

NEWS RELEASE

Families earning more than \$60,000 per year now fall under new federal 'poverty line'

Aug. 18, 2020

For Immediate Release

VANCOUVER—Due to the federal government's newly established official poverty line, some Canadian families earning more than \$60,000 annually are now considered impoverished, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“There's real poverty in Canada—hunger, misery and serious housing inadequacies—but Ottawa has now lumped in families and individuals with near middle-class incomes, which will do nothing to help eliminate serious deprivation in this country,” said Christopher Sarlo, a senior fellow at the Fraser Institute, professor emeritus of economics at Nipissing University and author of [*A Critical Assessment of Canada's Official Poverty Line*](#).

In 2018, the federal government established Canada's first official poverty line, choosing an existing low-income indicator—the Market Basket Measure (MBM)—to track the progress of poverty reduction in Canada.

But the MBM is fundamentally flawed. While the study details several problems with the MBM's methodology, data and definitions, the fundamental problem is conceptual. Traditionally, poverty has essentially been defined as severe material deprivation, which produces an unsustainable and unhealthy standard of living. The MBM, however, draws the poverty line above the basic needs level to include some families (based on location and other factors) that earn more than \$60,000 annually. Now, poverty in Canada is about more than basic needs, it's also about a lack of so-called “social inclusion.”

“By essentially defining poverty as an inability to participate in society, the government has rendered poverty as immeasurable because there's no reliable way to connect societal participation or inclusion to an income level,” Sarlo said.

“Many of our fellow Canadians lack the basic needs—government should focus on identifying and helping those Canadians.”

(30)

MEDIA CONTACT:

Christopher Sarlo, Senior Fellow, Fraser Institute

To arrange media interviews or for more information, please contact:
Mark Hasiuk, 604-688-0221 ext. 517, mark.hasiuk@fraserinstitute.org