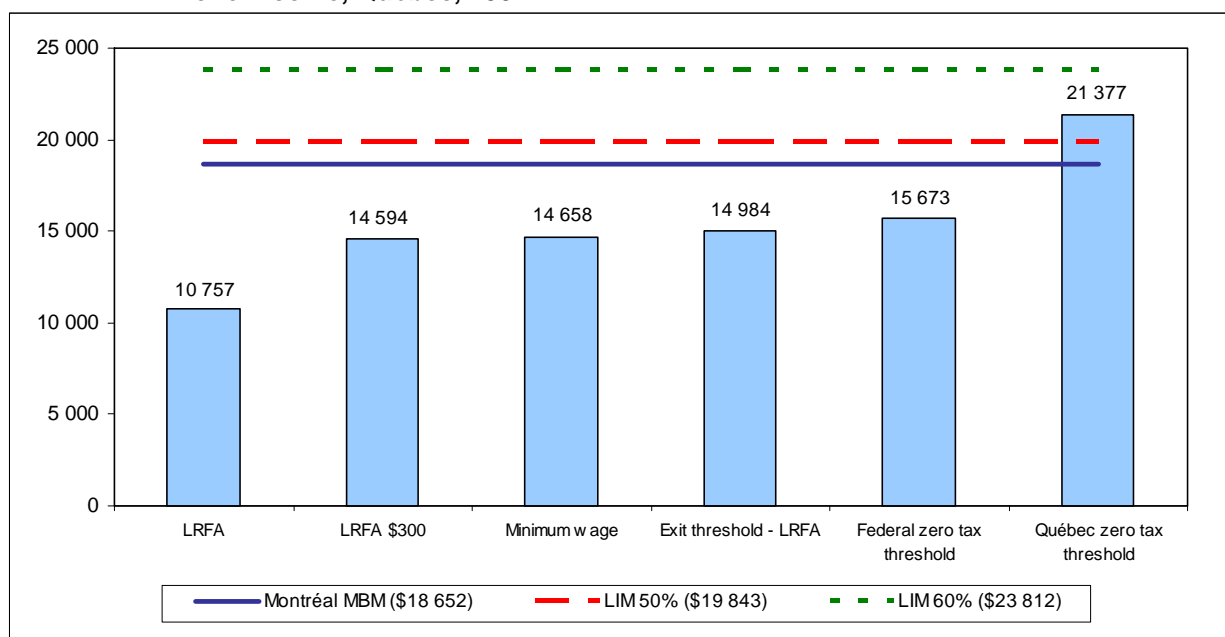
STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2004** and **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, property tax refund.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 19 – Disposable income and after-tax low income thresholds, childless couples with one income, Québec, 2004



Notes: LRFA: last-resort financial assistance.

LRFA \$300: last-resort financial assistance with allowable work income of \$300.

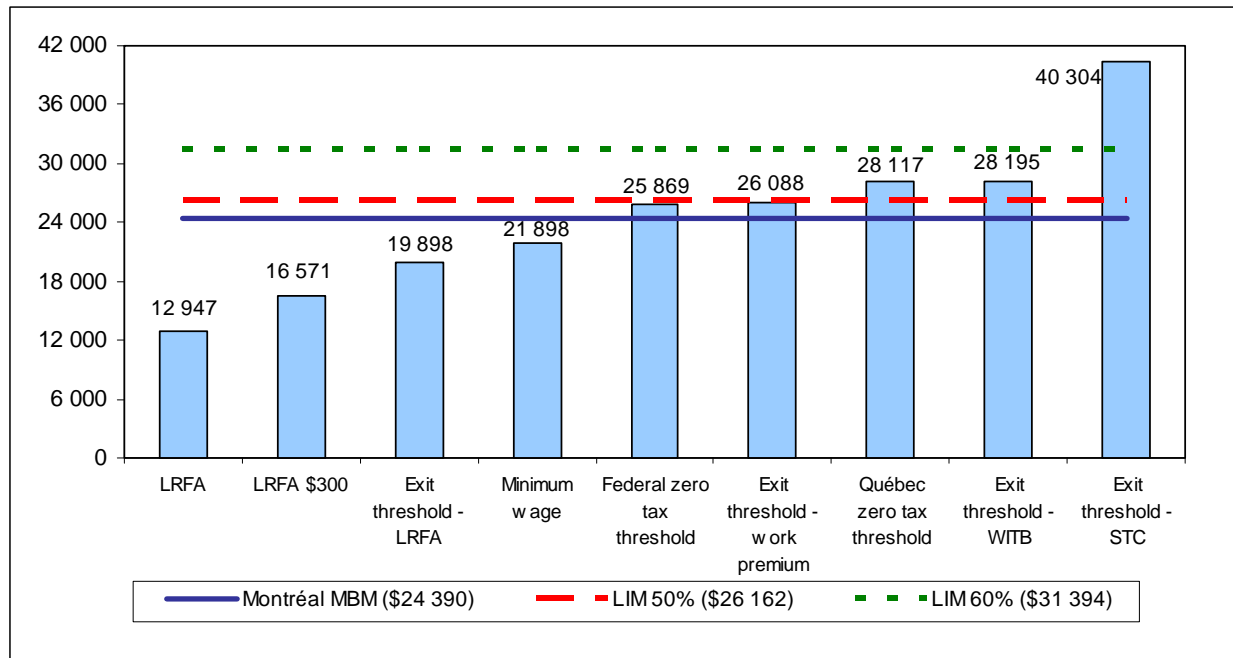
STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2004**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, property tax refund.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 20 – Disposable income and after-tax low income thresholds, childless couples with one income (adults under 53 years of age), Québec, 2013



Notes: LRFA: last-resort financial assistance.

LRFA \$300: last-resort financial assistance with allowable work income of \$300.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, work premium, working income tax benefit, solidarity tax credit, shelter allowance, QST credit.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Lastly, two-parent families with one income and two children and a disposable income at least equal to some of the implicit thresholds (last-resort financial assistance with allowable work income) did not reach the Montréal MBM threshold. However, they were above it with all other thresholds. In 2013, the gaps narrowed and only families with a disposable income at least equal to last-resort financial assistance and allowable work income did not reach the Montréal MBM threshold. All other thresholds lift families above the Montréal MBM threshold (*Table 15 and Figures 21 and 22*).

Table 15 Disposable income, after-tax low income thresholds and coverage rate (implicit thresholds/thresholds), two-parent families with one income and two children, Québec, 2004 and 2013

	Implicit thresholds	Coverage rate %		
		LIM 50%	LIM 60%	Montréal MBM
	current \$			
2004 LRFA	20 074	71,5	59,6	76,1
LRFA \$300	24 468	87,2	72,7	92,8
Minimum wage	26 511	94,5	78,7	100,5
Federal zero tax threshold	26 446	94,2	78,5	100,3
Exit threshold - LRFA	26 566	94,7	78,9	100,7
Exit threshold - PWA	27 586	98,3	81,9	104,6
Québec zero tax threshold	33 365	118,9	99,1	126,5
2013 LRFA	26 140	70,7	58,9	75,8
LRFA \$300	29 768	80,5	67,0	86,3
Exit threshold - LRFA	33 762	91,3	76,0	97,9
Minimum wage	35 761	96,7	80,5	103,7
Exit threshold - WITB	37 728	102,0	85,0	109,4
Québec zero tax threshold	41 376	111,8	93,2	120,0
Federal zero tax threshold	41 564	112,3	93,6	120,5
Exit threshold - work premium	45 180	122,1	101,8	131,0
Exit threshold - STC	49 437	133,6	111,3	143,3

Notes: LRFA: last-resort financial assistance.

LRFA \$300: last-resort financial assistance with allowable work income of \$300.

PWA: Parental Wage Assistance Program (replaced by the work premium in 2005).

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

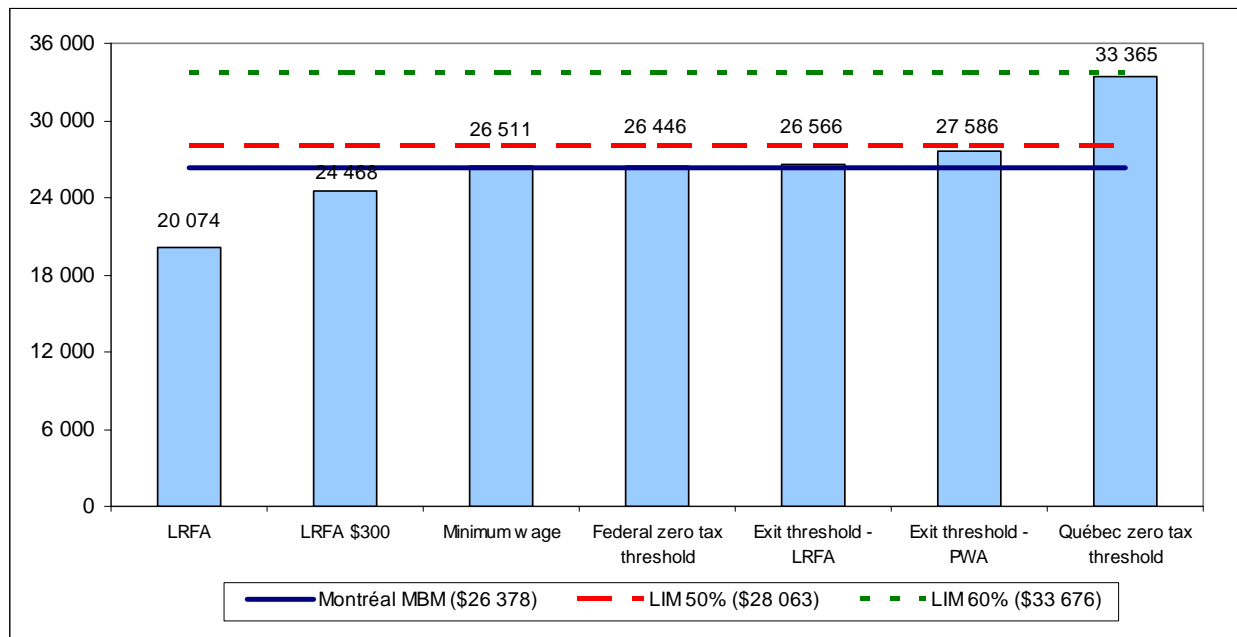
Simulations take into account the known parameters in force in **July 2004** and **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, Canada child tax benefit, universal child care benefit, child assistance payment, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, Québec tax credit for childcare expenses, property tax refund.

