

BUDGET 2012-2013

QUÉBEC AND THE FIGHT AGAINST POVERTY

Social Solidarity

Paper inside pages



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Budget 2012-2013

QUÉBEC AND THE FIGHT AGAINST POVERTY
Social Solidarity

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INTRODUCTION

Since 2003, Québec has grown richer and the personal income of Quebecers have risen.

However, it is important to know how the additional wealth has been distributed.

The government is publishing this document within the framework of the 2012-2013 Budget in order to report on the changes in inequality and poverty in Québec and compare such changes with those observed in Ontario and in Canada as a whole.

The analyses carried out lead to two key observations:

- since 2003, Québec has become a more egalitarian society;
- the low-income rate is one of the lowest in Canada.

☐ Québec is a more egalitarian society

Since 2003, income inequality in Québec has diminished. This performance stems both from a robust economy and the policies that the government has implemented.

Accordingly, in 2009¹, Québec ranked above Ontario and Canada in respect of most income inequality indicators.

- Since 2003, the income of the poorest households has risen faster than the income of the wealthiest households.
- The gap between the wealthiest and poorest households is smaller in Québec than in Ontario and in Canada.
- The share of total income that the poorest households possess is greater in Québec than in Ontario and in Canada as a whole.

☐ The low-income rate in Québec is one of the lowest in Canada

A comparison with all of the Canadian provinces for 2009¹ reveals that Québec ranks very favourably from the standpoint of poverty.

- With the exception of Prince Edward Island, Québec has the lowest low-income rate in Canada for the population overall.
- Québec has proportionally the fewest families living under the poverty threshold, i.e. 5.9% of all Quebecers, compared with 6.5% in Prince Edward Island, 10.5% in British Columbia, and 8.1% in Canada as a whole.

¹ The most recent year for which data are available.

- Moreover, Québec has proportionally the fewest children 18 years of age and under living below the low-income threshold.
- As for seniors and single individuals, Québec ranks in the Canadian average.

□ **Two questions**

This document therefore answers two questions:

- In Québec, since 2003 has the **gap between rich and poor** widened or narrowed?
- Has **poverty** increased or decreased since then?

The answer to these questions is crucial for the most vulnerable and poorest Quebecers.

Better distribution of wealth and a reduction of poverty reflect a vision of society that has achieved a consensus in Québec: we must ensure that the proceeds from economic growth benefit everyone and above all that they enhance the well-being of the least privileged members of our society.

1. THE GAP BETWEEN RICH AND POOR

Income inequality in a society is measured by different indicators.

- Regardless of the indicator used, Québec society displays **more egalitarian wealth distribution** than that observed in Ontario and in Canada overall.
- This characteristic was confirmed and strengthened between 2003 and 2009, which means that the wealth creation from which Québec has benefited since 2003 has helped **make our society more inclusive**.

1.1 Québec is a more egalitarian society

The Ministère des Finances du Québec has analyzed findings concerning income distribution in Québec, in Ontario and in Canada as a whole by means of four widely used indicators.

- It has been noted that in 2009, the most recent year for which data is available, Québec ranked first according to most of the indicators. In respect of only one indicator, the Gini coefficient², Québec shares the first place with Canada as a whole.
- Regardless of the indicator used, it has been noted that wealth distribution is fairer in Québec than in Ontario.

For example, in 2009, the poorest households possessed 2.7% of total income in Québec, compared with 2.3% in Canada overall and 2.2% in Ontario. Conversely, the wealthiest households possessed 15.0% of income in Québec, as against 15.3% in Ontario and 15.4% in Canada as a whole.

Appendix 2 indicates the results obtained using other indicators. The findings confirm the observations emphasized earlier.

TABLE 1

Income inequality in 2009

(ranking of Québec, Ontario and Canada, according to different indicators of inequality)

| Income inequality ¹ | Québec | | Ontario | | Canada | |
|---|--------|------|---------|------|--------|------|
| | Level | Rank | Level | Rank | Level | Rank |
| Gini coefficient (↓) | 31.3 | 1 | 34.5 | 2 | 31.3 | 1 |
| The income of the wealthiest households as a proportion of the income of the poorest households (D9/D1) (↓) | 4.1 | 1 | 4.9 | 3 | 4.7 | 2 |
| The share of total income that the poorest households possess (D1) (↑) | 2.7 | 1 | 2.2 | 3 | 2.3 | 2 |
| The share of total income that the wealthiest households possess (D9) (↓) | 15.0 | 1 | 15.3 | 2 | 15.4 | 3 |

Note: The direction in which the arrows point corresponds to the desired result for each indicator in order to reduce inequality.

1 The ranking is presented according to the level of the indicators in 2009.

² The Gini coefficient is defined in the box on page 6.

The measurement of inequality in income distribution: concepts

Several indicators are widely used to measure inequality in income distribution in a society. Such indicators are based on certain concepts, whose meaning it is important to note.

Disposable income

Household disposable income is defined as the total income of all members of a household, after redistribution, i.e. after account has been taken of transfers and the payment of direct taxes.

- In Canada, the definition of disposable income generally used to determine the extent of inequality is that provided by the Survey of Labour and Income Dynamics (SLID).

The standard of living of households

The standard of living of a household corresponds to its disposable income adjusted according to its composition (adjusted disposable income). By design, each member of a given household has the same standard of living.

- A three-member household whose income is three times greater than that of a person living alone will have a better standard of living because of the economies of scale stemming from the pooling of certain goods. For this reason, it is not directly the number of persons in a household that is used to calculate the standard of living but an equivalence scale.
- The scale now used, in particular by the Organisation for Economic Co-operation and Development (OECD) and by Statistics Canada, is the square root of the number of members of the household. The standard of living is thus the household disposable income divided by the square root of the size of the household.

The measurement of inequality in income distribution: indicators

The most widely used indicators to measure inequality in income distribution are presented below.

The Gini coefficient

The Gini coefficient is a composite indicator of income inequality. Statistically, the Gini coefficient presents the ratio of the cumulated proportion of the population, arranged according to income level, and the cumulated proportion of total income of the population.

The values of the Gini coefficient vary between 0 (perfect equality) and 100 (perfect inequality)¹.

