Proposed 2023-base Market Basket Measure (MBM)

September 2025

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Outline

- Defining and measuring poverty

- Third comprehensive review process

- The proposed 2023-base MBM methodology

- 2018-base to 2023-base MBM comparison

- Future research agenda

- Next steps

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Overview of the Market Basket Measure

- The MBM is based on the cost of a basket of goods and services representing a ***modest, basic standard of living*** for a reference family

  - Basket costs vary across Canada

  - Basket costs are adjusted for different family sizes

  - Basket's component costs are individually updated annually for inflation

- Basket costs are compared to families' disposable income to determine poverty status

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Defining and measuring poverty

- In 2018, the Government of Canada released *Opportunity for All – Canada's First Poverty Reduction Strategy*
    - Established the MBM as Canada's Official Poverty Line
    - Introduced poverty reduction targets using a 2015 baseline and a dashboard of 12 additional poverty indicators
    - Created the National Advisory Council on Poverty (NACP)
    - Required regular reviews of the MBM methodology

- In 2019, the *Poverty Reduction Act* legislated the commitments made in the *Strategy*.

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Third comprehensive review process

Initial engagement period
(spring 2023 to winter 2024)

Call for expert feedback

Workshops with representatives from academia, NGOs, federal, provincial and territorial partners

Public consultations (In-person information sessions, online survey, public online forums)

Analysis of engagement
(spring 2024 to spring 2025)

What we heard report: Engagement activities for the third comprehensive review of the Market Basket Measure

Analysis of proposals for the new base by Statistics Canada and Employment and Social Development Canada (ESDC)

Adoption of the new base
(summer 2025 to fall 2025)

The proposed methodology for the 2023-base Market Basket Measure of poverty

Final review period

Updating of Statistics Canada dissemination products

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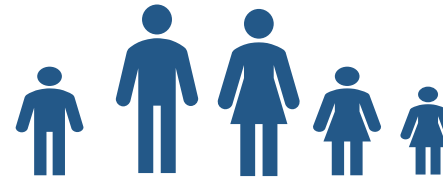
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Reference family

- The reference family would remain unchanged

Provinces, Yukon, and Northwest Territories   **Nunavut**
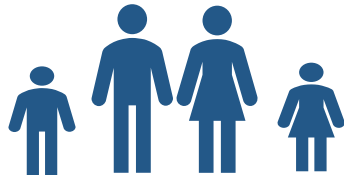
One male and one female, aged 25-49,   Includes an additional 4-year-old girl
one girl aged 9 and one boy aged 13

- The family would be in the second income decile of the total income distribution of their MBM region

- To calculate thresholds for different family sizes, the 2023-base would continue to use the square root equivalence scale

Geography

- The same geographical groupings would be used to define the 2023-base MBM regions as were used for the 2018-base

- **Provinces**
  - The MBM regions are based on population centre size and province combinations (e.g., Ontario, population 30,000 to 99,999) in addition to 19 specific communities (e.g., Montréal)
  - Over time, the number and configuration of the MBM regions may change

- **Territories**
  - The MBM regions are based on census subdivisions boundaries

- The regions exclude the reserves

Geography

- Geographical boundaries and population counts would be updated to the 2021 Census of Population

Provinces

- Would now have 52 regions compared to 53 under the 2018-base MBM

- Newfoundland and Labrador no longer has communities with a population size between 30,000 and less than 100,000

Territories

- Same number of regions as for the 2018-base MBM-N (13)

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MBM components

- The 2023-base methodology proposes to include a separately defined component for communication services

Shelter

Food

Clothing and footwear

Transportation

Other Expenses

Communication Services
(New)

Inuusiqattiarniq
(Only included in the cost of the basket for indigenous families living in Nunavut)

Shelter component

Shelter component methodology

- Is based on the Canada Mortgage and Housing Corporation's (CMHC) National Occupancy Standard (NOS)

- Uses a three-bedroom dwelling not in need of major repairs

- Is established on the median non-subsidized rent for households in the second income decile

- Includes the non-subsidized rent, appliances (except in the territories), utilities, and basic tenant insurance
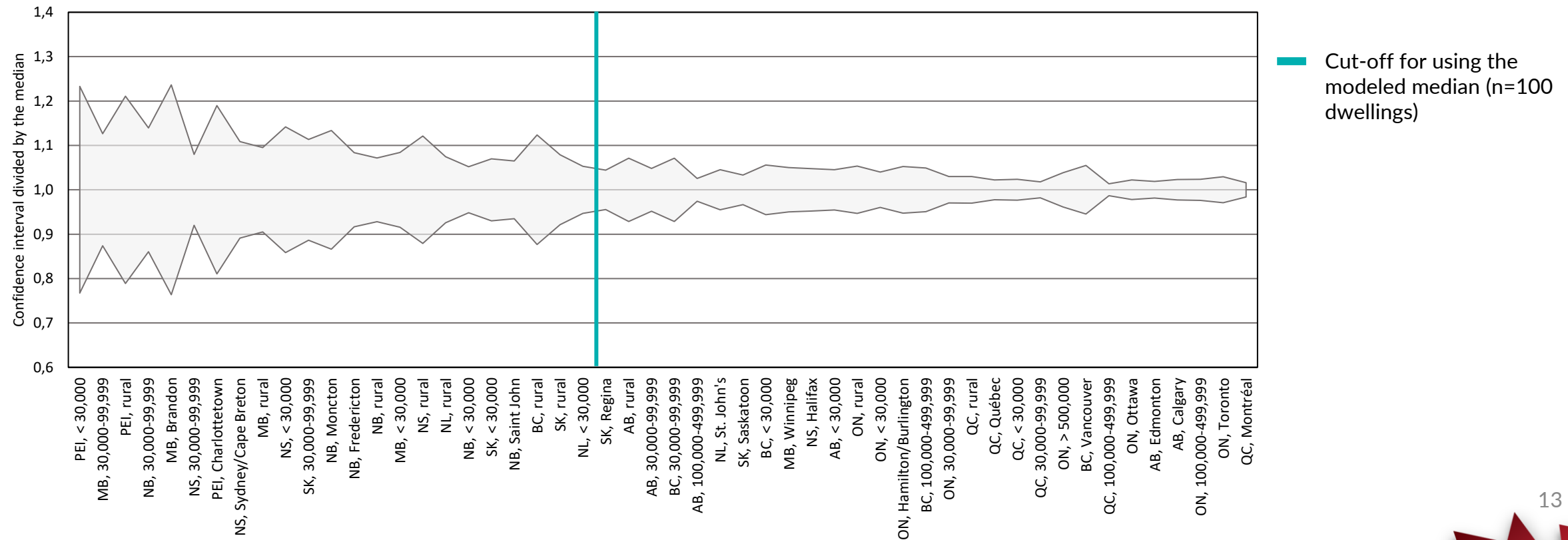
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Shelter component estimation (Provinces)

- Uses either a sampling median or a quantile regression model to estimate rent

Included in the 2018-base	Additional variables for the 2023-base
Number of bedrooms	Moved less than 5 years ago
Income decile	Dwelling type
MBM region	Number of people in the household
Age group of the major income earner	Index of remoteness

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Shelter component estimation (Provinces)

Confidence intervals for the median shelter cost per MBM region, ordered by number of non-subsidized, three-bedrooms dwellings in the region

Confidence interval divided by the median

Cut-off for using the modeled median (n=100 dwellings)

Source: Statistics Canada. Custom tabulation.

