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POVERTY, INEQUALITY AND SOCIAL EXCLUSION IN QUÉBEC

2016 Progress Report

Centre d'étude sur la pauvreté et l'exclusion

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS AND INITIALISMS

BDSO	Banque de données des Statistiques officielles sur le Québec
CANSIM	Statistics Canada socioeconomic database
CCB	Canada child benefit
CEPE	Centre d'étude sur la pauvreté et l'exclusion
CIQSS	Centre interuniversitaire québécois de Statistiques sociales
CIS	Canadian Income Survey
CMA	Census metropolitan area
CPI	Consumer price index
CSEW	Canadian Survey of Economic Well-Being
ESDC	Employment and Social Development Canada (formerly HRSDC)
EU-SILC	Statistiques de l'Union européenne sur le revenu et les conditions de vie (Survey on Income and Living Conditions)
GPD	Gross domestic product
GST	Goods and services tax
HRSDC	(see ESDC)
INSEE	Institut national de la statistique et des études économiques
ISQ	Institut de la statistique du Québec
LICO	Low income cut-off
LIM	Low income measure
LRFA	Last-resort financial assistance
MBM	Market basket measure
MTESS	Ministère du Travail, de l'Emploi et de la Solidarité sociale
NCBS	National child benefit supplement
OECD	Organisation for Economic Co-operation and Development
PST	Provincial sales tax
PWA	Parental wage assistance
QST	Québec sales tax
SFS	Survey of Financial Security
SHE	Survey of Household Expenses (formerly Survey of Family Expenses, SFE)
SLID	Survey of Labour and Income Dynamics
STC	Solidarity tax credit
UCCB	Universal child care benefit
WITB	Working income tax benefit

MESSAGE FROM THE CEPE CHAIR

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." "One of the Act's objectives was 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." The 2016 state on poverty, inequality and social exclusion that we are publishing is an opportunity for the CEPE to assess the ambitious objectives that Québec has collectively given itself, by integrating the 2014 data.

We must point out that Québec has not reached its goal of being in the top group of industrialized countries that have the fewest people living in poverty. The analyses further show that since 2002 and until 2008, Québec made improvements but then had setbacks. Overall, low income rates have remained stable. This was noted by the CEPE[1] in its brief presented at the public consultations on the third government action plan to combat poverty and social exclusion, noting that we must "do more and do better".

Nevertheless, there have been successes in the combat against poverty. Québec stands out from the other Canadian provinces by its reduction in child poverty, which dropped from 11,6 % in 2002 to 8,7 % in 2014. Thus, actions undertaken in the area of family policies in Québec were fruitful in a relatively short time. Obviously, too many children still live in poverty, but progress has been remarkable and shows that government action and the political will to reduce poverty can succeed.

Encouraged by that success to continue the actions already undertaken and to support new actions, Québec must also take action for unattached individuals for whom a reduction in poverty levels has not yet materialized. This stagnation is of specific concern since unattached individuals form the largest group of people living in poverty.

The third government action plan should be an opportunity to set priorities and clear objectives related to the shortcomings observed in the changes in poverty situations in Québec since 2002. In addition to strengthening strategies aimed at families and children, it appears necessary and urgent to develop new efforts to combat poverty and inequality so as to reach all concerned groups. In this respect, the data and knowledge brought out by the CEPE over the years is a solid foundation for guiding debate and discussion.

Measuring poverty, inequality and their changes is complex. Year after year, the CEPE has undertaken to work at developing new observations and advisory opinions to inform the various stakeholders involved in the combat against poverty and social exclusion. At the same time, the CEPE is eager to better understand the specific reality of certain groups, for whom the usual data fail to adequately characterize their situation. It is in that context that the CEPE will also work in

1. The brief is available on the CEPE website. It was prepared by the non-government members of the CEPE Steering Committee and they alone are responsible for its contents.

future to better understand the reality of first nations groups, the elderly and those with mental health problems.

Gaining insight into the details of poverty as experienced by certain groups, understanding the trajectories and avenues that lead to social exclusion, grasping the broader changes in poverty situations and social inequality, comparing Québec with other provinces and other countries, evaluating the effects of certain policies and actions undertaken by governments are the tools that the CEPE will use in its advisory opinions, to participate in the collective debates and reflections for building a Québec without poverty.

Céline Bellot

Chair of the CEPE Steering Committee

NOTE

Published in 2009, the Centre d'étude sur la pauvreté et l'exclusion (CEPE) 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, hereafter "Advice to the Minister") contains 19 recommendations on appropriate indicators for measuring progress made in Québec to combat poverty and exclusion. This progress report is based on the recommendation that an annual assessment on poverty and inequality in Québec be published. It brings together the most up-to-date data at the time of publication on poverty inequality in Québec.

However, although an annual progress report was recommended, the CEPE was unable to publish reports for 2014 and 2015 because comparable data was not available at that time. Statistics Canada published the market basket measures (MBMs) for 2012 to 2014, but those measures were based on the results of a new survey, the *Canadian Income Survey* (CIS), which replaced the former *Survey of Labour and Income Dynamics* (SLID). In a methodological note, Statistics Canada pointed out the following:

> "The 2012 CIS uses a different methodology compared to that used in SLID. **Comparisons of CIS and SLID reveal differences in estimates between 2011 and 2012 which are attributable to the two surveys having different methods, rather than a true change in the characteristics of the population**." (STATISTICS CANADA, 2014, p. 3)

With the publication of the data for 2012, 2013 and 2014, it is noted that:

> "Until revised historical statistics are prepared and analysed to ensure that they are as comparable as possible to the current CIS results, **the results of the Canadian Income Survey should not be compared to those produced by the Survey of Labour and Income Dynamics or other previous income surveys**."

In December 2015, Statistics Canada published corrected data for the previous years, making it possible to make comparisons based on changes over time, but that harmonization was carried out only for 2006 to 2011 (STATISTICS CANADA, 2015c). Although longer series are presented in this progress report, it must be remembered that there is a break in the series between 2005 and 2006 for several data (and sometimes between 2011 and 2012), which is mentioned in the footnotes to the tables each time the situation arises. Moreover, although the revision of the data for 2006 to 2011 was intended to make the SLID estimates as comparable as possible with the CIS estimates, the observed trends may still reveal a "rupture" for some characteristics because of the methodological change. In some respects, they may represent a change in the data attributable to methodological differences between the two surveys that may not have been taken into account during the revision.

HIGHLIGHTS

The market basket measure (MBM) has been recommended by the CEPE as the reference measure for monitoring poverty situations in terms of basic needs coverage, as well as the low income measure (LIM) for situations where the MBM may not be available (CEPE, 2009).

Overall, Québec's low income rate based on the MBM decreased between 2002 and 2007, falling from 10,8 % in 2002 to 8,6 % in 2007, and then increased, reaching 9,4 % in 2014:

- The same downward-upward trend was seen for the low income measure in children (under 18 years of age) in low income households, 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 elderly persons (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 in 2014.

After reviewing the latest low income thresholds and rates, interregional, interprovincial and international comparisons indicate the following:

- According to the LIM, between 2002 and 2013, the low income rate fell in some of Québec's administrative regions (e.g. Abitibi-Témiscamingue, Gaspésie–Îles-de-la-Madeleine), remained relatively stable in others (e.g. Laval, Nord-du-Québec). The Chaudière-Appalaches and Capitale-Nationale regions saw the best rates in 2013, whereas Nord-du-Québec and Montréal saw the worst.
- A comparison using the MBM shows where Quebeckers 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 six provinces (Alberta, Québec, Saskatchewan, Manitoba, Prince Edward Island and Newfoundland and Labrador) that differs significantly from the another group, made up of four provinces whose low income rates were considerably higher in 2014 (New Brunswick, Ontario, British Columbia and Nova Scotia).
- An examination of low income rates in certain census metropolitan areas (CMAs) between 2002 and 2014 shows that Montréal compared favourably to other large cities, outperforming Toronto and Vancouver.
- Québec did not reach its objective of being in 2013 among the industrialized nations with lowest number of poor people (a group of nine countries that include all the Scandinavian countries, Netherlands, France, Ireland, Austria and Switzerland), which differ significantly from the group of countries in which Québec is found (Belgium, Luxembourg, United Kingdom, Germany, Portugal and Italy). According to section 4 of the *Act to combat poverty and social exclusion*, "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."

For the purposes of measuring Québec's performance between 2004 and 2016 (2004 being the year preceding the implementation, in January 2005, of the economic measures of the first action plan to combat poverty) [GOUVERNEMENT DU QUÉBEC, MINISTÈRE DE L'EMPLOI, DE LA SOLIDARITÉ SOCIALE ET DE LA FAMILLE, 2004], some typical cases were observed that make it possible to measure Québec's efforts in comparison to other groups and to itself. Those cases involved 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 differences between the two periods, depending on the absence or presence of children, which no doubt reflect 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 interdecile ratios provide the same overall picture. Québec succeeded in maintaining a lower inequality level than the other Canadian provinces and some European countries, but still lags behind the Scandinavian countries. Although inequality increased within Québec, the picture provided by income decile and family type must be qualified. Among unattached individuals, the poorest decile stagnated compared with richer deciles, which saw their disposable income increase.

Wealth inequality went unchanged between 1999 and 2012, in terms of total net worth, that is, assets less debts. Here it is important to see that, in terms of absolute values, wealth inequality are considerably more prominent than revenue inequality. For example, the richest decile in Québec accounts for more than 68 % of the total net worth.

INTRODUCTION

The 2009 CEPE Advice to the Minister contains definitions of the existing indicators for measuring poverty and inequality. Among the low income measures, only the low income cut-off (LICO), the low income measure (LIM) and the market basket measure (MBM) are analysed in detail (CEPE, 2009). The choice of measures on the basis of various criteria was justified for different situations, notably for interregional, interprovincial and international comparisons.

In this progress report, after reviewing the thresholds for various measures and the observable rates for each of them, the comparisons made possible by the indicators are given. Whether interregional, interprovincial or international, those comparisons can be used to situate each region with respect to other regions, Québec as a whole, Québec with respect to other provinces and to Canada as a whole and finally, Québec (if it is considered as a distinct entity on the international stage) with respect to other comparable countries or nations. The tables presented in the previous edition have been updated, sometimes with minor adaptations or modifications (which are noted each time). A new subsection on working poors was added.

From the standpoint of the experience of poverty, it is, however, by comparing changes in various living situations as revealed by the implicit thresholds that Québec's progress relative to itself can be measured.

Data on the poverty gap and the intensity and severity of poverty also make it possible to characterize the situation of persons living in poverty, thus complementing what is revealed by the various rates. The question of material deprivation is also raised, making it possible to take a look at a reality that is not well covered by low income rates alone.

Among the measures of inequality, Gini coefficients and interdecile ratios are presented. A section on wealth inequality, published for the first time in the 2009 Advice to the Minister (CEPE, 2009), was also updated, using newly available data. The table also gives data from the more recent 2012 Survey of Financial Security, the first since the one published in 2005. Finally, the table now covers Québec rather than Canada as a whole, which was the only variable available in the 2005 survey.

The years marking the beginning and end of the selected chronological series may vary depending on the nature of the indicators and the availability of data. For most of the indicators, the longest available series are presented, so as to properly characterize recent years and ensure a certain continuity from one type of situation to another.

Some of the selected indicators, particularly the low income measures, have their own particularities. Thus, for the MBM, the series now begin only in 2002 (since the previous date can no longer be used) because of calculation changes related to shelter. For The LIM, the series published by the Institut de la statistique du Québec begin in 1997, but only the series since 2002 are used here, so as to harmonize them the MBMs. At the international level, the available data often begin in 2001. For implicit thresholds, the situations in 2004 and 2016 are compared, that is, just before the financial initiatives of the first government action plan to combat poverty and social exclusion (2004-2010), which were implemented in January 2005 (child assistance, work premium and social housing [GOUVERNEMENT DU QUÉBEC, MINISTÈRE DE L'EMPLOI, DE LA SOLIDARITÉ SOCIALE ET DE LA FAMILLE, 2004]. To measure inequality, it is important to use relatively long time series, which is why we start in 1990 (Gini coefficient and interdecile ratios). With the 2014 data, the observation period is 25 years. In the case of international Gini coefficients, the series begin in 1995.

Where possible, low income data, in particular LIM data, and inequality measures 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 (CEPE, 2014, Appendix 2).

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)
- the methodological choices that made it possible to use the definition selected for working poors (Appendix 2)

- a list of the CEPE Steering Committee members and everyone involved in the writing of this progress report or who provided feedback (Appendix 3)

Economic context

This progress report on poverty and social exclusion was prepared in the economic context prevailing since the late 2000s until now. Since the significant slowdown in real GDP growth across the OECD countries (-3,4 %), the years have been marked by modest growth in the advanced countries. After the 2010 GDP jolt (3,0 %), the rhythm of economic growth in the OECD countries has not resumed. In fact, it dropped from 1,9 % in 2011 to 1,2 % in 2013 and then went up to 1,9 % in 2014 and 2,0 % in 2015.

Canada did not escape the tidal wave after its GDP dropped 2,9 % in 2009. The economic sluggishness made the job market plummet, with employment dropping by 1,7 % between 2008 and 2009 and then growing modestly by 1,2 %, on average, in the following years (2010 to 2015).

The situation in Québec followed the global trend, but to a lesser extent: employment fell by 0,7 % between 2008 and 2009 and then rose, but at a modest rate of 1,0 %, on average, between 2010 and 2015. After the falling trend observed since the beginning of the millennium, Québec's low income rate (MBM) began to rise in 2008 and reached 11,8 % in 2012 and then dropped slightly in 2014, reaching 9,4 %.

Although the number of last-resort financial assistance beneficiaries is not, strictly speaking, an indicator of poverty,[2] it informs us on people's financial independence. After constant declines since 1997, the number of households receiving last-resort financial assistance increased in 2009 (+1,5 %) and in 2010 (+0,6 %).[3]

2. The number depends in part on the specific parameters of social assistance plans that are determined by the governments.

3. Annual average number of distinct households.

As of 2011, however, the number of distinct households receiving last-resort financial assistance began to decline again. Between 2011 and 2015, the number of households decreased by 1,3 %, on average.

Although the economic situation has improved since 2010, the upturn has occurred in the presence of persistent uncertainty in all the advanced economies. The United States, which had great difficulty in getting out of the economic slump that has persisted since the beginning of the recession, now seems on the right path, with stronger growth and falling unemployment. Despite everything, the OECD (2015) expects modest gains in the overall worldwide economy. That organization expects, however, that the Canadian economy will bounce back in 2016. The downward pressure caused by falling oil prices is expected to dissipate because of an uptick in non-energy exportations that will benefit the Québec economy.

KEY POVERTY AND INEQUALITY DATA

1. LOW INCOME

The best-known measures of low income are the market basket measure (MBM)[4], the low income measure (LIM)[5] before and after taxes, and low income cut-off (LICO)[6] before and after taxes. 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 of various measurement biases and given that they do not account for differences in costs of living differentiated by province. 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

4. A low income household is considered to be one whose income is below the cost of a market basket determined on the basis of the household's community or a community of the same size. The basket includes selected goods and services: food, clothing, footwear, shelter, transportation and others (personal care, household needs, furnishings, telephone service, reading, leisure and entertainment). The measure is based on disposable income, that is, after-tax income less some non-discretionary expenses (social contributions, childcare, support payments) [Hatfield et al., 2010].

5. A family unit is considered to be a low income unit where income, adjusted to the size and composition of the family is less than 50% of the median adjusted income (STATISTICS CANADA, 2015b).

6. A family unit is considered to be a low income unit where at least 64,6% of its income is devoted to clothing, food and shelter, which is 20 percentage points more than the average Canadian family. These thresholds were calculated based on the Survey of Family Expenditures (SFE) of 1992, then indexed annually to the consumer price index (CPI) of Canada. The thresholds vary depending on the size of unit and the size of the community type (STATISTICS CANADA, 2015b).

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 Main thresholds

The MBM thresholds are shown according to the size of the family unit and the size of the community type (Table 1).

Table 1 Low income thresholds, based on the market basket measure (MBM), for selected family and community types, 2014, Québec

	Rural regions	Less than 30 000	From 30 000 to 99 999	From 100 000 to 499 999	Québec CMA	Montréal CMA
1 person	17 031	17 075	16 037	16 508	16 807	17 263
2 persons	24 085	24 148	22 679	23 345	23 768	24 413
3 persons	29 499	29 575	27 776	28 592	29 110	29 900
4 persons	34 062	34 150	32 073	33 015	33 613	34 525
5 persons	38 082	38 181	35 859	36 912	37 580	38 600
6 persons	41 717	41 825	39 281	40 435	41 167	42 284
7 persons or more	45 060	45 176	42 429	43 675	44 466	45 672

CMA: census metropolitan area.
Source: Statistics Canada, CANSIM 206-0093; CEPE compilation, September 2016.

Each low income measure is determined according a different method. One must not confuse the thresholds of the LIM, based on income and those of the MBM, based on the cost of a basket that can be purchased with the disposable income. The income corresponding to the reference thresholds for 2013 (LIM) or 2014 (MBM), converted to estimated 2016 dollars, is shown in Table 2. In the case of the MBM, the after-tax income needed to purchase a basket of goods varies considerably depending on the family unit's non-discretionary expenses. On average, we estimate that income must be increased by 7 % with respect to the basket cost so that a family unit has the means to purchase that basket (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 2016 dollars (estimated), Québec**

	Current $	2016 Estimated $	Corresponding average after-tax income (estimated) (2016 $)
Maket basket measure (MBM) (Montréal CMA, 2014)			
Unattached persons	17 263	17 716	18 956
Lone-parent families (1 child)	24 413	25 054	26 807
Childless couples	24 413	25 054	26 807
Two-parent families (2 children)	34 525	35 431	37 911
Low income measure (LIM), after tax (2013)			
Unattached individuals	18 805	19 568	19 568
Lone-parent families (1 child)	26 594	27 673	27 673
Childless couples	26 594	27 673	27 673
Two-parent families (2 children)	37 609	39 135	39 135

CMA: census metropolitan area.
The value of the consumer price index (CPI) in 2016 was estimated based on the average CPI of the previous 10 years.
Source: STATISTICS CANADA, CANSIM 206-0093; CEPE compilation, September 2016.

Thus, the Montréal MBM threshold for unattached individuals, indexed in 2016 to $17 246 and grossed up to a corresponding estimated median after-tax income of $18 956, can be compared with the LIM-50, indexed in 2016 to $19 568. It may happen that the MBM and LIM thresholds are virtually the same some years and farther apart in others; however, these measures are constructed very differently and this relative position could change significantly.

1.2 Low income rate

In keeping with the CEPE's main recommendation 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, they are the only two measures discussed in this report.

Statistics Canada has revised the 2006 to 2011 MBM data so as to be able to compare them with the 2012 to 2014 data. Thus, the data can be considered to have been harmonized with that published from 2006 to 2014. Here, they are, nevertheless presented since 2002 (when the MBM

series began), that is for all the years from 2002 to 2014 and which, consequently, has a rupture between 2005 and 2006. Because of the harmonization, they also differ from those shown in our previous progress reports.

Further, although the revision of the data for 2006 to 2011 was intended to make the estimations in the *Survey of Labour and Income Dynamics* (SLID) as comparable as possible to the data shown in the *Canadian Income Survey* (CIS), the observed trends may still contain a rupture for certain characteristics, because of the methodological change.[7]

In the case of the LIM, the Québec series have not been harmonized and, since their publication by the Institut de la statistique (ISQ), are based on a certain number of compilations, the data for 2012 and 2013 must be considered as being affected by a series rupture, which is apparent between 2011 and 2012.

These series ruptures are noted in the footnotes to tables for each occurrence and the data limitation is also noted each time a change between the beginning and ending of period is discussed.

7. “An important difference between the two surveys is in their design; SLID was a longitudinal survey in which the same respondents were interviewed each year for a six year period, while CIS is a cross-sectional survey where respondents are only interviewed once. SLID estimates can differ from those of CIS as a result of coverage and response differences. Coverage issues include an undercoverage of recent immigrants in SLID, as new immigrants to Canada were only added to SLID when a fresh panel was introduced. Response differences include the effects of sample attrition over the length of the SLID panel. Sample attrition refers to the fact that, in a longitudinal survey, fewer and fewer members of the original sample are interviewed each year due to refusal to continue participating, or inability to find respondents following a move. As a cross-sectional survey, neither of these issues are present in CIS.” (STATISTICS CANADA, 2015c, p. 5).

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.[8]

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 (FRÉCHET et al., 2010b). 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. The series has thus been rebased since 2002, that is, the year in which mortgage-related data were available, and the MBM "2011 base" is now used as the reference. The publication rules based on the coefficient of variation have been taken into account.[9]

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8. 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:

- childcare
- 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
- support payments and child assistance payments
- union dues and contributions pension plans

9. The coefficient of variation (COV) is the estimated standard error, expressed as a percentage of the estimate. In accordance with Statistics Canada's publication guidelines, estimates with a COV less than or equal to 16,6% are published without restriction; estimates with a COV 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 COV greater than 33,3% are not published. Essentially, the sample size may be low in some subcategories of persons, which implies a higher coefficient of variation. In all comments where it is noted

Among the main facts, we see (Tables 3 and 4) that, if the 2006 series rupture is taken into account:

- The overall low income rate dropped from 10,8 % to 9,4 % between 2002 and 2014, but after a downward cycle until 2007, followed by an upward cycle from 2008 to 2012, a new decline began as of 2012.
- The low income rate for children (persons under age 18) in low income households fell from 11,6 % to 8,7 % between 2002 and 2014.
- The low income rate for persons between ages 18 and 64 in low income households declined slightly in the same period, dropping from 12,0 % to 11,0 %.
- The low income rate for persons aged 65 and over in low income households increased slightly, rising from 3,5 % to 4,0 % from 2002 to 2014, and that trend is seen both for men (from 3,4 % in 2002 to 4,2 % in 2014) and women (from 3,7 % in 2000 to 3,8 % in 2014); however, the data for elderly persons must be used with caution.