- When the coefficient is equivalent to 0, each person or household receives the same proportion of income.
- When the coefficient is equivalent to 100, the wealthiest proportion of the population receives all income.

Indicators that compare certain deciles

Data on income are often presented in groups of 10% of households or individuals, commonly called deciles. The decile does not refer to the group overall but to the value that separates one group of 10% from another.

- The first decile thus separates the 10% of households that earn the least from the 90% of households that earn the most. The first decile is often indicated D1.
- For reasons of the availability and quality of data, the highest decile is measured by the 9th decile rather than the 10th decile. The 9th decile separates the 90% of households that earn the least from the 10% that earn the most.

The **D9/D1 interdecile ratio** is the ratio of the minimum revenue of the 10% of people with the highest living standards (D9) and that of the 10% of people with the lowest living standards (D1).

- The ratio measures how many times more wealthy households receive than poor households do.
- In this instance, changes in the ratio represent increases in the income of the 10% of the wealthiest households in relation to increases in the income of the 10% of the poorest households.

¹ The scale of measurement occasionally used by the Gini coefficient is from 0 to 1, i.e. the Gini index.

1.2 Since 2003, inequality has diminished in Québec

An analysis of the same indicators over time and a comparison with Canada as a whole and Ontario leads to a second series of observations: regardless of the indicator adopted, inequality in income distribution in Québec has diminished. The picture is different in Canada overall and, above all, in Ontario, where inequality has increased.

These observations stem from a comparison of different indicators that measure income distribution, as calculated in Québec, in Ontario and in Canada as a whole for 2009, in the early 2000s, and in the mid-1990s.

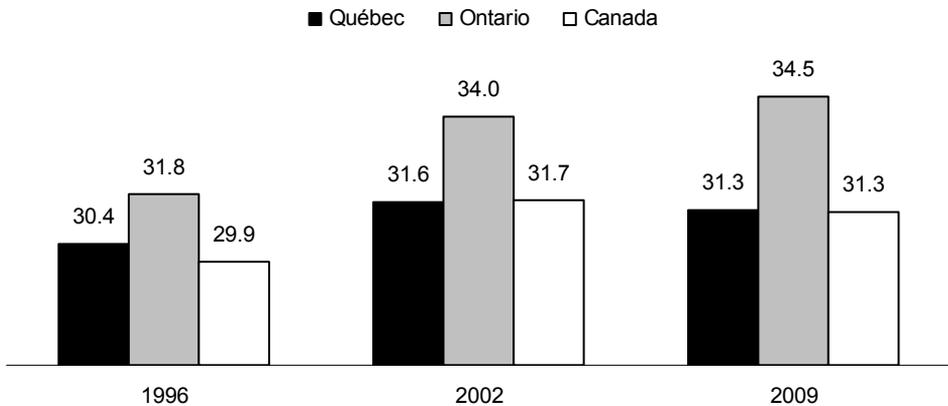
❑ Changes in the Gini coefficient in Québec, in Ontario and in Canada as a whole

In 2009, income distribution was more egalitarian in Québec and in Canada overall than in Ontario. The Gini coefficient stood at 31.3 in Québec and in Canada as a whole, compared with 34.5 in Ontario.

Between 2003 and 2009, inequality declined in Québec and in Canada, but increased in Ontario.

CHART 1

Gini coefficient¹, adjusted household disposable income 1996, 2002 and 2009 (level)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 A reduction in the Gini coefficient between two periods indicates a reduction in inequality. On the other hand, an increase in the coefficient means that inequality has increased.

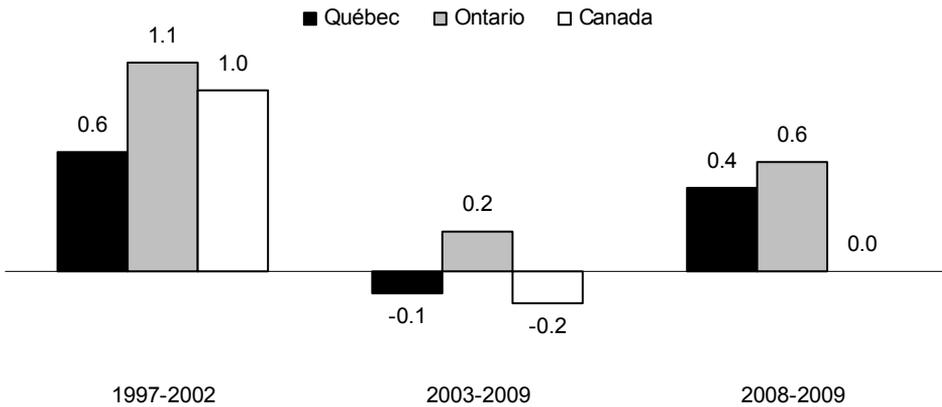
Sources: Statistics Canada and Institut de la statistique du Québec.

The change over time in the same coefficient reveals the differences observed in changes in inequality in Québec, in Canada and in Ontario.

- Between 2003 and 2009, the Gini coefficient fell by 0.1% and 0.2% in Québec and in Canada, respectively, which means that inequality declined.
- However, inequality increased during the same period in Ontario, where the coefficient rose by 0.2%.
- An examination of the change in the same coefficient in 2008-2009 reveals that during the last recession, inequality in income distribution increased 0.6% in Ontario, as against 0.4% in Québec, and that it remained unchanged in Canada overall.

CHART 2

Change in the Gini coefficient¹, adjusted disposable income
(average annual change, in per cent)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 A reduction in the Gini coefficient between two periods indicates a reduction in inequality. On the other hand, an increase in the coefficient means that inequality has increased.

Sources: Statistics Canada and Institut de la statistique du Québec.