Shelter component methodology (Territories)

- **Yukon and Northwest Territories**
  - Rent would now be estimated using a sampling mean
  - Universe:
    - Whitehorse and Yellowknife, includes households in the first <u>five</u> income deciles
    - Outside the capitals, includes households in the first <u>seven</u> income deciles

- **Nunavut**
  - Rent would continue to be estimated using a sampling mean
  - Universe:
    - Iqaluit, includes households in the first <u>seven</u> income deciles
    - Outside Iqaluit, includes households in the first <u>eight</u> income deciles

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Shelter component thresholds (Provinces)

2023-base MBM shelter component thresholds for the reference family, per MBM region, 2023
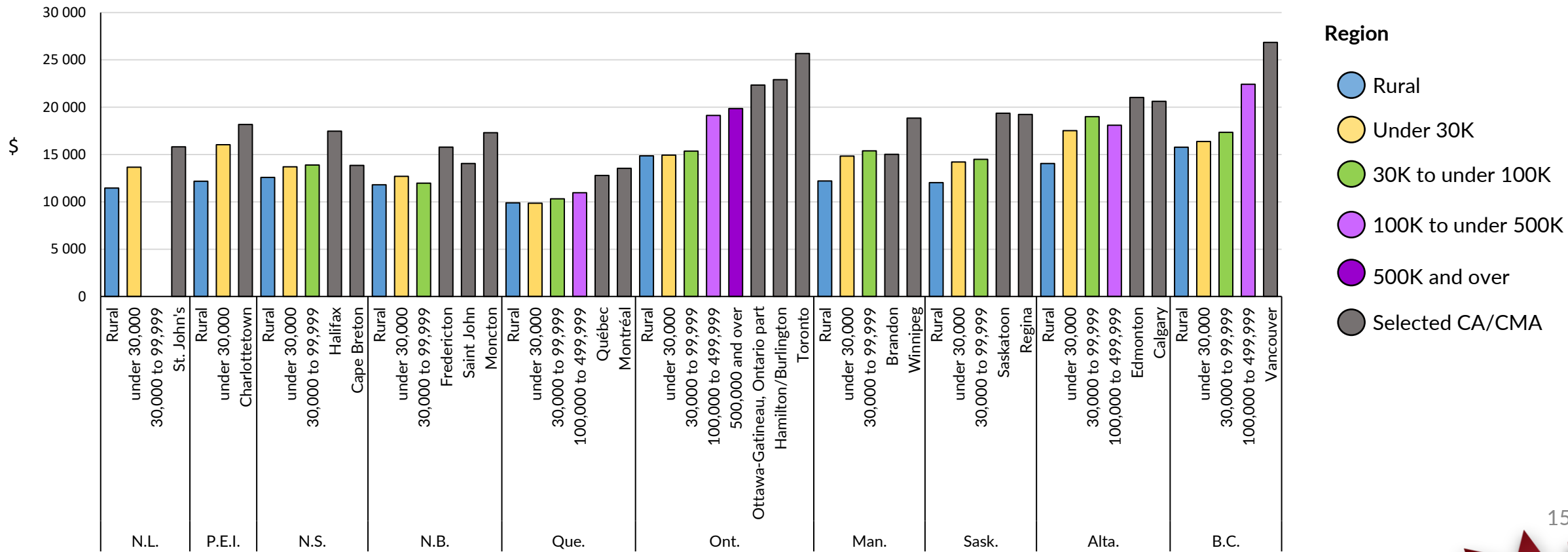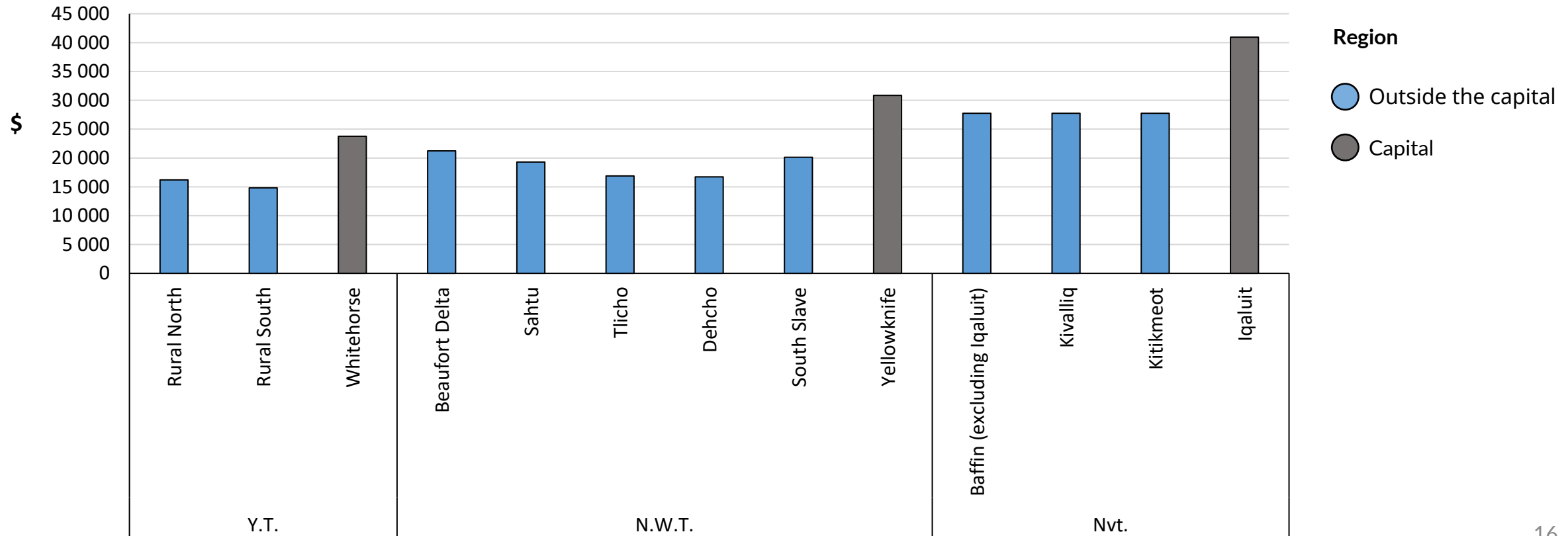
Source: Statistics Canada. Custom tabulation.

15

Shelter component thresholds (Territories)

2023-base Northern MBM (MBM-N) shelter component thresholds for the reference family, per MBM-N region, 2023

Region

⬤ Outside the capital

⬤ Capital

Source: Statistics Canada. Custom tabulation.

Shelter component threshold differences between bases

Differences in the shelter component costs between the 2023-base and the 2018-base, averaged by province, 2023

Province	Average threshold ($)	Difference (%)
Newfoundland and Labrador	13,838	0.8
Prince Edward Island	15,690	12.2
Nova Scotia	15,194	1.0
New Brunswick	14,015	9.4
Quebec	12,175	-1.3
Ontario	21,788	11.5
Manitoba	17,048	4.0
Saskatchewan	16,422	-0.9
Alberta	19,573	-6.7
British Columbia	23,425	15.2

Differences in the shelter component costs between the 2023-base and the 2018-base, averaged by territory, 2023

Territory	Average threshold ($)	Difference (%)
Yukon	22,103	7.2
Northwest Territories	25,225	-2.2
Nunavut	30,408	-1.0

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Food component

Food component methodology

- Based on Health Canada's 2019 National Nutritious Food Basket (NNFB)
  - Nunavut includes hunted and harvested country food

- Fulfills the nutritional requirements for the reference family, given their age and sex

- Contains commonly consumed food items reported by Canadians

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Food component methodology (Provinces)

- Weekly scanner data from around a thousand communities and covering the majority of the Canadian grocery market

- Individual community prices would be aggregated to the MBM region level by taking a weighted average and annualized

- The annual prices for items would then be applied to the NNFB quantities and aggregated to obtain the total component cost

- The additional 5% for miscellaneous items would continue to be included

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Food component methodology (Territories)

- **Yukon and Northwest Territories**

  - Whitehorse and Yellowknife, same proposed methodology as for the provinces

  - Outside the capitals, cost of the basket in the capital is adjusted using spatial indexes

- **Nunavut**

  - Iqaluit, geometric mean of monthly in-store collected prices

  - Outside Iqaluit, cost of the basket in the capital is adjusted using spatial indexes

Food component thresholds (Provinces)

2023-base MBM food component thresholds for the reference family, by MBM region, 2023
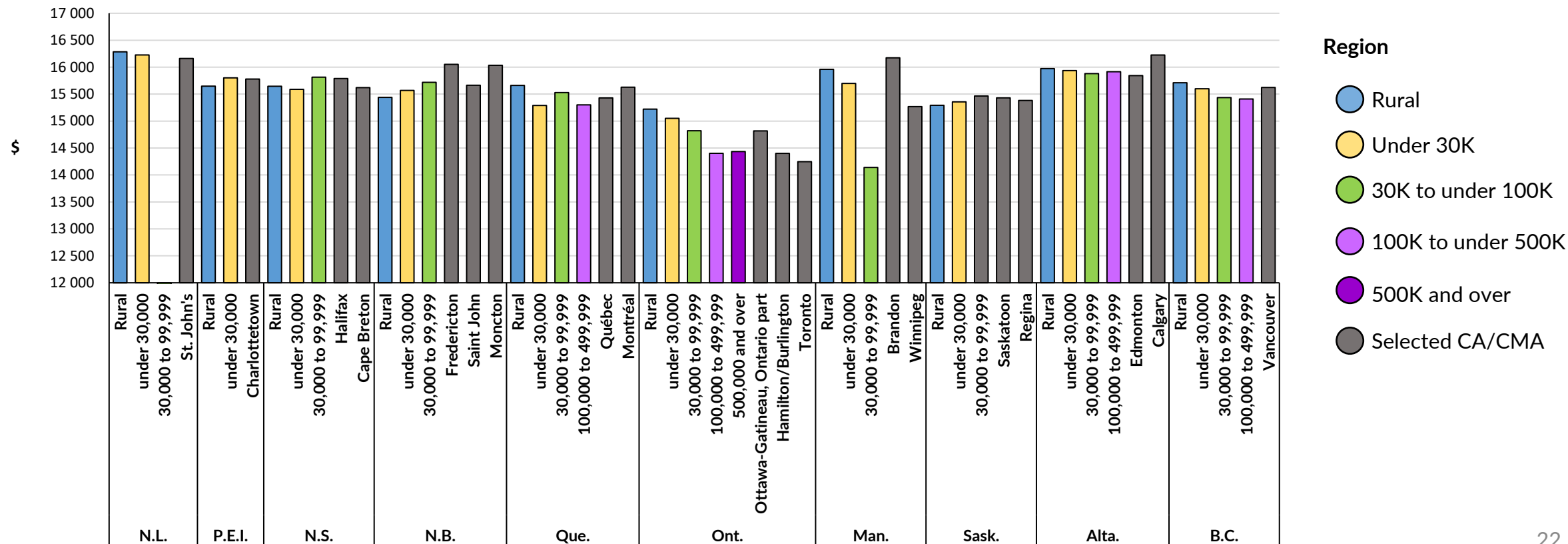
Region
- Rural
- Under 30K
- 30K to under 100K
- 100K to under 500K
- 500K and over
- Selected CA/CMA