Table 3 Number of persons in low income families based on the market basket measure (MBM 2011 base), Québec, 2002-2014

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
All persons	791 000	747 000	673 000	775 000	757 000	651 000	747 000	779 000	761 000	833 000	939 000	860 000	760 000
Persons under age 18	179 000	150 000	127 000	141 000	149 000	105 000	138 000	145 000	122 000	156 000	176 000	172 000	131 000
Persons ages 18 to 64	580 000	579 000	532 000	606 000	582 000	520 000	577 000	571 000	568 000	608 000	695 000	650 000	575 000
Persons age 65 and over	32 000*	17 000*	14 000*	28 000*	26 000*	27 000*	31 000*	63 000*	71 000	69 000	68 000	39 000*	54 000*
Males	361 000	362 000	343 000	374 000	371 000	310 000	358 000	389 000	392 000	412 000	464 000	440 000	355 000
Males under age 18	99 000	82 000	74 000	71 000	73 000*	55 000*	73 000*	81 000*	68 000*	88 000*	79 000	94 000	64 000
Males ages 18 to 64	249 000	276 000	263 000	295 000	286 000	245 000	272 000	289 000	298 000	299 000	357 000	332 000	265 000
Males age 65 and over	F	F	F	F	F	F	F	F	26 000*	25 000*	28 000*	F	26 000*
Females	430 000	385 000	330 000	402 000	387 000	341 000	389 000	390 000	368 000	421 000	475 000	420 000	405 000
Females under age 18	80 000	68 000	52 000	70 000*	76 000*	50 000*	65 000*	64 000*	54 000*	69 000*	97 000	78 000*	67 000*
Females ages 18 to 64	331 000	304 000	269 000	311 000	296 000	275 000	305 000	282 000	270 000	309 000	338 000	317 000	309 000
Females age 65 and over	19 000*	F	F	21 000*	F	F	19 000*	44 000*	45 000*	44 000*	41 000	24 000*	28 000*
Unattached individuals	273 000	276 000	288 000	332 000	314 000	303 000	310 000	373 000	348 000	358 000	371 000	348 000	343 000
Unattached individuals, men	122 000	144 000	161 000	176 000	172 000	155 000	148 000	195 000	185 000	185 000	203 000	192 000	176 000
Unattached individuals, women	151 000	132 000	127 000	157 000	142 000	148 000	162 000	179 000	163 000	173 000	168 000	156 000	168 000
Unattached individuals, seniors	17 000*	F	F	17 000*	F	F	23 000*	52 000*	48 000*	47 000*	49 000	28 000*	33 000*
Unattached individuals, male seniors	F	F	F	F	F	F	F	F	F	F	F	F	F
Unattached individuals, female seniors	F	F	F	15 000*	F	F	F	37 000*	33 000*	39 000*	32 000*	19 000*	F
Unattached individuals, under age 65	256 000	268 000	280 000	315 000	294 000	287 000	287 000	321 000	300 000	311 000	321 000	320 000	311 000
Unattached individuals, males under age 65	117 000	142 000	158 000	174 000	163 000	151 000	139 000	180 000	170 000	177 000	186 000	183 000	161 000
Unattached individuals, males under age 65	139 000	125 000	123 000	142 000	131 000	136 000	148 000	142 000	129 000	134 000	136 000	137 000	149 000
Persons in economic families, two persons or more	518 000	471 000	385 000	443 000	443 000	349 000	437 000	406 000	413 000	475 000	568 000	512 000	417 000
Persons in two-parent families with children	163 000*	142 000*	118 000*	140 000*	173 000*	95 000*	167 000*	136 000*	139 000*	152 000*	237 000	263 000	134 000*
Persons in lone-parent families	166 000	147 000	115 000	117 000*	109 000*	90 000*	97 000*	118 000*	95 000*	122 000	107 000*	72 000*	98 000*
Persons in male lone-parent families	17 000*	12 000*	13 000*	11 000*	F	F	F	F	F	F	F	F	F
Persons in female lone-parent families	149 000	135 000*	102 000	105 000*	101 000*	75 000*	84 000*	107 000*	84 000*	110 000*	99 000*	60 000*	88 000*

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.
F: Data not published.
Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041 and 206-0042 tables; CEPE compilation, September 2016.

that the data must be interpreted with caution, the data are given for information purposes, but it is suggested that they should not be used as a basis for decision making.

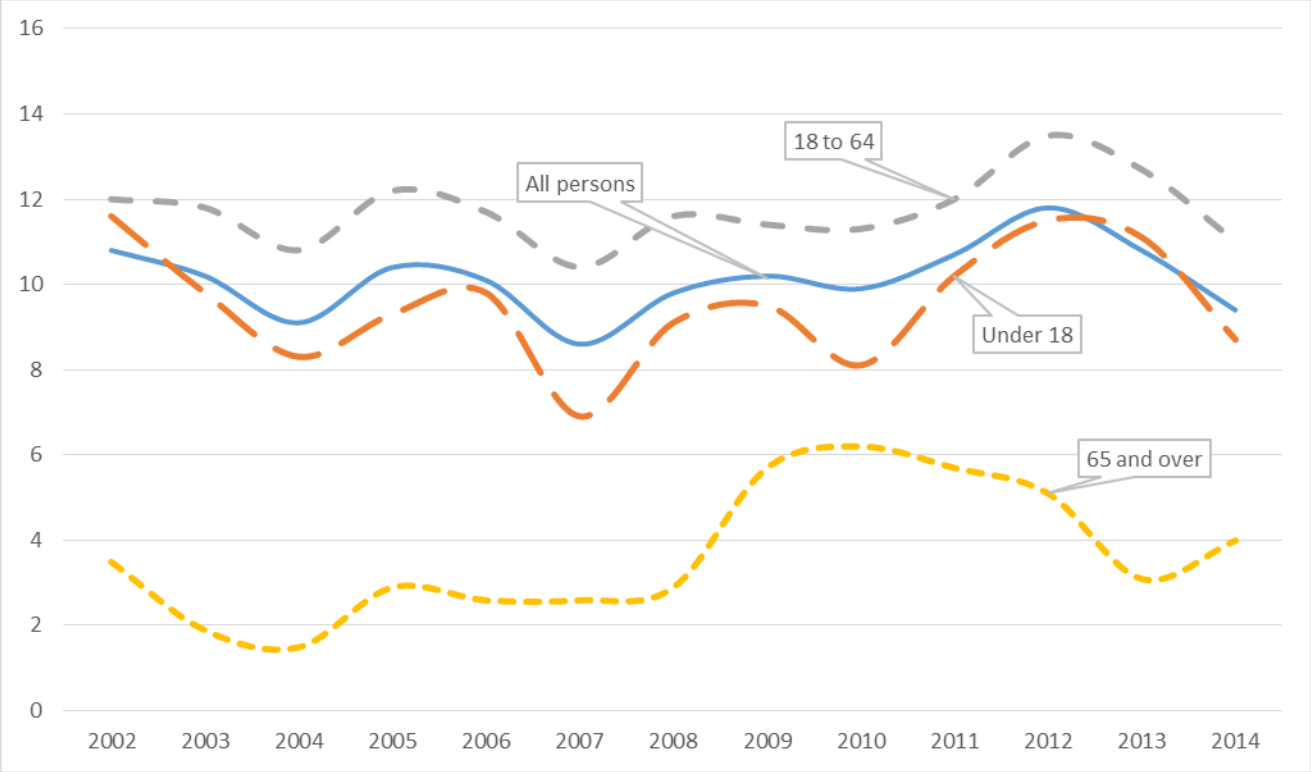
TABLE 4 **Low income rates based on the MBM (2011 base), all persons and persons in family units, Québec, 2002-2014**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
All persons	10,8	10,2	9,1	10,4	10,1	8,6	9,8	10,2	9,9	10,7	11,8	10,8	9,4
Persons under age 18	11,6	9,8	8,3	9,3	9,8	6,9	9,1	9,5	8,1	10,2	11,5	11,1	8,7
Persons ages 18 to 64	12,0	11,8	10,8	12,2	11,7	10,4	11,6	11,4	11,3	12,0	13,5	12,7	11,0
Persons age 65 and over	3,5*	1,9*	1,5*	2,9*	2,6*	2,6*	2,9*	5,7*	6,2	5,7	5,1	3,1*	4,0*
Males	10,0	10,0	9,3	10,1	10,0	8,4	9,6	10,3	10,4	10,6	11,9	11,1	8,8
Males under age 18	12,6	10,5	9,4	9,1	9,4*	7,1*	9,5*	10,4*	8,9*	10,9*	10,1	11,4	8,3
Males ages 18 to 64	10,2	11,2	10,6	11,9	11,5	9,8	10,9	11,5	11,9	11,8	14,0	13,0	10,1
Males age 65 and over	3,4*	F	F	1,7*	F	F	F	3,9*	5,0*	4,5*	4,8*	2,5*	4,2*
Females	11,7	10,4	8,9	10,7	10,2	8,9	10,1	10,1	9,5	10,8	11,7	10,5	10,0
Females under age 18	10,7	9,1	7,2	9,6*	10,1*	6,6*	8,6*	8,6*	7,3*	9,5*	13,1	10,7*	9,2*
Females ages 18 to 64	13,7	12,5	11,0	12,6	12,0	11,1	12,2	11,3	10,7	12,3	13,1	12,5	12,0
Females age 65 and over	3,7*	2,5*	1,6*	3,8*	2,6*	2,8*	3,2*	7,2*	7,1*	6,6*	5,4*	3,5*	3,8
Unattached individuals	23,2	22,8	23,2	26,1	25,1	23,9	24,2	28,6	26,3	26,6	27,1	25,3	23,4
Unattached individuals, male	21,8	24,3	25,9	28,0	28,4	25,4	23	28,7	28,1	26,5	29,9	28,5	23,7
Unattached individuals, female	24,4	21,4	20,5	24,2	22,1	22,5	25,4	28,5	24,5	26,7	24,2	22,2	23,1
Unattached individuals, seniors	5,5*	2,7*	2,5*	5,3*	6,1*	4,6*	6,6*	14,8*	12,9*	12,5*	11,7	6,6*	7,7*
Unattached individuals, male seniors	F	F	F	F	F	F	F	15,3*	12,9*	6,8*	13,5*	F	F
Unattached individuals, female seniors	5,4*	F	2,1*	6,3*	F	F	5,7*	14,6*	12,9*	15,1*	10,8*	6,5*	6,4*
Unattached individuals, under age 65	29,3	29,6	30,2	33,0	31,8	31,1	30,9	33,6	31,5	32,0	32,9	33,6	29,7
Unattached individuals, males under age 65	24,5	27,9	29,6	32,0	31,7	29,5	25,7	30,9	31,1	30,4	33,3	33,7	26,7
Unattached individuals, males under age 65	35,0	31,8	31,0	34,4	31,8	33,0	38,3	37,8	32,0	34,3	32,3	33,5	33,8
Persons in economic families, two persons or more	8,5	7,7	6,3	7,2	7,1	5,5	6,9	6,3	6,4	7,3	8,5	7,6	6,3
Persons in two-parent families with children	6,1*	5,3*	4,4*	5,3*	6,3*	3,5*	6,0*	4,9	4,9*	5,4*	8,6	10,0	4,8*
Persons in lone-parent families	32,4	29,5	23,6	22,8	23,8*	19,7*	20,0*	25,9	25,2*	30,4	29,7	14,4*	29,5
Persons in male lone-parent families	14,8*	F	F	F	F	F	F	F	F	F	F	F	F
Persons in female lone-parent families	37,3	34,2	27,5	26,9	28,6*	21,5*	22,7*	28,6	26,6*	35,0	35,6	16,8*	35,0

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.
F: Data not published.
Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041 and 206-0042 tables; CEPE compilation, September 2016.

- 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 values varying between 10,8 % and 15,1 % between 2009 and 2012, then declined to 6,4 % in 2014. However, the data for persons aged 65 and over must be used with caution.
- The low income rate for unattached individuals in 2014 is nearly four times higher (23,4 % in 2014) than that for members of economic families with two persons or more (6,3 % in 2014).
- If we do not take into the account the series rupture in 2006, the low income rate for persons in lone parent families has two trends – a decline until 2007, followed by an increase. Their low income rate dropped from 32,4 % in 2002 to 19,7 % in 2007 and then increased to 29,5 % in 2014. Note however that these data must be used with caution.

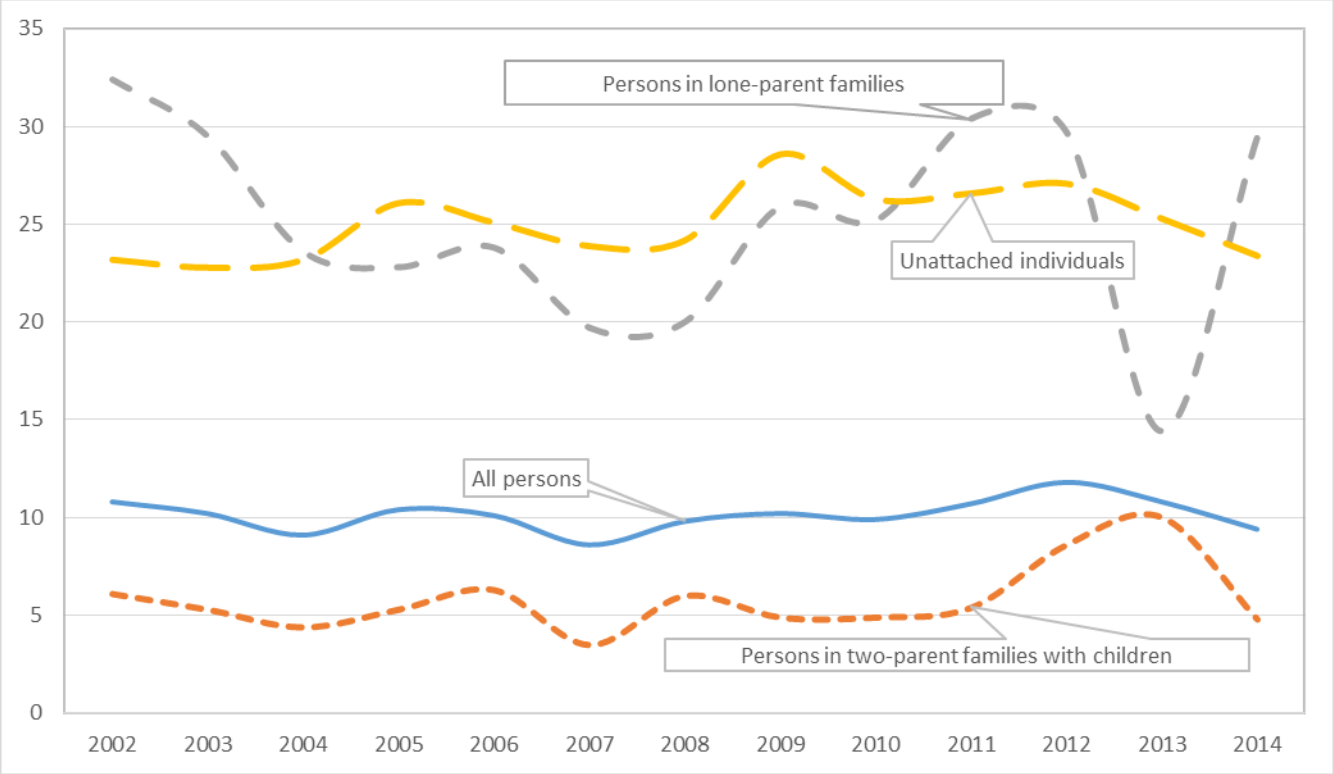
Figure 1 − Low income rates based on the market basket measure (MBM, 2011 base), all persons, by age, Québec, 2002-2014



Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

The analysis of the observed trend (Figure 1) allowed us to find a sudden increase in 2007 to 2008, which was sharper among children (persons under age 18). Among persons 65 and over, the increase arrived somewhat later. The low income rate for that age group increased significantly between 2008 and 2010.

Figure 2 – Low income rates based on the market basket measure (MBM, 2011 base) by family type, Québec, 2002-2014



Caution: There is a series rupture between 2005 and 2006. (*See* STATISTICS CANADA *[2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0042; CEPE compilation, September 2016.

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 2). 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 followed by a decline. Their low income rate dropped from 32,4 % in 2002 to 19,8 % in 2007, before increasing to 30,5 % in 2011 and varying considerably thereafter. However, the data must be used with caution, as shown, for example, by the 2013 datum (14,4 %), a value that is surprising compared with the preceding datum (29,7 % in 2012) and the immediately following datum (29,5 % in 2014).

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 identical by sex, but sometimes somewhat distinct depending on whether we observe the data for males (26,7 % in 2014) or females (33,8 % in 2014).

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 median[10] 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.

Based on 50 % of the median, the low income rates for individuals aged 16 and over, by the age and sex of the main economic support, for the period from 2002 to 2013, have changed only slightly over time (Table 5).

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

Table 5 Low income threshold rate for individuals aged 16 and over, according to the low income measure (LIM), Québec, 2002-2013

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
All persons, ages 16 and over	11,0	10,6	10,3	11,0	10,5	10,2	10,4	10,2	11,1	10,9	10,8	10,6
Males	9,2	9,5	9,7	9,6	9,6	8,9	9,1	9,6	10,8	10,3	10,4	9,9
Females	12,6	11,7	11,0	12,4	11,3	11,5	11,7	10,8	11,4	11,6	11,2	11,3
Age												
Under 65	11,6	11,4	11,0	11,5	11,2	10,7	11,1	10,5	11,2	10,8	11,6	11,4
Males	9,8	10,5	10,6	10,6	10,3	9,5	9,8	10,3	11,3	10,6	11,3	11,1
Females	13,5	12,4	11,4	12,5	12,1	12,0	12,4	10,7	11,2	11,1	11,8	11,8
Under 25	14,3	14,0	12,0	13,9	13,3	10,9	10,8	10,6	10,0	9,5	11,6	12,9
Males	12,5	13,6	11,6	12,6	13,1	9,7	9,8	13,1	10,5	8,9	10,6	11,2
Females	16,1	14,4	12,6	15,3	13,6	12,2	11,7	8,0	9,5	10,3	12,7	14,8
25 to 44	9,2	9,5	9,5	8,6	8,2	8,6	9,7	9,5	9,9	9,7	12,0	11,4
Males	7,8	8,6	9,7	7,8	7,8	8,0	7,9	8,8	10,0	9,3	11,5	11,4
Females	10,6	10,5	9,4	9,5	8,5	9,3	11,6	10,3	9,7	10,1	12,5	11,3
45 to 64	13,2	12,4	12,1	13,6	13,3	12,7	12,5	11,3	13,0	12,4	11,2	10,9
Males	10,7	11,2	11,2	12,6	11,7	10,9	11,5	10,6	12,8	12,5	11,4	10,7
Females	15,6	13,5	12,9	14,5	14,9	14,4	13,4	12,0	13,1	12,3	11,0	11,1
65 and over	7,2	6,3	6,8	8,3	6,7	7,7	7,2	8,9	10,5	11,4	7,4	7,2
Males	5,8	3,2	3,9	3,7	5,5	5,7	5,3	5,9	8,2	8,7	6,0	4,4
Females	8,3	8,7	9,1	11,8	7,8	9,3	8,7	11,4	12,3	13,6	8,5	9,5

Caution: There is a series rupture between 2011 and 2012. (*See STATISTICS CANADA [2015a].*)
Sources: STATISTICS CANADA, *Canadian Income Survey (CIS)*; Institut de la statistique du Québec, website consulted in August 2016.

1.3 Interregional comparisons

To date, the provincial LIM 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. These comparisons make it possible to observe that between 2002 and 2013, if we do not take into account the 2012 series rupture, some regions of Québec show a decline in the LIM low income rate (e.g., Abitibi-Témiscamingue and Gaspésie–Îles-de-la-Madeleine). For others, the rate has been relatively stable (e.g., Laval and Nord-du-Québec). The Chaudière-Appalaches and Capitale-Nationale regions had the most favourable rates in 2013, under 5 %, while the Nord-du-Québec and Montréal regions had the worst rates, at around 15 % (Table 6 and Figure 3).

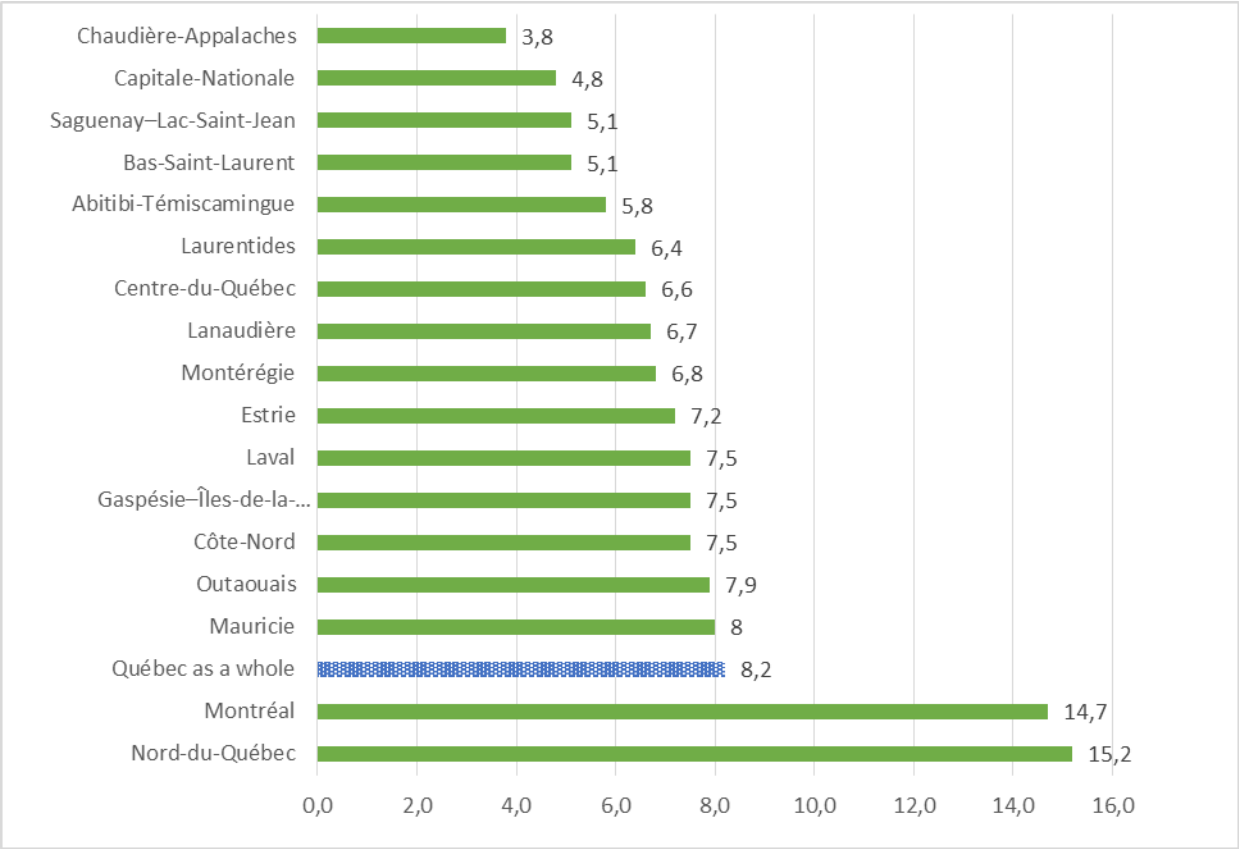
Table 6 Low income threshold rate for families, according to the low income measure (LIM), by administrative region and change 2002-2013, Québec, 2002-2013

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Variation in percentage points 2002-2013
Bas-Saint-Laurent	8,4	8,4	8,1	7,4	7,3	7,7	7,3	6,9	6,1	5,6	5,3	5,1	-3,3
Saguenay–Lac-Saint-Jean	8,5	8,4	8,1	7,6	7,2	7,4	7,0	6,7	6,0	5,5	5,0	5,1	-3,4
Capitale-Nationale	6,9	6,7	6,7	6,2	6,0	6,3	5,9	5,9	5,5	5,1	4,9	4,8	-2,1
Mauricie	10,4	10,4	10,4	9,9	9,4	10,0	9,7	9,6	8,9	8,3	7,8	8	-2,4
Estrie	8,6	8,8	8,7	8,2	8,4	9,1	9,0	9,1	8,7	8,0	7,5	7,2	-1,4
Montréal	16,5	17,0	17,1	16,7	16,1	16,8	16,7	17,0	16,6	15,8	15,1	14,7	-1,8
Outaouais	9,9	9,8	9,8	9,1	9,1	9,4	9,0	8,9	8,4	8,1	7,9	7,9	-2,0
Abitibi-Témiscamingue	9,9	10,1	9,7	8,6	8,3	8,6	8,1	8,0	7,1	6,4	5,8	5,8	-4,1
Côte-Nord	10,5	9,9	10,2	9,7	9,7	10,1	10,0	9,7	8,5	8,1	7,5	7,5	-3,0
Nord-du-Québec	14,4	14,2	15,0	14,8	16,5	17,5	14,9	16,0	15,4	15,2	14,5	15,2	0,8
Gaspésie–Îles-de-la-Madeleine	11,5	11,0	10,8	10,4	9,9	10,4	10,0	9,7	8,8	8,2	7,5	7,5	-4,0
Chaudière-Appalaches	5,9	5,8	5,7	5,3	5,3	5,7	5,5	5,4	4,8	4,4	3,9	3,8	-2,1
Laval	7,5	7,6	7,7	7,3	7,4	8,0	8,1	8,4	8,1	7,8	7,5	7,5	0,0
Lanaudière	8,5	8,2	7,9	7,3	7,3	8,1	8,0	8,1	7,5	7,0	6,7	6,7	-1,8
Laurentides	8,5	8,2	8,0	7,4	7,3	8,1	7,9	7,9	7,3	7,0	6,5	6,4	-2,1
Montérégie	7,8	7,8	7,6	7,2	7,1	8,0	7,8	8,0	7,5	7,2	6,8	6,8	-1,0
Centre-du-Québec	8,3	8,5	8,4	7,8	7,9	8,5	8,4	8,6	7,8	7,2	6,7	6,6	-1,7
Québec as a whole	10,2	10,1	10,0	9,6	9,3	9,9	9,7	9,8	9,3	8,8	8,3	8,2	-2,0

Caution: There is a series rupture between 2011 and 2012. (*See STATISTICS CANADA [2015a].*)

Sources: STATISTICS CANADA, T1 Family File (T1FF); Institut de la statistique du Québec website consulted in August 2016; CEPE compilation, September 2016.