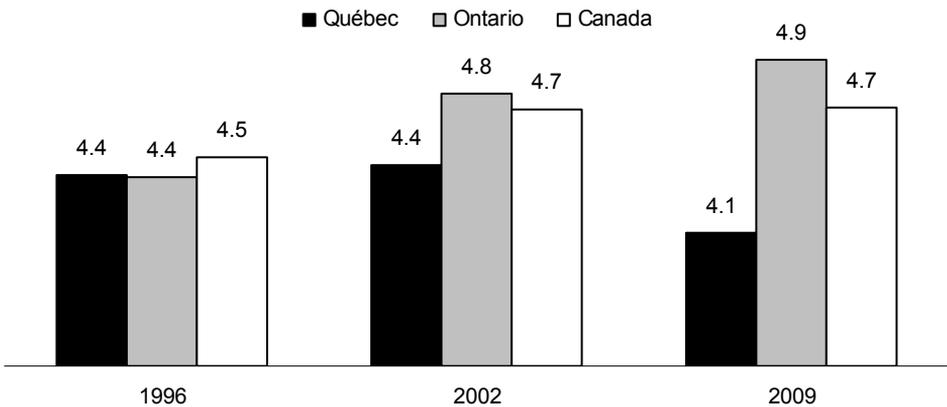
❑ Gaps between the poorest and the wealthiest households

One of the indicators whose results were analyzed for 2009 reveals the gaps between the poorest and the wealthiest households (D9/D1).

- Between 2003 and 2009, the gaps narrowed in Québec but widened or remained unchanged in Ontario and in Canada as a whole. The indicator that measures the income of the wealthiest households as a proportion of the income of the poorest households declined in Québec but increased in Ontario and remained unchanged in Canada overall.
- More specifically, in 2009, the income of the 10% of the wealthiest households was 4.1 times the income of the 10% of the poorest households in Québec. In Ontario, the ratio stood at 4.9, and at 4.7 in Canada as a whole.

CHART 3

Income of the wealthiest households as a proportion of the income of the poorest households (D9/D1)¹, 1996, 2002 and 2009 (level)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 A reduction in the D9/D1 ratio between two periods means a reduction in the relative gap separating the income of the 10% of the wealthiest households from the income of the 10% of the poorest households, which indicates a smaller degree of polarization of income. On the other hand, an increase in the ratio means an accentuation of the polarization of income in favour of the wealthiest households.

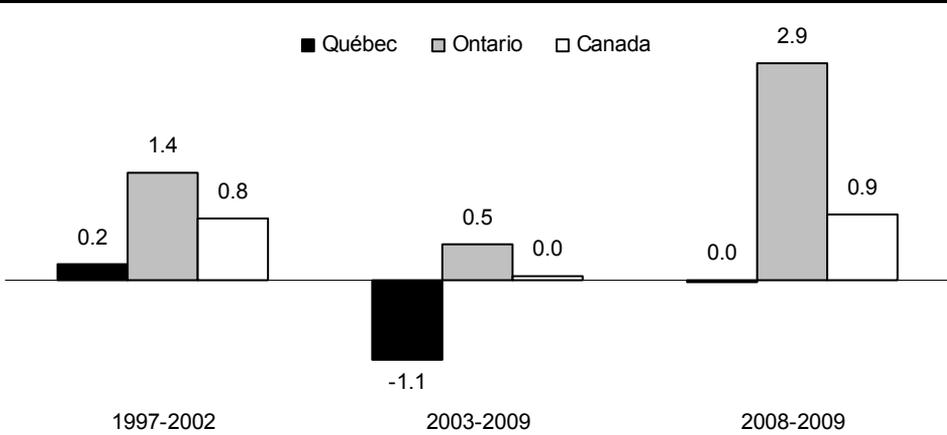
Sources: Statistics Canada and Institut de la statistique du Québec.

Changes over time in the same ratio emphasize the differences observed in changes in inequality in Québec, in Ontario and in Canada overall.

During the period 2003-2009, the scope of the inequality separating the 10% of the wealthiest households from the 10% of the poorest households declined by 1.1% in Québec, but increased by 0.5% in Ontario and remained stable in Canada as a whole.

CHART 4

Change in the income of the wealthiest households as a proportion of the income of the poorest households (D9/D1)¹
 (average annual change, in per cent)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 A reduction in the D9/D1 ratio between two periods means a reduction in the relative gap separating the income of the 10% of the wealthiest households from the income of the 10% of the poorest households, which indicates a smaller degree of polarization of income. On the other hand, an increase in the ratio means an accentuation of the polarization of income in favour of the wealthiest households.

Sources: Statistics Canada and Institut de la statistique du Québec.

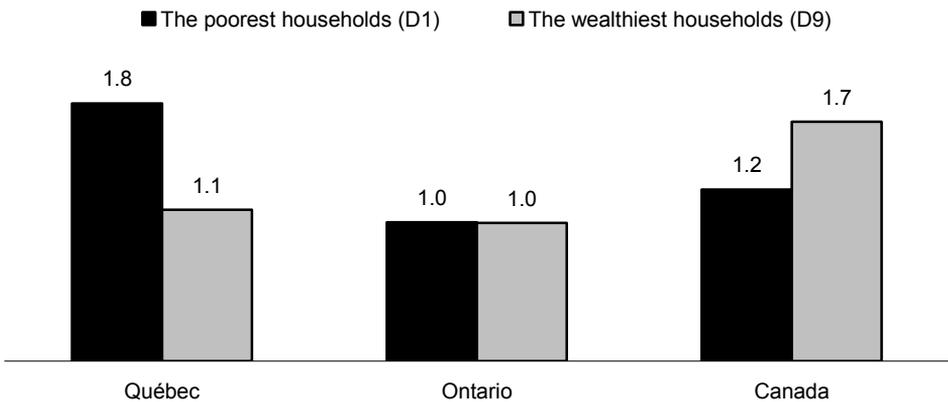
❑ Change in the disposable income of the poorest and that of the wealthiest households

In Québec, the median disposable income of the wealthiest and poorest households has risen. However, it is the poorest households that have recorded the biggest increase.

- During the period 2003-2009, the median disposable income of the poorest households increased by 1.8% in Québec, as against a 1.2% increase in Canada overall and 1.0% in Ontario.
- During the same period, the median disposable income of the wealthiest households rose by 1.1% in Québec, compared with 1.7% in Canada as a whole and 1.0% in Ontario.

