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# NWT Market Basket Measure

NWT Bureau of Statistics  
January 23, 2019

## What is the MBM?

- It is a measure of low income based on the cost of a fixed basket of goods and services that represents a modest, basic lifestyle.
- The cost of the basket is called the **MBM threshold**.
- People who earn an **income** below the threshold are classified as living in poverty.



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## Statistics Canada & the MBM?

- They have adopted the MBM threshold as the official poverty line of Canada.
- Statistics Canada currently calculates MBM thresholds and poverty rates for the provinces.
- Statistics Canada is currently conducting a comprehensive review of the MBM.
- Part of the review is to calculate MBMs for the territories.



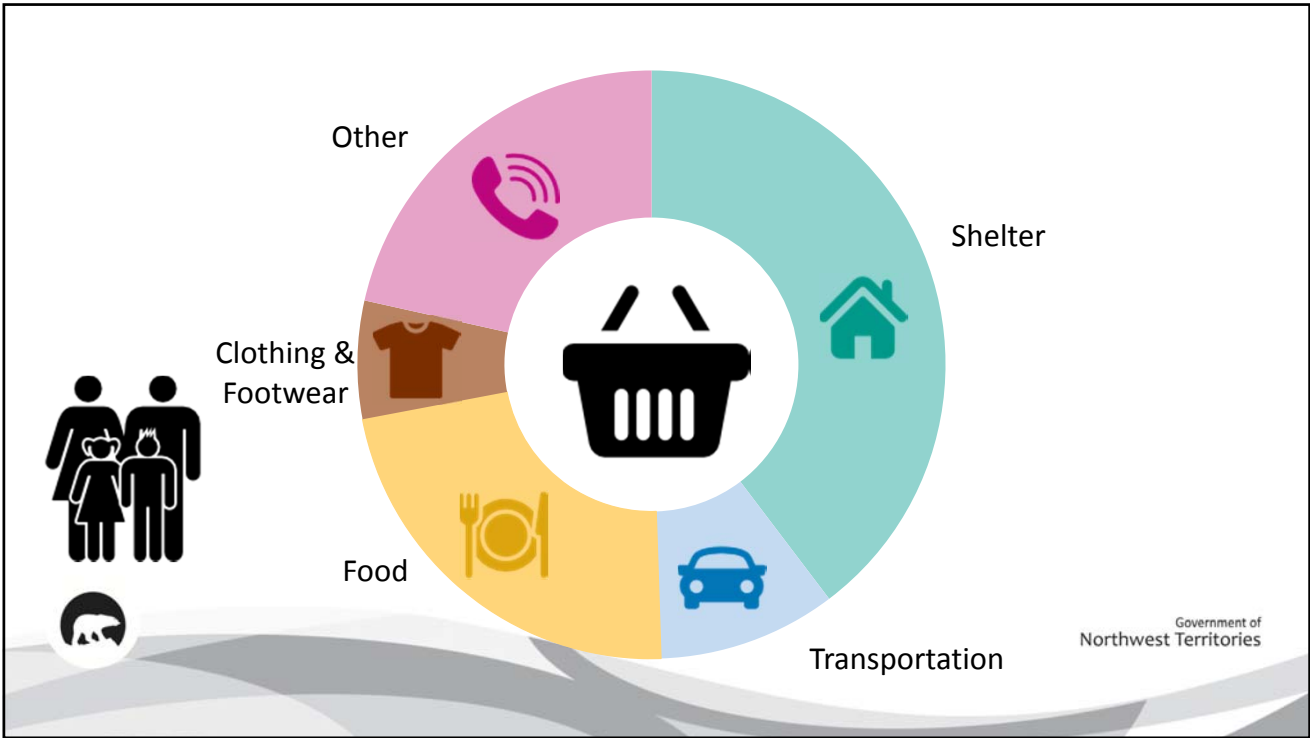
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## MBM Threshold

- MBM threshold is the cost for a specific reference family.
- There are 5 main components to the threshold: food, clothing and footwear, transportation, shelter, and other expenses.



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## The Reference Family

	Current Method	Proposed Method
	Family of four: <ul style="list-style-type: none"><li>• 2 adults (aged 25 to 49)</li><li>• 2 children (aged 9 and 13).</li></ul>	No changes to the reference family




# Shelter

	Current Method	Proposed Method
	2 and 3 bedroom rental unit Includes: <ul style="list-style-type: none"> <li>• Electricity</li> <li>• Heat</li> <li>• Water</li> <li>• Appliances</li> </ul>	No changes to the shelter component




# Transportation

	Current Method	Proposed Method
	Public transportation (bus & taxi) OR private transportation (car)	Using a combined method of public transportation (bus & taxi) AND private transportation (car)




# Food Basket

	Current Method	Proposed Method
	<p>A nutritious diet as specified in Canada's 2008 National Nutritious Food Basket</p>	<p>Use an updated National Nutritious Food Basket based on Canada's new food guidelines</p>