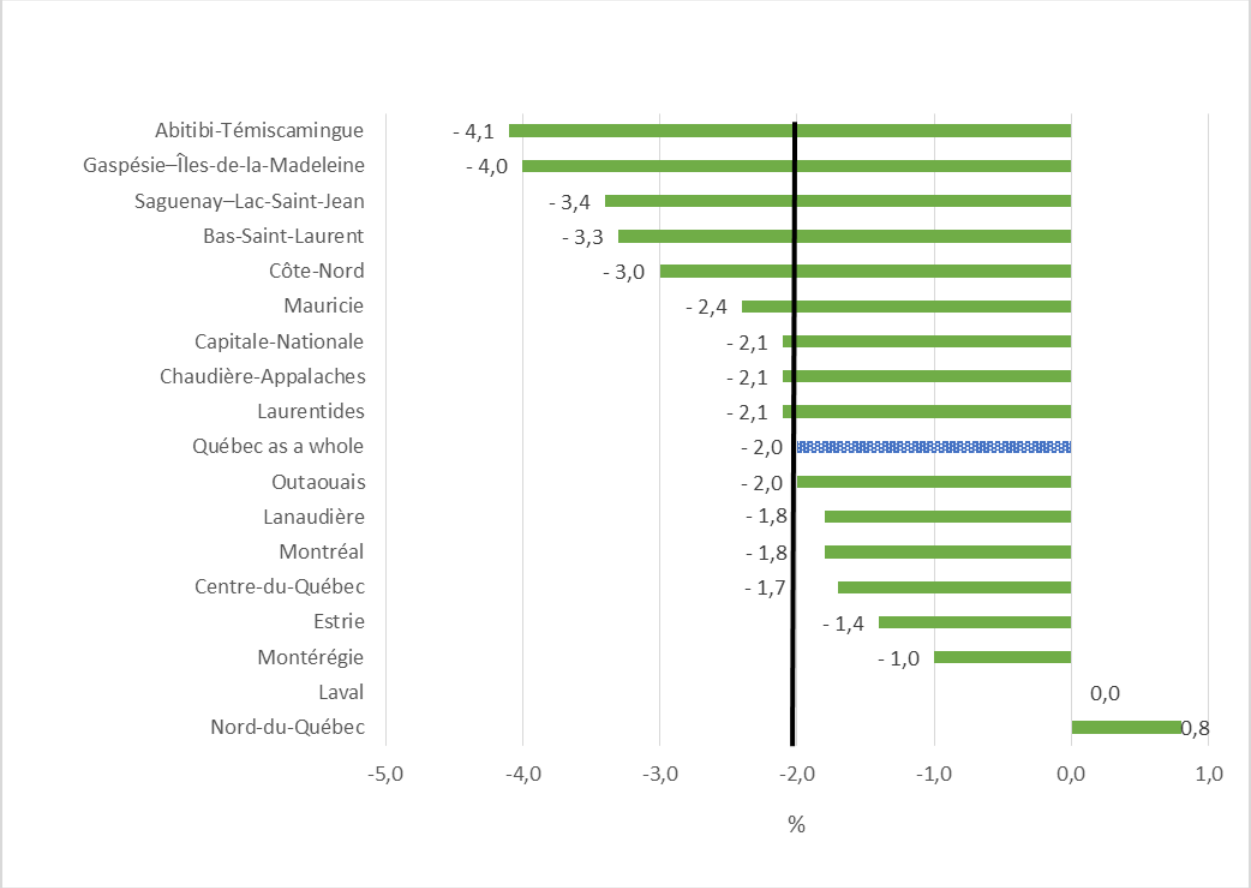
Figure 3 − Low income rate for families, according to the low income measure (LIM), by administrative region, Québec, 2013



Notes: The data are arranged by rate for each region. No precision measures are available.
Sources: STATISTICS CANADA, Family File (T1FF); Institut de la statistique du Québec website consulted in August 2016; CEPE compilation, September 2016.

If the 2012 series rupture is not taken into account, 15 of the Québec administrative regions showed improvement between 2002 and 2013, that is, all regions except Laval, where there was no change, and Nord-du-Québec, where there was a slight increase (Figure 4).

Figure 4 − Change in low income rates for families, according to the low income measure (LIM), by administrative region, Québec, 2010



Notes: The data are arranged by rate for each region. No precision measures are available.
Sources: STATISTICS CANADA, T1 Family File (T1FF); Institut de la statistique du Québec, website consulted in August 2016; CEPE compilation September 2016.

1.4 Interprovincial comparisons

A comparison using the MBM shows where Quebeckers stand in relation to residents of the other provinces (Tables 7 to 10 and Figure 5). Québec belongs to a group of six provinces (Alberta, Québec, Saskatchewan, Manitoba, Prince Edward Island and Newfoundland and Labrador) which differs from another group of four provinces whose low income rates were significantly higher in 2014 (New Brunswick, Ontario, British Columbia and Nova Scotia).

TABLE 7 **Low income rates, based on the market basket measure (MBM, base 2011), all persons, by province, and change between 2002 and 2014, Canada, 2002-2014**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Variation in percentage points 2002-2014
Newfoundland and Labrador	19,7	16,6	18,4	16,0	14,2	12,1	12,5	13,5	13,6	11,9	11,1	12,0	11,6	-8,1
Prince Edward Island	15,1	13,3	12,9	11,6	12,8	10,6	12,2	11,6	13,1	11,8	12,9	15,7	10,7	-4,4
Nova Scotia	16,1	16,4	14,5	14,3	13,9	12,9	13,9	15,5	14,7	14,1	15,7	13,4	14,8	-1,3
New Brunswick	16,4	16,3	14,9	16,1	14,1	12,4	13,1	13,5	13,7	12,6	14,2	12,9	12,3	-4,1
Québec	10,8	10,2	9,1	10,4	10,1	8,6	9,8	10,2	9,9	10,7	11,8	10,8	9,4	-1,4
Ontario	12,1	11,8	12,9	12,3	13,9	12,5	11,8	13,4	12,9	13,1	14,0	13,9	12,4	0,3
Manitoba	12,8	11,5	10,9	11,6	11,9	10,0	9,9	12,3	11,4	11,8	11,6	11,2	11,0	-1,8
Saskatchewan	13,7	12,7	13,7	13,5	13,1	12,1	10,8	11,4	11,1	10,7	10,3	10,2	10,3	-3,4
Alberta	10,5	12,6	12,2	9,9	8,4	7,7	8,1	11,2	9,9	10,7	7,8	7,9	8,3	-2,2
British Columbia	19,5	18,8	17,6	15,8	17,1	13,9	13,5	16,2	16,2	17,2	14,3	13,0	13,2	-6,3
Canada	13,0	12,7	12,7	12,3	12,7	11,1	11,2	12,7	12,3	12,7	12,7	12,1	11,3	-1,7

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.

Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)

Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

TABLE 8 **Low income rates, based on the market basket measure (MBM, base 2011), persons under age 18, by province, and change between 2002 and 2014, Canada, 2002-2014**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Variation in percentage points 2002-2014
Newfoundland and Labrador	28,2	22,6	26,0	23,2	18,6	14,9	16,8	19,7	16,9	14,3	13,4	16,2	12,1	-16,1
Prince Edward Island	18,3	18,0*	16,9*	13,4*	14,1*	12,3*	15,9*	14,4*	21,5*	15,3*	13,8*	20,4*	8,3*	-10,0
Nova Scotia	23,9	23,9	21,2	19,7	18,1	16,3	16,0	18,5	16,9	19,7	23,8	17,5	19,8*	-4,1
New Brunswick	20,6	22,0	19,1	20,9	17,8	16,2	17,2	18,4	15,6	14,1	17,5	17,8	17,8	-2,8
Québec	11,6	9,8	8,3	9,3	9,8	6,9	9,1	9,5	8,1	10,2	11,5	11,1	8,7	-2,9
Ontario	15,1	14,5	16,5	16,0	17,5	15,2	13,4	14,8	14,5	14,4	18,4	17,7	13,6	-1,5
Manitoba	18,9	16,6	13,3	14,6	13,2	11,5	12,5	16,5	16,9*	18,1	16,0	14,5	16,2	-2,7
Saskatchewan	20,0	17,9	18,4*	19,2	19,0	18,3	15,0	15,9	13,1	13,6	12,8	13,0	13,5*	-6,5
Alberta	11,3	15,5	15,2	11,6	9,4	9,1	10,8	14,4	10,5*	11,8	7,4*	9,0*	9,4*	-1,9
British Columbia	25,3	26,2	24,4	20,7	23,2	19,2	15,4	19,3	18,5	21,6	16,1	14,8	15,1	-10,2
Canada	16,1	15,8	15,8	15,0	15,5	13,1	12,6	14,5	13,3	14,3	15,0	14,5	12,4	-3,7

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.

Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)

Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

TABLE 9 **Low income rates, based on the market basket measure (MBM, base 2011), persons aged 18 to 64, by province, and change between 2002 and 2014, Canada, 2002-2014**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Variation in percentage points 2002-2014
Newfoundland and Labrador	19,5	16,8	18,6	15,9	14,5	12,4	12,8	13,4	13,7	11,8	11,3	12,1	11,6	-7,9
Prince Edward Island	14,8	12,9	12,0	10,9	12,0	10,2	11,0	10,8	11,4	10,3	12,9	14,4	11,5	-3,3
Nova Scotia	15,5	16,1	14,3	14,3	14,3	13,3	14,8	15,8	15,0	13,8	15,7	13,7	15,5	0,0
New Brunswick	16,9	16,3	15,2	16,6	14,8	13,2	14,0	14,1	14,7	13,3	14,5	13,1	12,5	-4,4
Québec	12,0	11,8	10,8	12,2	11,7	10,4	11,6	11,4	11,3	12,0	13,5	12,7	11,0	-1,0
Ontario	12,6	12,4	13,6	12,8	14,5	13,4	12,6	14,5	14,0	13,9	14,7	14,9	14,2	1,6
Manitoba	12,5	11,4	11,6	12,1	13,3	10,9	10,7	12,4	11,2	11,7	11,8	11,9	10,9	-1,6
Saskatchewan	13,6	13,4	14,3	13,8	13,3	12,2	10,8	11,5	12,0	10,9	10,9	10,8	10,8	-2,8
Alberta	11,5	13,0	12,6	10,6	9,0	8,0	8,1	11,4	10,7	11,6	8,7	8,7	8,7	-2,8
British Columbia	19,6	18,6	17,8	16,3	17,5	14,0	14,1	17,2	17,6	17,7	15,7	14,4	14,4	-5,2
Canada	13,6	13,4	13,5	13,1	13,6	12,0	12,0	13,6	13,3	13,5	13,6	13,3	12,6	-1,0

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.
Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

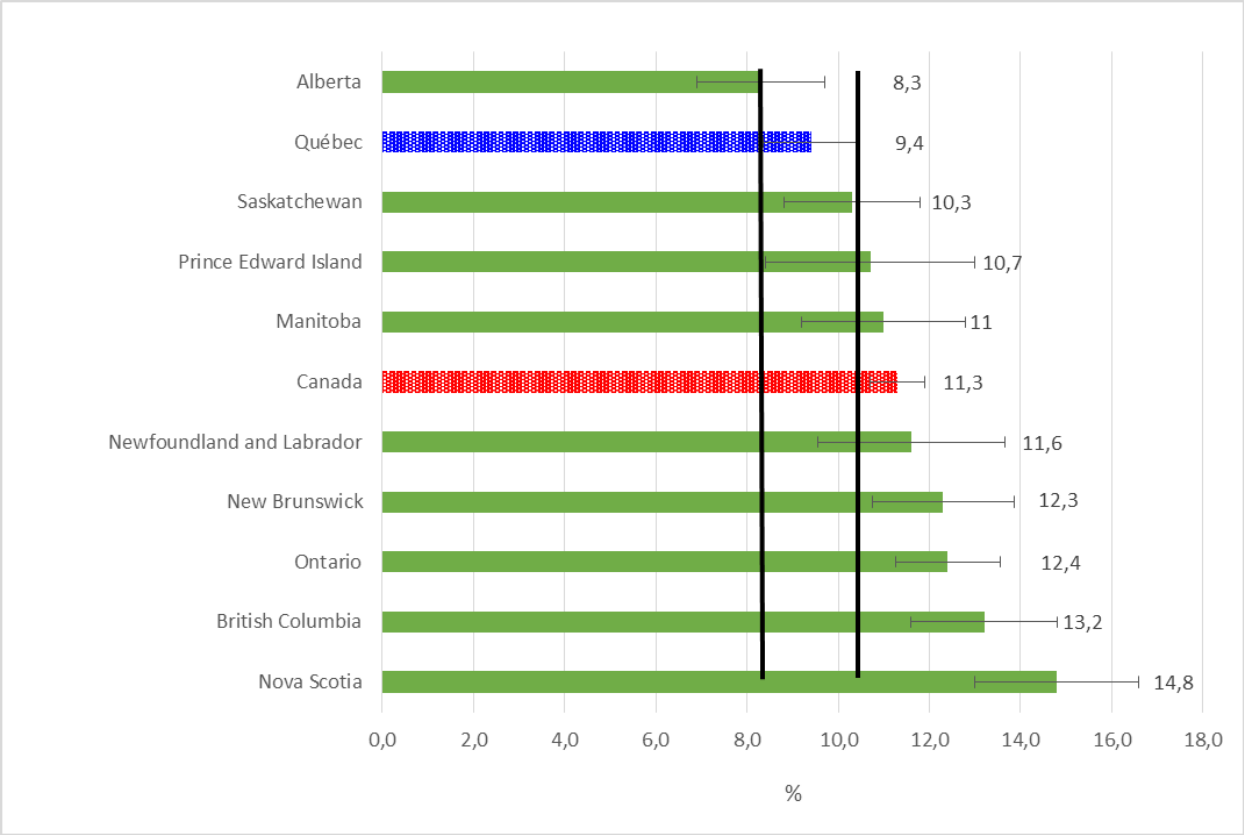
Table 10 **Low income rates, based on the market basket measure (MBM, base 2011), persons aged 65 and over, by province, and change between 2002 and 2014, Canada, 2002-2014**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Variation in percentage points 2002-2014
Newfoundland and Labrador	5,8*	5,4*	5,4*	5,7*	6,5*	6,9*	5,6*	6,4*	8,8*	9,6*	7,9*	7,2*	10,7*	4,9
Prince Edward Island	10,7*	7,3*	10,3*	11,9*	14,3*	9,4*	11,9*	11,4*	9,1*	13,7*	11,7*	15,1*	10,9*	0,2
Nova Scotia	6,4*	6,7*	5,9*	6,6*	6,5*	6,3*	7,2*	10,8	11,3	9,1	7,3*	8,4	7,5	1,1
New Brunswick	6,5*	7,2	6,9*	6,4*	5,7*	3,9*	3,7*	4,6*	7,4*	7,6*	9,6	7,2	6,0*	-0,5
Québec	3,5*	1,9*	1,5*	2,9*	2,6*	2,6*	2,9*	5,7*	6,2*	5,7	5,1	3,1*	4,0	0,5
Ontario	3,6	3,3	2,5*	2,9*	4,1*	3,5*	5,2*	5,6*	5,4*	7,6*	5,1	4,6*	3,8*	0,2
Manitoba	3,4*	2,7*	3,2*	3,6*	3,4*	3,6*	F	4,8*	3,2*	2,7*	3,9*	3,1*	4,1*	0,7
Saskatchewan	3,3*	1,4*	3,7*	3,1*	2,9*	2,3*	3,9*	4,2*	F	5,4*	3,9*	3,2*	3,5*	0,2
Alberta	2,1*	2,7*	2,1*	F	F	F	F	F	2,8*	F	2,6*	F	F	n.d.
British Columbia	9,6*	8,3	6,4	5,5*	6,2*	5,8*	7,6*	7,3*	7,2*	9,4*	6,7	5,3*	6,3	-3,3
Canada	4,5	3,8	3,1	3,5	4,0	3,6	4,6	5,7	5,8	6,8	5,3	4,2	4,5	0,0

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.
Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

Interprovincially, 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.

Figure 5 − Low income rates based on the market basket measure (MBM 2011 base), all persons, Canada and the provinces, 2014

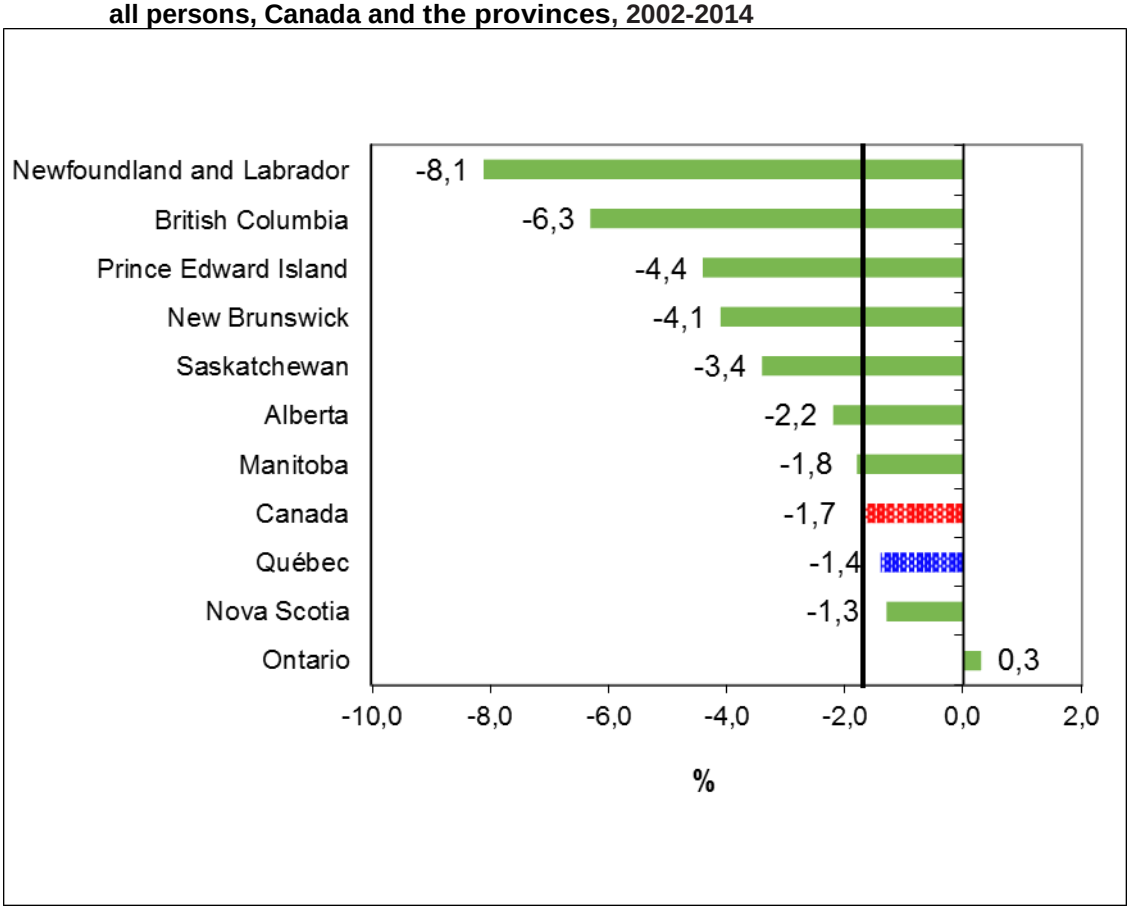


Note: The two vertical black lines represent the lower and upper limits of Québec's 95 % confidence interval.

Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

If we do not take into account the 2006 series rupture, the observable changes in MBM low income rates between 2002 and 2014 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 fell to 11,6 % in 2014. Québec's rate improved slightly, dropping between 2002 and 2014 from 10,8 % to 9,4 % (Figure 6).

Figure 6 − Changes in low income rates based on the market basket measure (MBM 2011 base), all persons, Canada and the provinces, 2002-2014



Notes: The data are arranged by variation in percentage points. The black vertical line indicates the average for Canada as a whole. No precision measures are available.
Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

An examination of MBM low income rates from 2002 to 2014 in selected census metropolitan areas (CMAs)[11] shows that Montréal (9,5 % in 2014) performed well compared with other major cities in Canada, outpacing Vancouver (14,0 %) and Toronto (16,3 %) [Table 11 and Figure 7]. However, the decline observed for Montréal between 2012 and 2014 was abrupt (falling from 14,3 % to 9,5 %). Observations for the years to come must be carefully examined to determine whether the trend is maintained.