CHART 5

Change in the median disposable income of the poorest households (D1) and the wealthiest households (D9)¹ (average annual percentage change between 2003 and 2009)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 Growth in the median household disposable income of the 10% of the poorest households (D1) and the 10% of the wealthiest households (D9) indicates the pace of improvement in their standard of living.

Sources: Statistics Canada and Institut de la statistique du Québec.

❑ The share of total income that the poorest and the wealthiest households possess

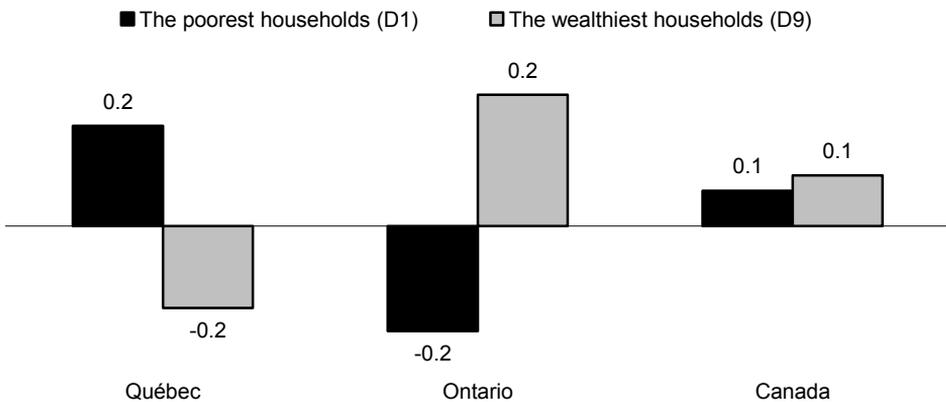
The dynamic of the share of income that the poorest households (D1) and the wealthiest households (D9) in the total income reveals changes in income gaps.

These indicators reveal that the poorest households improved their position on the income ladder while the concentration of income for the benefit of the wealthiest households declined in Québec.

- Indeed, the share of total income of the poorest households increased more rapidly in Québec than in Canada between 2003 and 2009. During this period, the share of income that the poorest households possess declined in Ontario.
- On the other hand, the share of income that the wealthiest households possess fell by 0.2% in Québec, but increased by 0.2% in Ontario and by 0.1% in Canada overall.

CHART 6

Share of total income that the poorest households (D1) and the wealthiest households (D9) possess¹ (average annual percentage change between 2003 and 2009)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 An increase in the share of total income that the 10% of the poorest households (D1) possess means that these households occupy a better position on the income ladder. An increase in the share of total income that the 10% of the wealthiest households (D9) possess indicates greater concentration of income for the benefit of the wealthiest households.

Sources: Statistics Canada and Institut de la statistique du Québec.

□ Summary

Since 2003, household income has risen significantly in Québec. The indicators presented in this section show that wealth creation has benefited all Québec households and, in particular, the poorest households, whose standard of living has improved more extensively.

Specifically:

- the income of the poorest households has increased more rapidly than that of the wealthiest households in Québec since 2003;
- the gap between the wealthiest and poorest households is smaller in Québec than in Ontario and in Canada;
- the share of total income that the poorest households possess is greater in Québec than in Ontario and in Canada as a whole.

Québec has thus succeeded in reconciling wealth creation with fairer distribution.

Today, Québec is a wealthier, more egalitarian society than it was in the early 2000s. Québec stands out in this respect from Ontario and, in several instances, from Canada as a whole.

2. POVERTY

An analysis of income distribution in a society would be incomplete if it did not specifically target poverty, i.e. the low-income level.

The low-income level is measured by means of the Market Basket Measure (MBM), one of the best known indicators in this respect.

- It is the reference indicator to monitor the results of the *Action Plan to Combat Poverty and Social Exclusion*.
- The indicator is used to determine the low-income rate, i.e. the proportion of individuals whose income falls below certain thresholds defined in light of an assessment of the cost of a market basket depending on the size of the family and the region.

The measurement of the low-income level is presented for Québec since 2003.

Next, the low-income level was compared with the level observed in each of the Canadian provinces for 2009, the most recent year for which data are available.

The two series of analyses lead to the following observations:

- first, **since 2003, the low-income rate for families has declined markedly in Québec;**
- second, a comparison of the situation in Québec and that in each of the Canadian provinces reveals that **the low-income rate in Québec is one of the lowest in Canada.**

2.1 Since 2003, the low-income rate for families has declined markedly in Québec

An analysis of changes in poverty in Québec since 2003 reveals that between 2003 and 2009 the low-income rate declined markedly for families and remained stable in respect of children.

On the other hand, the rate rose appreciably in 2009 for single individuals and, above all, seniors, after remaining stable throughout the period.

The increases calculated for single individuals and seniors³ explain the slight increase in the low-income rate observed for the population overall between 2003 and 2009.

Despite the increase, in 2009 the low-income rate for the population overall remained near the levels observed in 2003.

TABLE 2

Change in the low-income rate (MBM) – Québec 2003-2009 (in per cent)

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------|------|------|------|------|------|------|------|
| All persons | 9.2 | 8.4 | 8.9 | 9.0 | 8.2 | 9.5 | 9.5 |
| Families | 6.8 | 5.6 | 5.7 | 6.0 | 5.0 | 6.6 | 5.9 |
| Children | 8.8 | 7.5 | 7.5 | 7.3 | 5.8 | 9.2 | 8.9 |
| Seniors | 1.7 | 1.5 | 1.5 | 1.6 | 2.0 | 1.9 | 4.7 |
| Single individuals | 21.5 | 22.1 | 24.6 | 23.4 | 22.7 | 22.8 | 25.7 |

Source: Statistics Canada.

³ Data for seniors must be interpreted cautiously since the number of individuals in the sample is small. This phenomenon has been observed in all of the Canadian provinces.

More specifically, the results indicated below were obtained for the groups that make up the population.

In the case of families, it must be emphasized that the families observed here are economic families⁴.

- Between 2003 and 2009, the low-income rate declined by nearly 1 percentage point, from 6.8% to 5.9%.
- The prevalence of low income thus fell fairly significantly in this population bracket.

As for children under 18 years of age, during the period 2003-2009, the low-income rate remained stable and stood at 8.9% in 2009, compared with 8.8% in 2003.