Source: Statistics Canada. Custom tabulation.

Food component thresholds (Territories)

2023-base MBM-N food component thresholds for the reference family, per MBM-N region, 2023
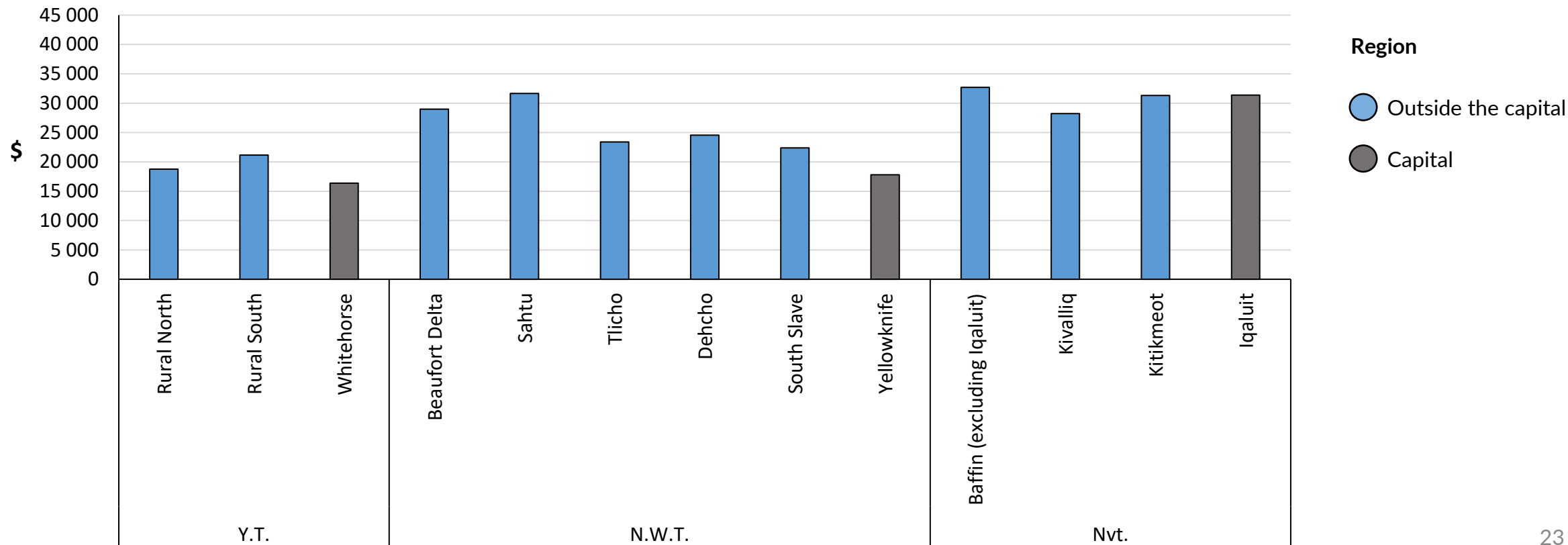
Region
- Outside the capital
- Capital

Source: Statistics Canada. Custom tabulation.

Food component threshold differences between bases

Differences in the food component costs between the 2023-base and the 2018-base, averaged by province, 2023

Province	Average threshold ($)	Difference (%)
Newfoundland and Labrador	16,219	-1.3
Prince Edward Island	15,735	-6.0
Nova Scotia	15,718	-1.2
New Brunswick	15,717	-3.1
Québec	15,544	6.5
Ontario	14,477	4.0
Manitoba	15,443	7.8
Saskatchewan	15,378	8.2
Alberta	16,008	5.0
British Columbia	15,565	3.9

Differences in the food component costs between the 2023-base and the 2018-base, averaged by territory, 2023

Territory	Average threshold ($)	Difference (%)
Yukon	17,042	8.3
Northwest Territories	21,779	14.0
Nunavut	30,849	7.8

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Clothing and footwear component

Clothing and footwear component

- Based on the 2012 Social Planning Council of Winnipeg and Winnipeg Harvest Acceptable Living Level (ALL) basket
  - Territories use an adaption of the ALL basket
  - Nunavut includes traditional clothing

- Provides clothing and footwear for most common work, school and social occasions

Clothing and footwear component methodology (Provinces)

- Uses a combination of collection methods (e.g., in-store and web-scraped)

- Reflects clothing and footwear items in the first decile of the price distribution

- An annual arithmetic average of the weekly price quotes would be multiplied by the ALL replacement schedule to derive a total component cost

- Provincial and federal taxes were included when applicable

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Clothing and footwear component methodology (Territories)

- **Yukon and Northwest Territories**

  - Whitehorse and Yellowknife, same proposed methodology as for the provinces

  - Outside the capitals, would use weighted average cost of one shopping trip to the closest capital per year and online shopping

    - The MBM-N region costs would be derived using the population weighted average of the community-level costs

Clothing and footwear component methodology (Territories)

- **Nunavut**

    - All communities would use a combination of costs associated with one shopping trip to a regional center per year and online shopping

        - When the shopping trip destination is Iqaluit, the 2018-base pricing methodology would be used

        - Otherwise, the pricing methodology would use a combination of in store and web-scraped data

        - The MBM-N region costs would be derived using the population weighted average of the community-level costs

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Clothing and footwear thresholds (Provinces)

2023-base MBM clothing and footwear component thresholds for the reference family, per province, 2023
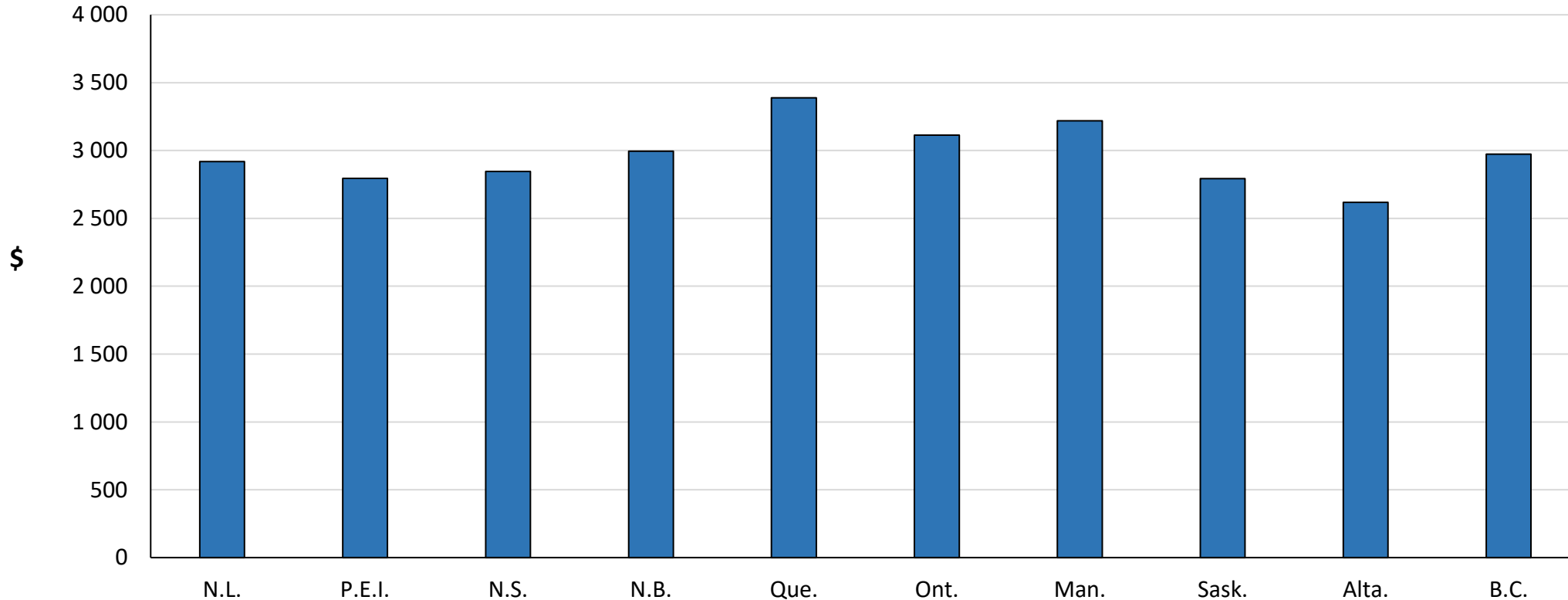
Source: Statistics Canada. Custom tabulation.