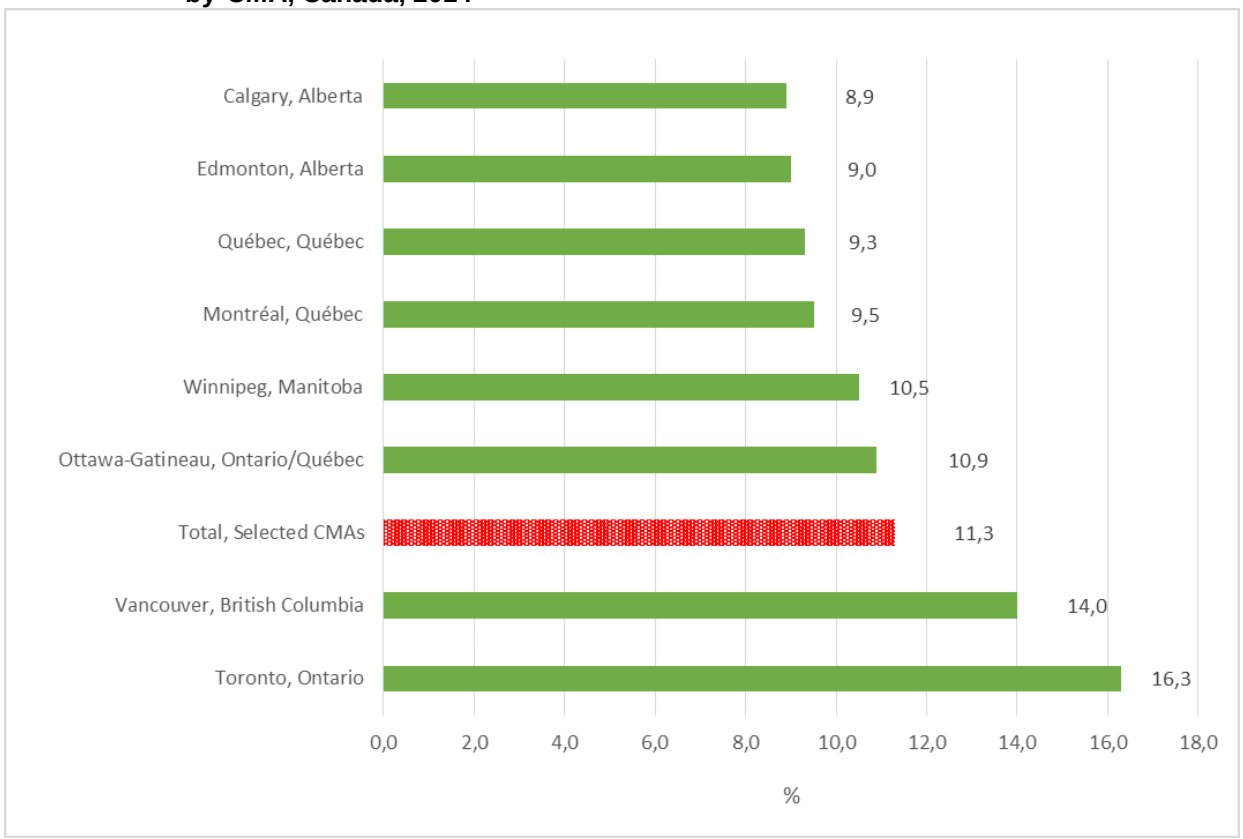
11. A census metropolitan area is formed by one or more adjacent municipalities centered around a core. A CMA must have a total population of at least 100 000, of which 50 000 or more must live in the core.

Table 11 **Low income rates based on the market basket measure (MBM 2011 base), all persons, by CMA, and change between 2002 and 2014, Canada, 2002-2014**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Variation in percentage points 2002-2014
Total, selected census metropolitan areas	13,0	12,7	12,7	12,3	12,7	11,1	11,2	12,7	12,3	12,7	12,7	12,1	11,3	-1,7
Québec, Québec	8,1*	7,4*	6,6*	7,0*	5,6*	6,8*	4,4*	3,6*	5,8*	6,3*	9,3*	5,1*	9,3*	1,2
Montréal, Québec	11,9	11,6	9,3	11,0	12,0	10,1	12,4	12,7	11,1	12,4	14,3	13,7	9,5	-2,4
Ottawa-Gatineau, Ontario/Québec	11,0*	12,7	12,3	10,2	11,0	8,5	13,2*	10,8*	11,6*	10,5*	11,8	12,9*	10,9*	-0,1
Toronto, Ontario	14,2	12,2	14,1	14,8	17,5	16,3	14,3	16,5	16,2	16,2	18,2	17,6	16,3	2,1
Winnipeg, Manitoba	12,7	10,0	9,6	9,8	10,8	9,0	9,7	11,3	10,3	10,4	12,7	12,3	10,5	-2,2
Calgary, Alberta	10,2	14,7	10,3	9,4	8,3	6,9	7,3*	9,4	9,9	10,9	9,0*	9,9*	8,9*	-1,3
Edmonton, Alberta	9,9*	8,5	10,6	8,2	7,1	5,9	7,7	12,3	9,6	10,9	6,4*	7,3*	9,0*	-0,9
Vancouver, British Columbia	20,4	18,2	17,8	15,9	19,4	15,5	14,9	18,8	16,8	18,9	13,9	13,1	14,0	-6,4

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.
Caution: There is a series rupture between 2005 and 2006. (*See STATISTICS CANADA [2015a].*)
Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

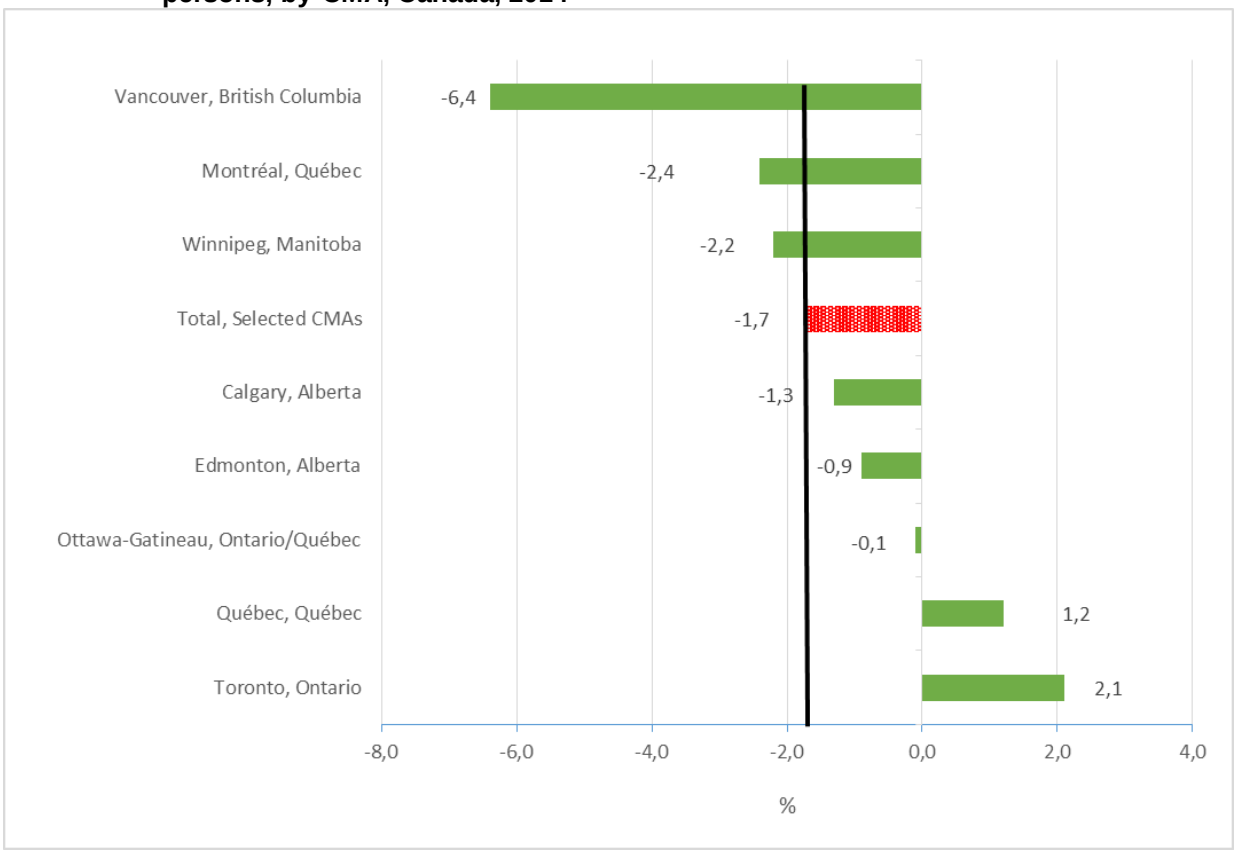
Figure 7 − Low income rates based, on the market basket measure (MBM 2011 base), all persons, by CMA, Canada, 2014



Notes: Arranged according to the rate for each region. No precision measures are available.
Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

An examination of the change observed in the MBM low income rates between 2002 and 2014 indicate that the change is more favourable in some CMAs, including Vancouver and Montréal. In the other extreme, it is much less, especially in Toronto (Figure 8).

Figure 8 − Change in low income rates, based on the market basket measure (MBM 2011 base), all persons, by CMA, Canada, 2014



Notes: The data are arranged according to the change in percentage points. The vertical black line corresponds to the average for the selected CMA. No precision measures are available.

Source: STATISTICS CANADA, CANSIM 206-0041; CEPE compilation, September 2016.

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, considered as a distinct entity can thus be compared with a subset of 17 of the most

economically developed OECD countries.[12] In fact, the comparison is between several countries and a province. The data provided by the EU-SILC project make it possible to determine a certain comparability between the member countries, but also, despite the limits unavoidably imposed by several national surveys involved, a comparability with the Québec results. In 2013, Québec, according to the 60 % of median income baseline, was in a group of countries outpaced by another, better performing group (Table 12 and Figure 9).

The estimated confidence intervals make it possible to identify the countries that are similar to Québec and those that are different in a statistically significant manner with respect to low income rates.[13] According to Figure 9, in 2013 Québec had a LIM based 60 % low income rate that was similar to that of a group of countries that included Belgium, Luxembourg, United Kingdom, Germany, Portugal and Italy. That group was outpaced in a statistically significant manner by the leading group that included all the Scandinavian countries, Netherlands, France, Ireland, Austria and Switzerland, but Québec outpaces in a statistically significant manner a third group that included Spain and Greece.

12. 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 are: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

13. Although the surveys providing the European countries' data are not necessarily identical from one country to another, the survey framework (EU-SILC) ensures respect for certain criteria (primarily the minimum sample sizes), so as to ensure comparability (EUROSTAT, 2016).

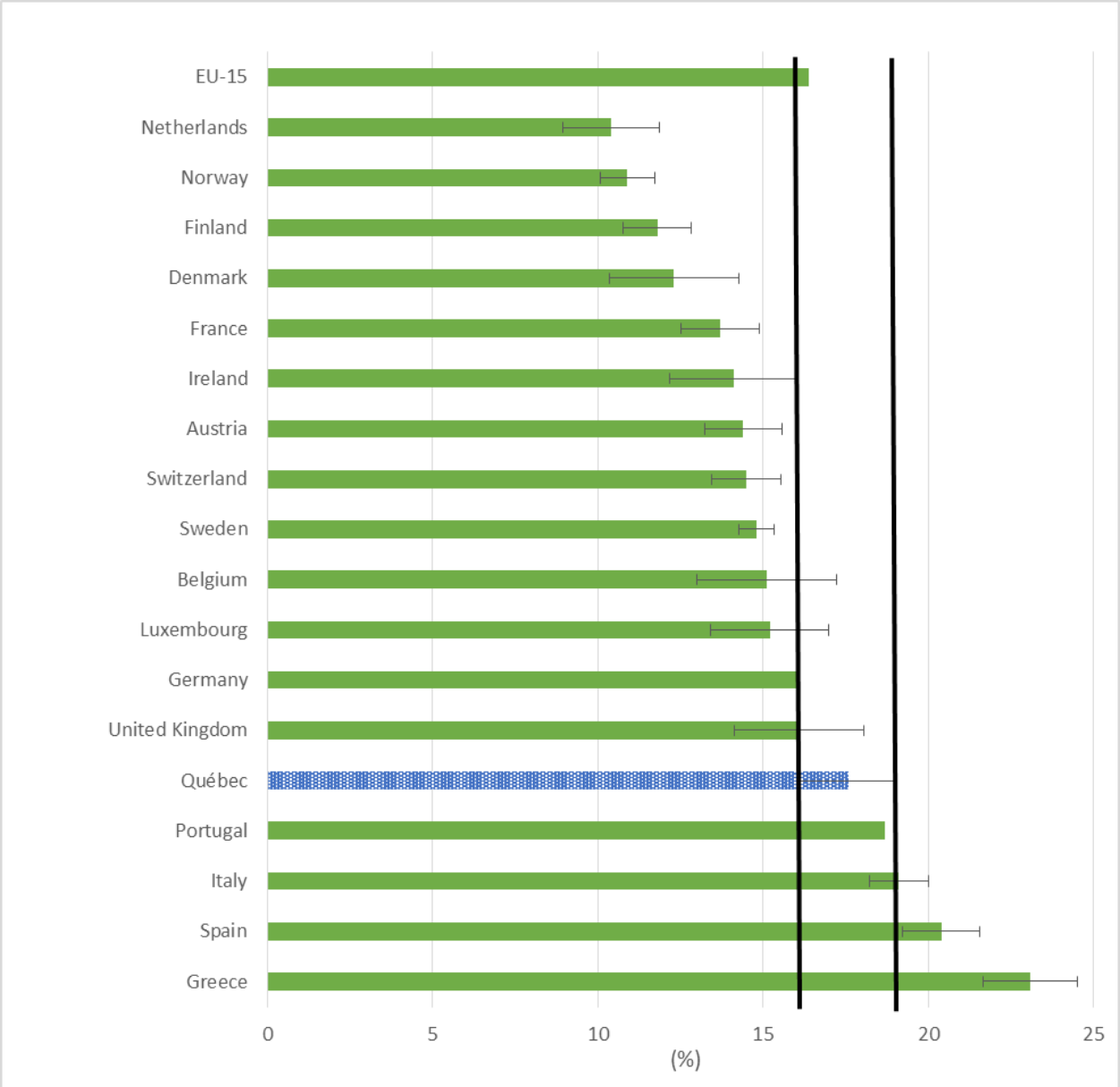
TABLE 12 **Low income rates at 60 % of adjusted median after-tax income, all persons in households, by country, 2013**

Country	Low income rate	Standard Error	Lower limit 95%	Upper limit 95%
EU-15	16,4	n.d.	n.d.	n.d.
Netherlands	10,4	0,74	9,7	11,1
Norway	10,9	0,42	10,5	11,3
Finland	11,8	0,53	11,3	12,3
Denmark	12,3	1,00	11,3	13,3
France	13,7	0,60	13,1	14,3
Ireland	14,1	0,98	13,1	15,1
Austria	14,4	0,60	13,8	15,0
Switzerland	14,5	0,53	14,0	15,0
Sweden	14,8	0,27	14,5	15,1
Belgium	15,1	1,08	14,0	16,2
Luxembourg	15,2	0,91	15,0	16,8
United Kingdom	16,1	1,00	15,1	17,1
Germany	16,1	n.d.	n.d.	n.d.
Québec	17,6	0,74	16,9	18,3
Portugal	18,7	n.d.	n.d.	n.d.
Italy	19,1	0,46	18,7	19,6
Spain	20,4	0,60	19,8	21,0
Greece	23,1	0,73	22,4	23,8

Notes: Low income threshold set at 60 % of median income (Québec median in the case of Québec). The 95 % confidence limits are provided;
n.d. : no data.

Sources: STATISTICS CANADA; EUROSTAT (2016), European Union Statistics on Income and Living Conditions; CEPE compilation, September 2016.

Figure 9 − Low income rates at 60 % of adjusted median after-tax income, all persons in households, by country, 2013



Notes: Low income threshold set at 60 % of median income (Québec median in the case of Québec).
The 95 % confidence limits are provided (except Germany and Portugal, data were not available). The black vertical lines show the confidence interval limits for Québec.

Sources: STATISTICS CANADA, Canada Income Survey (CIS); EUROSTAT (2016), European Union Statistics on Income and Living Conditions (EU-SILC), CEPE compilation, September 2016.

Section 4 of the *Act to combat poverty and social exclusion* provides 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."

Therefore, for 2013, Québec is compared with 17 European countries (Belgium, Germany, Irelands, etc.), and is still behind the Scandinavian countries and several other countries with respect to the rate of persons living in poverty according to the recognized methods for making international comparisons. Thus, Québec did not reach the 2013 objective of being among the number of industrialized countries with the lowest number of poor people, a group that is significantly distinct from the group in which Québec is found.

1.5.1 Changes over time

Between 2001 and 2013, a subset of 15 European countries (EU-15) saw its low income rate (using the threshold of 50 % of median income) increase by 0,8 percentage points on average (Table 13 and Figure 10). If Québec had been considered as a distinct entity, its rate would have increased 0,4 percentage points between 2001 and 2013. Most countries together saw an increase in the proportion below the 60 % median income threshold, and Québec's also saw its low income rate increase slightly, by 1,9 percentage points, between 2001 and 2013. Note, however, that several countries had relatively low rates to begin with (in 2001), several of them being below 6 % using the 50 % threshold, and that they outperformed Québec in 2013 despite increases in their rates.

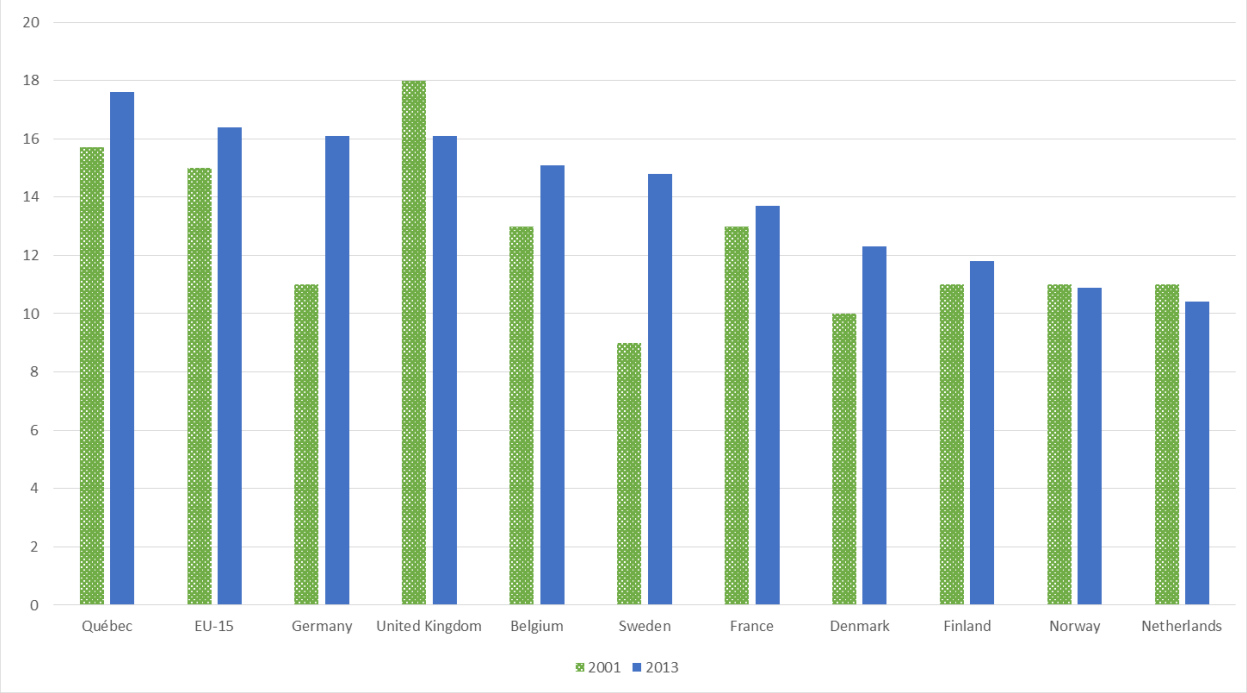
TABLE 13 **After-tax low income rates (50 % and 60 % of adjusted median income), all persons in households, by country, and change between 2001 and 2013, and change between 2001 and 2013**

Country	2001 rate (%)		2013 rate (%)		Variation in percentage points, 2001-2013	
	50 %	60 %	50 %	60 %	50 %	60 %
Ireland	15,0	21,0	7,3	14,1	-7,7	-6,9
United Kingdom	10,0	18,0	9,0	16,1	-1,0	-1,9
Portugal	13,0	20,0	12,6	18,7	-0,4	-1,3
Netherlands	6,0	11,0	5,2	10,4	-0,8	-0,6
Norway	n.d.	11,0	5,5	10,9	n.d.	-0,1
Italy	13,0	19,0	12,8	19,11	-0,2	0,1
France	6,0	13,0	6,9	13,7	0,9	0,7
Finland	4,0	11,0	5,4	11,8	1,4	0,8
Spain	13,0	19,0	13,9	20,4	0,9	1,4
EU-15	9,0	15,0	9,8	16,4	0,8	1,4
Québec	**10,2**	**15,7**	**10,6**	**17,6**	**0,4**	**1,9**
Belgium	6,0	13,0	8,3	15,1	2,3	2,1
Denmark	4,0	10,0	6,9	12,3	2,9	2,3
Austria	6,0	12,0	8,6	14,4	2,6	2,4
Greece	14,0	20,0	16,6	23,1	2,6	3,1
Luxembourg	6,0	12,0	8,4	15,9	2,4	3,9
Germany	6,0	11,0	9,4	16,1	3,4	5,1
Sweden	5,0	9,0	8,2	14,8	3,2	5,8
Switzerland	n.d.	n.d.	8,1	14,5	n.d.	n.d.

Notes: Québec median in the case of Québec;
n.d. : no data.

Sources: STATISTICS CANADA, Canadian Income Survey (CIS); EUROSTAT (2016), European Union Statistics on Income and Living Conditions (EU-SILC); CEPE compilation, September 2016.

Figure 10 − Low income rates at 60 % of adjusted median after-tax income, all persons, selected countries, 2001 and 2013



Note: Québec median in the case of Québec.
Sources: STATISTICS CANADA, Canadian Income Survey (CIS); EUROSTAT (2016), European Union Statistics on Income and Living Conditions (EU-SILC), CEPE compilation, September 2016.

1.6 Working poors

In its advisory opinion on social exclusion, the CEPE recognized that all aspects of social exclusion were not necessarily covered by the selected indicators (LECHAUME and SAVARD, 2015). This section is intended to answer one of the questions raised in this report, particularly with respect to working poors.

Doing paid work considerably reduces the risk of living on a low income. In fact, the low income rate for the working population was four times below that of the overall population in 2011. Just over one low income person out of seven (15 %) was considered to be a paid worker.

