

THE DEPTH AND PREVALENCE OF POVERTY

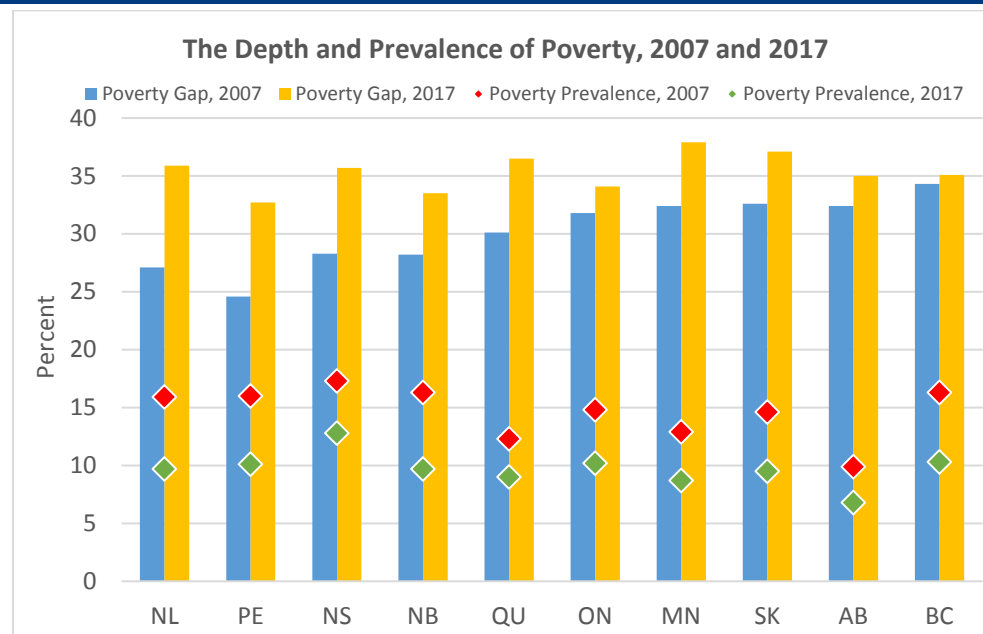
In 2017, the prevalence of poverty fell in all provinces relative to 2007, however the measured depth of poverty increased.

The figure presents data from 2007 and 2017 showing, for each province, the *prevalence* and the *depth* of poverty. The prevalence of poverty (shown by the red and green diamonds) is the percentage of a provincial population living with an income below the Market Basket Measure (MBM) of the poverty line. The depth of poverty (shown by the blue and gold bars) is measured as the gap between the poverty line and the average income of people in poverty. It is expressed as a percentage of the MBM poverty line.

In 2017 versus 2007, the prevalence of poverty fell quite noticeably in all provinces. In 2007, the prevalence of poverty was highest in Nova Scotia (17.3% of the population) and in New Brunswick and British Columbia (16.3%). The prevalence of poverty in Alberta (9.9%) was the lowest in the country by a considerable margin. By 2017 the prevalence of poverty had fallen in all provinces but still remained highest in Nova Scotia (12.8%) and lowest in Alberta (6.8%). The biggest fall in the prevalence of poverty was in New Brunswick where prevalence fell by 6.6 percentage points.

The prevalence of poverty can fall a great deal when increasing incomes of individuals and families near the poverty line. This may not, however, materially affect their well-being.

In 2007, the depth of poverty (often referred to as the *poverty gap*) was greatest in BC, where people deemed to be in poverty had incomes that were on average, 34.3% below the poverty line. In PEI, on the other hand, people deemed to be in poverty had incomes that were, on average, 24.6% below the poverty line. By 2017, the depth of poverty had increased in all of Canada, most notably in provinces east of Ontario. It changed very little in BC over that 10 year period.



Source: Statistics Canada, CANSIM database, Table 11-10-0135-01.

What can explain the relative movements in the prevalence and depth of poverty? The answer lies in understanding that some individuals and families have incomes well below the poverty line, while others have incomes just slightly below it. If most individuals and families in poverty have incomes only slightly below the poverty line, then an income support program may lift their incomes from slightly below to slightly above the poverty line. This would significantly reduce the prevalence of poverty. When we then calculate the average gap between the poverty line and the incomes of those still below the line, that gap may increase. Thus while prevalence falls, the average depth of poverty increases.

This explanation shows why it can be problematic to evaluate poverty programs solely on the basis of the prevalence of poverty. Doing so encourages policy-makers to push for programs that benefit families with incomes near the poverty line. If we believe it is important to focus more on the well-being of families in deep poverty, then having governments target measures of the depth of poverty would force them to enact policies that place a greater emphasis on improving the lives of those individuals.