Clothing and footwear thresholds (Territories)

2023-base MBM-N clothing and footwear component thresholds for the reference family, per MBM-N region, 2023

Region

- ● Outside the capital
- ● Capital
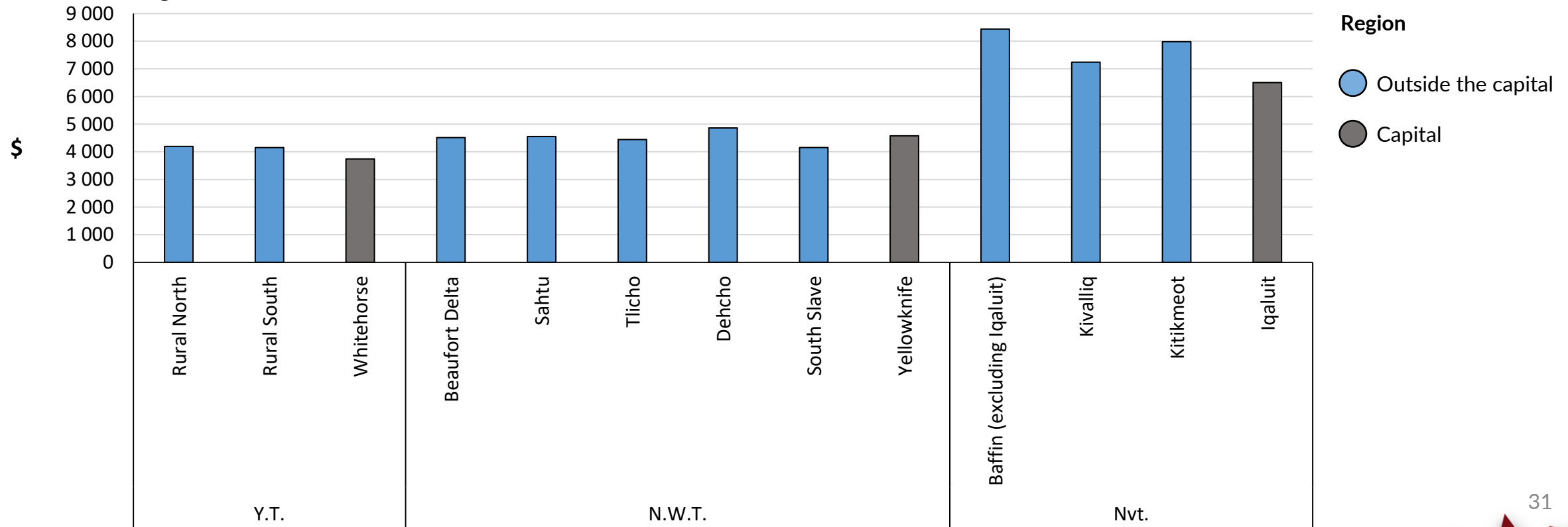
Source: Statistics Canada. Custom tabulation.

Clothing and footwear component threshold differences between bases

Differences in the clothing and footwear component costs between the 2023-base and the 2018-base, averaged by province, 2023

Province	Threshold ($)	Difference (%)
Newfoundland and Labrador	2,919	39.5
Prince Edward Island	2,795	27.6
Nova Scotia	2,845	25.7
New Brunswick	2,995	19.6
Québec	3,388	52.1
Ontario	3,114	49.1
Manitoba	3,219	54.5
Saskatchewan	2,793	22.9
Alberta	2,618	38.2
British Columbia	2,973	41.8

Differences in the food component cost between the 2023-base and the 2018-base, averaged by territory, 2023

Territory	Average threshold ($)	Difference (%)
Yukon	3,835	6.7
Northwest Territories	5,318	16.9
Nunavut	7,612	7.8

Transportation component

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Transportation component (Provinces)

- Represents the cost of private and public transportation

- It recognizes the costs associated with travel to and from work, to go shopping and meet other everyday needs

- It is estimated using a weighted average based on the usage of public transportation

- In areas without a comprehensive public transit system, only the private subcomponent costs are used

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Transportation component methodology (Provinces)

- ## Private transportation subcomponent:

Purchasing costs
- Basket of five 8-year-old compact cars
- Amortized over 5 years
- 36-months financing term

Operating costs
- Gasoline costs estimated using number of km per province from Natural Resources Canada's Comprehensive Energy Use Database

Maintenance costs
- Price data would replace expenditure data

- ## Public transportation subcomponent:

Public transit costs
- Price data for two adult monthly passes and one child monthly pass

Taxi/ride-share costs
- Price data of 12 two-way taxi/ride-share trips, weighted using expenditure data

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Transportation component methodology (Territories)

| Yukon and Northwest Territories		Nunavut
Whitehorse and Yellowknife	**Outside the capitals**	**All communities**
• Purchasing cost would be based on a basket of cars and Sport Utility Vehicles (SUVs) • Operating and maintaining costing methodology remain the same as for the 2018-base	**With access by road** • Same methodology as the capitals, with adjustments for higher repair and maintenance costs **Without road access** • Would include costs for purchasing, operating, shipping, and maintaining a mid-quality All Terrain Vehicle (ATV) and snowmobile	• Would include costs of purchasing, operating, shipping and maintaining a mid-quality ATV and snowmobile

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Transportation component thresholds (Provinces)

2023-base MBM transportation component thresholds for the reference family, by MBM region, 2023
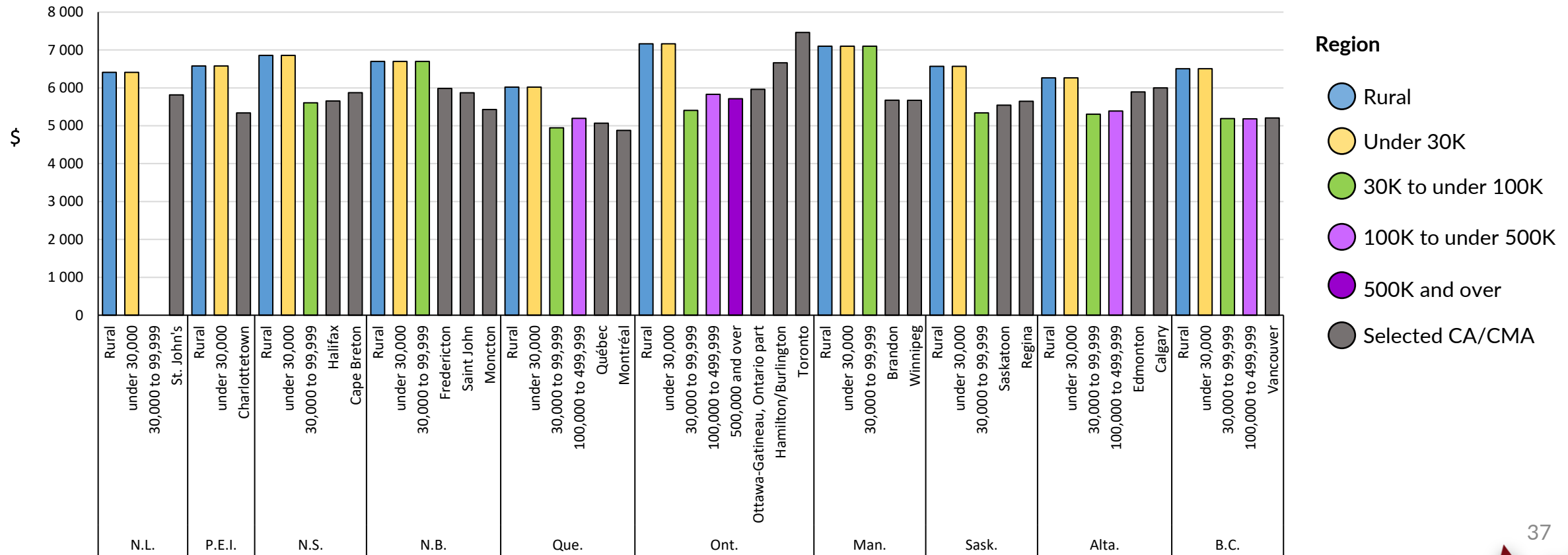
Source: Statistics Canada. Custom tabulation.

