

# MEASURING POVERTY

*“There’s no accounting for the poor: Poverty numbers are less important than policy.”*  
 - Steve Kerstetter, National Council of Welfare

There is a debate on how to measure poverty in Canada. The two most common measures of poverty in Canada are the Low Income Cut Off Line (LICO) and the Human Resources Skills Development Canada (HRSDC) Market Basket Measure.

## Low Income Cut Off Line (LICO)

- If a household spends more than 54.7% of their income on food, shelter, and clothing they are in “straightened circumstances”, or what many would call poor.
- LICOs vary by the number of people in each household, and the size of community. LICOs can be measured before or after taxes.

## HRSDC Market Basket Measure

- This includes the amount of money a household must have to eat a nutritious diet, buy clothing for work and social occasions, house themselves in their community, pay for transportation, and pay for other necessary expenditures<sup>1</sup>.
- The costs of the items in the Market Basket Measure are adjusted for provincial differences in costs of living and community and household size. These are based on after tax income.

	2000 After-Tax LICO	2000 HRSDC Market Basket Measure
Single person	\$12,780	\$13,896
Two person family	\$15,594	\$19,454
Four person family	\$24,565	\$27,791

### ***Would you feel rich at \$16,000 a year?***

At a recent focus group of people living on low income some participants expressed surprise how far below their own income was from the Low Income Cut Off line, saying *“If I made \$16,000 a year I would feel a lot richer”*.

Notes:

<sup>1</sup> Necessary expenditures include personal care, household needs, furniture, telephone service, reading, recreation, entertainment and school supplies.



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**Bringing people together  
 to create solutions in the areas of homes,  
 paid work and community connections  
 in BC's Capital Region.**