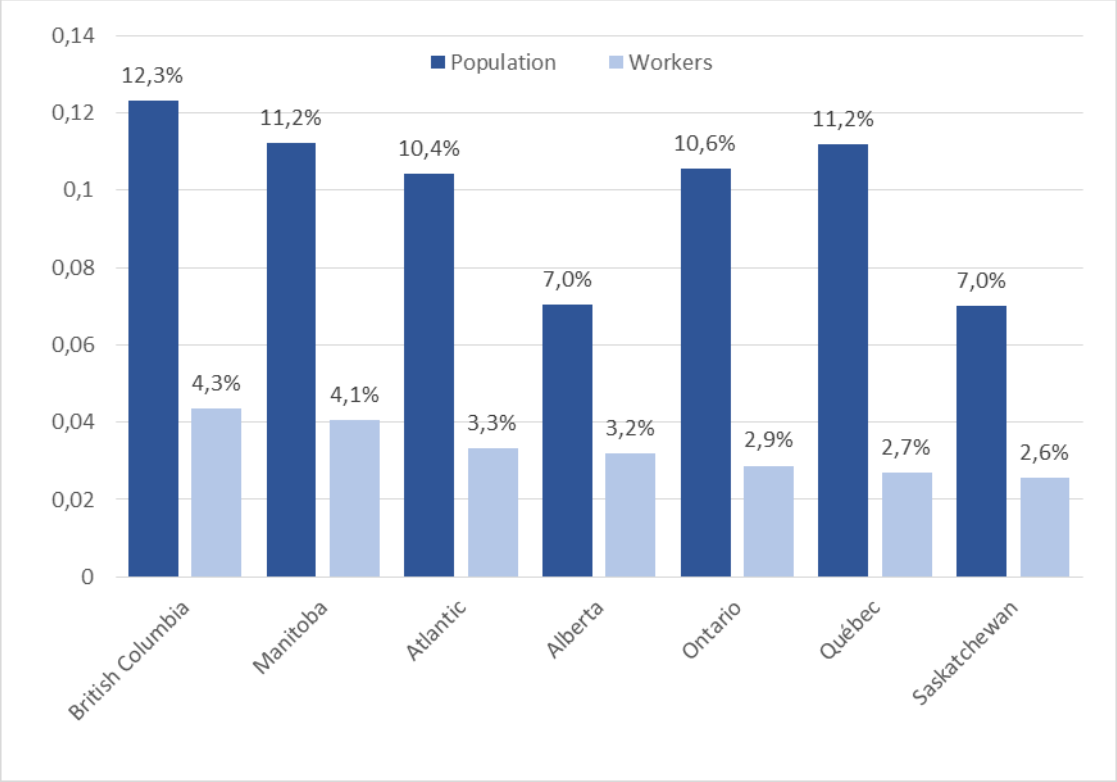
Thus, although work is often an effective means of moving beyond a low income, access to employment is not always synonymous with a decent standard of living. Working poors are defined here as persons who worked more than 910 hours during the reference year. (FLEURY and FORTIN, 2004; 2006), but whose disposable family income was below the low income threshold, as measured by the MBM. To be able to concentrate on population groups as homogeneous as

possible both in terms of potential problems and solutions that may be applicable to them, independent workers were excluded from the calculation.[14]

In 2011, Québec had around 75 800 working poors, which represented 2,7 % of the population aged 18 to 64 that was not pursuing full-time studies. By adding dependents, low income family units with at least one worker represented 129 900 persons.

In 2011, Québec had, generally speaking, the lowest proportion of working poors among all the Canadian provinces (Figure 11). For 2011, the low income rate among workers is compared with the low income rate of the target population.

Figure 11 – Low income rate for the population and for workers, by province of residence, 2011



Source: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*, CEPE compilation, September 2016.

14. See Appendix 2 for a discussion of work intensity, the notion of family income and the rate of working poors.

Not all workers have a standard of living that allows them to satisfy their basic needs and those of their family. The low income of workers can be attributed to various labour market problems, such as employment precarity and the recurrence of unemployment, the inability to find full time work or low wages. Personal characteristics related to persons old enough to work may also play a role (sex, age, family structure, etc.) [SAVARD, 2013; DEMERS, 2015; CLOUTIER-VILLENEUVE, 2016].

TABLE 14 Distribution of workers by low income status (according to the MBM, base 2011) and certain socioeconomic characteristics, Québec, 2011

	Workers, not low income	Working poors
Sex		
Male	53,7	45,6
Female	46,3	54,4
Age		
Under age 30	17,4	29,2
30 to 34	39,3	28,7
45 to 64	43,3	42,2
Family unit		
Unattached individuals	17,5	36,9
Economic family, two persons or more	82,5	63,1

Source: STATISTICS CANADA, *Survey of Labour and Income Dynamics (SLID)*, CEPE compilation, September 2016.

Women are more likely to live in a low income situation, seeing as how they are overrepresented in this category, despite having paid employment. Although this phenomenon affects both the young and the elderly, we note that almost a third of working poors (29,2 %) are young people under age 30, although that group represents only 17,4 % of the workers who were not in the low income category. At the other extreme of the age pyramid, we see that 42,2 % of working poors were between the ages of 45 and 64. However, it must be noted that the weight of workers aged 45 to 64 in the low income population (42,2 %) is about the same in the group of workers who do not have low incomes (43,3 %), which is not the case of the young people (9,2 % versus 17,4 %) [TABLE 14]. In comparison, among the overall population aged 18 to 64 who were not studying full-time and had declared working more than 910 hours during the reference year, young people under age 30 accounted for 17,7 % of the group. For their part, workers aged 30 to 44 made up 39 % of the population studied, whereas those aged 45 to 64 made up 43,3 %.

Furthermore, a person's family structure is important. Based on the statistics, we find that more than one working poor out of three (36,9 %) is an unattached individual, compared with less than one worker out of five (17,5 %) in the population that was not a working poor. Finally, although low income work is a reality for economic families having two or more persons, those families are not overrepresented to the same extent as unattached individuals.

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 Quebeckers in relation to Québec itself.

For that purpose, we simulated typical cases, using a disposable income model employed by the Ministère du Travail, de l'Emploi et de la Solidarité sociale and were able to see the changes, between 2004 and 2016, in the relative level of personal and family disposable income in relation to existing thresholds. The parameters used were those in force on July 1st, 2004 and July 1st, 2016 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 %[15] 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 figures (2004 and 2016) 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 %).

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

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., 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 2016, 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).

2.1 Unattached individuals

In most cases, the gap narrowed between 2004 and 2016, but in some it remained the same or barely changed, and in others actually widened slightly, especially among unattached individuals (Tables 15 to 19).

For example, the Montréal MBM threshold for an unattached individual was $13 189 in 2004[16] and $17 716 in 2016, after being indexed to the cost of living.[17]

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 $18 574 in 2016 rose from 96,9 % in 2004 to 104,8 % in 2016.

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

17. 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 childcare 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 (± 5%).

For both the 50 % and 60 % median income LIMs, whose thresholds rose considerably between 2004 and 2016,[18] the LIM coverage rates are lower than the MBM rates.

Taking the same example, with the 50 % LIM, 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 94,9 % in 2016. Using the 60 % LIM, the same person saw his or her coverage rate increase from 75,9 % in 2004 to 79,1 % in 2016. Whereas the coverage rate for persons receiving last-resort financial assistance was 51,9 % using the Montréal MBM threshold in 2016, it was 47,0 % using the 50 % LIM threshold and 39,1 % using the 60 % LIM threshold (Table 15).

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:

1. Household replaces economic family as the basic accounting unit in which individuals pool income and enjoy economies of scale in consumption.
2. The square-root-of-household-size equivalence scale is adopted to adjust household income (previously, Statistics Canada's 40/30 scale was used – an unnoticeable difference).
3. Person income rates, rather than household income weights, are used. 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 15 Disposable income, after-tax low income thresholds and coverage rates (implicit thresholds/thresholds), unattached individuals, Québec, 2004 and 2016

		Implicit threshold	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
2016	LRFA	9 192	47,0	39,1	51,9
	LRFA $200	11 636	59,5	49,6	65,7
	Exit threshold - LRFA	14 012	71,6	59,7	79,1
	Federal zero tax threshold	15 848	81,0	67,5	89,5
	Québec zero tax threshold	17 785	90,9	75,7	100,4
	Exit threshold - work premium	18 300	93,5	77,9	103,3
	Minimum wage	18 574	94,9	79,1	104,8
	Exit threshold - WITB	18 839	96,3	80,2	106,3
	Exit threshold - STC	35 822	183,1	152,6	202,2

Notes: Individuals under 50 years of age in 2016 (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 2016**: 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.

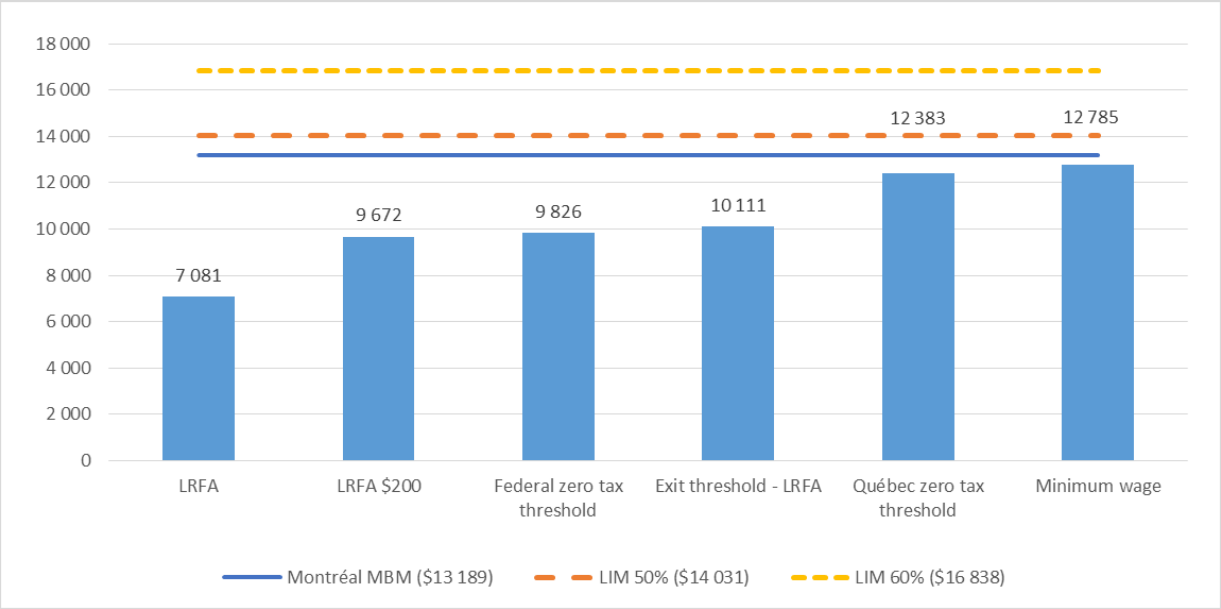
Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

Two figures illustrate the changes over time for each typical case under study. The first figure shows the situation in 2004, that is, the year prior to implementation of the first government action plan to combat poverty and social exclusion, including the financial measures (in particular the child assistance payment and the work premium) which came into force in January 2005 (GOUVERNEMENT DU QUÉBEC, MINISTÈRE DE L'EMPLOI, DE LA SOLIDARITÉ SOCIALE ET DE LA FAMILLE, 2004). The second figure illustrates the situation in 2016, taking into account the known parameters used for the purposes of this progress report (Figures 12 to 21).

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 2016, the gaps widened in some cases and narrowed in others for individuals under 50 years of age (owing to the new rules for the shelter allowance) the gaps sometimes increased, sometimes decreased: 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 15 and Figures 12 and 13).

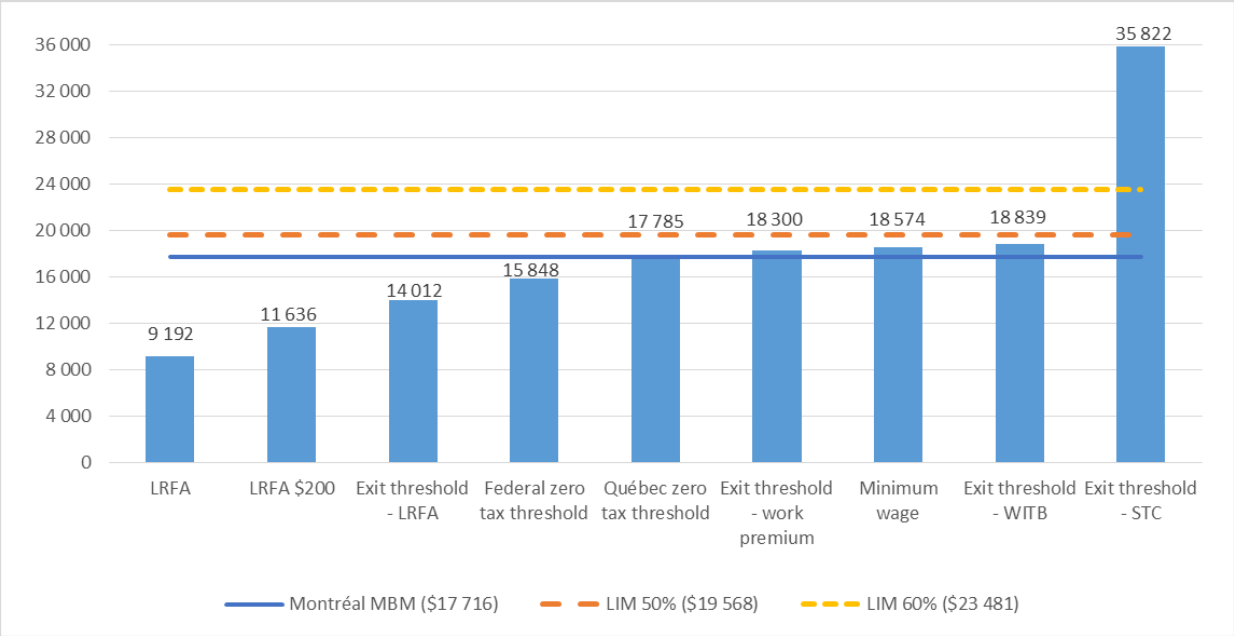
Figure 12 − Disposable income and after-tax low income thresholds, unattached individuals, Québec, 2004



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 and July 2016**: 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

Figure 13 − Disposable income and after-tax low income thresholds, unattached individuals under 50 years of age, Québec, 2016



Notes: Individuals under 50 years of age in 2016 (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 2016**: 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

2.2 Unattached individuals with severe employment constraints

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 2016, the gaps barely changed in some cases, but in most cases narrowed for individuals under 50 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 16 and Figures 14 and 15).

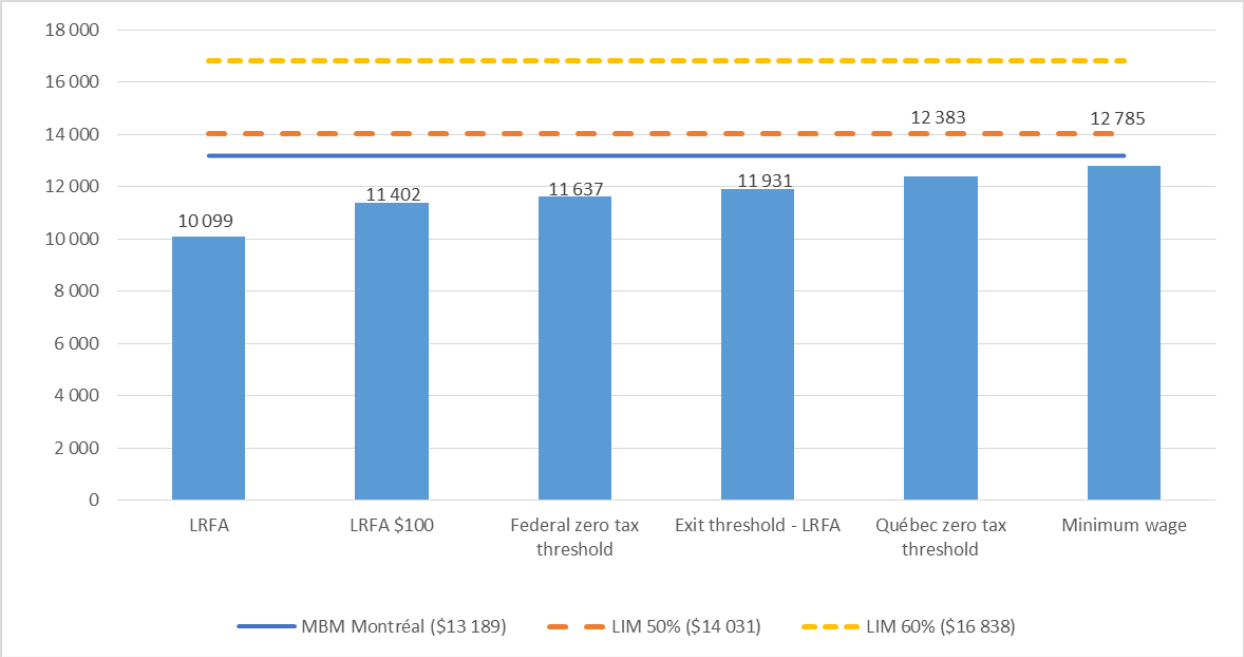
TABLE 16 Disposable income, after-tax low income thresholds and coverage rates (implicit thresholds/thresholds), unattached individuals with severe employment constraints, Québec, 2004 and 2016

		Implicit threshold	Coverage rate %		
		Current $	LIM 50%	LIM 60%	Montréal MBM
2004	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
2016	LRFA	12 648	64,6	53,9	71,4
	LRFA 100 $	13 872	70,9	59,1	78,3
	Exit threshold - LRFA	17 150	87,6	73,0	96,8
	Federal zero tax threshold	17 207	87,9	73,3	97,1
	Québec zero tax threshold	19 217	98,2	81,8	108,5
	Minimum wage	19 936	101,9	84,9	112,5
	Exit threshold - WITB suppl. hand. Person	20 819	106,4	88,7	117,5
	Exit threshold - Adapted work premium	23 336	119,3	99,4	131,7
	Exit threshold - STC	35 822	183,1	152,6	202,2

Notes: Individuals under 50 years of age in 2016 (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 2016**: 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

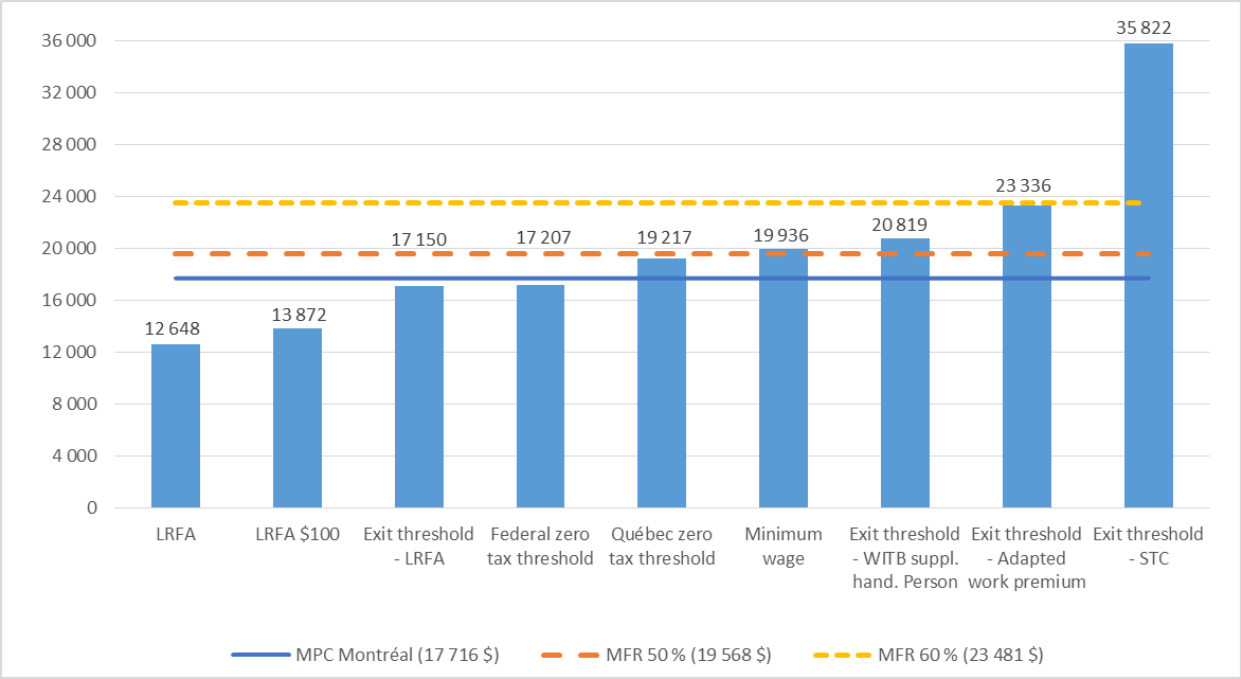
Figure 14 − Disposable income and after-tax low income thresholds, unattached individuals with severe employment constraints, Québec, 2004



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: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

Figure 15 – Disposable income and after-tax low income thresholds, unattached individuals under 50 years of age with severe employment constraints, Québec, 2016



Notes: Persons under age 50 in 2016 (eligible for the shelter allocation).
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 2016**: 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: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

2.3 Lone-parent families with a child aged 3

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 2016, 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 place them above the Montréal MBM threshold (*Table 17* and *Figures 16 and 17*).

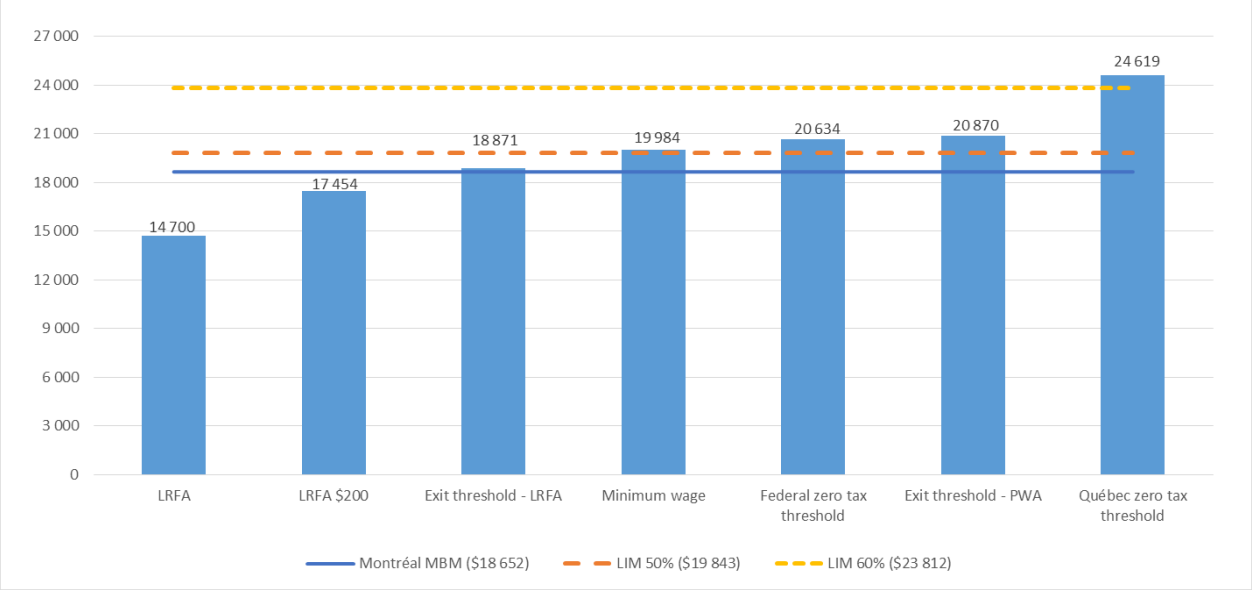
TABLE 17 **Disposable income, after-tax low income thresholds and coverage rate (implicit thresholds/thresholds), lone-parent families with one child aged 3, Québec, 2004 and 2016**

		Implicit threshold	Coverage rate %		
		Current $	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
2016	LRFA	21 424	77,4	64,5	85,5
	LRFA $200	22 849	82,6	68,8	91,2
	Exit threshold - LRFA	25 150	90,9	75,7	100,4
	Québec zero tax threshold	28 687	103,7	86,4	114,5
	Exit threshold - WITB	29 541	106,8	89,0	117,9
	Minimum wage	29 959	108,3	90,2	119,6
	Federal zero tax threshold	34 432	124,4	103,7	137,4
	Exit threshold - Work premium	37 848	136,8	114,0	151,1
	Exit threshold - STC	44 264	160,0	133,3	176,7

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 2016**: 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, Canada child 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

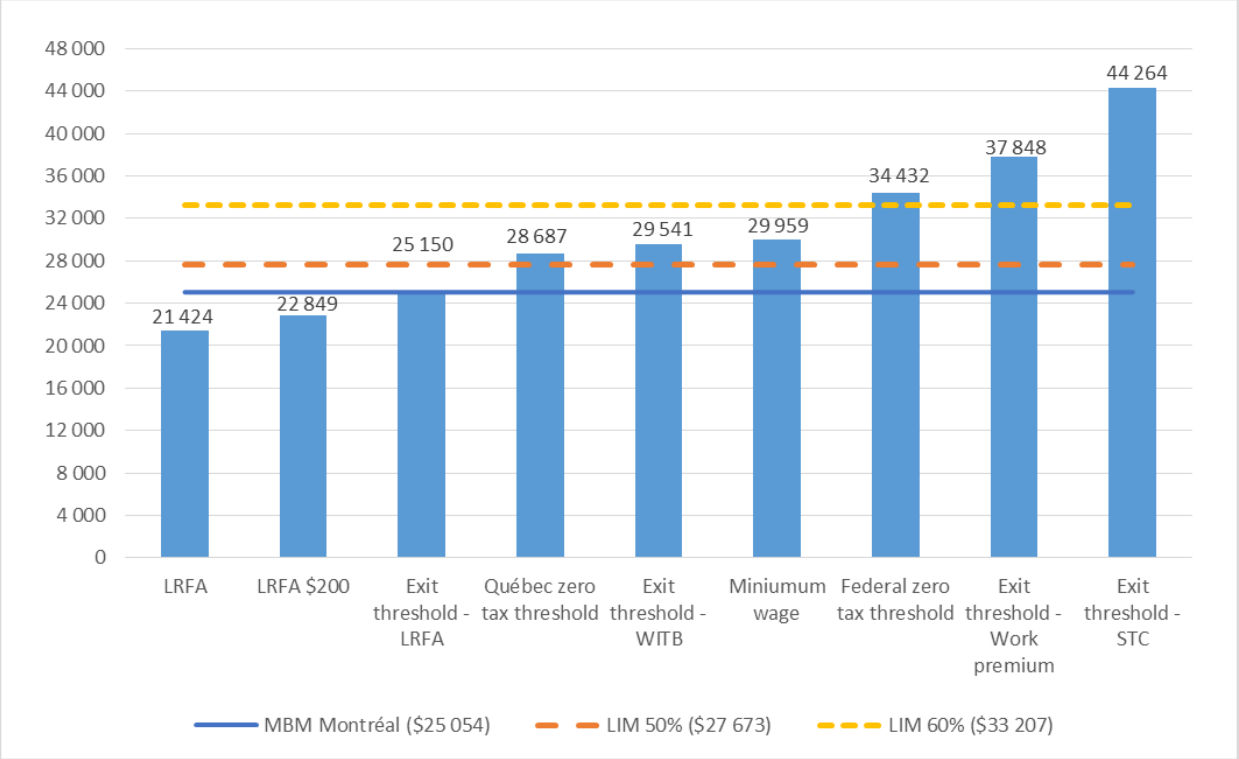
Figure 16 − Disposable income, after-tax low income thresholds, lone-parent with a child aged 3, Québec, 2004



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.