Transportation component thresholds
(Territories)

2023-base MBM-N transportation component thresholds for the reference family, by MBM-N region, 2023
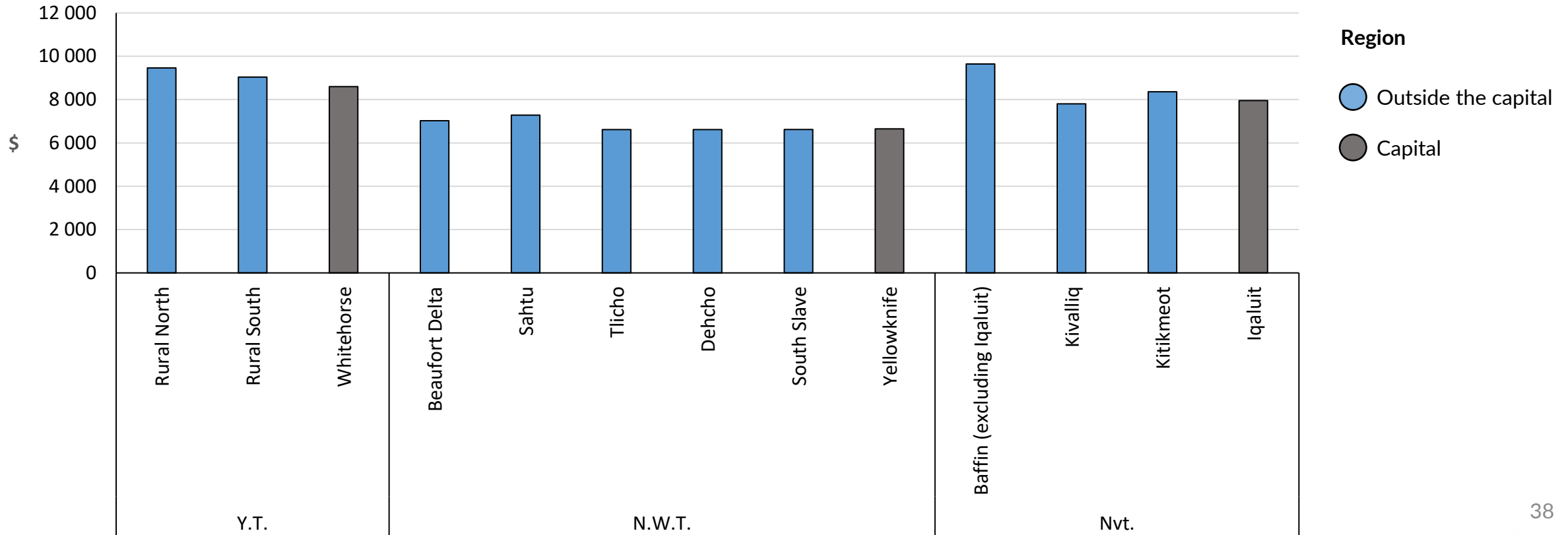
Source: Statistics Canada. Custom tabulation.

Transportation component threshold differences between bases

Differences in the transportation component costs between the 2023-base and the 2018-base, averaged by province, 2023

Province	Average threshold ($)	Difference (%)
Newfoundland and Labrador	6,164	13.1
Prince Edward Island	5,962	18.4
Nova Scotia	6,103	13.4
New Brunswick	6,196	14.8
Québec	5,172	7.3
Ontario	6,730	12.1
Manitoba	6,099	9.3
Saskatchewan	5,959	7.1
Alberta	5,951	15.9
British Columbia	5,413	3.9

Differences in the transportation component cost between the 2023-base and the 2018-base, averaged by territory, 2023

Territory	Average threshold ($)	Difference (%)
Yukon	8,747	42.3
Northwest Territories	6,729	2.0
Nunavut	8,526	-8.7

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Other expenses component

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Other expenses component methodology

- The other expenses component recognizes the need for other goods and services that are not covered elsewhere

- Not based on specific items, because items could be considered necessary for some but not for others

- Calculated as a percentage of the total cost of the food and clothing components

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Other expenses component methodology

- Proposed updates would include:
  - Expenditure categories associated with communication services would be removed from the numerator
  - Expenditure values would be updated to use the more recent Survey of Household Spending (SHS) data
  - The universe would be re-aligned to better reflect the reference family (e.g., ages)
- The same multiplier would be used for the territories, except it would use territorial food and clothing prices

75.4%
2018-base multiplier

50.3%
2023-base multiplier

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Communication services component

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Communication services component

- Based on the universal service objective established by the Canadian Radio-television and Telecommunications Commission (CRTC)

- Would include the weighted costs for landline, cell-phone, and internet services

- Separate component costs would be calculated for rural and urban regions of each province and territory

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Communication services subcomponents

Landline services

- Annual price for basic landline services in each province, including a one-time installation fee
- CRTC price observations would be used for basic wireline telephone services prices, in rural and urban areas

Cell phone services

- Cell phone plans for the two adult members of the reference family, including two subscriber identity module (SIM) cards and activation fees
- CRTC price observations would be used for cell phone service plan prices

Internet services

- Average of lowest three prices per geography for residential broadband internet access services, including a one-time installation fee
- CRTC price observations would be used for Internet service plan prices

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Communication services component thresholds

2023-base MBM communication component thresholds for the reference family, by MBM and MBM-N region, 2023
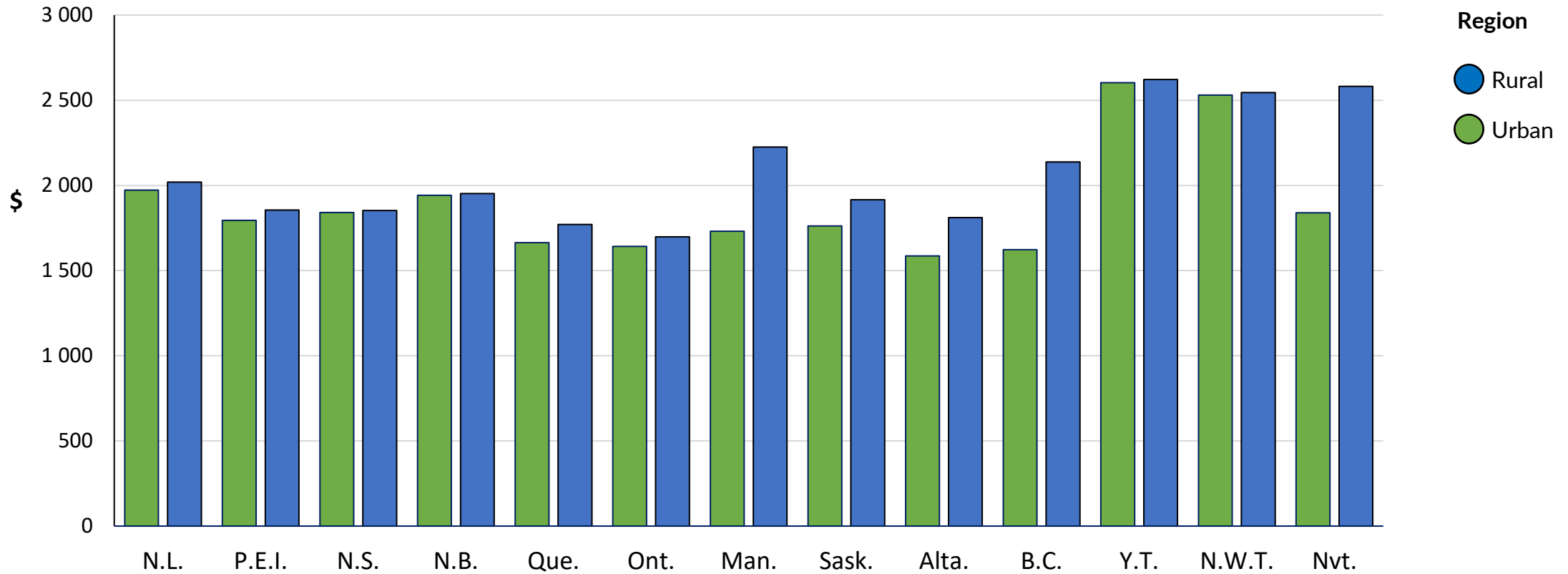
**Source:** Statistics Canada. Custom tabulation.