- The low-income rate for children under 18 years of age has actually fallen steadily since 2007.
- The rate rose in 2008, then fell again in 2009.

In the case of seniors, the low-income rate increased markedly in 2009, to 4.7%, although it remained below or equivalent to 2% between 2003 and 2008.

- As noted below, this significant increase was observed in all of the Canadian provinces.
- Despite this increase, it should be noted that the low-income rate of seniors is still the lowest rate in all population brackets.

The low-income rate of single individuals also rose in 2009, to 25.7%. It varied from 22% to 23% between 2003 and 2008.

The low-income rate rose slightly for the population overall between 2003 and 2009, from 9.2% to 9.5%.

- The increase stems, by and large, from the changes observed with respect to seniors and single individuals, since the low-income rate remained stable or declined in respect of children and families.

⁴ An economic family is a group of two or more people sharing a dwelling unit and related by blood, marriage or adoption or in a cohabitational relationship.

The low-income rate evaluated according to the Market Basket Measure

Different indicators are used to measure poverty.

The Market Basket Measure (MBM) is the indicator used extensively in this document. It takes into account the cost of living according to the territory and allows for interprovincial comparisons and comparisons between certain metropolitan areas in Canada.

The MBM is based on the cost of basket of goods and services. The indicator's components seek to represent a level of consumption close to median expenditure for food, clothing, shoes and housing, bearing in mind certain categories of other expenditures.

A family unit is deemed to be low income when its income falls below the cost of the market basket determined according to its size and the community where the family resides.

Low-income cutoffs, Québec – 2009

Market Basket Measure

(dollars)

| | 2009 | 2011 |
|--|--------|--------|
| Montréal census metropolitan area | | |
| Single individuals | 15 028 | 15 478 |
| Single-parent families (one child) | 21 039 | 21 669 |
| Childless couples | 21 039 | 21 669 |
| Two-parent families (two children) | 30 055 | 30 956 |

Source: Centre d'étude sur la pauvreté et l'exclusion.

2.2 The low-income rate observed in Québec is one of the lowest in Canada

A comparison of the low-income rate observed in Québec and the rate for Canada as a whole and for each of the provinces reveals that Québec has one of the lowest rates in Canada for the overall population.

- Québec ranks first as regards economic families and children under 18 years of age.
- As for seniors and single individuals, Québec ranks in the Canadian average.

❑ The population overall

In 2009, the proportion of the population overall living under the low-income cutoff stood at 10.6% in Canada, as against 9.5% in Québec.

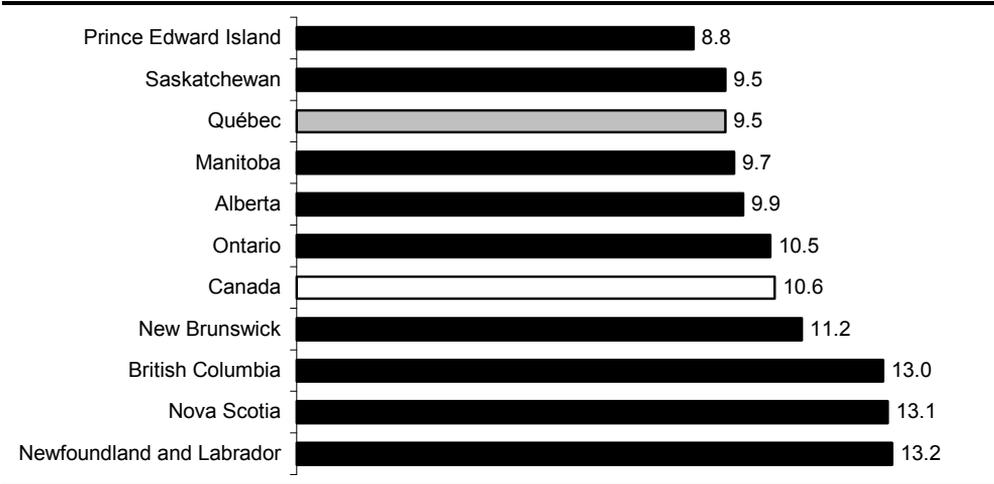
The same year, Québec ranked second among the Canadian provinces, tied with Saskatchewan and behind Prince Edward Island.

CHART 7

Low-income rate (MBM) by province – 2009

All persons

(in per cent)



Source: Statistics Canada.

Key stages in the fight against poverty and social exclusion

Unanimous adoption by the National Assembly of Québec of the *Act to combat poverty and social exclusion* on December 13, 2002

Objectives of the Act:

- combat poverty;
- prevent its causes;
- mitigate its impact on individuals and families;
- counteract social exclusion and strive to eliminate poverty in Québec.

National Strategy to Combat Poverty and Social Exclusion

Objectives of the strategy:

- gradually ensure that Québec ranks among the industrialized nations with the fewest poor people.

Key directions of the national strategy:

- prevent poverty and social exclusion by fostering the development of individual potential;
- bolster the social and economic safety net;
- foster access to employment and promote work;
- promote commitment by society as a whole;
- ensure at all levels the constancy and cohesion of initiatives.

The 2004-2010 Government Action Plan to Combat Poverty and Social Exclusion

- April 2, 2004: an initial action plan entitled *Reconciling Freedom and Social Justice: A Challenge for the Future*.
 - \$4.4 billion in investments over six years.

The 2010-2015 Government Action Plan for Solidarity and Social Inclusion

- June 6, 2010: Second five-year plan, *Québec's Combat Against Poverty*.
 - Anticipated investments of \$7.1 billion over five years.

❑ Families

The families observed here are economic families.