Preschool child: 260 days in a reduced-contribution childcare service. Child aged 5 or over: 200 days in a reduced-contribution childcare service and 60 days in a regular childcare service costing \$25 a day. It is assumed that no childcare services are used where work income is zero.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 21 – Disposable income and after-tax low income thresholds, two-parent families with one income and two children, Québec, 2004



Notes: LRFA: last-resort financial assistance.

LRFA \$300: last-resort financial assistance with allowable work income of \$300.

PWA: Parental Wage Assistance Program (replaced by the work premium in 2005).

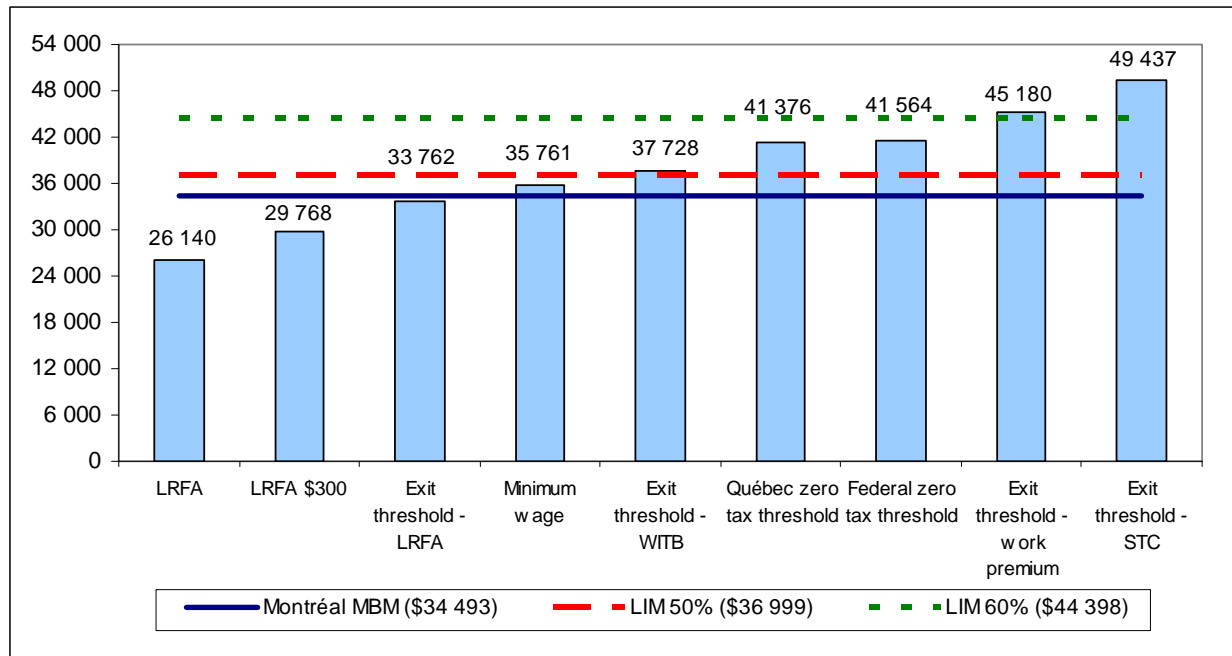
Simulations take into account the known parameters in force in **July 2004**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, Canada child tax benefit, universal child care benefit, child assistance payment, work premium, working income tax benefit, shelter allowance, QST credit, GST credit, Québec tax credit for childcare expenses, property tax refund.

Preschool child: 260 days in a reduced-contribution childcare service. Child aged 5 or over: 200 days in a reduced-contribution childcare service and 60 days in a regular childcare service costing \$25 a day. It is assumed that no childcare services are used where work income is zero.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

Figure 22 – Disposable income and after-tax low income thresholds, two-parent families with one income and two children, Québec, 2013



Notes: LRFA: last-resort financial assistance.

LRFA \$300: last-resort financial assistance with allowable work income of \$300.

WITB: working income tax benefit.

STC: solidarity tax credit (in 2011, the STC replaced the QST credit, the property tax refund and the credit for individuals living in northern villages).

Simulations take into account the known parameters in force in **July 2013**: personal disposable income by household type, i.e. income plus transfers, less payroll tax, income tax and employment-related expenses.

Transfers if applicable: last-resort financial assistance benefit, Canada child tax benefit, universal child care benefit, child assistance payment, work premium, working income tax benefit, solidarity tax credit, shelter allowance, QST credit, Québec tax credit for childcare expenses.

Preschool child: 260 days in a reduced-contribution childcare service. Child aged 5 or over: 200 days in a reduced-contribution childcare service and 60 days in a regular childcare service costing \$25 a day. It is assumed that no childcare services are used where work income is zero.

Sources: MESS, Direction des politiques de prestations; CEPE compilation.

In short, an examination of the implicit thresholds shows that relative progress has been made in most of the typical cases presented in this report. However, whether or not a family has children makes a difference, which no doubt reflects the recent advances made through Québec's family and anti-poverty policies, in particular the stronger measures to fight poverty among families with children. As a result, unattached individuals and childless couples trail further behind. The second government action plan contains a measure targeted specifically at these two groups, namely enhancement of the working income tax benefit (WITB) (GOUVERNEMENT DU QUÉBEC, MINISTÈRE DE L'EMPLOI ET DE LA SOLIDARITÉ SOCIALE, 2010: 25). In fact, Québec called on

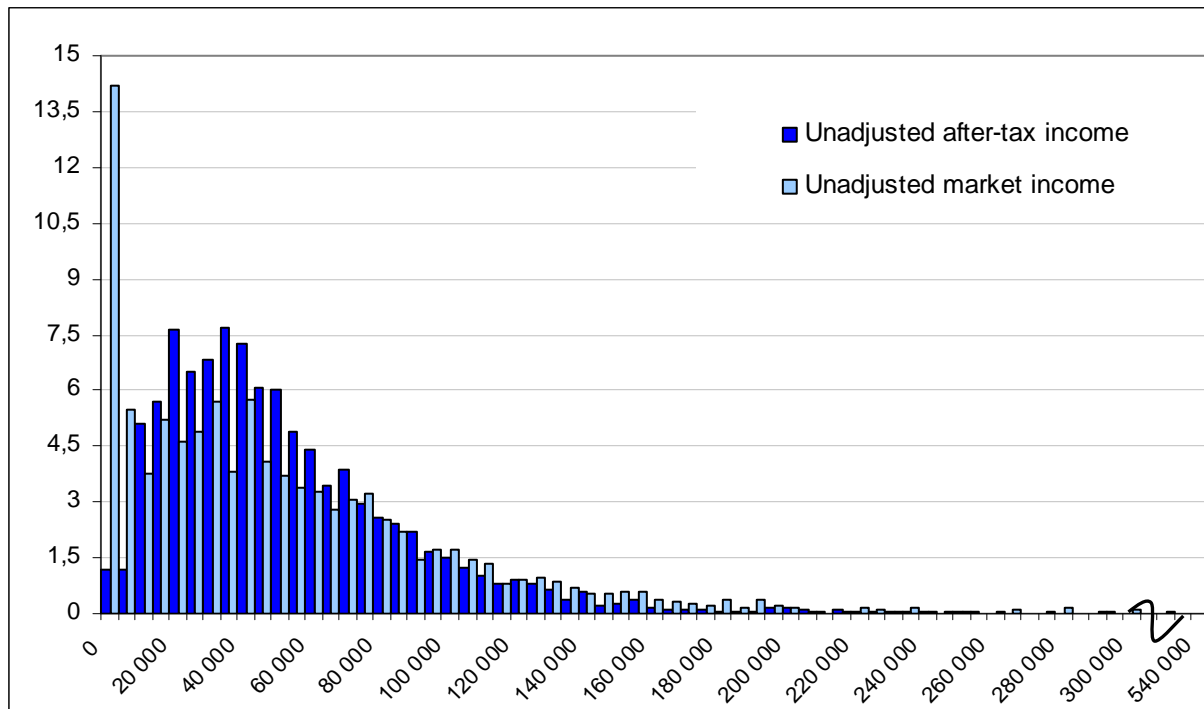
the federal government to gear this program more towards unattached individuals and childless couples, which it did. Lastly, a solidarity measure was introduced in the form of a \$20 increase, as of February 2014, in the monthly social assistance benefits paid to persons living alone who do not receive housing assistance. Further increases of \$10 per month will take effect on January 1, 2015, January 1, 2016 and January 1, 2017 (GOUVERNEMENT DU QUÉBEC. MINISTÈRE DU CONSEIL EXÉCUTIF AND MINISTÈRE DE L'EMPLOI ET DE LA SOLIDARITÉ SOCIALE, 2013: 18).

1.3 COMPLEMENTARY INDICATORS

Several other indicators can be calculated using the thresholds established for any one of the low income measures. First, though, we should look at the income distribution curve in Québec in 2010. Dividing the curve into income brackets reveals a large concentration of people in low and middle income. The following figures enable a comparison of market income and after-tax income with and without adjustment for family size.¹⁹

19. Market income is defined as the sum of earnings (from employment and net self-employment), net investment income, retirement income (private pension plan) and "Other income." It is equivalent to total income minus government transfers. "Total income" means income from all sources (including government transfers) before deduction of federal and provincial taxes. Total income is also referred to as before-tax income (but after transfers). "After-tax income" means total income minus income taxes.