Source: MTESS, Direction des politiques d’assistance sociale; CEPE compilation.

Figure 17 − Disposable income, after-tax low income thresholds, lone-parent with a child aged 3, Québec, 2016



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 2016:** 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, GST 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

2.4 Childless couples with one income

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 2016, 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 place childless couples with one income above the Montréal MBM threshold (Table 18 and Figures 18 and 19).

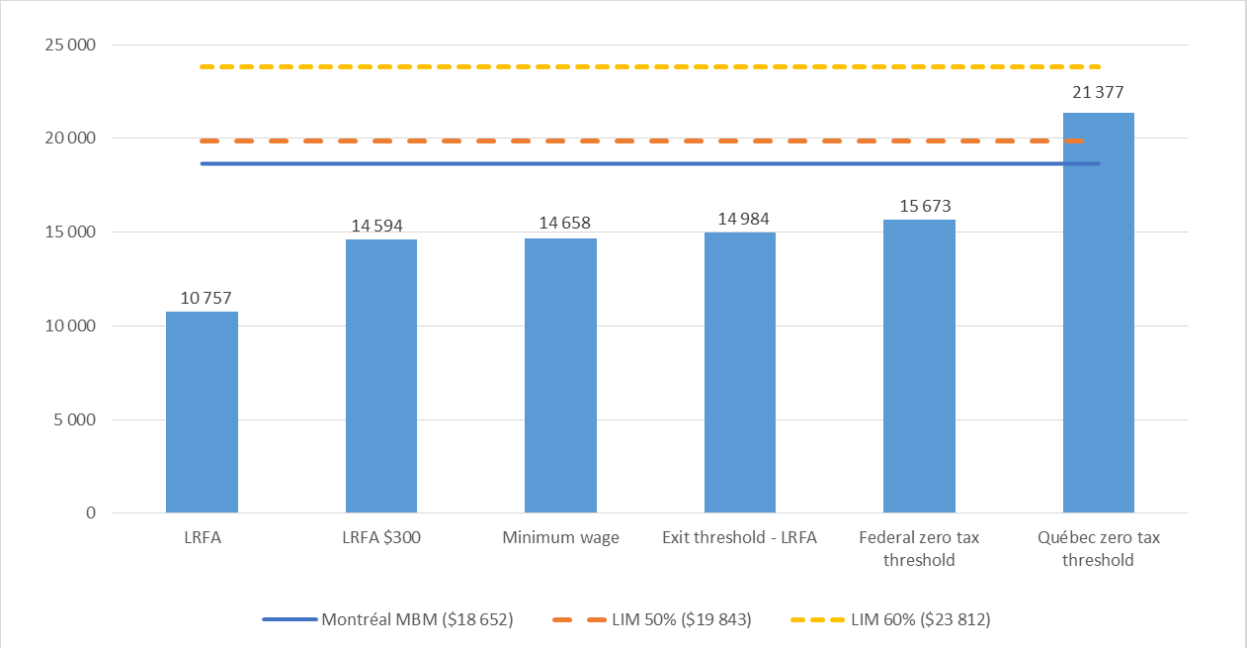
TABLE 18 Disposable income, after-tax low income thresholds and coverage rate (implicit thresholds/thresholds), childless couples with one income, 2004 and 2016

		Implicit threshold	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
2016	LRFA	13 355	48,3	40,2	53,3
	LRFA $300	16 980	61,4	51,1	67,8
	Exit threshold - LRFA	20 669	74,7	62,2	82,5
	Minimum wage	23 362	84,4	70,4	93,2
	Federal zero tax threshold	27 236	98,4	82,0	108,7
	Exit threshold - work premium	28 523	103,1	85,9	113,8
	Québec zero tax threshold	29 260	105,7	88,1	116,8
	Exit threshold - WITB	29 807	107,7	89,8	119,0
	Exit threshold - STC	41 478	149,9	124,9	165,6

Notes: Persons under age 50 in 2016 (eligible for the shelter allocation).
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 2016**: 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

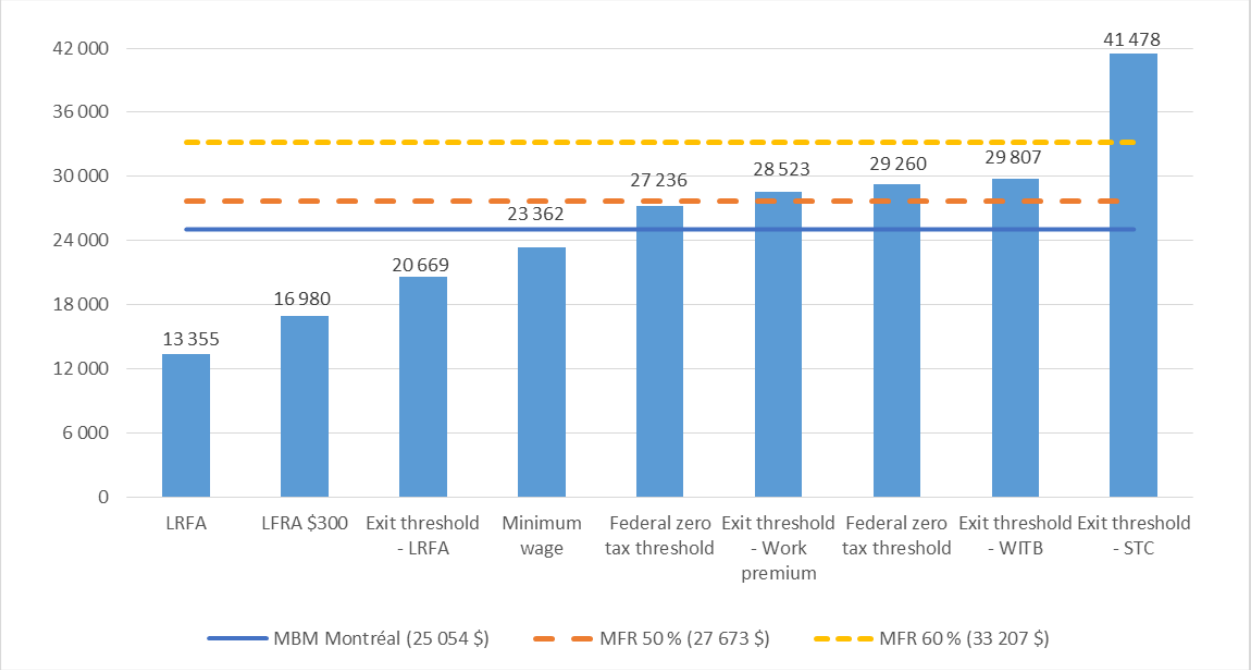
Figure 18 − Disposable income and after-tax low income thresholds, childless couples with one income, Québec, 2004



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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

Figure 19 − Disposable income and after-tax low income thresholds, childless couples with one income (adults under 50 years of age), Québec, 2016



Notes: Persons under age 50 in 2016 (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.
Simulations take into account the known parameters in force in **July 2016:** 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.
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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

2.5 Two-parent families with one income and two children

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 2016, 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 19 and Figures 20 and 21).

TABLE 19 **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 2016**

		Implicit threshold	Coverage rate %		
		Current $	LIM 50%	LIM50 %	Montréal MBM
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
2016	LRFA	30 224	77,2	64,4	85,3
	LFRA $300	33 852	86,5	72,1	95,5
	Exit threshold - LRFA	37 979	97,0	80,9	107,2
	Minimum wage	40 703	104,0	86,7	114,9
	Federal zero tax threshold	40 748	104,1	86,8	115,0
	Exit threshold - WITB	42 223	107,9	89,9	119,2
	Québec zero tax threshold	45 614	116,6	97,1	128,7
	Exit threshold - work premium	50 122	128,1	106,7	141,5
	Exit threshold - STC	53 538	136,8	114,0	151,1

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).

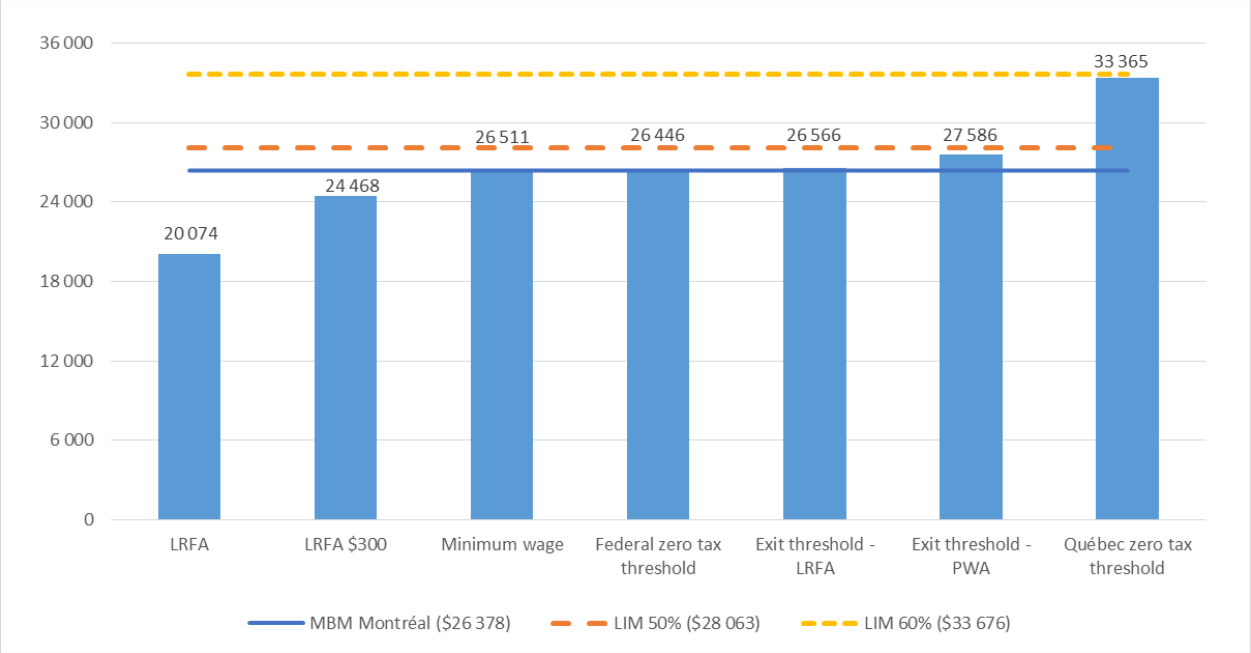
Simulations take into account the known parameters in force in **July 2016:** personal disposable income by household type, i.e., income plus transfers, less payroll tax, income tax and employment-related expenses.

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, 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

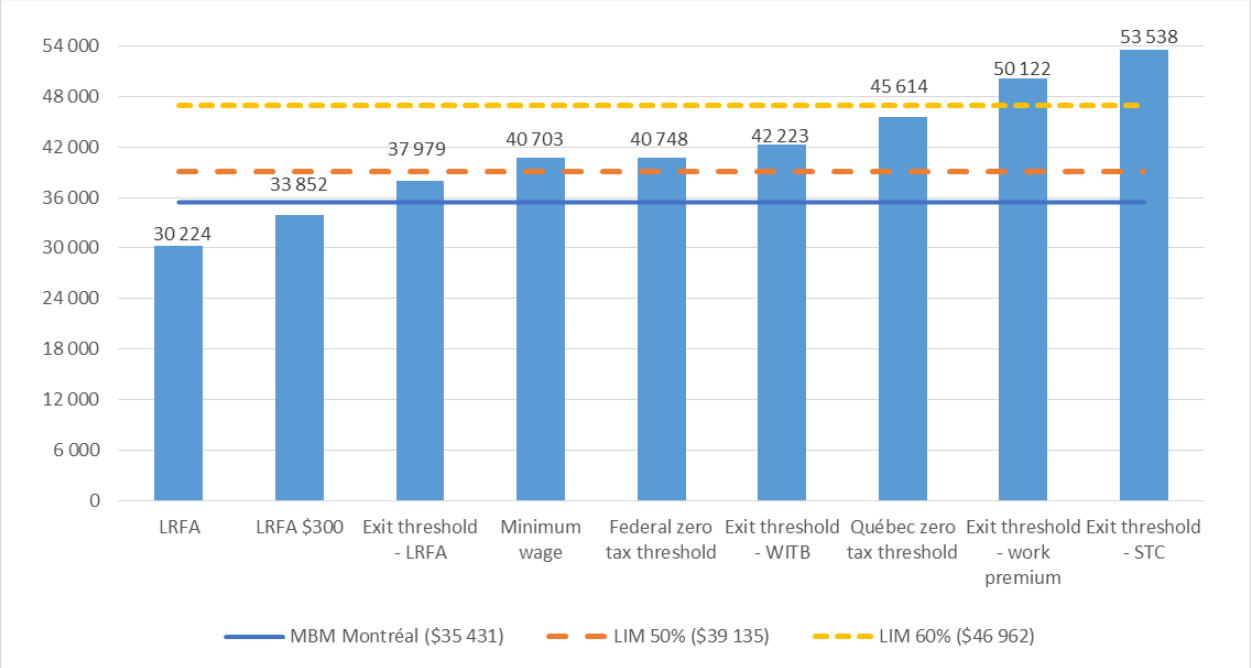
Figure 20 − Disposable income and after-tax low income thresholds, two-parent families with one income and two children, Québec, 2004



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, 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.

Source: MTESS, Direction des politiques d'assistance sociale; CEPE compilation.

Figure 21 − Disposable income and after-tax low income thresholds, two-parent families with one income and two children, Québec, 2016



Notes: LRFA: last-resort financial assistance.
LRFA $300: last-resort financial assistance with allowable work income of $300.
WITB: working income tax benefit.
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 2016: 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: MTESS, Direction des politiques d'assistance sociale; 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.

At the federal level, the Canada Child Benefit (CCB), the first payments of which were made in July 2016, should make it possible to reduce poverty for families with children. The CCB is a non-

taxable benefit that replaces the Canada Child Tax Benefit (CCTB), including the National Child Benefit Supplement (NCBS) and the Universal Child Care Benefit (UCCB).

Consequently, that leaves unattached individuals and childless couples in a more unfavourable situation. As a solidarity measure, social assistance benefits were increased by $20 in February 2014, $10 in January 2015 and $10 in January 2016 and will be increased a last time by $10 in January 2017 (GOUVERNEMENT DU QUÉBEC, MINISTÈRE DU CONSEIL EXÉCUTIF ET MINISTÈRE DE L'EMPLOI ET DE LA SOLIDARITÉ SOCIALE, 2013, p. 14).

3. COMPLEMENTARY INDICATORS

3.1 Gap (or extent), intensity and severity of poverty

Using income data, low income rates are reasonably well documented, which makes it possible to observe the situation of numerous vulnerable groups. To complete the picture given by those rates, the following elements in particular can be useful: the gap (extent), the intensity and the severity of poverty.

GAP (EXTENT)	Gap between the average revenue of family units or individuals considered to have a low income and the threshold. The gap can be expressed in dollars ($) or in percentage of threshold (%): (threshold - average low income) or (threshold - low income)/threshold
INTENSITY	Difference weighted by the low income rate: ([threshold - low income average]/threshold) x rate
SEVERITY	Intensity calculated by incorporating the income dispersion of the poorest of the poor (indication of the inequality among the poorest themselves), which makes it possible to determine aversion with respect to poverty

Low income rates are sometimes accompanied with a low income *gap*, which represents the shortfall of a low income family with respect to the pertinent low income threshold. For example, a family with an income of $15 000 and whose pertinent low income threshold is $20 000 would have a low income gap of $5 000. That would be a 25 % difference. Several authors have also analysed the *intensity* of low incomes, by measuring the ratio of low income difference to the threshold and then weighting the ratio by the rate.[19] One can even go further, by adding to the

19. For example, if the average after-tax income of all those who are below the $7 000 threshold is $10 000, the $3 000 difference divided by the $10 000 threshold gives a ratio of 30%. That ratio must be interpreted as lower, for example, than a difference of $5 000 for the same threshold, which gives a ratio of 50%. In addition, weighting the ratio by the low income rate can be interpreted in the same way. The same ratio (30% or 50%) will be more “intense” in that it will affect a larger proportion of the population, which we observe with the low income rate. A 30% ratio combined with a low income rate of 15% results in an intensity index of 4,5. Likewise, a 50% ratio combined with a low income rate of 10% gives an intensity index of 7,5.

intensity a measure of the *severity* of poverty, which takes more into account the income of the poorest of the poor.[20]

One way to interpret the data is to compare the two years and interpret all the indexes (2002 = 100) that have decreased as an improvement in the situation and those that have increased as a deterioration of the situation (Tables 20, 21 and 22).

TABLE 20 Complementary indicators: gap, intensity and severity of low income, based on the market basket measure (MPC, base 2011), for all persons and by sex, Québec, 2002 and 2014

	2002			2014		
	All persons	Males	Females	All persons	Males	Females
Low income rate (%)	10,8	10,0	11,7	9,4	8,8	10,0
Average relative difference (%)	29,5	30,0	29,0	30,1	32,1	28,3
Intensity gap x rate	3,2	3,0	3,4	2,8	2,8	2,8
Severity (gap^2 x rate)	0,9	0,9	1,0	0,9	0,9	0,8
Intensity index 2002 = 100	100,0	100,0	100,0	88,8	94,2	83,4
Severity index 2002 = 100	100,0	100,0	100,0	90,6	100,8	81,4

Source: STATISTICS CANADA, CANSIM 206-0041; compilation, September 2016.

Between 2002 and 2014, the gap (extent) changed only a little bit. Intensity and severity decreased quite a bit for all persons and for women. However, the evolutive severity index (2002 = 100) remained more or less stable for men (Table 20).

20. We include in the intensity formula a dispersion measure related to the persons under the threshold so as to provide an indicator of inequality among the poor themselves. We presume that as the dispersion increases, society will be more inclined to accept that there are very poor people among the poor, and that as it decreases, societal acceptance will decrease, and it will try harder to reduce the inequality among the poor themselves (aversion to poverty).

TABLE 21 Complementary indicators: gap, intensity and severity of low income, based on the market basket measure (MPC, base 2011), for all persons and by age, Québec, 2002 and 2014

	2002				2014			
	All persons	Persons under age 18	Persons 18 to 64	Persons 65 and over	All persons	Persons under age 18	Persons 18 to 64	Persons 65 and over
Low income rate (%)	10,8	11,6	12,0	3,5	9,4	8,7	11,0	4,0
Average relative difference (%)	29,5	21,5	32,6	17,9	30,1	20,0	33,8	14,4
Intensity gap x rate	3,2	2,5	3,9	0,6	2,8	1,7	3,7	0,6
Severity (gap^2 x rate)	0,9	0,5	1,3	0,1	0,9	0,3	1,3	0,1
Intensity index 2002 = 100	100,0	100,0	100,0	100,0	88,8	69,8	95,0	91,9
Severity index 2002 = 100	100,0	100,0	100,0	100,0	90,6	64,9	98,5	74,0

Source: STATISTICS CANADA, CANSIM 206-0041; compilation, September 2016.

Between 2002 and 2014, an examination of the intensity and severity indicators also shows movement in a direction that indicates an improved situation for all age groups (Table 21).

TABLE 22 Complementary indicators: gap, intensity and severity of low income, based on the market basket measure (MPC, base 2011), for all persons and by family type, Québec, 2002 and 2014

	2002			2014		
	All persons	Unattached persons	Persons in economic families, two persons or more	All persons	Unattached persons	Persons in economic families, two persons or more
Low income rate (%)	10,8	23,2	8,5	9,4	23,4	6,3
Average relative difference (%)	29,5	36,4	25,8	30,1	39,6	22,2
Intensity gap x rate	3,2	8,4	2,2	2,8	9,3	1,4
Severity (gap^2 x rate)	0,9	3,1	0,6	0,9	3,7	0,3
Intensity index 2002 = 100	100,0	100,0	100,0	88,8	109,7	63,8
Severity index 2002 = 100	100,0	100,0	100,0	90,6	119,4	54,9

Source: STATISTICS CANADA, CANSIM 206-0042; compilation, September 2016.

Finally, for the same period, the intensity and severity indicators show that, if there has been improvement for all persons, the situation fails to show rather large gaps in the subcategories of people in family units. We see, in fact, a deterioration in the situation of unattached individuals (increase in the intensity and severity of poverty) and an improvement in the situation of persons in economic families of two or more people (reduction in the intensity and severity of poverty) [Table 22].