Inuusiqattiarniq component

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Inuusiqattiarniq component methodology (Nunavut)

- The component is unique to Nunavut

- Estimates the costs of goods and services required to preserve Inuit knowledge, culture, traditions and way of life

- Based on the 2019 Nunavut Roundtable for Poverty Reduction and follow-up outreach activities, and was informed by the following four pillars:

| Culture and Language | Healthy personal relationships | Trauma services | Addiction treatment |

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Inuusiqattiarniq component methodology (Nunavut)

- Supported by available data sources and determined by expert judgement

- It is proposed that the 2023-base inuusiqattiarniq component follow a similar methodology as the 2018-base

- Estimated by using a fixed multiplier (25%) applied to the cost of the other expenses component

- The component cost is added only to the basket costs for Indigenous families

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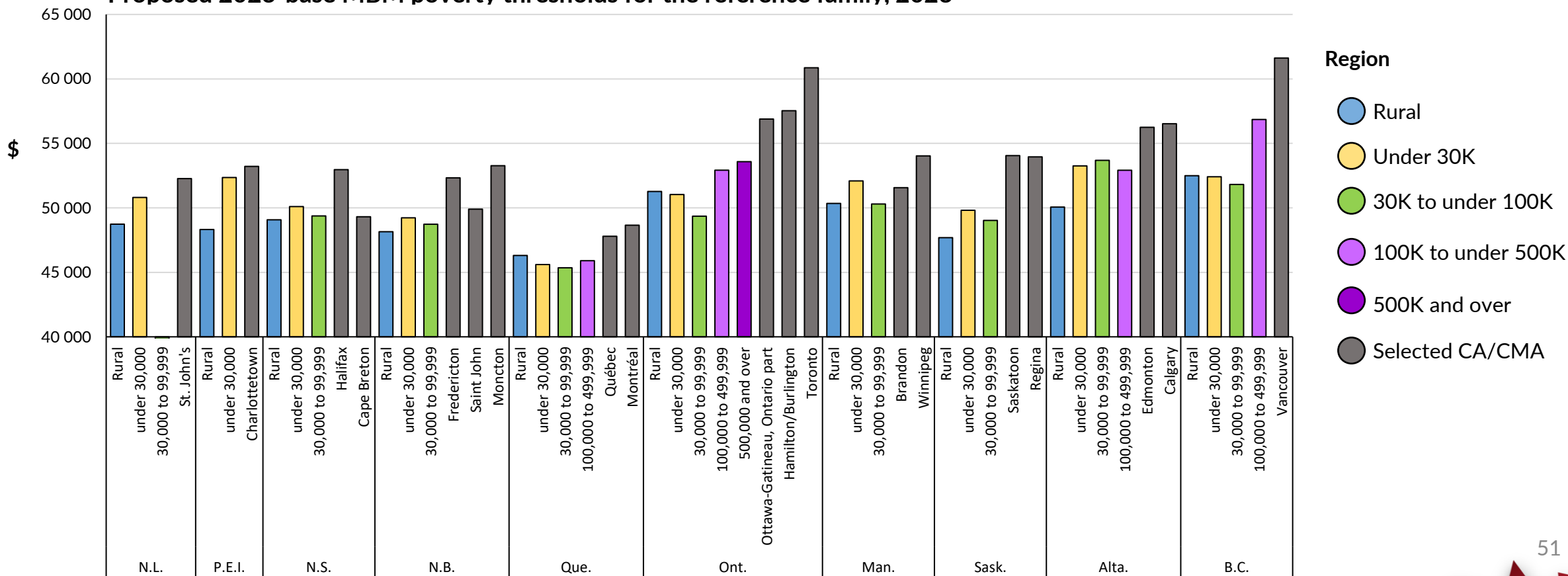
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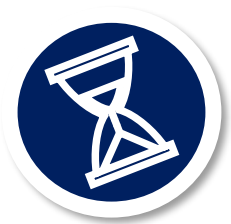
Annual indexation

- After being estimated for the base year, each component is adjusted for other reference years using the following consumer price indexes:

Component	Provinces	Yukon and Northwest Territories	Nunavut
Shelter	All-items	All-items	All-items
Food	Food purchased from stores	Food purchased from stores	All-items
Clothing and footwear	Clothing and footwear	Clothing and footwear	All-items
Transportation			
Private	Private transportation	Private transportation	All-items
Public	Public transportation	N/A	N/A
Other expenses	All-items	All-items	All-items
Communication services	Communication	Communication	All-items
Inuusiqattiarniq	N/A	N/A	All-items

2023-base total thresholds (Provinces)

Proposed 2023-base MBM poverty thresholds for the reference family, 2023

Source: Statistics Canada. Custom tabulation.

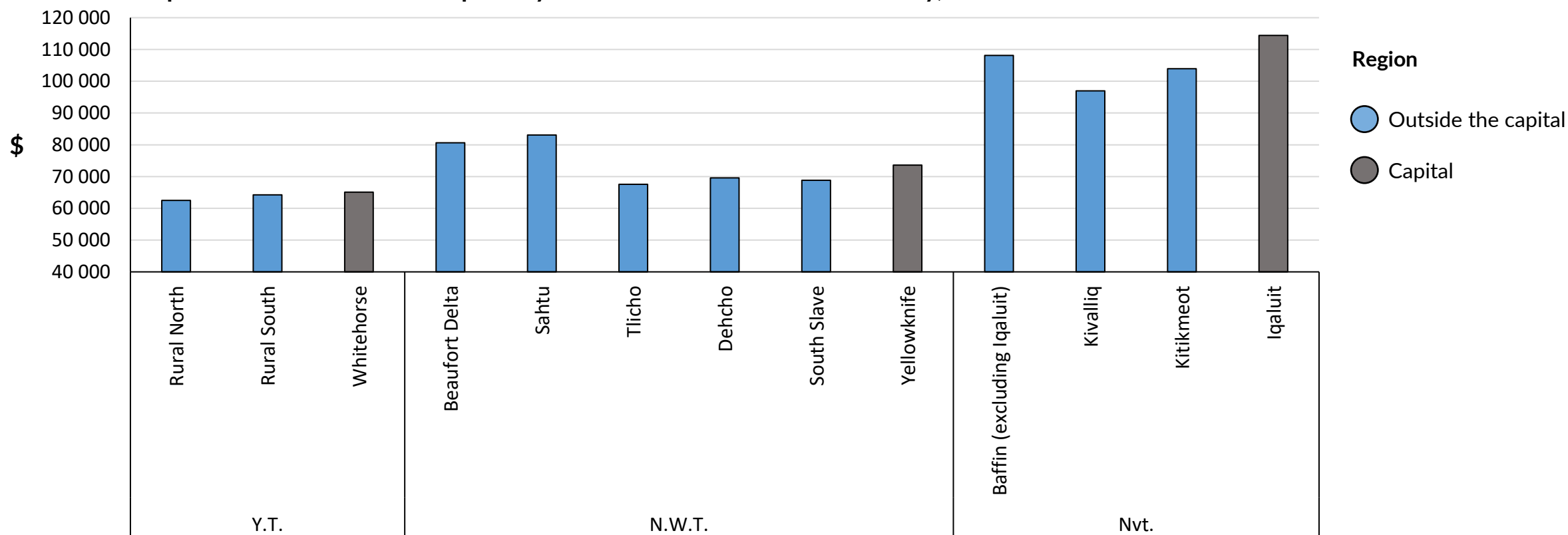# 2023-base total thresholds (Territories)