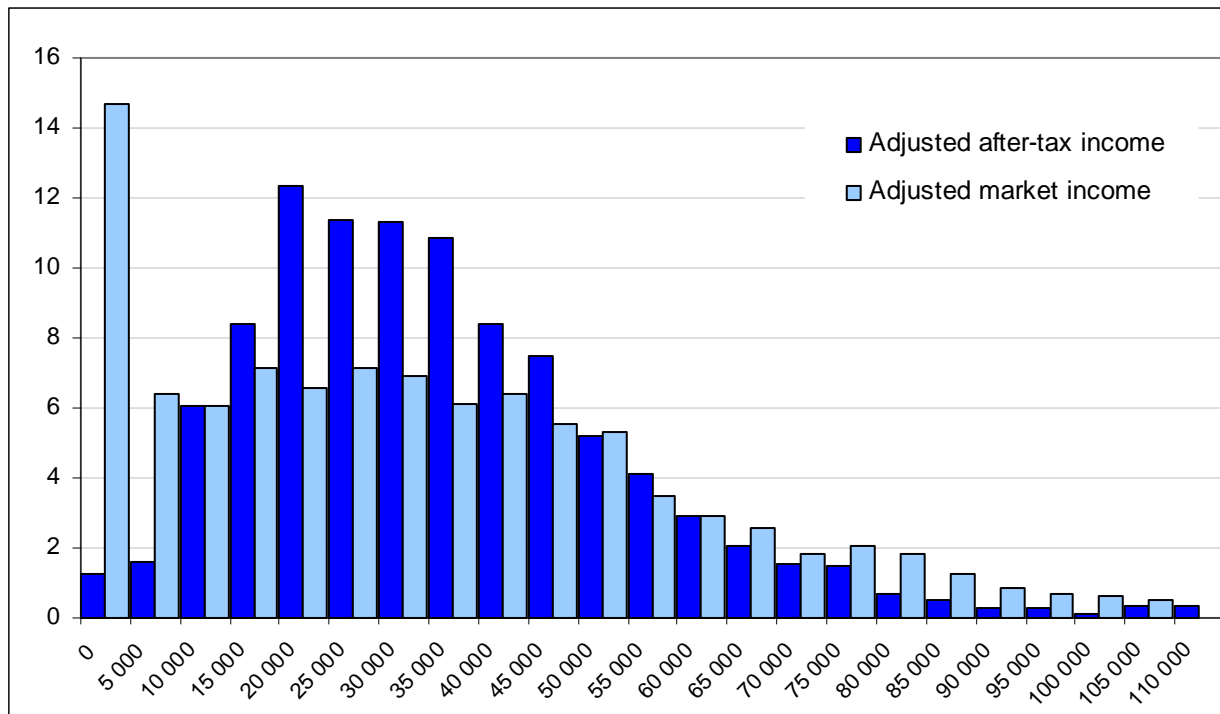
Figure 23 – Percentage distribution of persons in selected market income and after-tax income brackets, Québec, 2010



Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; CEPE compilation, December 2013.

We can see from the percentage breakdown of persons in the selected market income and after-tax income brackets (unadjusted income) that 14.2% of the population has no market income. This percentage falls to 1.2% after taxes and transfers (transfers are included in total income, as after-tax income corresponds to total income minus income taxes). In the income brackets from \$20,000 to \$40,000 in particular, the percentage of persons who have the indicated after-tax income is slightly higher than persons with the indicated market incomes; the percentage is lower for persons with an income of over \$70,000. Data for the income brackets between \$300,000 and \$540,000 are recorded but, for readability purposes, are not presented in the chart; the percentage of persons in these brackets is actually very low (*Figure 23*).

Figure 24 – Percentage distribution of persons in selected market income and after-tax income brackets, adjusted for family size, Québec, 2010



Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; CEPE compilation, December 2013.

In the percentage distribution of persons in the selected market income and after-tax income brackets (income adjusted for family size), 14.7% of the population has no market income. This percentage falls to 1.3% after taxes and transfers. In the income brackets from \$20,000 to \$40,000 in particular, the percentage of persons with the indicated after-tax income is slightly higher than the percentage of persons with the indicated market income; the percentage is lower for persons with an income of over \$70,000 (*Figure 24*).

Low income rates are relatively well documented using these income data, making it possible to monitor the situation of many vulnerable groups. Other indicators complete the picture of low income provided by these rates. They include, in particular, dispersion, gap, intensity and severity.

DISPERSION	Rates observable at 75%, 125% and 150% of the threshold
GAP	Gap between the mean income of family units or individuals in low income and the determined threshold. This gap can be expressed in dollars (\$) or as a percentage of the threshold (%): $(\text{threshold} - \text{mean low income})$ or $(\text{threshold} - \text{mean low income})/\text{threshold}$
INTENSITY	Gap weighted by the low income rate: $([\text{threshold} - \text{mean low income}]/\text{threshold}) \times \text{rate}$
SEVERITY	Intensity calculated taking into account income dispersion among the poorest of the poor (to reveal inequality among the poor themselves) so as to interpret aversion to poverty

Income *dispersion* reflects what is happening above and below the threshold. In the case of the European Union, dispersion refers directly to the percentages of the median, i.e. 40%, 50%, 60% or 70% of the median. In the same way, but in reference to any threshold, rates of 75%, 125% and 150% of the given threshold can be observed. For the purposes of this report, we have used the percentages above and below the MBM threshold (*Tables 16 and 17*).

Low income rates are sometimes accompanied by measurement of the low income *gap*, which is the amount by which a family in low income falls below the relevant low income threshold. For example, a family with an income of \$15,000 for which the low income threshold is \$20,000 would have a low income gap of \$5,000, or 25% if expressed in percent. A number of authors have also examined low income *intensity*, which is measured by the ratio of the low income gap to the threshold, weighted by the low income rate.²⁰ We can take the calculation a step further by adding the *severity* of poverty, which takes the income of the poorest of the poor into greater consideration.²¹

20. For example, if the mean income (after tax) of everyone below the threshold is \$7,000 and the threshold is \$10,000, the difference of \$3,000 divided by a threshold of \$10,000 yields a ratio of 30%. This ratio should be interpreted as being lower than, for example, a \$5,000 difference, again for a threshold of \$10,000, which would represent a ratio of 50%. Second, the fact that this ratio is weighted by the low income rate can be interpreted the same way. This same ratio (30% or 50%) will be all the more “intense” because it will affect a larger percentage of the population, as observed with the low income rate. A ratio of 30% coupled with a low income rate of 10% yields an intensity index of 3, while a ratio of 30% coupled with a low income rate of 15% yields an intensity index of 4.5. Similarly, a ratio of 50% coupled with a low income rate of 10% yields an intensity index of 5, and a ratio of 50% coupled with a low income rate of 15% yields an intensity index of 7.5.

21. A measure of dispersion among individuals below the threshold is factored into the calculation of intensity as an indicator of inequality among the poor themselves. For the purposes of this report, it is assumed that the greater the dispersion of incomes, the more society accepts very poor people, and the

A simple way to interpret these data is to compare the two years and read a decline in rates as an improvement and an increase in rates as a deterioration.

Table 16 Complementary indicators: income dispersion, low income gap, intensity and severity based on the MBM (2008 base), all persons, by sex of the major income earner, Québec, 2000-2010

		2000			2010		
		Both sexes	Men	Women	Both sexes	Men	Women
Dispersion	75% of threshold	5,7	3,2	10,5	4,9	4,0	6,4
	100% of threshold	11,6	6,4	21,7	9,4	7,1	13,0
	125% of threshold	19,1	12,1	32,9	17,6	11,9	26,8
	150% of threshold	29,2	20,7	45,7	27,9	22,1	37,1
Gap	adjusted \$	3 746	4 043	3 547	5 996	6 366	5 638
	% of threshold	34,9	37,7	33,0	35,4	38,3	32,7
Intensity		4,0	4,4	3,8	3,3	3,6	3,1
Severity		2,2	2,7	2,0	1,9	2,1	1,7

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Between 2000 and 2010, the low income rate for persons at 75%, 100% and 150% of the MBM threshold dropped overall and among women, but not among men. It also fell slightly at 125% of the threshold, but more for women than for men.

The gap, intensity and severity measures complete the picture of low income. Whereas the low income gap widened slightly between 2000 and 2010 both overall and for men, it narrowed for women. Low income intensity and severity fell slightly overall as well as for men and women alike (*Table 16*).

lower the dispersion, the less society accepts them and the more it tries to reduce the inequalities affecting the poor themselves.

Table 17 Complementary indicators: income dispersion, low income gap, intensity and severity based on the MBM (2008 base), all persons, by age of the major income earner, Québec, 2000-2010

		2000				2010			
		All ages	16-24	25-64	65 and over	All ages	16-24	25-64	65 and over
Dispersion	75% of threshold	5,7	26,8	5,6	0,4	4,9	19,3	5,0	n.d.
	100% of threshold	11,6	38,5	11,8	2,9	9,4	28,0	9,3	5,8
	125% of threshold	19,1	51,6	18,3	15,6	17,6	36,0	16,1	21,5
	150% of threshold	29,2	63,8	26,5	37,6	27,9	51,5	24,3	41,4
Gap	adjusted \$	3 746	5 321	3 504	2 277	5 996	8 263	6 094	2 968
	% of threshold	34,9	49,6	32,6	21,3	35,4	48,3	36,2	16,9
Intensity		4,0	5,7	3,8	2,5	3,3	4,5	3,4	1,6
Severity		2,2	3,9	2,0	1,0	1,9	3,1	1,9	0,6

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Again between 2000 and 2010, the low income rate for individuals at 75% of the MBM threshold declined, but the sample size was too small to obtain an observable rate for seniors. The low income rate also edged down at 100%, 125% and 150% of the threshold among the 16-24 and 25-64 age groups, but rose for seniors at all of these thresholds. The intensity and severity indicators trended in a positive direction for all age groups (*Table 17*).

1.4 INCOME INEQUALITY

1.4.1 Gini coefficient

The Gini coefficient is a simple and easy measure of income inequality. Its value ranges from 0 to 1, where 0 represents perfect equality and 1 represents perfect inequality.

Between 1990 and 2011, income inequality after transfers and taxes varied according to family type in Canada and Québec. Overall, it rose in Québec and Canada, but remained relatively stable within Québec during the second half of the study period, i.e. from 2000 to 2011, even falling slightly after 2002 for economic families of two persons or more and after 2005 for unattached individuals (*Table 18*). However, the level of income equality remained noticeably higher among unattached individuals than among economic families.

Table 18 Gini coefficient of adjusted after-tax income, by family type, Canada and Québec, 1990-2011

	All family units		Economic families, two persons or more		Unattached individuals	
	Canada	Québec	Canada	Québec	Canada	Québec
1990	0,286	0,269	0,278	0,259	0,337	0,322
1991	0,292	0,278	0,285	0,268	0,334	0,327
1992	0,291	0,270	0,283	0,258	0,340	0,337
1993	0,289	0,274	0,281	0,262	0,339	0,341
1994	0,290	0,278	0,282	0,266	0,342	0,343
1995	0,293	0,280	0,285	0,270	0,339	0,329
1996	0,301	0,290	0,293	0,276	0,345	0,358
1997	0,304	0,290	0,296	0,281	0,348	0,331
1998	0,311	0,295	0,303	0,286	0,353	0,333
1999	0,310	0,284	0,299	0,274	0,371	0,320
2000	0,317	0,294	0,308	0,285	0,362	0,326
2001	0,318	0,298	0,309	0,289	0,364	0,331
2002	0,318	0,301	0,310	0,293	0,360	0,325
2003	0,316	0,295	0,306	0,284	0,368	0,340
2004	0,322	0,299	0,312	0,289	0,374	0,336
2005	0,317	0,296	0,306	0,280	0,370	0,349
2006	0,316	0,291	0,304	0,277	0,372	0,343
2007	0,315	0,290	0,304	0,279	0,369	0,329
2008	0,318	0,297	0,309	0,286	0,358	0,328
2009	0,318	0,286	0,309	0,272	0,359	0,339
2010	0,317	0,293	0,307	0,282	0,366	0,324
2011	0,313	0,291	0,302	0,277	0,360	0,331

Note: Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up "all family units."