Thus in 2014, low income rates are more unfavourable for unattached individuals, as are also the intensity and severity of poverty. One explanation sometimes put forward is that individuals who have been able to leave a low income situation by crossing the thresholds leave behind individuals who are even further from the thresholds (gap or extent), which would have an impact on the

intensity and severity of poverty. That would apply here to unattached individuals, but not for persons in economic families of two or more persons.

A complementary illustration of the differences is also provided with one of the indicators selected in the framework of the Québec indicators of sustainable development, i.e., “excess family income”. In reality that income may be in deficit with respect to the MBM or in excess. It makes it possible to observe the average differences between available family income by income quintiles and the MBM threshold, adjusted for family size. The data currently available for Québec, published by the Institut de la statistique du Québec, cover the period from 2002 to 2013 (*TABLE 23*).

TABLE 23 **Excess family income (average gaps between disposal family income and the low income threshold using the MBM), adjusted for family size, by quintile, 2013 dollars, Québec, 2002-2013**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lower quintile	-2 958	-2 875	-2 505	-3 571	-2 933	-2 931	-3 271	-3 809	-4 159	-4 214	-4 812	-4 400
Second quintile	6 029	6 166	6 463	5 871	6 304	6 986	6 384	6 264	6 086	5 667	6 079	6 416
Third quintile	12 708	12 875	13 182	13 040	13 349	14 423	14 008	13 925	13 705	13 384	13 666	14 004
Fourth quintile	21 608	21 772	22 351	22 089	22 490	23 697	23 688	23 192	23 110	22 614	23 479	23 637
Upper quintile	46 399	45 752	47 413	46 378	47 922	49 250	49 912	49 776	49 210	49 036	50 852	49 391

Source: Banque de données des statistiques officielles sur le Québec (BDSO), *Revenu familial excédentaire*, website consulted in September 2016.

We see that the situation for the lower quintile family units has deteriorated over time. It is striking to find that for the lower quintile, the income deficit continues to increase (in constant dollars). It varies in a somewhat cyclical manner, but overall, after 2010, the deficit went over $4 800 (reaching $4 812 in 2012 and then falling back to $4 400 in 2013) although it was less than $3 000 at the beginning of the decade ($2 958 in 2002). On the other hand, the excess income for the other quintiles is always higher in 2013 than in 2002.

3.2 Material deprivation

The broader problem of living conditions can now be more closely studied by using the recent results of Statistics Canada’s 2013 Canadian Survey of Economic Well-being (CSEW). It includes

an indicator of material deprivation,[21] a Canadian adaptation of an indicator developed and used for a long time in Europe. It offers a way to gauge changes in living conditions, which cannot be reduced to a single financial measure, such as the MBM.

Using the survey's Québec household sample, CRESPO (2015) examines the prevalence of material deprivation, the characteristics of at-risk households, the relation between material deprivation and low income and the characteristics of households with one or more of the two problems (p. 10). He concludes that in 2013, three out of ten Québec households had less deprivation. The three needs the most often unmet because of a lack of means were: being able to count on one's own resources to cover an unexpected expense of $500, being able to replace used furniture and being able to pay for dental care. The proportions rise to 18 % in the first two instances and to 12 % for the third instance. As the number of unmet needs increases, the number of households decreases. Almost a third of Québec households had at least one unmet need, 10 % at least four, 3 % at least seven and 1 % at least nine (p. 17).

Among the characteristics most closely associated with deprivation are the following: main household provider under age 65; immigrant; schooling below the university level; unattached individual; living in a one-parent family; unemployed but not retired; retired; living in a household with a low number of workers; high number of people in the household; family is not the owner of their residence (p. 17).

21. See the list of 17 questions on which the index is based. (CRESPO, 2015, p. 11). In Canada, this survey is not recurrent. Ontario's first data collection was in 2008. In Québec, to date, the only data collection was in 2013.

4. INCOME AND WEALTH INEQUALITY

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.

The Gini coefficient increased for all family units during the 1990s, both in Québec and in the other provinces. Thereafter, the situation became relatively stable. Finally, in 2014, the Gini coefficients were higher than those observed more than 20 years before. Compared with some of the other provinces, the gap was still in Québec's favour (Table 24 and Figure 22).

Recent OECD studies show an increase in income inequality during the last 30 years in several OECD countries, including Canada. The gap between rich and poor has widened. The phenomenon is partially attributable to the increasing gap between work income: wealthier workers' wages have increased more rapidly than the wages of the poorest: bonuses for top management, technological progress that has benefitted more qualified workers, lower union membership, etc. Moreover, as a result of changes in family structures, on the one hand, several households benefit less from scale economies than in the past (there are more unattached individuals) and on the other hand, there are more double incomes in families.

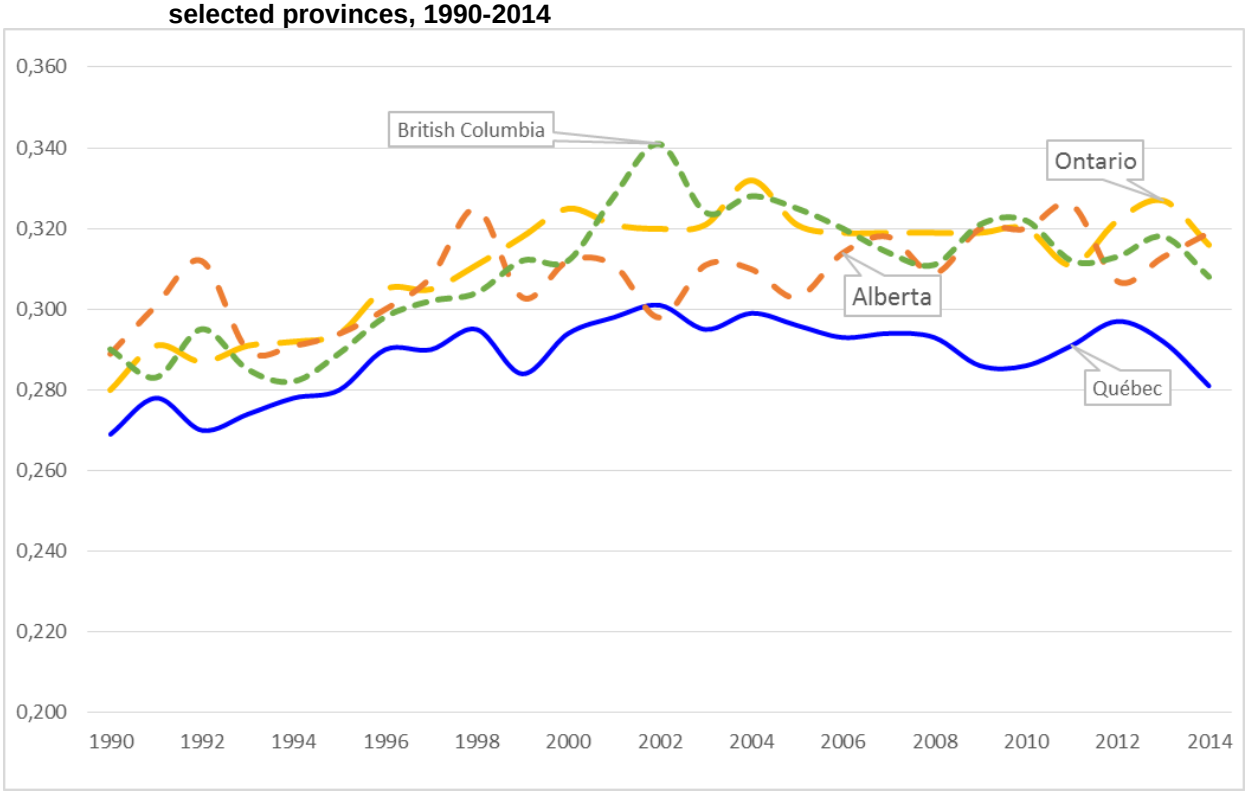
TABLE 24 **Change in Gini coefficient for all family units based on adjusted after-tax income, Québec and selected provinces, 1990-2014**

	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	0,293	0,319	0,314	0,320
2007	0,294	0,319	0,318	0,314
2008	0,293	0,319	0,309	0,311
2009	0,286	0,319	0,320	0,321
2010	0,286	0,320	0,320	0,322
2011	0,291	0,311	0,326	0,312
2012	0,297	0,322	0,307	0,313
2013	0,292	0,327	0,313	0,318
2014	0,281	0,316	0,319	0,308

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.”
Caution: There is a series rupture between 2005 and 2006. (See STATISTICS CANADA [2015a].)

Source: STATISTICS CANADA, CANSIM 206-0033; CEPE compilation, September 2016.

Figure 22 − Gini coefficient for all family units based on adjusted after-tax income, Québec and selected provinces, 1990-2014



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."

Caution: There is a series rupture between 2005 and 2006. (See Statistics Canada [2015a].)

Source: STATISTICS CANADA, CANSIM 206-0033; CEPE compilation, September 2016.

To have a complete picture of inequality, we can also refer to an ISQ study on changes in income inequality in Québec during the last 35 years (CRESPO and RHEAULT, 2014). We see, for example, that after a slight decrease between 1976 and 1990, inequality increased significantly during the 1990s and thereafter stabilized in the 2000s. In the last three decades, inequality has been less in Québec than in the rest of Canada (p. 7), which corroborates the preceding observations.

The following data illustrate changes in the Gini coefficient between 1995 and 2014 in the EU-15, Norway, Switzerland, United States, Canada and Québec, based on adjusted after-tax income (adult equivalent) [Table 25 and Figure 23].

TABLE 25 Change in Gini coefficient based on after-tax income, adjusted for family size, selected countries, Canada and Québec, 1995-2014

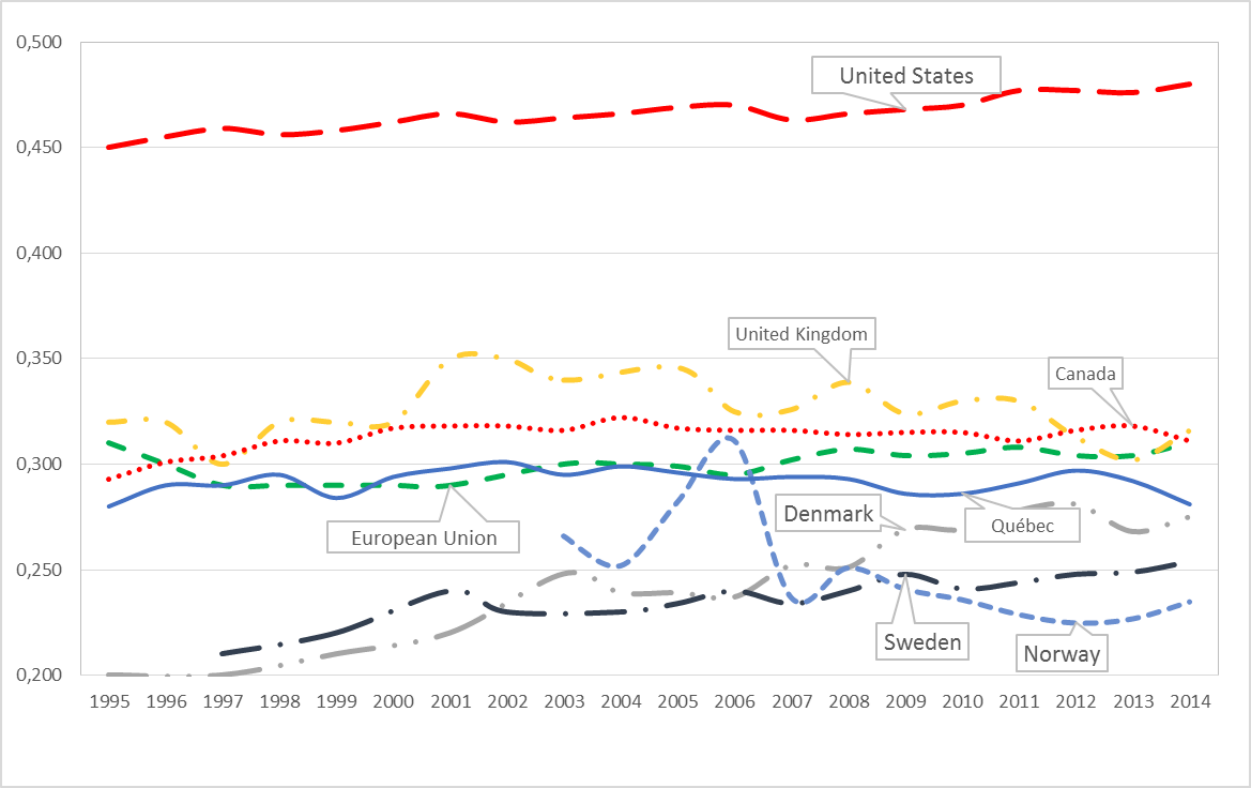
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
European Union (15 countries)	0,310	0,300	0,290	0,290	0,290	0,290	0,290	n.d.	0,300	0,300	0,299	0,295	0,302	0,307	0,304	0,305	0,308	0,304	0,304	0,310
Belgium	0,290	0,280	0,270	0,270	0,290	0,300	0,280	n.d.	0,283	0,261	0,280	0,278	0,263	0,275	0,264	0,266	0,263	0,265	0,259	0,259
Denmark	0,200	n.d.	0,200	n.d.	0,210	n.d.	0,220	n.d.	0,248	0,239	0,239	0,237	0,252	0,251	0,269	0,269	0,278	0,281	0,268	0,275
Germany	0,290	0,270	0,250	0,250	0,250	0,250	0,250	n.d.	n.d.	n.d.	0,261	0,268	0,304	0,302	0,291	0,293	0,290	0,283	0,297	0,307
Ireland	0,330	0,330	0,330	0,340	0,320	0,300	0,290	n.d.	0,306	0,315	0,319	0,319	0,313	0,299	0,288	0,332	0,298	0,299	0,300	n.d.
Greece	0,350	0,340	0,350	0,350	0,340	0,330	0,330	n.d.	0,347	0,330	0,332	0,343	0,343	0,334	0,331	0,329	0,335	0,343	0,344	0,345
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	0,342	0,337	0,347
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	0,305	0,301	0,292
Italy	0,330	0,320	0,310	0,310	0,300	0,290	0,290	n.d.	n.d.	0,332	0,328	0,321	0,322	0,310	0,315	0,312	0,319	0,324	0,328	0,327
Luxembourg	0,290	0,280	0,250	0,260	0,270	0,260	0,270	n.d.	0,276	0,265	0,265	0,278	0,274	0,277	0,292	0,279	0,272	0,280	0,304	0,287
Netherlands	0,290	0,290	0,260	0,250	0,260	0,290	0,270	0,270	0,270	n.d.	0,269	0,264	0,276	0,276	0,272	0,255	0,258	0,254	0,251	0,262
Austria	0,270	0,260	0,250	0,240	0,260	0,240	0,240	n.d.	0,274	0,258	0,262	0,253	0,262	0,262	0,257	0,261	0,263	0,276	0,270	0,276
Portugal	0,370	0,360	0,360	0,370	0,360	0,360	0,370	n.d.	n.d.	0,378	0,381	0,377	0,368	0,358	0,354	0,337	0,342	0,345	0,342	0,345
Finland	n.d.	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	0,259	0,254	0,256
Sweden	n.d.	n.d.	0,210	n.d.	0,220	n.d.	0,240	0,230	n.d.	0,230	0,234	0,240	0,234	0,240	0,248	0,241	0,244	0,248	0,249	0,254
United Kingdom	0,320	0,320	0,300	0,320	0,320	0,320	0,350	0,350	0,340	n.d.	0,346	0,325	0,326	0,339	0,324	0,330	0,330	0,313	0,302	0,316
Norway	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	0,266	0,252	0,282	0,311	0,237	0,251	0,241	0,236	0,229	0,225	0,227	0,235
Switzerland	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	0,320	0,302	0,296	0,297	0,288	0,285	n.d.
United States	0,450	0,455	0,459	0,456	0,458	0,462	0,466	0,462	0,464	0,466	0,469	0,470	0,463	0,466	0,468	0,470	0,477	0,477	0,476	0,480
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	0,316	0,314	0,315	0,315	0,311	0,316	0,318	0,311
Québec	0,280	0,290	0,290	0,295	0,284	0,294	0,298	0,301	0,295	0,299	0,296	0,293	0,294	0,293	0,286	0,286	0,291	0,297	0,292	0,281

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.”;
n.d. : no data.

Sources: STATISTICS CANADA, CANSIM 206-0033; EUROSTAT (2016), *Statistics de l’Union européenne sur le revenu et les conditions de vie (EU-SILC)*; US CENSUS BUREAU; CEPE compilation, September 2016.

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

Figure 23 − Gini coefficient based on adjusted after-tax income, selected EU countries, Canada and Québec, 1995-2014



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, CANSIM 206-0033; EUROSTAT (2016), *Statistics de l'Union européenne sur le revenu et les conditions de vie (EU-SILC)*; US CENSUS BUREAU; CEPE compilation, September 2016.

4.2 Interdecile ratios

The raw data on mean family income by decile in 2014 are presented below[22] (Table 26).

22. In previous CEPE progress reports, interquintile ratios were shown. However, because of the recent availability of income rations by decile in the widely published Statistics Canada files, we decided to use, where possible, interdecile rations, which makes possible a more precise picture of inequality.

TABLE 26 Market income, total income and after-tax income, by family unit type, by income decile (upper limit), 2014 dollars, Québec, 2014

	Deciles								
	1	2	3	4	5	6	7	8	9
Unattached individuals									
Market income	0	1 000	6 900	14 600	22 300	29 700	37 600	48 400	68 900
Total income	11 000	16 300	19 600	23 900	29 800	35 900	42 800	52 600	71 700
After-tax income	11 000	16 300	19 300	23 100	27 100	31 600	36 300	42 800	55 600
Economic families									
Market income	10 900	25 100	38 900	52 300	65 600	79 100	95 600	118 100	151 600
Total income	33 100	43 900	54 600	66 000	77 300	90 400	106 100	125 500	157 300
After-tax income	32 600	41 900	50 300	58 800	67 000	77 100	89 400	102 400	126 500
Unattached individuals and economic families									
Market income	500	10 900	21 700	31 900	43 200	56 900	73 900	94 700	130 200
Total income	17 500	26 200	34 700	43 800	54 100	67 500	82 800	103 300	135 700
After-tax income	17 400	24 900	32 100	39 700	47 600	58 500	69 900	86 400	109 500

Source: STATISTICS CANADA CANADA, CANSIM 206-0031, CEPE compilation, September 2016.

We can also represent inequalities by ratios between the income of different parts of the population. That means a ratio of the average income of the part of the population with the highest income to the income of the part with the lowest income. The interdecile ratio makes it possible to see how many times the lower decile income is contained in the upper decile income. Here nine deciles are shown because the selected measure is the upper limit of each decile (e.g., the upper limit of the first decile is between the first and second deciles, that of the ninth decile is between the ninth and tenth deciles, which gives nine limits for the ten deciles). The 90/10 ratio thus makes it possible to put the measure of the 90th percentile on that of the 10th percentile.

Between 1990 and 2014, the purchasing power of all categories shown increased, except for unattached individuals in the first decile, whose purchasing power remained more or less unchanged. Purchasing power increased the most for the fifth decile among unattached individuals, all persons (at the limit between the ninth and tenth deciles, to be precise). By comparing the distribution by decile before and after transfers and taxes, we see a decrease in some gaps because taxation rules makes it possible, for example, to reduce the observed income differences (Table 27).

Overall, for economic families and unattached individuals, before transfers and taxes, the average income of the poorest decile was contained 7,9 times in the average income of the wealthiest decile in 1990 and 7,8 times in 2014. After transfers and taxes, the average income of the poorest decile was contained 6 times in that of the wealthiest decile in 1990 versus 6,3 times in 2014. The

average here is what was observed for economic families and unattached individuals and shows a slight increase in inequality.

TABLE 27 Average income of persons in economic families and unattached individuals, by income decile, 2014 dollars, change in purchasing power and change in the 90/10 ratios between 1990 and 2014, Québec, 1990 and 2014

	1990				2014				Change in purchasing power between 1990 and 2014 and change in ratios (1990 = 100)	
	Before transfers and taxes	After transfers and taxes	Difference $	Difference %	Before transfers and taxes	After transfers and taxes	Difference $	Difference %	Before transfers and taxes	After transfers and taxes
Unattached individuals										
1st decile	10 300	10 200	-100	-1,0	11 000	11 000	0	0,0	106,8	107,8
2nd decile	12 600	12 500	-100	-0,8	16 300	16 300	0	0,0	129,4	130,4
3rd decile	15 000	14 800	-200	-1,3	19 600	19 300	-300	-1,5	130,7	130,4
4th decile	17 600	17 000	-600	-3,4	23 900	23 100	-800	-3,3	135,8	135,9
5th decile	20 300	19 200	-1 100	-5,4	29 800	27 100	-2 700	-9,1	146,8	141,1
6th decile	26 800	23 000	-3 800	-14,2	35 900	31 600	-4 300	-12,0	134,0	137,4
7th decile	34 700	28 200	-6 500	-18,7	42 800	36 300	-6 500	-15,2	123,3	128,7
8th decile	44 800	35 100	-9 700	-21,7	52 600	42 800	-9 800	-18,6	117,4	121,9
9th decile	61 600	44 700	-16 900	-27,4	71 700	55 600	-16 100	-22,5	116,4	124,4
Ratio 9th d./1st d.	6,0	4,4			6,5	5,1			109,0	115,3
Economic families										
1st decile	25 100	24 500	-600	-2,4	33 100	32 600	-500	-1,5	131,9	133,1
2nd decile	34 300	32 400	-1 900	-5,5	43 900	41 900	-2 000	-4,6	128,0	129,3
3rd decile	44 000	39 200	-4 800	-10,9	54 600	50 300	-4 300	-7,9	124,1	128,3
4th decile	54 100	46 600	-7 500	-13,9	66 000	58 800	-7 200	-10,9	122,0	126,2
5th decile	64 700	53 300	-11 400	-17,6	77 300	67 000	-10 300	-13,3	119,5	125,7
6th decile	75 400	60 400	-15 000	-19,9	90 400	77 100	-13 300	-14,7	119,9	127,6
7th decile	88 100	69 100	-19 000	-21,6	106 100	89 400	-16 700	-15,7	120,4	129,4
8th decile	103 800	80 200	-23 600	-22,7	125 500	102 400	-23 100	-18,4	120,9	127,7
9th decile	129 400	97 300	-32 100	-24,8	157 300	126 500	-30 800	-19,6	121,6	130,0
Ratio 9th d./1st d.	5,2	4,0			4,8	3,9			92,2	97,7
Unattached individuals and economic families										
1st decile	14 800	14 800	0	0,0	17 500	17 400	-100	-0,6	118,2	117,6
2nd decile	20 700	19 600	-1 100	-5,3	26 200	24 900	-1 300	-5,0	126,6	127,0
3rd decile	29 200	27 000	-2 200	-7,5	34 700	32 100	-2 600	-7,5	118,8	118,9
4th decile	38 400	34 000	-4 400	-11,5	43 800	39 700	-4 100	-9,4	114,1	116,8
5th decile	48 700	41 900	-6 800	-14,0	54 100	47 600	-6 500	-12,0	111,1	113,6
6th decile	61 000	50 000	-11 000	-18,0	67 500	58 500	-9 000	-13,3	110,7	117,0
7th decile	74 400	59 100	-15 300	-20,6	82 800	69 900	-12 900	-15,6	111,3	118,3
8th decile	90 700	70 700	-20 000	-22,1	103 300	86 400	-16 900	-16,4	113,9	122,2
9th decile	117 100	88 800	-28 300	-24,2	135 700	109 500	-26 200	-19,3	115,9	123,3
Ratio 9th d./1st d.	7,9	6,0			7,8	6,3			98,0	104,9

Source: STATISTICS CANADA, CANSIM 206-0031, CEPE compilation, September 2016.