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# Clothing Basket

	Current Method	Proposed Method
	<p>2001 Acceptable Level of Living (A.L.L.) basket</p> <p>Developed by the Winnipeg Harvest &amp; The Social Planning Council of Winnipeg.</p>	<p>Update to the 2012 Acceptable Level of Living (A.L.L.) basket</p>



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## Other

	Current Method	Proposed Method
	<ul style="list-style-type: none"> <li>Percentage of food and clothing based on the amount spent on various 'other' items (Personal Care, Household Needs, Furniture, Basic Phone Service)</li> <li>Percentage changes Annually based on spending patterns</li> </ul>	<ul style="list-style-type: none"> <li>If possible, make telecommunications it's own category.</li> <li>Use a percentage of food and clothing that would stay consistent over time.</li> </ul>



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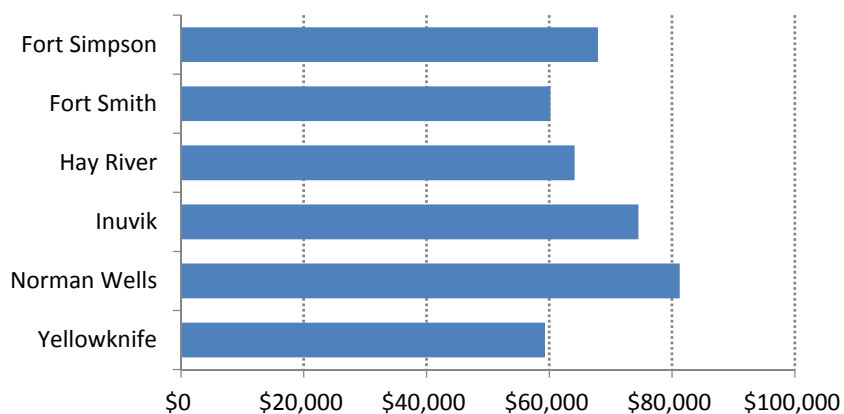
## NWT Bureau of Statistics & the MBM?

- NWT Bureau of Statistics currently calculates NWT MBM thresholds for 6 communities: Yellowknife, Fort Smith, Hay River, Fort Simpson, Inuvik & Norman Wells.
- The basket has been adapted to reflect living in the north.
- Working with Statistics Canada to develop their MBM for the Territories.



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## 2017 NWT MBM Thresholds



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## Determining Poverty Rates

- Family income is compared to the MBM threshold.
- To do this, the threshold must be adjusted to account for different family sizes.
- Everyone in the family is in poverty if their family income is below the family size adjusted threshold.



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# Disposable Income

- The MBM uses disposable rather than after-tax income, disposable income better reflects the money families have left over to purchase the MBM basket.
- Disposable income can vary from family to family.
- Disposable income is calculated by taking after-tax income and:
  - Subtracting expenses such as child care, medical expenses, alimony and child support.
  - Adding an amount to account for families who own their home but don't have a mortgage. (mortgage free advantage)



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## EXAMPLE 1

	<b>(2 Adults, 2 Children)</b>	
	<b>Family 1</b> No Childcare Owner Mortgage	<b>Family 2</b> Childcare Renter
Family size	4	4
Threshold (Reference family of 4)	\$60,000	\$60,000
Family size adjustment	1.0	1.0
<b>Family Size Adjusted Threshold</b>	<b>\$60,000</b>	<b>\$60,000</b>
After-tax Income	\$65,000	\$65,000
Child Care	\$0	-\$25,000
Mortgage Free Advantage	\$0	\$0
<b>Disposable Income</b>	<b>\$65,000</b>	<b>\$40,000</b>
<b>In Poverty (Income &lt; Threshold)</b>	<b>No</b>	<b>Yes</b>

## EXAMPLE 2

	<b>(2 Adults)</b>	
	<b>Family A</b> No Childcare Renter	<b>Family B</b> No Childcare Owner Mortgage Free
Family size	2	2
Threshold (Reference family of 2)	\$42,426	\$42,426
Family size adjustment	0.7	0.7
<b>Family Size Adjusted Threshold</b>	<b>\$42,426</b>	<b>\$42,426</b>
After-tax Income	\$40,000	\$40,000
Child Care	\$0	\$0
Mortgage Free Advantage	\$0	\$12,000
<b>Disposable Income</b>	<b>\$40,000</b>	<b>\$52,000</b>
<b>In Poverty (Income &lt; Threshold)</b>	<b>Yes</b>	<b>No</b>



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## Canadian Income Survey

- This has been the main source Statistics Canada uses to calculate the income portion of the MBM.
- Until recently, the survey was not conducted in the Territories.
- As part of their plan to calculate MBM for the Territories, this survey is now collected in the Territories.



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## How to use the MBM

- The MBM is best used to determine how many people are in poverty.
- The MBM threshold can be used to assess costs, but be aware what is and IS NOT included in the basket.



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# Contact Information

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