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Between 1990 and 2011, income inequality after transfers and taxes, for selected categories, rose overall, in particular among couples with children, senior families and unattached females under 65 years of age (*Table 19* and *Figure 25*). In the case of unattached females under 65 years of age, the increase may be the effect of higher earnings for a growing number of women, simultaneously widening the gap with unemployed women. The main decreases in inequality are among lone-parent families, other family types and male seniors living alone.

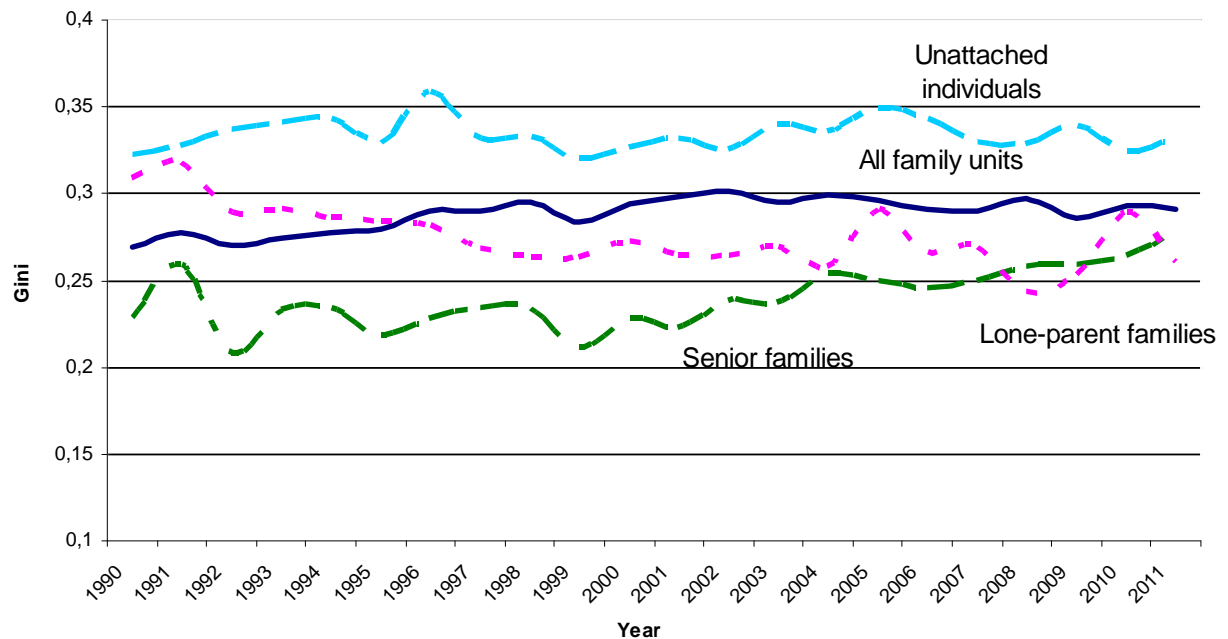
Table 19 Gini coefficient before and after transfers and taxes, by family type, Québec, income adjusted to family size, 1990 and 2011

	1990			2011			Change 1990-2011 (%)	
	Before transfers and taxes	After transfers and taxes	Difference	Before transfers and taxes	After transfers and taxes	Difference	Before transfers and taxes	After transfers and taxes
All family units	0,415	0,269	-0,146	0,439	0,291	-0,148	5,8	8,2
Families, 2 persons or more	0,392	0,259	-0,133	0,418	0,277	-0,141	6,6	6,9
Elderly families	0,556	0,229	-0,327	0,627	0,279	-0,348	12,8	21,8
Families under age 65	0,369	0,262	-0,107	0,380	0,272	-0,108	3,0	3,8
Childless couples	0,372	0,275	-0,097	0,373	0,280	-0,093	0,3	1,8
Couples with children	0,326	0,230	-0,096	0,383	0,267	-0,116	17,5	16,1
Couples living with other relatives	0,317	0,229	-0,088	0,266	0,210	-0,056	-16,1	-8,3
Lone-parent families	0,596	0,309	-0,287	0,459	0,261	-0,198	-23,0	-15,5
Male lone-parent families	0,467	0,287	-0,180	0,441	0,252	-0,189	-5,6	-12,2
Female lone-parent families	0,607	0,299	-0,308	0,454	0,259	-0,195	-25,2	-13,4
Other families	0,485	0,288	-0,197	0,341	0,247	-0,094	-29,7	-14,2
Unattached individuals	0,562	0,322	-0,240	0,530	0,331	-0,199	-5,7	2,8
Male seniors	0,664	0,301	-0,363	0,585	0,245	-0,340	-11,9	-18,6
Female seniors	0,704	0,265	-0,439	0,721	0,273	-0,448	2,4	3,0
Males under 65 years of age	0,499	0,335	-0,164	0,450	0,343	-0,107	-9,8	2,4
Females under 65 years of age	0,488	0,320	-0,168	0,480	0,342	-0,138	-1,6	6,9

Note: Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up "all family units."

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Figure 25 – Gini coefficient after transfers and taxes, by family type, Québec, 1990-2011



Note: Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up “all family units.”

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

During the 1990s, the Gini coefficient rose for all family units in Québec as well as in other provinces, after which it was relatively stable. By the end of the study period (2011), Gini coefficients had reached a 20-year high. The gap with some of the other provinces was still in Québec’s favour (*Table 20* and *Figure 26*).

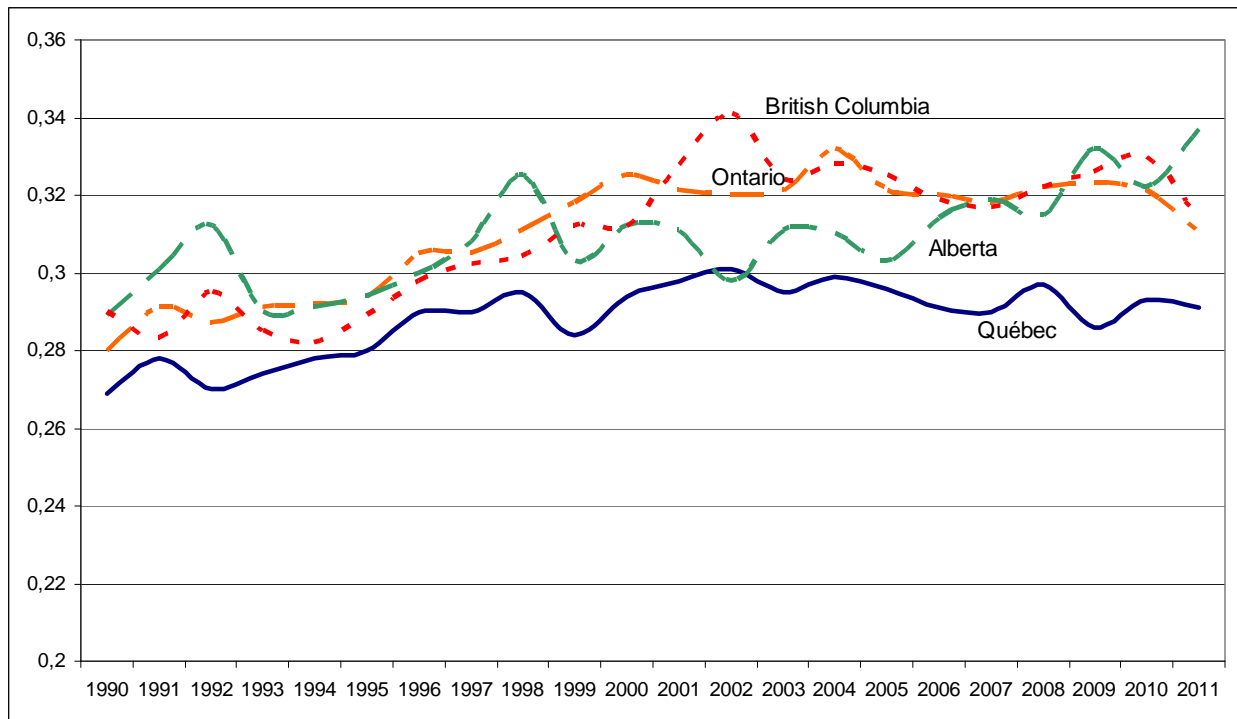
Table 20 **Change in Gini coefficient for all family units based on adjusted after-tax income, Québec and selected provinces, 1990-2011**

	Québec	Ontario	Alberta	British Columbia
1990	0,269	0,280	0,289	0,290
1991	0,278	0,291	0,301	0,283
1992	0,270	0,287	0,312	0,295
1993	0,274	0,291	0,290	0,285
1994	0,278	0,292	0,291	0,282
1995	0,280	0,294	0,294	0,289
1996	0,290	0,305	0,300	0,298
1997	0,290	0,305	0,308	0,302
1998	0,295	0,311	0,325	0,304
1999	0,284	0,318	0,303	0,312
2000	0,294	0,325	0,312	0,312
2001	0,298	0,321	0,311	0,328
2002	0,301	0,320	0,298	0,341
2003	0,295	0,321	0,311	0,324
2004	0,299	0,332	0,310	0,328
2005	0,296	0,321	0,303	0,325
2006	0,291	0,320	0,314	0,319
2007	0,290	0,318	0,319	0,317
2008	0,297	0,322	0,315	0,322
2009	0,286	0,323	0,332	0,326
2010	0,293	0,321	0,322	0,330
2011	0,291	0,311	0,337	0,314

Note: Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up “all family units.”

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Figure 26 – Gini coefficient for all family units based on adjusted after-tax income, Québec and selected provinces, 1990-2011



Note: In this figure, the scale ranges from 0.200 to 0.360. Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up “all family units.”

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Recent OECD studies report an increase in income inequality over the last 30 years in several OECD countries, including Canada. A study published in 2012 found that the gaps between rich and poor have widened, due in part to the growing gap in earnings: the incomes of top earners rose much faster than the incomes of the lowest earners, with technological progress having favoured highly skilled workers at the expense of those with fewer skills. In addition, due to changing family structures, many households benefit from fewer economies of scale than in the past (more unattached individuals) and more and more families now have two high-income earners.

The following data illustrate changes in the Gini coefficient between 1995 and 2011 in the EU-15, Norway, Switzerland, Canada and Québec, based on adjusted after-tax income (adult equivalent) [Table 21 and Figure 27].