Proposed 2023-base MBM-N poverty thresholds for the reference family, 2023

Region

⬤ Outside the capital

⬤ Capital

Source: Statistics Canada. Custom tabulation.
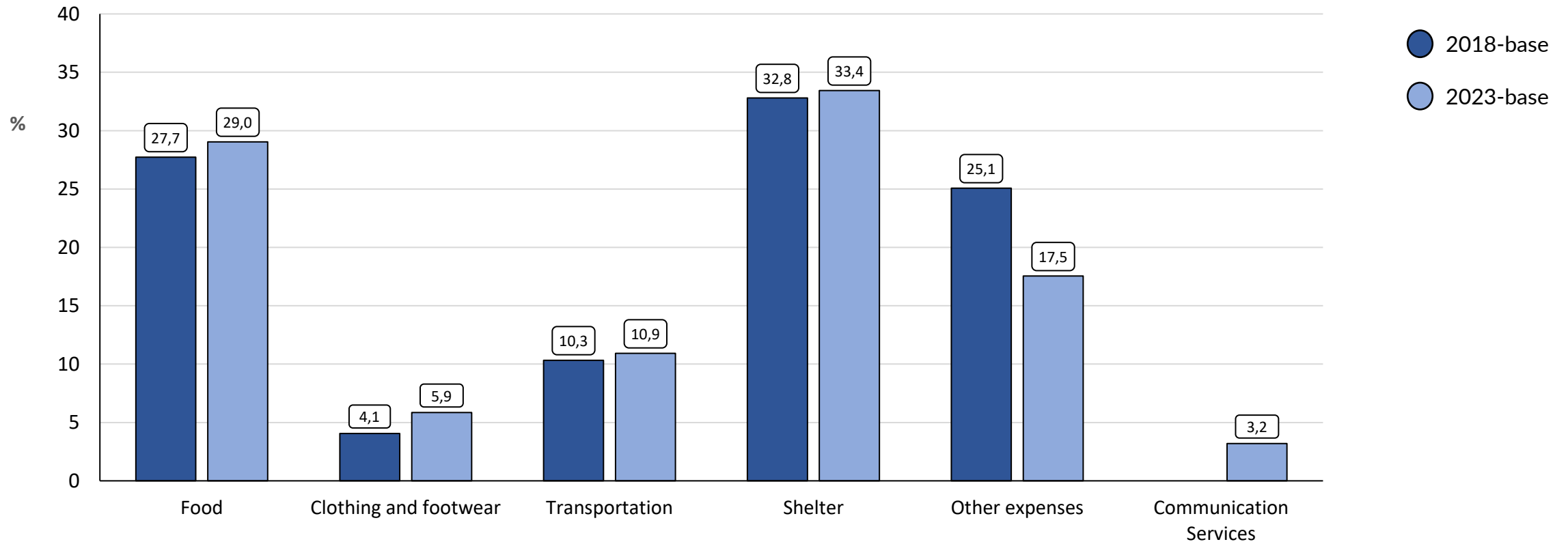
Component share of total threshold (Provinces)

Averaged component share of the MBM threshold, 2018-base and 2023-base MBM

● 2018-base
● 2023-base

Component	2018-base	2023-base
Food	27,7	29,0
Clothing and footwear	4,1	5,9
Transportation	10,3	10,9
Shelter	32,8	33,4
Other expenses	25,1	17,5
Communication Services		3,2

Note: Component shares were obtained using a weighted average of all 52 2023-base MBM baskets and a weighted average of all 53 2018-base MBM baskets using the 2021 Census population counts as weights.

Source: Statistics Canada. Custom tabulation.

Disposable income

- It is the income left over after unavoidable expenses have been deducted and adjustments have been made

- It is the income a family has left to purchase the MBM basket of goods and services

Calculation of disposable income for the Market Basket Measure of poverty

After-tax income − (Additional Paycheck Deductions, Child care expenses and/or Child and Spousal Support Payments, Medical expenses, Registered Pension Plan) + (Tenure Type Adjustment, Capital Gains Tax) = MBM Disposable Income
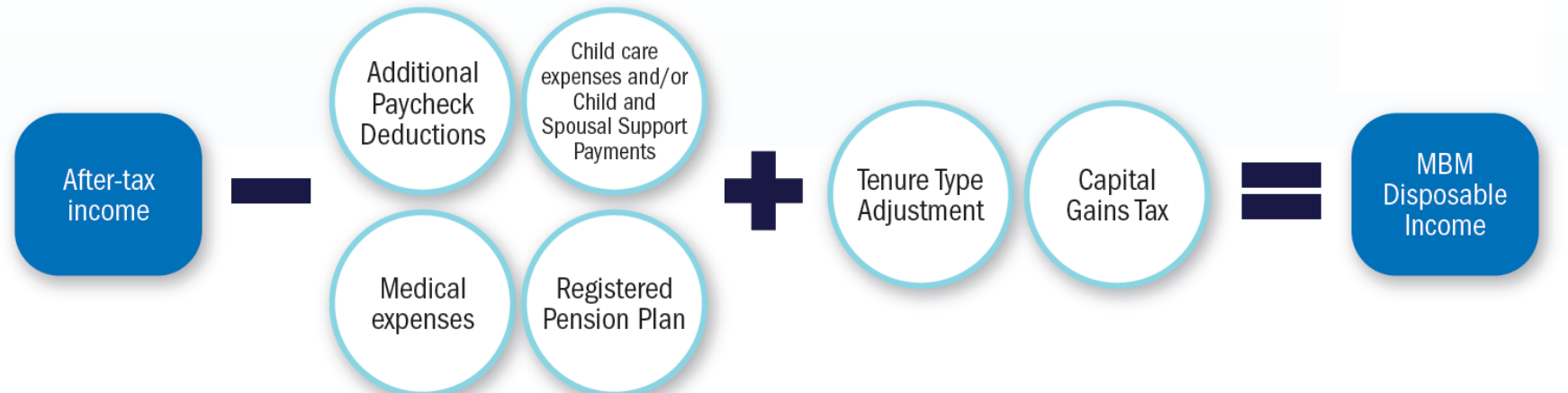
Tenure type adjustments

Tenure Type Adjustments methodology

- The 2023-base would continue to calculate the TTAs as the difference between the shelter cost of non-subsidized renters and of a given tenure type (i.e., subsidized renters, homeowners with and without a mortgage)

- Improvements to the shelter component model would be applied for the TTAs

Tenure Type Adjustments methodology

Description	Subsidized renters		Homeowners with a mortgage		Homeowners without a mortgage	
	Provinces	Territories	Provinces	Territories	Provinces	Territories
Shelter cost	Rent + utilities		Condo fees + utilities + property tax + interest paid on the mortgage		Condo fees + utilities + property tax	
Universe	2nd income decile	1st to 5th income deciles	2nd income decile	1st to 7th income deciles	2nd income decile	1st to 7th income deciles
Cut-off for the model	50 households	Not applicable	50 households	Not applicable	100 households	Not applicable
Appliances	Amortization cost of the appliances, weighted by the proportion of rental dwellings that do not include appliances	Not applicable	Amortization cost of the appliances	Not applicable	Amortization cost of the appliances	Not applicable
Insurance	Basic tenant insurance		Basic homeowner insurance		Basic homeowner insurance	
Interest paid on the mortgage	Not applicable		Estimated based on the age of the major income earner, location of the dwelling and the annual average rate of all existing lend in Canada		Not applicable	

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Interest paid on mortgage imputation

- As with the 2018-base, interest paid on the mortgage of a three-bedroom dwelling is added to the shelter cost of homeowners with a mortgage

- It is estimated per MBM region and age group

  - Less than 40; 40 to 60; and over 60 years old in the provinces
  - Less than 50 and older than 50 years old in the territories

- The interest paid on the mortgage would be recalculated annually using the corresponding Bank of Canada composite mortgage interest rate

Interest paid on mortgage imputation

1. **Find the proportion of the monthly mortgage payment paid towards interest using the CHS**

- Calculated annually using the Canadian Housing Survey (2023 for the provinces and 2018 for the territories)
- Uses the Bank of Canada composite mortgage interest rate
- Aggregated per age group and geographical regions

2. **Apply the proportion to the monthly mortgage payment to obtain the amount of interest paid monthly using the census**

- Calculated using the 2021 Census of Population
- Based on three-bedroom dwellings
- The proportions are applied to the monthly mortgage payments of households

3. **Average the interest per age group and province or territory**

- For the provinces, averaged for three age groups and per MBM region
- For the territories, averaged for two age groups and in the capital or outside the capital

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Medical expense imputation

Medical expense imputation methodology

- Used to account for under reporting of medical expenses on tax data due to the minimal claimable amount required.