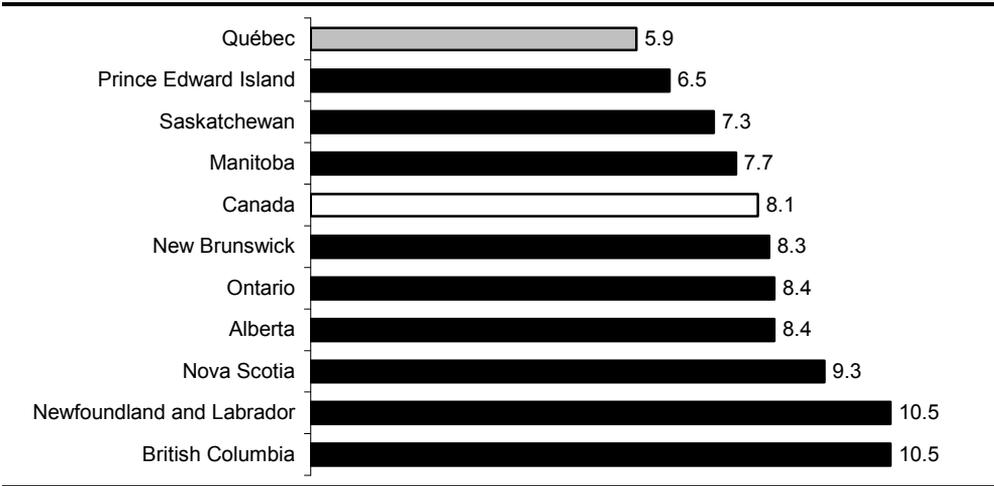
- In 2009, the proportion of individuals belonging to a family and living under the low-income cutoff stood at 8.1% in Canada overall, as against 5.9% in Québec.
- The same year, Québec ranked first among all of the provinces.

CHART 8

Low-income rate (MBM) by province – 2009

Families

(in per cent)



Source: Statistics Canada.

2010-2015 Government Action Plan: \$7.1 billion

The 2010-2015 Government Action Plan calls for investments of \$7.1 billion to combat poverty and social exclusion.

This amount includes both new measures adopted by the government (\$1.6 billion) and the continuation of recurrent measures in the 2004-2010 Action Plan (\$5.5 billion for the period 2010-2015).

Investments under the 2010-2015 Government Action Plan for Solidarity and Social Inclusion (millions of dollars)

| | 2010- 2011 | 2011- 2012 | 2012- 2013 | 2013- 2014 | 2014- 2015 | Total over five years |
|---|---------------|---------------|---------------|---------------|---------------|--------------------------|
| New measures under the 2010-2015 Government Action Plan | | | | | | |
| Solidarity tax credit ¹ | — | 75 | 155 | 155 | 155 | 540 |
| Fonds québécois d'initiatives sociales | 17 | 23 | 25 | 25 | 25 | 115 |
| Investments in housing | | | | | | |
| – Construction of social housing units ² | 166 | 100 | 107 | 173 | 70 | 616 |
| – Construction of 340 housing units in Nunavik ³ | 18 | 19 | 21 | 23 | 24 | 105 |
| – Other housing assistance measures ⁴ | 58 | 39 | 31 | 27 | — | 154 |
| New measures for seniors | | | | | | |
| – Enhancement of the refundable tax credit for home-support services for seniors ⁵ | 5 | 5 | 5 | 6 | 7 | 29 |
| – Enhancement of the Support for initiatives promoting respect for seniors (SIRA) | 4 | 4 | 4 | 2 | 2 | 16 |
| Other measures ⁶ | — | 7 | 18 | 23 | 24 | 72 |
| Subtotal | 268 | 272 | 366 | 435 | 307 | 1 648 |
| Recurrent measures under the 2004-2010 Government Action Plan | | | | | | |
| Income support | | | | | | |
| – Child assistance | 239 | 243 | 248 | 253 | 258 | 1 241 |
| – Work premium | 241 | 245 | 250 | 255 | 259 | 1 250 |
| – Indexation of social assistance payments | 245 | 320 | 408 | 489 | 565 | 2 027 |
| – Other measures ⁷ | 380 | 146 | 147 | 149 | 150 | 972 |
| Subtotal | 1 105 | 954 | 1 053 | 1 146 | 1 232 | 5 490 |
| TOTAL | 1 373 | 1 226 | 1 419 | 1 581 | 1 539 | 7 138 |

Note: Since figures are rounded, they may not add up to the total shown.

- 1 Includes only the portion concerning low-income households, i.e. households in which disposable income falls below the income threshold of the Market Basket Measure (MBM).
- 2 Also includes the construction of housing announced in the 2008-2009 and 2009-2010 Budgets, which will be delivered in 2010-2011 and 2011-2012.
- 3 Includes Québec government investments, i.e. \$99.2 million in operating subsidies granted in respect of the housing units for 15 years, and \$91.1 million from the Government of Canada.
- 4 RénoVillage program, Home adaptation program (persons with disabilities), rent supplements granted to households, Réparation d'urgence program, Home Adaptations for Seniors' Independence (HASI) program, and increased expenditures on the maintenance and renovation of social housing units.
- 5 Includes the enhancements in the 2010-2011 and 2012-2013 Budgets.
- 6 Enhancement of the Financial Assistance for Domestic Help Services program, support for community agencies that work with the least privileged members of society, a gradual reduction from 55 to 50 in the eligibility age for the Allocation-Logement program, refundable tax credit for the purchase of goods intended to prolong the autonomy of seniors, refundable tax credit for living expenses in a rehabilitation unit and enhancement of the youth allowance under the Alternative jeunesse program.
- 7 Social assistance and guidance program, refundable tax credit for home-support services for seniors, measures to encourage low-income households to save, Employment Pact and Employment Pact Plus.

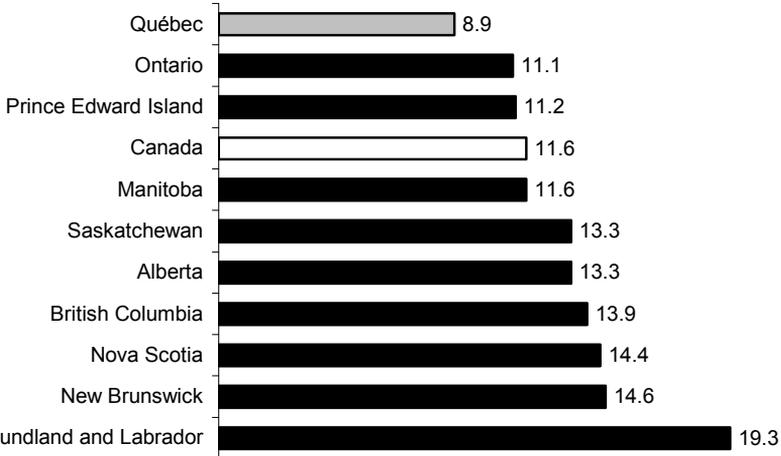
☐ Children under 18 years of age

In Canada as a whole, the proportion of children under 18 years of age living under the low-income cutoff stood at 11.6% in 2009, compared with 8.9% in Québec.