Table 21 Change in Gini coefficient for individuals based on after-tax income adjusted for family size, 17 European countries, Canada and Québec, 1995-2011

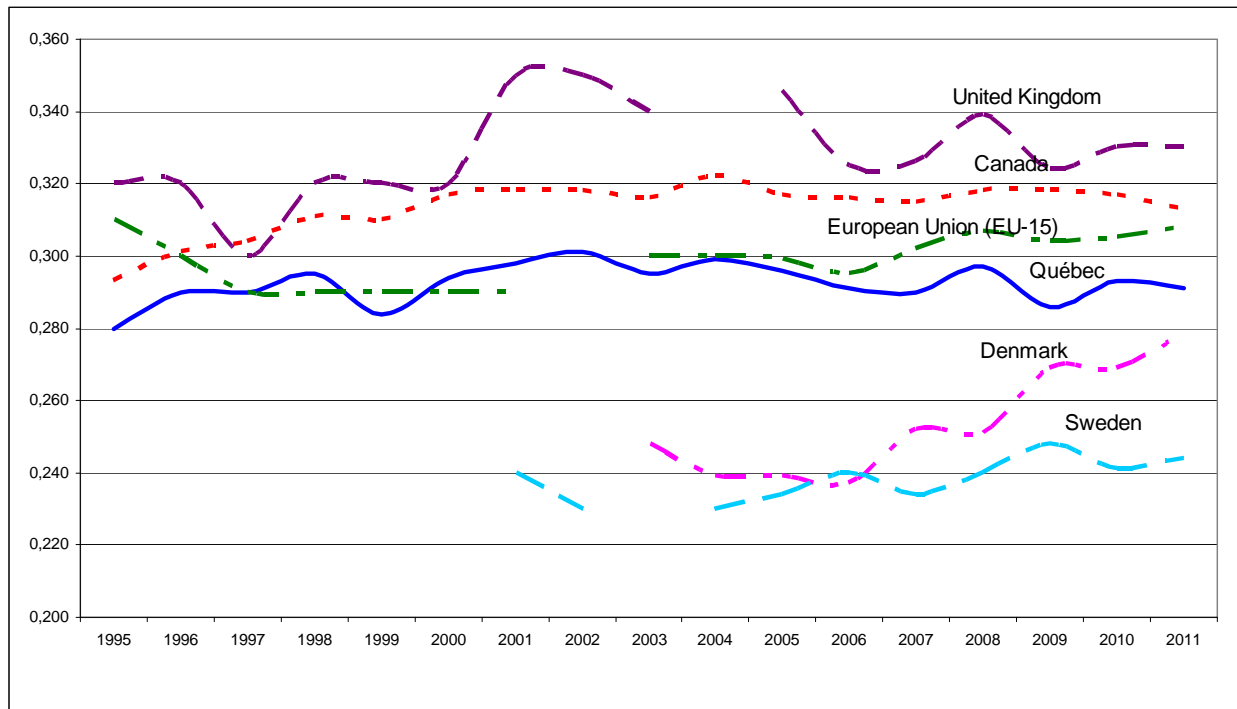
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
European Union (EU-15)	0,310	0,300	0,290	0,290	0,290	0,290	0,290		0,300	0,300	0,299	0,295	0,302	0,307	0,304	0,305	0,308
Belgium	0,290	0,280	0,270	0,270	0,290	0,300	0,280		0,283	0,261	0,280	0,278	0,263	0,275	0,264	0,266	0,263
Denmark	0,200	n.d.	0,200		0,210		0,220		0,248	0,239	0,239	0,237	0,252	0,251	0,269	0,269	0,278
Germany	0,290	0,270	0,250	0,250	0,250	0,250	0,250					0,261	0,268	0,304	0,302	0,291	0,290
Ireland	0,330	0,330	0,330	0,340	0,320	0,300	0,290		0,306	0,315	0,319	0,319	0,313	0,299	0,288	0,332	0,298
Greece	0,350	0,340	0,350	0,350	0,340	0,330	0,330		0,347	0,330	0,332	0,343	0,343	0,334	0,331	0,329	0,335
Spain	0,340	0,340	0,350	0,340	0,330	0,320	0,330	0,310	0,310	0,307	0,318	0,312	0,313	0,313	0,323	0,339	0,340
France	0,290	0,290	0,290	0,280	0,290	0,280	0,270	0,270	0,270	0,282	0,277	0,273	0,266	0,298	0,299	0,298	0,308
Italy	0,330	0,320	0,310	0,310	0,300	0,290	0,290			0,332	0,328	0,321	0,322	0,310	0,315	0,312	0,319
Luxembourg	0,290	0,280	0,250	0,260	0,270	0,260	0,270		0,276	0,265	0,265	0,278	0,274	0,277	0,292	0,279	0,272
Netherlands	0,290	0,290	0,260	0,250	0,260	0,290	0,270	0,270	0,270		0,269	0,264	0,276	0,276	0,272	0,255	0,258
Austria	0,270	0,260	0,250	0,240	0,260	0,240	0,240		0,274	0,258	0,262	0,253	0,262	0,262	0,257	0,261	0,263
Portugal	0,370	0,360	0,360	0,370	0,360	0,360	0,370			0,378	0,381	0,377	0,368	0,358	0,354	0,337	0,342
Finland		0,220	0,220	0,220	0,240	0,240	0,270	0,260	0,260	0,255	0,260	0,259	0,262	0,263	0,259	0,254	0,258
Sweden			0,210		0,220		0,240	0,230		0,230	0,234	0,240	0,234	0,240	0,248	0,241	0,244
United Kingdom	0,320	0,320	0,300	0,320	0,320	0,320	0,350	0,350	0,340		0,346	0,325	0,326	0,339	0,324	0,330	0,330
Norway									0,266	0,252	0,282	0,311	0,237	0,251	0,241	0,236	0,229
Switzerland														0,320	0,302	0,296	0,297
Canada	0,293	0,301	0,304	0,311	0,310	0,317	0,318	0,318	0,316	0,322	0,317	0,316	0,315	0,318	0,318	0,317	0,313
Québec	0,280	0,290	0,290	0,295	0,284	0,294	0,298	0,301	0,295	0,299	0,296	0,291	0,290	0,297	0,286	0,293	0,291

Note: Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up “all family units.”

Sources: STATISTICS CANADA (2013a). EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*; CEPE compilation, December 2013.

Compared with certain European countries, Québec ranks in the middle; its Gini coefficient is lower than in Canada, the United Kingdom and a subset of 15 OECD countries, but higher than in certain countries in continental Europe (Belgium, Netherlands, Germany, Austria) and in all of the Scandinavian countries.

Figure 27 – Gini coefficient based on adjusted after-tax income, selected EU countries, Canada and Québec, 1995-2011



Note: In this figure, the scale ranges from 0.200 to 0.360. Statistics Canada always computes the Gini coefficient for economic families of two persons or more and unattached individuals, which make up “all family units.”

Sources: STATISTICS CANADA (2013a). EUROSTAT (2012b), *European Union Statistics on Income and Living Conditions (EU-SILC)*; CEPE compilation, December 2013.

1.4.2 Interquintile ratios

The raw data on mean family income by quintile in 2011 are presented below, with and without adjustment for family size (*Table 22*). Here is an easy way to interpret adjusted and unadjusted data: the unadjusted after-tax income of families of two persons or more in the fifth quintile in Québec, for example, was \$133,200 in 2011. On an adult-equivalency basis, the adjusted after-tax income of these same families was therefore \$76,700 in 2011. In other words, the equivalent consumption of an individual in a family of two persons or more in the fifth quintile is \$76,700 or, expressed another way, the individual’s consumption is equivalent to that of an unattached individual with an income of \$76,700 (see Appendix 2).

Table 22 Average income, transfers and taxes for selected family types, by income quintile, Québec, 2011

	Quintile				
	1	2	3	4	5
	\$				
Unadjusted data					
Unattached individuals					
Market income	2 700	6 300	18 000	35 900	71 300
Transfer income	5 700	11 500	8 900	4 800	3 600
Total income	8 400	17 800	26 900	40 700	74 900
Income tax	100	400	2 400	6 500	17 400
After-tax income	8 300	17 400	24 500	34 200	57 500
Families, 2 persons or more					
Market income	12 000	35 500	58 300	89 000	168 000
Transfer income	16 900	13 700	11 200	9 100	6 500
Total income	28 900	49 200	69 500	98 100	174 500
Income tax	900	3 800	9 000	16 900	41 300
After-tax income	28 000	45 400	60 500	81 200	133 200
All family units					
Market income	5 500	20 900	40 500	67 200	143 500
Transfer income	9 300	11 900	10 600	9 900	7 000
Total income	14 800	32 800	51 100	77 100	150 500
Income tax	500	2 700	6 200	12 000	33 700
After-tax income	14 300	30 100	44 900	65 100	116 800
Data adjusted for family size					
Unattached individuals					
Market income	3 000	7 500	22 700	38 200	73 300
Transfer income	7 000	12 200	7 600	5 700	4 500
Total income	10 000	19 700	30 300	43 900	77 800
Income tax	100	600	3 200	7 000	17 300
After-tax income	9 900	19 100	27 100	36 900	60 500
Families, 2 persons or more					
Market income	9 000	23 600	37 400	52 800	97 600
Transfer income	10 100	7 900	6 300	5 000	3 800
Total income	19 100	31 500	43 700	57 800	101 400
Income tax	600	2 600	6 000	9 700	24 700
After-tax income	18 500	28 900	37 700	48 100	76 700
All family units					
Market income	6 900	20 900	35 200	50 400	94 200
Transfer income	9 800	8 300	6 300	5 400	3 800
Total income	16 700	29 200	41 500	55 800	98 000
Income tax	400	2 100	5 500	9 300	23 600
After-tax income	16 300	27 100	36 000	46 500	74 400

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Income inequality can also be measured using income ratios between the different population segments, i.e. the ratio between the average income of the top earners and the average income of the lowest earners. The interquintile ratio shows how many times more income the richest quintile makes than the poorest quintile. Transfers and taxes attenuate the observed differences in income.