- Imputation amount is added for adults with $0 medical expenses on the Canadian Income Survey

- Is calculated per age groups and province or territory (no age groups in the territories)

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Medical expense imputation methodology

1. **Calculate the average medical expenditure per person using the SHS ($Medex_{SHS}$)**

   - Uses data from the 2017, 2019 and 2021 Survey of Households Spending

   - The universe includes individuals with a family income in the second income decile distribution of their MBM region or in the first five income deciles of their MBM region for the territories

2. **Find the proportion (ρ) of people that have $0 expenses on the CIS**

3. **Calculate the average medical expenditures for that group ($Medex_{CIS\_with\_exp}$)**
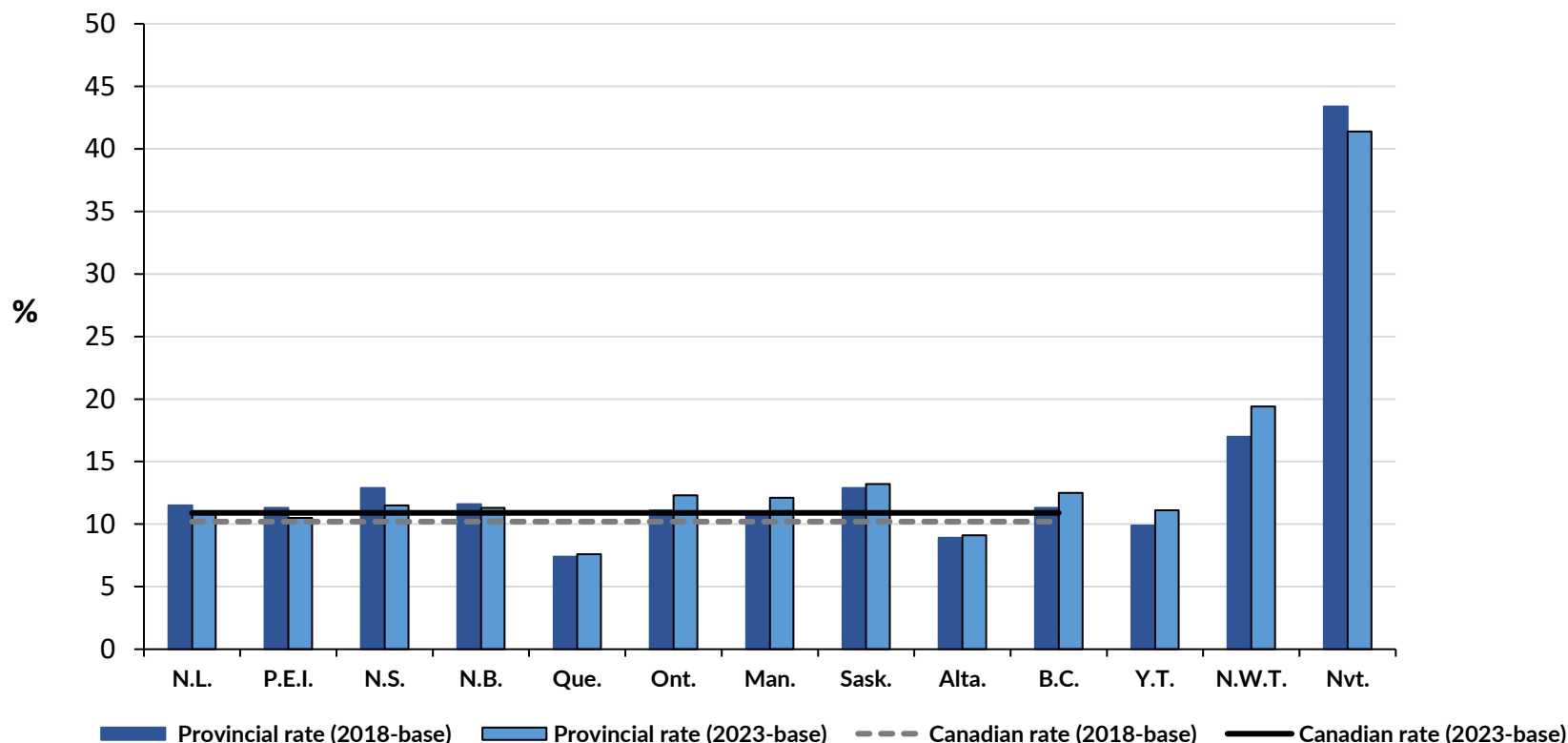
   - Is calculated per age group and province or territory (no age groups in the territories)

   - Is calculated using the 2019-2023 Canadian Income Survey

   - $Medex_{SHS} = ρ \times Medex_{CIS\_with\_exp} + (1- ρ) \times Medex_{CIS\_with\_no\_exp}$

4. **Calculate the imputation amount**

   - $Medex_{CIS\_with\_no\_exp} = \dfrac{(Medex_{SHS} - ρ \times Medex_{CIS\_with\_exp})}{(1- ρ)}$

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2018-base and 2023-base poverty rates

**Percentage of persons in poverty, 2018-base and 2023-base, by province and territory, 2023**

Legend: Provincial rate (2018-base) — Provincial rate (2023-base) — Canadian rate (2018-base) — Canadian rate (2023-base)

Geography	2018-base	2023-base
	percent	
Canada	10.2	10.9
N.L.	11.5	10.9
P.E.I	11.3	10.5
N.S.	12.9	11.5
N.B.	11.6	11.3
Que.	7.4	7.6
Ont.	11.1	12.3
Man.	10.9	12.1
Sask.	12.9	13.2
Alta.	8.9	9.1
B.C.	11.3	12.5
Y.T.	9.9	11.1
N.W.T.	17.0	19.4
Nvt.	43.4	41.4

Source: Statistics Canada, Canadian Income Survey.

63

2018-base and 2023-base poverty rate (over time)

Percentage of persons in poverty, 2018-base and 2023-base, Canada, 2015 to 2023

● Produced with the 2018-base MBM
● Produced with the 2023-base MBM
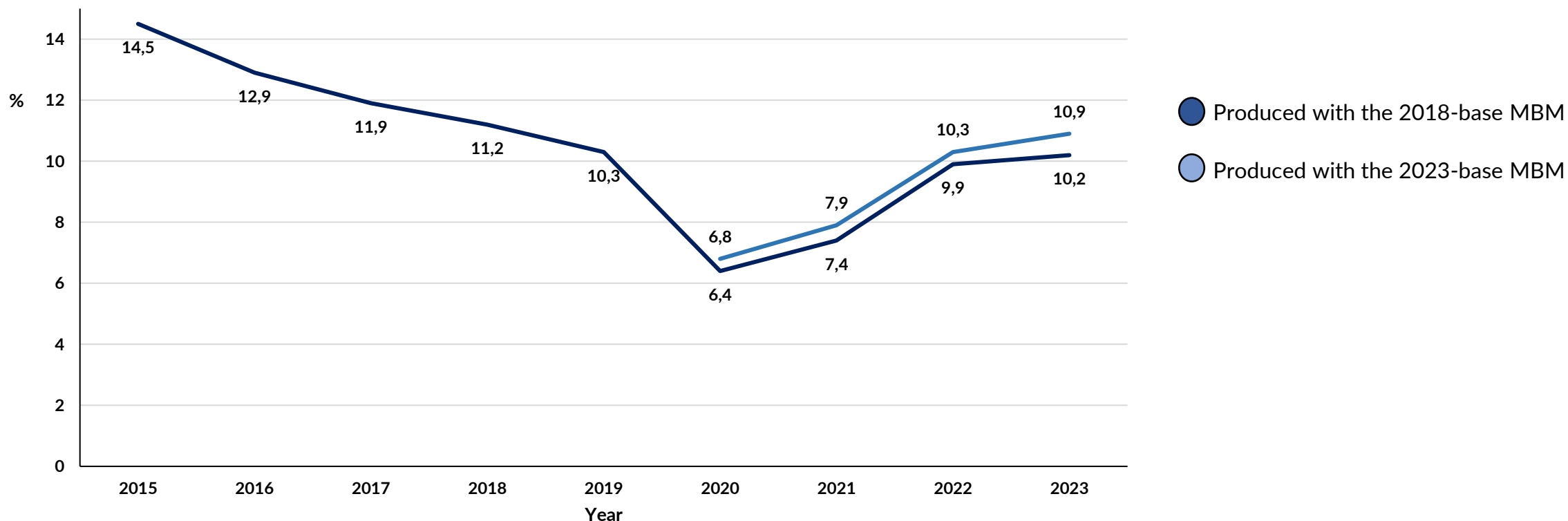
Source: Canadian Income Survey. Custom tabulation.

Future research agenda items

- The following topics have been identified for further research or exploration:

Different family compositions

Using the household unit

Territorial specific topics

Income decile evaluation

Debt servicing

Material deprivation indicators

MBM on administrative data

- Additional topics could be added

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Next steps

- The review period will run until early November 2025

- Once the review period ends the proposed 2023-base methodology would be updated (if necessary)

  - Feedback we receive could result in an update to the proposed 2023-base methodology or be added as a future research topic

- Once finalized, the Canadian Income Survey (CIS) data tables and the Dimension of Poverty Hub will be updated to include estimates using the 2023-base

- With the reference year 2024 CIS release (Spring 2026), poverty rates based on the 2018-base MBM methodology will no longer be published

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Thank you !

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