In the same year, Québec ranked first among the Canadian provinces.

CHART 9

Low-income rate (MBM) by province – 2009 Children under 18 years of age (in per cent)



Source: Statistics Canada.

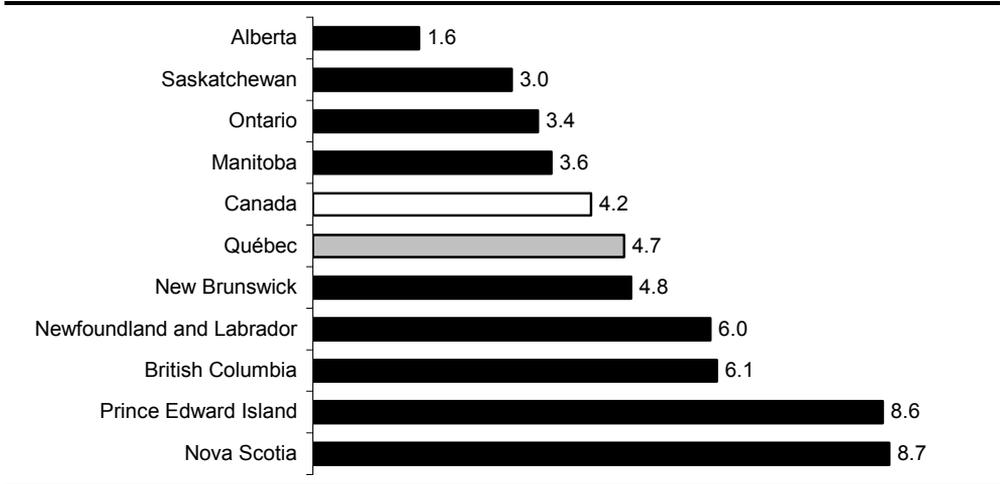
❑ Seniors

In 2009, the proportion of seniors living under the low-income cutoff in Canada as a whole stood at 4.2%, as against 4.7% in Québec.

The same year, Québec ranked fifth among the Canadian provinces, behind Alberta, Saskatchewan, Ontario and Manitoba.

CHART 10

Low-income rate (MBM) by province – 2009 Seniors (in per cent)



Source: Statistics Canada.

❑ Single individuals

In 2009, the proportion of single individuals living under the low-income cutoff stood at 24.6% in Canada overall, as against 25.7% in Québec.

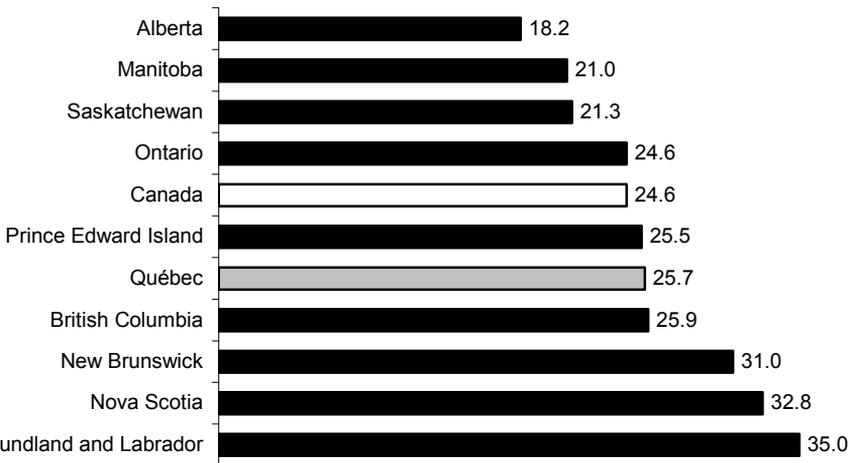
Québec ranked sixth among the Canadian provinces in respect of this segment of the population, behind Alberta, Manitoba, Saskatchewan, Ontario and Prince Edward Island.

CHART 11

Low-income rate (MBM) by province – 2009

Single individuals

(in per cent)



Source: Statistics Canada.

❑ Summary

Québec compares very favourably with the other Canadian provinces from the standpoint of poverty.

A comparison based on data for 2009, the most recent year available, reveals that:

- with the exception of Prince Edward Island, Québec has the lowest low-income rate in Canada for the population overall;
- Québec has the smallest proportion of families living under the low-income cutoff;
 - this proportion stands at 5.9% in Québec, compared with 8.1% for Canada overall;
- Québec also has proportionally the fewest children 18 years of age and under living under the low-income cutoff;
- Québec is near the Canadian average with regard to seniors and single individuals.

APPENDIX 1: The measures that Québec has adopted to combat poverty: \$4.4 billion between 2004 and 2010

Since 2003, numerous initiatives have been undertaken to ensure that Québec remains a fair, equitable society.

Accordingly, between 2003 and 2010, the government devoted \$4.4 billion to the fight against poverty, in particular through income support measures and the construction of public housing.