Table 23 Average income of persons in family units, adjusted for family size, by quintile, 2011 dollars, Québec, 1990 and 2011

	1990				2011				Change in purchasing power between 1990 and 2011 (%)/Ratio	
	Before transfers and taxes	After transfers and taxes	Difference		Before transfers and taxes	After transfers and taxes	Difference		Before transfers and taxes	After transfers and taxes
			\$	%			\$	%		
Unattached individuals										
1st quintile	2 800	10 100	7 300	260,7	3 000	9 900	6 900	230,0	7,1	-2,0
2nd quintile	6 700	16 600	9 900	147,8	7 500	19 100	11 600	154,7	11,9	15,1
3rd quintile	17 500	22 700	5 200	29,7	22 700	27 100	4 400	19,4	29,7	19,4
4th quintile	34 300	32 900	-1 400	-4,1	38 200	36 900	-1 300	-3,4	11,4	12,2
5th quintile	60 600	53 800	-6 800	-11,2	73 300	60 500	-12 800	-17,5	21,0	12,5
Ratio 5th q./1st q	21,6	5,3			24,4	6,1			12,9	14,7
Families, 2 persons or more										
1st quintile	7 600	14 300	6 700	88,2	9 000	18 500	9 500	105,6	18,4	29,4
2nd quintile	20 000	23 200	3 200	16,0	23 600	28 900	5 300	22,5	18,0	24,6
3rd quintile	31 900	30 200	-1 700	-5,3	37 400	37 700	300	0,8	17,2	24,8
4th quintile	45 300	38 200	-7 100	-15,7	52 800	48 100	-4 700	-8,9	16,6	25,9
5th quintile	72 300	56 300	-16 000	-22,1	97 600	76 700	-20 900	-21,4	35,0	36,2
Ratio 5th q./1st q	9,5	3,9			10,8	4,1			14,0	5,3
All family units										
1st quintile	6 100	13 400	7 300	119,7	6 900	16 300	9 400	136,2	13,1	21,6
2nd quintile	18 100	22 200	4 100	22,7	20 900	27 100	6 200	29,7	15,5	22,1
3rd quintile	30 600	29 400	-1 200	-3,9	35 200	36 000	800	2,3	15,0	22,4
4th quintile	44 400	37 800	-6 600	-14,9	50 400	46 500	-3 900	-7,7	13,5	23,0
5th quintile	70 800	56 000	-14 800	-20,9	94 200	74 400	-19 800	-21,0	33,1	32,9
Ratio 5th q./1st q	11,6	4,2			13,7	4,6			17,6	9,2

Sources: STATISTICS CANADA (2013a); CEPE compilation, December 2013.

Between 1990 and 2011, all of the groups increased their purchasing power, with the exception of unattached individuals in the first quintile, whose purchasing power remained virtually unchanged (-2%). The purchasing power of people in the fifth quintile increased the most, both for families of two persons or more (36.2%) and all family units (32.9%). A comparison of income distribution by quintile before and after transfers and taxes reveals some gaps (*Table 23*).

The average income before transfers and taxes of the richest quintile (all family units) was 11.6 times that of the poorest quintile in 1990 and 13.7 times in 2011; after transfers and taxes, the average income of the richest quintile was 4.2 times that of the poorest quintile in 1990 and 4.6 times in 2011, the average of that observed among unattached individuals and families.

The average income before transfers and taxes of unattached individuals in the richest quintile was 21.6 times that of the poorest quintile in 1990 and 24.4 times in 2011, which indicates an increase in inequality; after transfers and taxes, the average income of unattached individuals in the richest quintile was 5.3 times that of the poorest quintile in 1990 and 6.1 times in 2011, hence an increase in inequality after transfers and taxes.

The average income before transfers and taxes of families of two persons or more in the richest quintile was 9.5 times that of the poorest quintile in 1990 and 10.8 times in 2011; after transfers and taxes, the average income of the richest quintile was 3.9 times that of the poorest quintile in 1990 and 4.1 times in 2011, again causing growth in income inequality after transfers and taxes.

In short, the Gini coefficient and interquintile ratios provide the same overall picture of inequality. Québec succeeded in maintaining a lower inequality level than the other Canadian provinces and certain European countries, but still lags behind the Scandinavian countries. Although inequality increased within Québec, the picture provided by income quintile and family type must be qualified. Among unattached individuals, the poorest quintile stagnated compared with richer quintiles, whose purchasing power increased. The purchasing power of families of two persons or more increased substantially, especially among the most affluent.

Lastly, one indicator of sustainable development is “excess family income”; in reality, family income may be either below or above the MBM. It reveals the average gap between disposable family income and the MBM threshold, adjusted for family size, by

quintile. The data currently available for Québec, published by the Institut de la statistique du Québec, cover the period 2002-2011 (*Table 24*).²²

Table 24 Excess family income (average gaps between disposal family income and the low income threshold using the MBM), adjusted for family size, by quintile, 2011 dollars, Québec, 2002-2011.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Lower quintile	-2 875	-2 795	-2 435	-3 471	-2 851	-2 849	-3 179	-3 702	-4 043	-4 096
Second quintile	5 860	5 993	6 282	5 707	6 128	6 791	6 206	6 089	5 916	5 509
Third quintile	12 353	12 515	12 814	12 675	12 976	14 020	13 616	13 536	13 322	13 010
Fourth quintile	21 004	21 164	21 727	21 471	21 862	23 035	23 026	22 544	22 465	21 982
Upper quintile	45 103	44 474	46 088	45 083	46 583	47 874	48 517	48 386	47 835	47 666

Source: Banque de données des statistiques officielles sur le Québec (BDSO), *Revenu familial excédentaire*, website consulted on December 2013.

1.4.3 Polarization coefficient

The polarization coefficient shows another dimension of income inequality. Market conditions can sometimes create income disparities, driving the notion of income polarization. It is also possible that taxation and transfer payments to individuals, which normally should enable the redistribution of wealth from the richest to the poorest, only partially succeed in doing so, creating greater income polarization without the desired effect of reducing inequality.

The polarization coefficient used in this report²³ is the percentage of the population whose income is between 75% and 125% of the median income, the easiest to compute. This coefficient, along with the share of individuals below the lower limit and the share above the upper limit reveal shifts between 2000 and 2010 based on family status, sex and age.

An easy way to interpret these data is to compare the two years. In the case of cohorts whose rates dropped below the lower limit or increased above the upper limit, these

22. See also <http://www.stat.gouv.qc.ca/statistiques/developpement-durable/indicateurs/recueil-indicateurs-dd.pdf>.

23. See *Advice to the Minister* (CEPE, 2009: 60) for an overview of possible indicators.

shifts can be seen as positive and, conversely, as negative in the case of cohorts whose rates rose below the lower limit or dropped above the upper limit. A shift to the middle, i.e. between 75% and 125% of the median, must be read simultaneously with what can be observed below the lower limit and above the upper limit.

Table 25 Polarization coefficient: proportion of individuals living in family units whose adjusted after-tax income is between 75% and 125% of the median income, based on various characteristics of the major income earner, Québec, 2000-2010

	Below the lower limit		Polarization coefficient		Above the upper limit	
	2000	2010	2000	2010	2000	2010
All persons	25,2	25,6	36,2	35,7	38,6	38,7
Unattached individuals	48,6	47,6	30,4	29,9	21,1	22,5
Co-tenants	56,8	56,5	28,0	26,1	15,1	17,5
Lone-parent families	53,1	44,3	36,9	40,1	9,9	15,7
Childless couples	15,1	18,0	33,6	32,6	51,3	49,5
Two-parent families	18,5	18,0	39,3	38,4	42,2	43,7
Other	21,4	24,9	42,0	44,6	36,5	30,6
Men	17,0	20,4	38,5	36,1	44,5	43,5
Women	41,3	33,8	31,8	35,1	26,9	31,2
16-24 years	60,5	50,1	27,7	35,1	11,9	14,8
25-34 years	28,5	26,5	37,4	39,1	34,1	34,4
35-44 years	22,7	20,4	39,1	38,1	38,2	41,5
45-54 years	15,5	16,2	31,6	31,2	52,9	52,6
55-64 years	23,5	25,5	28,8	32,9	47,7	41,6
65 years and over	36,5	42,2	45,8	37,3	17,7	20,4

Sources: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*; CEPE compilation, December 2013.

Between 2000 and 2010, polarization on the whole remained virtually unchanged. However, some sub-groups (women, lone-parent families and young people aged 16-24) saw changes that appear to be the result of two trends: a decline in the proportion of individuals below the lower limit and an increase in the proportion in the middle and above the upper limit. Others (persons aged 65 and over) experienced an increase in the proportion of individuals below the lower limit and above the upper limit, but a decrease in the middle. Elsewhere, the proportion of individuals below the lower limit and in the middle rose, while the proportion above the upper limit fell. This was the case for persons aged 55-64 (*Table 25*).

SECTION 2 – WORK OF THE CEPE: RETROSPECTIVE AND OUTLOOK

2.1 SOCIAL EXCLUSION: ISSUE, DEFINITION, DIMENSIONS AND INDICATORS

The CEPE undertook work to develop indicators of social exclusion in relation to poverty by involving people living in poverty. The first report (LECHAUME and BRIÈRE, 2014)²⁴ dealt with possible indicators of exclusion identified during workshops that brought together representatives of organizations that work with people at risk of social exclusion through poverty. The process involved defining exclusion based, in particular, on personal experiences and identifying courses of action for developing indicators based on a collaborative process of joint knowledge building.

The main objectives of the workshops were to:

- reinforce, anchor and provide perspective on the process of exclusion through poverty;
- give a voice to people living in poverty by allowing them to suggest issues to consider when addressing exclusion in relation to poverty;
- thereby ensure that the issues chosen for consideration have meaning for people experiencing poverty;
- explore more deeply the concept of social exclusion and come up with one or more definitions;
- document mechanisms and processes liable to lead to social exclusion;
- identify or affirm courses of actions for developing indicators.

Ten workshops bringing together representatives of ten organizations with different missions were held between June 7 and September 25, 2012. A total of 76 people participated. Without claiming to be exhaustive, this exercise clearly gave people experiencing poverty and exclusion an opportunity to express their views.

The other work under way in this area is essentially aimed at verifying the availability of the suggested indicators and the feasibility of their yearly monitoring. Eventually, the indicators should be incorporated into the annual progress reports.

24. The report is available on the CEPE's website.

2.2 LOW INCOME AMONG ABORIGINAL PEOPLE IN QUÉBEC

A study on poverty among Aboriginal people will be carried out using data made available to researchers at the Québec Inter-University Centre for Social Statistics (QICSS). Commissioned by the advisory committee on the prevention of poverty and social exclusion, the study aims to fill an important gap in that few studies address issues relating to low income among Aboriginal people in Québec.

2.3 PERSISTENT LOW INCOME

Another research project, which deals with persistent low income, is also drawing on data made available to researchers at the Québec Inter-University Centre for Social Statistics (QICSS). The primary purpose of the research is to document low-income dynamics in Québec since the turn of the century, using the concept of permanent income in particular to examine chronic low income. Low-income dynamics among workers who exert a certain degree of work effort will also be examined to gain a better understanding of the determinants and causes of this problem. This is an important exercise insofar as employment remains one of the cornerstones of the fight against poverty in Québec.