For unattached individuals, before transfers and taxes, the average income of the poorest decile was contained 6 times in the average income of the wealthiest decile in 1990 and 6,5 times in 2014, a change that indicates an increase in inequality. After transfers and taxes, the average income of the poorest decile was contained 4,4 times in the average income of the wealthiest decile in 1990 and 5,1 times in 2014, which also indicates an increase in inequality.

For economic families, before transfers and taxes, the average income of the poorest decile was contained 5,2 times in the average income of the wealthiest decile in 1990 and 4,8 times in 2014, a change that indicates a decrease in inequality. After transfers and taxes, the average income of the poorest decile was contained 4 times in the average income of the wealthiest decile in 1990 and 3,9 times in 2014, which also indicates a decrease in inequality.

Put briefly, the pictures given by means of the Gini coefficient or interdecile ratios correspond overall on changes in equality. Compared with other societies, including the other Canadian provinces and some European countries, Québec maintained a lower level of inequality, but is still outpaced by the Scandinavian countries and several others. Inside Québec itself, inequality has increased, but the picture provided by income deciles and family unit types must be qualified. For unattached individuals, the poorest decile progressed somewhat compared with higher deciles, whose purchasing power progressed even more. For economic families, purchasing power increased strongly, both among the poorest families and the wealthiest families.

The ISQ study on changes in income equality in Québec during the last 35 years (CRESPO and RHEAULT, 2014), the authors also noted that by decomposing by income sources, we see that inequalities coming from private incomes played a key role in the increase in income inequality in the 1990s. The redistribution of transfers and taxes did not offset that increase (p. 7). For the period under consideration, that remains true for unattached individuals and overall, but must be qualified for economic families, whose income inequality was improved after transfers and taxes.

4.3 Wealth inequality

From the point of view of wealth inequality, in part distinct from income inequality, the global picture of changes in inequality can be refined. In fact, contrary to what one might believe, there is no perfect correspondence between income and wealth. As LIZOTTE and CRESPO (2015) have shown, there is discordance in Québec between income and wealth for 10,8 % of the households that are

in the upper three income quintiles but in the lower three wealth quintiles, as well as for 10,9 % of the households in the upper three wealth quintiles but in the lower three income quintiles, that is, almost 400 000 households in each case (p. 12). That leaves more than three quarters of households in a situation of income-wealth correspondence.

This is an important situation that has been pointed out in recent years, notably by PIKETTY (2013). Thus, the picture for Québec shows even more striking inequalities. In addition to income, one is also interested in total net worth, that is, assets less debts. Among the assets are retirement assets, financial and non-financial assets (e.g., real estate and vehicles). Among the debts are hypothecary loans (mortgages), other loans and credit lines.

TABLE 28 Assets, debts and net worth of family units, by quintile of net assets, 2012 dollars, Québec, 1999, 2005 and 2012

		1999			2005			2012		
		Mean	Median	%	Mean	Median	%	Mean	Median	%
1st quintile	Assets	9 000 *	3 900 *	0,6	8 400 *	4 600 *	0,4	10 700	5 300	0,4
	Debts	18 500 *	5 200 *	6,0	12 800 *	6 000 *	3,8 *	17 000 *	7 000	3,1 *
	Net worth	F *	1 400	F	F *	1 300 *	F	F *	1 700 *	F
2nd quintile	Assets	72 600	55 700	3,8	76 900	50 800	3,1	106 700	66 700	3,2
	Debts	42 100	18 300 *	13,8	49 000 *	17 600	11,8 *	69 000	17 000 *	11,4
	Net worth	42 700	40 700	2,4	44 000	38 100	1,9	58 400	49 500	2,0
3nd quintile	Assets	185 400	183 200	10,4	230 700	224 300	9,7	346 700	331 900	10,8
	Debts	65 600	55 900	26,4	78 800 *	59 100	25,3	115 100	87 000	26,8
	Net worth	138 000	130 900	8,2	172 300	165 600	7,6	254 000	247 200	8,5
4th quintile	Assets	359 700	346 200	20,2	463 500	458 400	21,4	667 100	642 600	21,4
	Debts	63 300	46 300	24,4	67 700 *	59 600	26,6	104 700	65 000	23,7
	Net worth	319 900	312 900	19,6	412 300	410 800	20,7	592 100	585 900	21,0
5th quintile	Assets	1 143 500	793 000	65,1	1 354 400	1 065 200	65,4	1 988 800	1 485 100	64,2
	Debts	96 000	53 700	29,4	113 000 *	45 500 *	32,5	190 500 *	82 000	35,1
	Net worth	1 086 600	745 500	69,9	1 277 400	992 300	69,8	1 853 300	1 334 500	68,4
Total	Assets	295 900	155 300	100,0	361 100	175 700	100,0	544 800	304 000	100,0
	Debts	54 600	27 500	100,0	61 800	26 700	100,0	97 000	34 300	100,0
	Net worth	260 800	100 200	100,0	318 400	117 900	100,0	475 700	198 000	100,0

*: Use with caution, coefficient of variation > 16,6 % and ≤ 33,3 %.
F: Data not published.
Source: STATISTICS CANADA, Survey of Financial Security (SFS); CEPE compilation, September 2016.

In Québec, according the most recent Statistics Canada Survey of Financial Security (SFS, 2012), the portion of net worth in the upper quintile was 68,4 %. However that portion seems to have changed very little since 1999 (69,9 %). Changes in wealth by quintile, between 1999 and 2012, shows its strong concentration. In absolute terms, the percentage of net total worth cannot be published for the first quintile and for each of the other quintiles, it is, respectively, in 2012, 2,0 %,

8,5 %, 21 %, and 68,4 %. Thus the first three quintiles account for just over 10 % of wealth, whereas the wealthiest quintile accounts for two thirds (Table 28).

By identifying generations by age cohorts, we see that wealth transmission is a phenomenon likely to accentuate inequality over the coming years. For older generations, the wealth transmitted may amount to very little, if we do not count the family land for rural populations (which is often divided among several descendants). For younger generations, a larger financial and real estate wealth could become the norm in some situations. Analyses of the assets and debts of young people ages 25 to 64 and retired people should give us a better understanding of the phenomenon.

Using data from the same SSF, GAUTHIER (2015a; 2015b; 2015c) studied the distribution of debt according to life history as well as consumer debt only, excluding hypothecary (mortgage) debt, also by life history. It may be useful to refer to those studies so as to better understand the dynamics at work.

CONCLUSION

The MBM makes it possible to determine that in Québec, in 2014, the low income rate is still 9,4 %, which shows that in spite of some progress, we still have far to go.

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. For 2013, Québec is compared with 17 European countries (Belgium, Germany, Ireland, etc.). Québec is still behind the Scandinavian countries and several others with respect to the rate of persons living in poverty according to recognized methods that allow such a comparison. Thus, Québec did not reach the objective of being, in 2013, one of the industrialized nation having the least number of persons living in poverty. The target group includes nine countries (Scandinavian countries, Netherlands, France, Ireland, Austria and Switzerland) that are significantly distinct from the group to which Québec belongs (Belgium, Luxembourg, United Kingdom, Germany, Portugal, and Italy).

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. For the purpose of illustration, purchasing power has increased, among both the poorest families and families that are better off. That shows a decrease in income inequality in that group. However, the limitations of existing data must be overcome in interregional as well as interprovincial comparisons.

From the standpoint of experiencing poverty, comparing over time changes in various living situations shown by implicit thresholds made it possible to observe Québec’s progress with

respect to itself. In recent years, although there has been improvement, the situation is not very encouraging, particularly for unattached persons, who have not much benefited from the measures put forward in the first two government action plans.

By simulating typical cases, we were able to see the changes between 2004 and 2016 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 situation had improved or gotten worse. We noted changes from 2004 to 2016 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.

Thus, the Gini coefficient and interdecile 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 decile and family type must be qualified. Among unattached individuals, the poorest decile stagnated compared with wealthier deciles, which saw their disposable income increase. In conformity with the fact that families were favoured in the government plans to combat poverty, we observed undeniable progress among families.

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APPENDICES

APPENDIX 1

NOTES ON METHODOLOGY

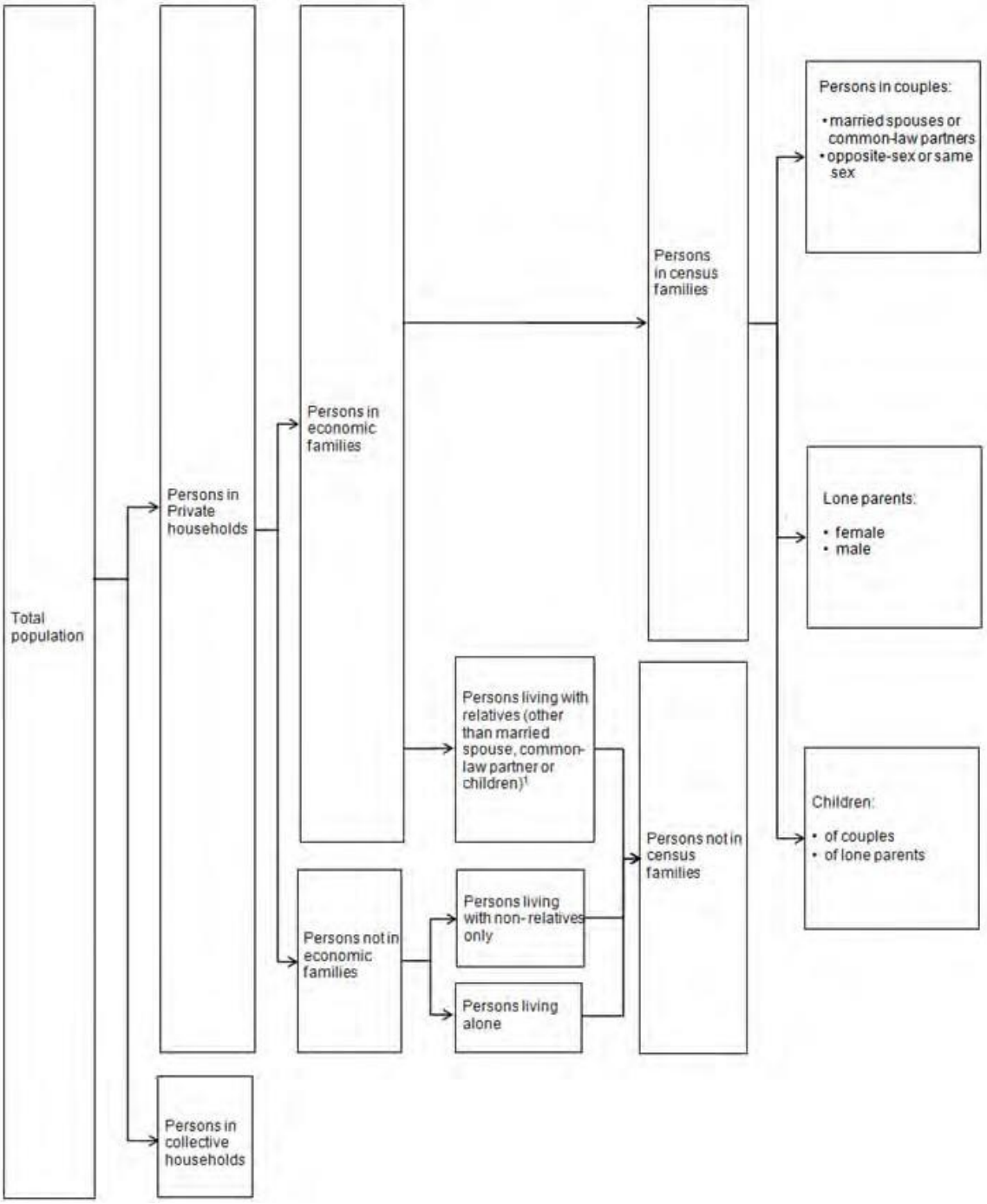
Data sources

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.

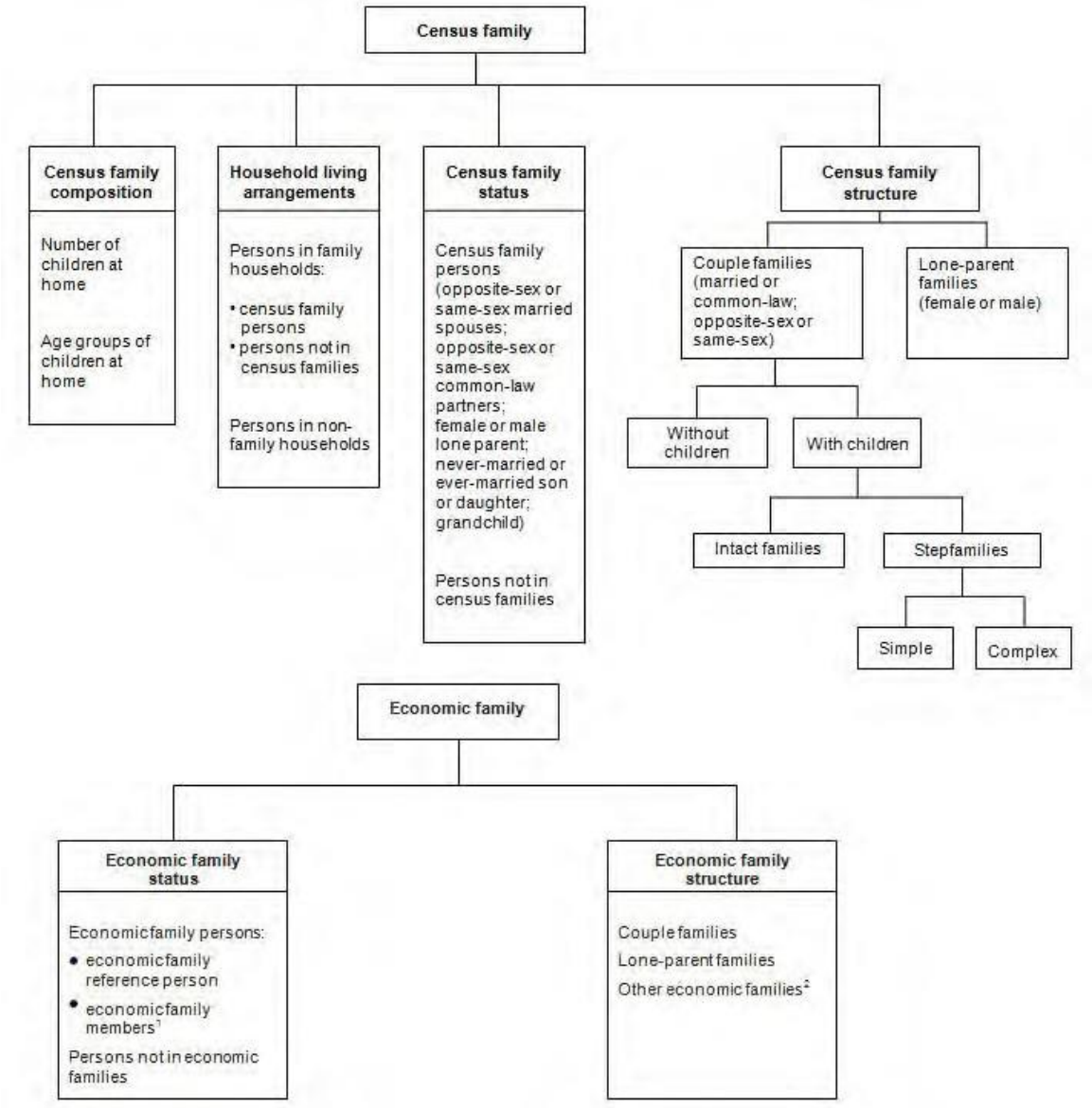
Figure 24 − Economic and census family membership and individual status in families



1. Foster children are included.

STATISTICS CANADA, *2011 CENSUS DICTIONARY*, OTTAWA, Figure 18.

Figure 25 − 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

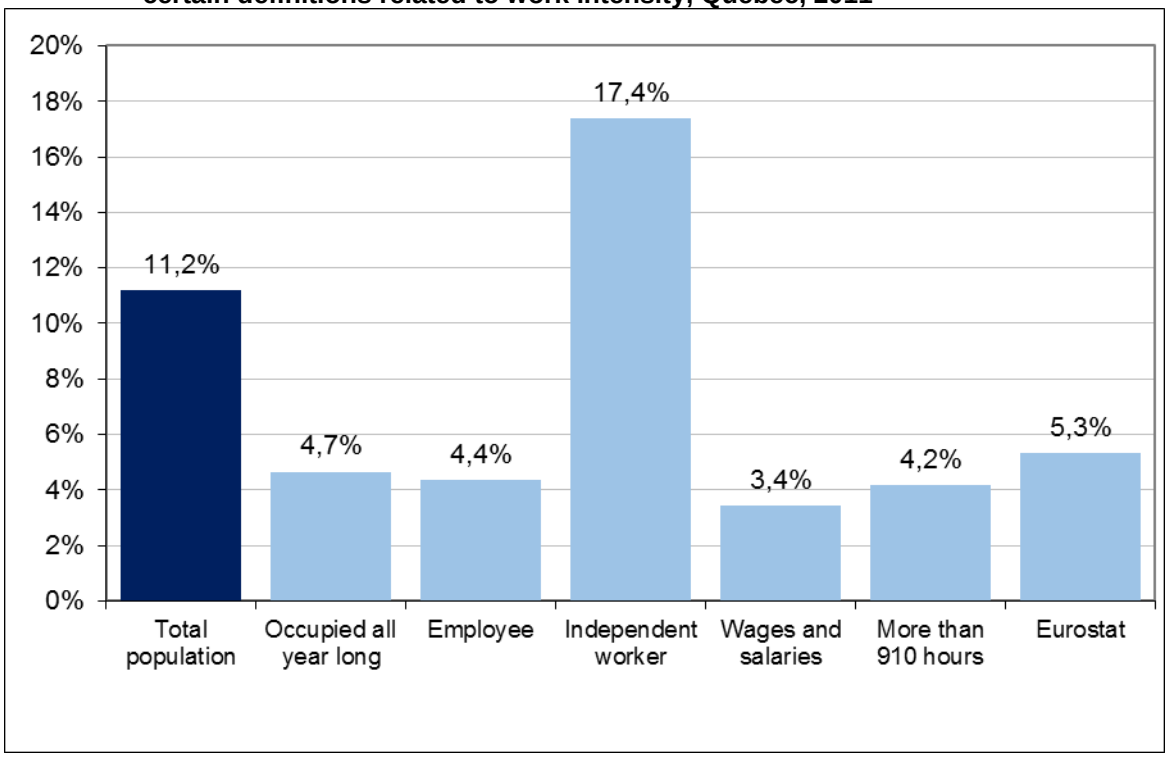
WORK INTENSITY, CONCEPT OF FAMILY INCOME AND RATES FOR WORKING POORS

The concept selected to characterize work intensity has a direct incidence on the proportion of working poors in the overall population. Thus, selecting as a variable for work activity a person's activity status (person who declares having been occupied throughout the year), the category of workers (employee or independent worker), the main source of income (wages or salary), the Eurostat definition selected by the member states of the European Union (person whose most frequent activity is being employed at least seven months out of twelve) or having worked more than 910 hours in a given year (FLEURY and FORTIN, 2004; 2006) may result in two different findings. These definitions were selected to see if holding employment, for a person who has a certain work intensity, reduces the risk of experiencing a low income episode. In the literature, we also found other, less strict definitions to qualify work effort. We also note that France uses the criteria of having been employed at least one month in a given year to define a working poor and in the United States, the definition is having been active (receiving unemployment benefits or holding employment) during at least six months in a given year.

The proportion of working poors according to the selected definitions is given in Figure 26. The population includes individuals between ages 18 and 64 who declared not pursuing full-time studies during the reference year.[23] Except for independent workers, we immediately observe that holding employment greatly reduces the risk of living in a low income situation, regardless of the definition used. The definition using wages and salaries shows the lowest proportion (3,4 %). At the other end of the spectrum, the Eurostat definition shows the largest proportion of working poors (5,3 %).

23. The sample was limited to persons under age 65 because of the income dynamics and the structure of government transfers to seniors compared with the rest of the population.

Figure 26 − Low income rates in the population aged 18 to 64 not studying full-time, according to certain definitions related to work intensity, Québec, 2011



Source : STATISTICS CANADA, Survey of Labour and Income Dynamics (SLID); CEPE compilation, September 2016.

Depending on the point of view chosen for determining low income work, the conclusions of the analysis vary slightly. For the purposes of the analysis (section 1.6), only persons who declared having worked more than 910 hours (26 x 35 hours, i.e., six months) during the reference year were chosen. That choice is, among other factors, based on Canadian legislation with respect eligibility for the employment insurance program, which provided that new beneficiaries must have accumulated a minimum of 910 hours within the previous 52 weeks.[24] Furthermore, using that definition makes it possible to exclude persons who claim to be occupied all year, be employed or be occupied more than six months (Eurostat definition) while accumulating a small number of hours worked.

24. This was the case until July 2016, when the norm was changed from 910 hours to the interval included between 420 and 700 hours, as determined by the regional unemployment rate.

Also, independent workers have a low income rate that is far above that of the overall population. That observation justifies presenting a separate low income analysis for employees and independent workers in order to concentrate on groups that are as homogeneous as possible. Another essential reason is that information on income from independent work is generally less reliable than information on wages and salaries, mainly because of taxation differences (BARDONE and GUIO, 2005). Because of that observation and our desire to emphasis the low income dynamic for wage earners, independent workers were excluded from the target population in making the analysis.

Finally, from the viewpoint of family income,[25] it can be noted that working poors are not synonymous with low earnings workers (here, we refer to work income). As FLEURY and FORTIN (2004, 2006), point out, this is an important distinction as it involves the interaction of two usually distinct universes, that is, work, which is observed on the individual level, and low income, which is observed at the family level. On this basis, a low earnings worker is defined as a person who has a certain work intensity but who receives a low work income. That person, however, is not considered to be a working poor if his or her needs are met by his or her own earnings but also by those of his or her family members. In other words, a low earnings worker is not considered to be a working poor if his or her spouse, for example, earns $100 000 a year or if he or she has other sources of income (investments, retirement pensions, etc.). Thus, crossing the two universes (individual and family) make it possible not only to look at the economic wellbeing of individuals but also at the wellbeing of children and other dependents living in families with at least one working person.

25. Some contest the fact that a family can at all times meet the needs of all its members, arguing that the concept of family income is insidious. (BELLEAU and PROULX, 2011). In an ISQ article (RHEAULT and CRESPO, 2015), the authors indicate that without calling into question the importance of low income measures, they do not, however, allow assessing the financial vulnerability of individuals from the personal point of view (p. 9). They observe that young people and women are overrepresented in the lower income quintiles. To avoid bias related to a poverty measure based on the household, some researchers propose in addition to an extensive definition of "worker", the reconstitution of income from annual activities (PONTHIEUX, 1999; YEROCHEWSKI, 2014). To date, however, it is much too early to see how such debates might have in impact on the existing low income measures, which can always, of course, be improved.

APPENDIX 3

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