SECTION 3 – CONCLUSION

The *Act to combat poverty and social exclusion* set 2013 as the target year for achieving the goal of making Québec one of the nations with the fewest people living in poverty. Section 4 of the Act reads as follows: “The national strategy is intended to progressively make Québec, by March 5, 2013, one of the industrialized nations having the least number of persons living in poverty, according to recognized methods for making international comparisons.” Data provided by the EU-SILC project allow a certain degree of comparability between the EU member countries and, considering the limitations inevitably imposed by the different national surveys, comparability with Québec and Canada. EU-SILC data currently cover 2010 only and rank Québec in the middle of the pack with a group of European countries (Belgium, Germany, Ireland, etc.), but still behind the Scandinavian countries, particularly in terms of the poverty rate based on recognized methods of comparison.

In addition to making international comparisons, it should be possible to interpret other signs, in particular the low income rates for Québec as a whole and for various categories of individuals and families, in order to make interregional and interprovincial comparisons as well as determine changes in the number and rate of social assistance recipients, etc. In short, additional data exist and can be interpreted and used to measure certain results. For example, these data can show progress without international comparisons of low income rates always having to be the best indicator. However, the limitations of existing data must be overcome in interregional as well as interprovincial comparisons.

A temporal comparison of the different life situations revealed through implicit thresholds showed that, measured against itself, Québec has made some progress in fighting poverty. The situation of families has improved in recent years, but there is room for more improvement still, particularly in the case of unattached individuals, who did not benefit as much from the measures contained in the first action plan.

The recent-year fluctuations observed using the MBM still make it hard to determine the direction and depth of progress, which would require examining the effects of the national strategy separately from other factors, such as trends. Using 2011 MBM data, we still observe a low income rate of 10.7%, which means there is still a long way to go.

By simulating typical cases, we were able to see the changes between 2004 and 2013 in the relative level of disposable income of individuals or family units in relation to existing thresholds, which we called implicit thresholds. We simulated the typical cases of unattached individuals, unattached individuals with severe employment constraints, lone-parent families with one child aged 3, childless couples with one income, and two-parent families with one income and two children to see if their lot had improved or gotten worse. We noted changes from 2004 to 2013 based on each situation, because families with children and families without children are two different realities, which no doubt reflects the recent advances made through Québec's family and anti-poverty policies, in particular the stronger measures to prevent poverty among families with children. As a result, unattached individuals and childless couples lag further behind.

The median income before transfers and taxes of the richest quintile (all family types) was 11.6 times that of the poorest quintile in 1990, and 13.7 times in 2011. After transfers and taxes, the income of the richest quintile was 4.2 times that of the poorest quintile in 1990 and 4.6 times in 2011—the average of that for unattached individuals and families. This trend in Québec mirrors that in many OECD countries.

Thus, the Gini coefficient and interquintile ratios provide the same overall picture of inequality. Québec succeeded in maintaining a lower inequality level than the other Canadian provinces and certain European countries, but still lags behind the Scandinavian countries. Although inequality increased within Québec, the picture provided by income quintile and family type must be qualified. Among unattached individuals, the poorest quintile stagnated compared with richer quintiles, which saw their disposable income increase.

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APPENDICES

APPENDIX 1

NOTES ON METHODOLOGY

Data sources

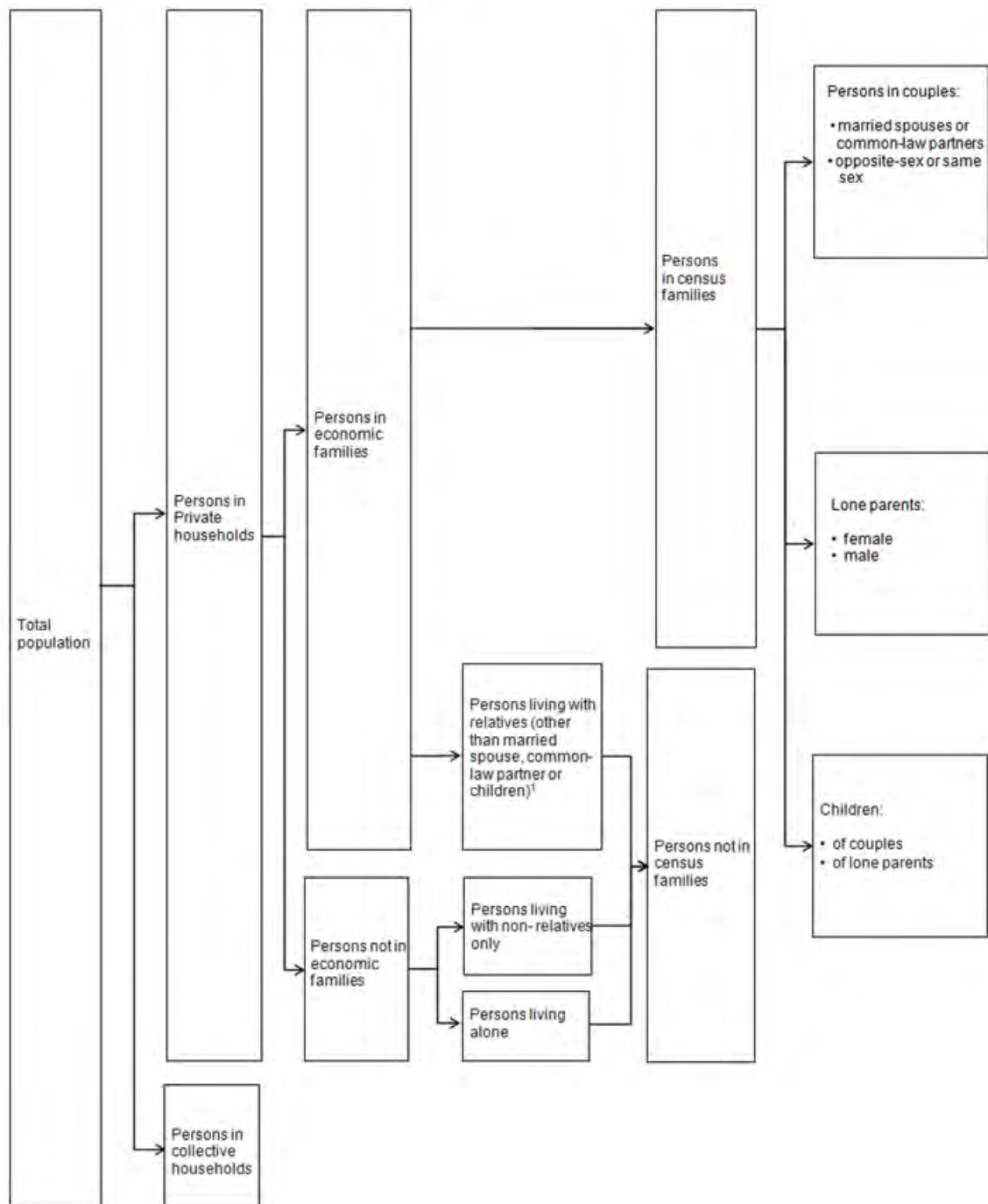
Compilations by the Centre d'étude sur la pauvreté et l'exclusion, prepared using the public-use microdata file for the Survey of Labour and Income Dynamics (SLID), may differ slightly from compilations by Statistics Canada, the Institut de la statistique du Québec or Employment and Social Development Canada, which are prepared using SLID master file data. Most of the time, however, the differences are minor.

Statistical units

- Family units (families): unattached individuals and economic families of two or more persons within the meaning given by Statistics Canada.
- Economic family: two or more persons who live in the same dwelling and are related to each other by blood, marriage, common-law relationship or adoption.
- Other units (types of family units): units whose members are 18 years of age or over and are not related by marriage, but are related by blood or adoption (e.g. two adult brothers living together, a mother and her adult child sharing a dwelling).
- Unattached individual: a person living alone or with others to whom he or she is not related; an unattached individual is, therefore, not necessarily the only occupant of the dwelling in which he or she lives.
- Person living alone: an unattached individual in a one-person household.
- Census family: a married couple or a couple living common law (with or without children), or a lone parent with at least one child (of any age) living in the same dwelling. Grandchildren living in the household of at least one of their grandparents (but with no parents present) are considered as being part of the census family of their grandparents.
- Person not in a census family: a member of a household but not a member of a census family. This person may be either related to Person 1 (e.g. sister, brother-in-law, cousin or grandfather) or not related. Thus, persons not in a census family can live in a household consisting of several people. Persons living alone are always considered as persons not in a census family.
- Household: a person or group of persons who occupy the same dwelling and do not have a usual place of residence elsewhere in Canada. The household may consist of a family group (census family), with or without other persons not in the census family, of two or more families sharing a dwelling, of a group of unrelated persons or of one person living alone. Thus, an individual living in a one-person household necessarily lives alone, which is not always the case with "unattached individuals" or "persons not in a census family."

- CMA: Census Metropolitan Area. An area formed by one or more adjacent municipalities centred around a large urban area (known as the urban core). A census metropolitan area must have a total population of at least 100,000 of which 50,000 or more must live in the urban core.
- Major income earner: the family member with the highest income (if the highest income is earned by more than one person, the oldest person is considered the major income earner).
- Senior (Elderly person): person aged 65 or over.

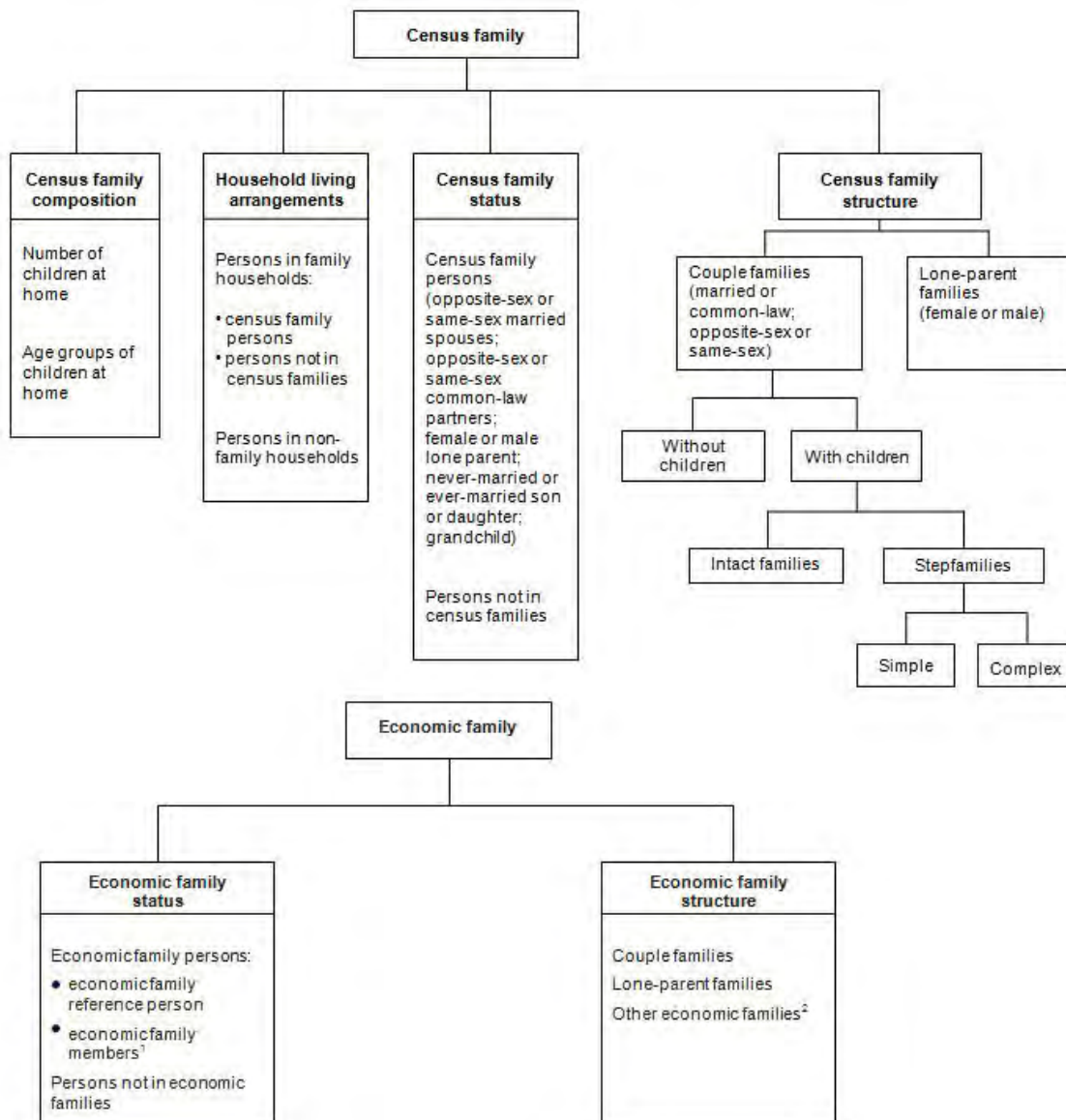
Figure 28 – Economic and census family membership and family status



1. Foster children are included.

STATISTICS CANADA, *2011 Census Dictionary*, Ottawa, [Figure 18](#).

Figure 29 – Overview of the census family and economic family variables



1. Foster children are included.
2. Economic family in which the economic family reference person lives with other relatives but does not have a married spouse, common-law partner or child.

STATISTICS CANADA, *2011 Census Dictionary*, Ottawa, [Figure 19](#).

APPENDIX 2

ADJUSTMENT FOR FAMILY SIZE (ADULT-EQUIVALENT)

As mentioned in the notes to Statistics Canada's *Income of Canadians* database, household income is adjusted to reflect per-adult equivalent income to account for the economies of scale present in larger households. However, it is understood that household income should be used in the case of the LIM and family income in the cases of the MBM and inequality.

In 2008, Statistics Canada decided to follow The Canberra Group's recommendation (2001) to compute adult-equivalent-adjusted income by dividing total family income by the square root of family size. Prior to that, the organization had used the "40/30 equivalence scale," which is still very similar to the square root method.²⁵

Number of people	Square root
1	1.00
2	1.41
3	1.73
4	2.00
5	2.24
6	2.45
7	2.65

The square root of family size yields a coefficient of 2 for a family of four (two adults and two children). The first adult is assigned a weight of 1, the second adult, a weight of 0.41, the first child, a weight of 0.32, and the second child, a weight of 0.27, which yields a coefficient of 2 ($= 1 + 0.41 + 0.32 + 0.27$) for the family unit due to the observable economies of scales for families. According to the square root method, a family of four does not have four times the expenditures of an unattached individual, but rather twice the expenditures.

Conversely, an unattached individual is assigned a value of 1, i.e. half the estimated sum for a family of four (and not a quarter of what it costs for four people). Since unattached individuals cover all of their expenditures alone, they cannot benefit from economies of scale.

In a family of two adults and two children, not every member needs his or her own refrigerator or car, which means that the member's equivalent consumption is much higher than would be the case if we simply divided the total family income by four.

Adult-equivalent-adjusted income is thus a per capita measure of family income that accounts for the economies of scale associated with larger families, thereby reducing

25. For additional information, see the CEPE working paper on equivalence scales (FRÉCHET et al., 2010b): http://www.cepe.gouv.qc.ca/publications/pdf/CEPE_Echelles_equiv_en.pdf.

income to the scale of an unattached individual. It is calculated by dividing the total family income by the square root of family size; the result can be used to estimate other family sizes (2, 3, 5, 6 and 7 persons). The matrix of MBM thresholds by family size (Table 1) was established using Statistics Canada data for a family of four. We then recalculated it for all family sizes, from 1 to 7 people.

Furthermore, the concept of adult-equivalent-adjusted income makes it possible to estimate the “equivalent consumption” of each family member who can share resources. If a family of four has an unadjusted income of \$100,000, the adult-equivalent-adjusted income would be equivalent to an income of \$50,000 for an unattached individual. The equivalent consumption of each of the four family members is \$50,000, but obviously that sum cannot be multiplied by 4 to obtain the family income (which is not \$200,000, but rather \$100,000). Thus, it is not a question of real money, but rather of “equivalent consumption.”

In short, the adult-equivalent-adjustment factor accounts for the economies of scale and resource sharing within a family unit as well as changes in family size over time (family got smaller), thereby eliminating potential biases. Insofar as these data were available, they were used to produce the tables in this progress report, be it for income and low income or for socioeconomic inequalities.

RECOMMENDATIONS MADE IN THE CEPE'S *ADVICE TO THE MINISTER* (2009)

Recommendation 1

Economic standard of living indicator: Income

The Centre recommends that income be the economic standard of living indicator.

Recommendation 2

Baseline measure: Market Basket Measure (MBM)

The Centre recommends that the Market Basket Measure be used as the baseline measure to monitor situations of poverty from the perspective of coverage of basic needs. Thus, the established reference is the disposable income available for consumption necessary to purchase a set basket of goods and services.

Recommendation 3

Unit of analysis: Individuals and family units

The Centre recommends that individuals and family units be used as units of analysis. It proposes defining family units using Statistics Canada's concept of economic families.

Recommendation 4²⁶

Equivalence scales: square-root-of-family-size scale

The Centre recommends using the square-root-of-family size equivalence scale to account for economies of scale.

Recommendation 5

Breakdown of data by age, sex and type of family unit

The Centre recommends breaking down the data by age, sex and type of family unit. Other variables can also be used when available and the sample size permits.

Recommendation 6

Statistical validity: Confidence intervals

The Centre recommends providing confidence intervals on time and geographical comparisons or between the subgroups of a population in order to validate statistical accuracy.

26. The CEPE originally recommended that Statistics Canada's 40/30 scale be used, but based on more recent work (FRÉCHET et al., 2010b), we now recommend using the square-root-of-family-size scale, a method which is very similar to Statistics Canada's "40/30" scale but the subject of broader international consensus.

Recommendation 7

Temporal comparisons adjusted for the Québec consumer price index (CPI)

The Centre recommends that temporal comparisons of the economic standard of living (income or others) be done in dollars comparable in time. To do so, it recommends using the Québec consumer price index (CPI) to take into account the evolution of the cost of living in time.

Recommendation 8

Interregional comparisons: Low Income Measure (LIM)

The Centre recommends using the Low Income Measure (at 50% of the median of Québec incomes) for interregional comparisons.

Recommendation 9

Interprovincial comparisons: Market Basket Measure (MBM)

The Centre recommends using the Market Basket Measure for interprovincial comparisons.

Recommendation 10

International comparisons: Low Income Measure (LIM)

For international comparisons, the Centre recommends using the two thresholds that correspond to 50% and 60% of the median of incomes in each of the countries.

Recommendation 11

International comparisons of poverty based on purchasing power

For the purposes of international comparisons of the standard of living based on purchasing power, the Centre recommends transforming currency values using purchasing power parities (PPP).

It also recommends making international comparisons of poverty based on purchasing power using the Québec Low Income Measure threshold of 50% of the median.

Recommendation 12

Ensure monitoring of disposable income based on various thresholds

The Centre recommends ensuring monitoring of disposable income based on various thresholds, including implicit thresholds linked to the most current social and tax situations.

Recommendation 13

Supplementary indicators: Various properties of low income (dispersion, gap, intensity and severity)

The Centre recommends monitoring the indicators that make it possible to complete the low income rates and characterize the various properties of low income.

Recommendation 14

Income inequalities: Gini coefficient and interquintile ratios

The Centre recommends using the Gini coefficient and interquintile ratios to measure inequalities.

Recommendation 15

Define social exclusion and identify its main dimensions

The Centre recommends specifying the use of the notion of social exclusion, identifying its main dimensions and establishing appropriate indicators. It recommends developing indicators that make it possible to recognize exclusion mechanisms at work, in particular institutional mechanisms.

Moreover, it recommends involving persons living in poverty and exclusion in this thought process.

Recommendation 16

Determinants and consequences of poverty

The Centre recommends pursuing work on the determinants and consequences of poverty, particularly in respect to some of its major dimensions: territory, education, health, work, housing, justice and security, and access to cultural activities.

Recommendation 17

Innovations in terms of indicators

The Centre recommends undertaking work on the effective achievement of recognized rights, material deprivation, life courses and exits from poverty, taking into account the multiple dimensions of poverty and wealth and calling on a diversity of methods and viewpoints, including those of people living in poverty.

Recommendation 18

Trend chart

The Centre recommends preparing a more complete trend chart that would make it possible to take into account all the dimensions targeted by the Act, by involving in this effort persons living in poverty and those working in the communities concerned.

Recommendation 19

Annual publication

The Centre recommends the yearly publication of a progress report on poverty and social exclusion.

MEMBERS OF THE CEPE STEERING COMMITTEE²⁷

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27. This is a list of the members of the CEPE Steering Committee who helped write or who commented on this progress report. The complete list of members, including new members, is available on the CEPE's website: http://www.cepe.gouv.qc.ca/presentation/comite-de-direction_en.asp.