TABLE 3

Investments under the 2004-2010 Government Action Plan to Combat Poverty and Social Exclusion (millions of dollars)

| | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | Total over six years |
|--|------------|------------|------------|------------|------------|--------------|----------------------|
| 2004-2010 Government Action Plan | | | | | | | |
| Income support | | | | | | | |
| Work premium | 3 | 203 | 210 | 212 | 223 | 236 | 1 087 |
| Child assistance | 94 | 172 | 200 | 215 | 222 | 234 | 1 138 |
| Other measures ¹ | 7 | 41 | 90 | 148 | 193 | 248 | 728 |
| Subtotal | 105 | 416 | 500 | 576 | 638 | 719 | 2 953 |
| Public housing | | | | | | | |
| Construction of low-cost or affordable housing | 37 | 91 | 117 | 117 | 144 | 126 | 633 |
| Other measures ² | 30 | 35 | 58 | 43 | 29 | 50 | 246 |
| Subtotal | 67 | 126 | 176 | 160 | 173 | 176 | 878 |
| Other measures | | | | | | | |
| Free drugs | — | 5 | 7 | 24 | 30 | 33 | 99 |
| Employment Pact and Employment Pact Plus | — | — | — | — | 74 | 235 | 309 |
| Other measures ³ | 2 | 11 | 34 | 38 | 40 | 83 | 207 |
| Subtotal | 2 | 16 | 41 | 62 | 145 | 350 | 615 |
| TOTAL | 173 | 558 | 716 | 798 | 956 | 1 245 | 4 446 |

Note: Since figures are rounded, they may not add up to the total shown.

- 1 Indexation of social assistance benefits, social assistance and guidance program and refundable tax credit for home support.
- 2 Home adaptation and renovation programs, rent supplements, increased expenditures on the maintenance and renovation of social housing units, and compensation for the increase in the cost of building such housing.
- 3 Partial exemption of spousal alimony income, introduction of a minimum social assistance threshold, promotion of saving by low-income households, investment in the Réseau québécois du crédit communautaire, raising of the eligibility thresholds for legal aid, and fund to foster the development of poor children.

APPENDIX 2: Additional indicators

In addition to the indicators discussed earlier, it is possible to illustrate changes in income inequality by means of the following ratios:

- **the ratio of the income of the wealthiest households and median income (D9/D5)**, which shows how many times the income that the wealthiest households possess is greater than the median income for all households;
- **the ratio of median income and the income of the poorest households (D5/D1)**, which indicates how many times greater the median income of households is than the income of the poorest households.

Moreover, changes in median income by decile provide a comprehensive picture of growth in income by decile.

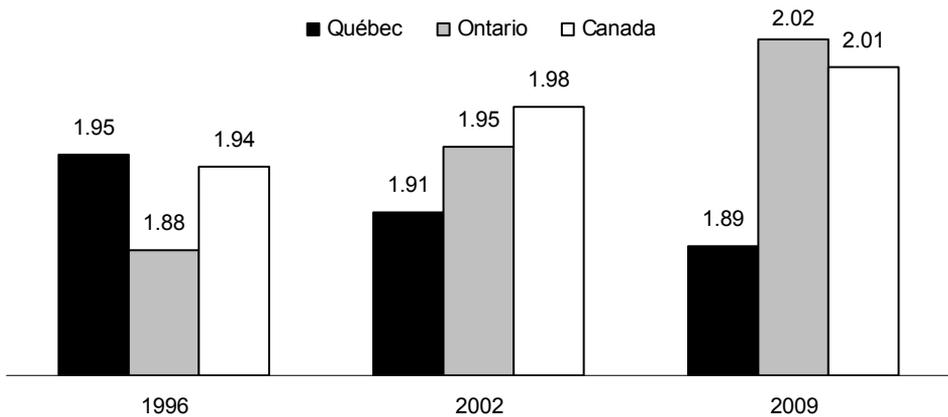
■ The gap between the income of the wealthiest households and median income has narrowed in Québec

Between 2003 and 2009, the gap between the income of the wealthiest households and median income (D9/D5) fell in Québec, but increased in Ontario and in Canada.

- In Québec, the ratio of the income of the wealthiest households and median income for all households declined from 1.91 in 2002 to 1.89 in 2009.
- In Ontario, this ratio increased from 1.95 to 2.02 and in Canada, from 1.98 to 2.01 during the same period.

CHART 12

Ratio of the income of the wealthiest households and median income for all households (D9/D5)¹, 1996, 2002 and 2009 (level)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 An increase in the ratio of the income of the wealthiest households and median income (D9/D5) means greater dispersal of higher incomes for the benefit of the wealthiest households, i.e. an greater inequality at the top. On the other hand, a drop in this indicator indicates that higher incomes have drawn closer to median income.

Sources: Statistics Canada and Institut de la statistique du Québec.

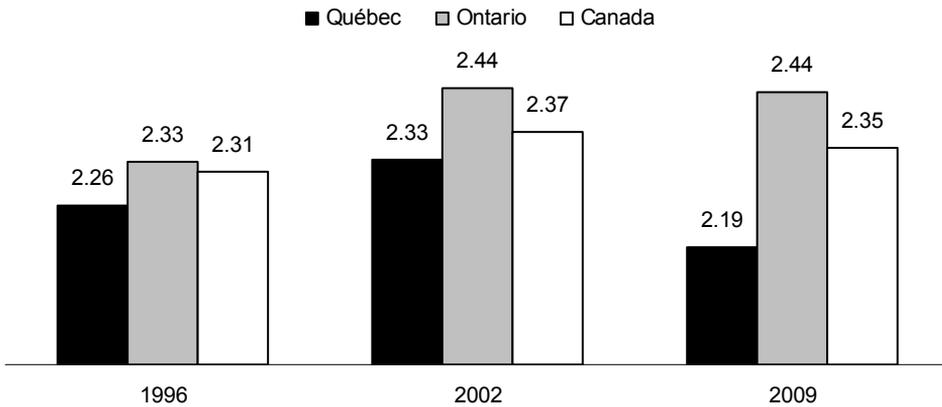
■ **The gap between the income of the poorest households and median income has narrowed in Québec**

Between 2003 and 2009, the relative gap between the median income of households and the income of the poorest household (D5/D1) fell more markedly in Québec than in Canada overall. In Ontario, the ratio remained stable during the same period.

- Indeed, in Québec, the ratio of the median income of all households and the income of the poorest households fell from 2.33 in 2002 to 2.19 in 2009.
- In Canada as a whole, the ratio declined marginally, from 2.37 to 2.35, while it remained stable at 2.44 in Ontario during the same period.

CHART 13

Ratio of the median income of households and the income of the poorest households (D5/D1)¹, 1996, 2002 and 2009 (level)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

1 A drop in the ratio of the median income of households and the income of the poorest households (D5/D1) indicates a smaller dispersal of income for the benefit of the poorest households, i.e. a reduction in inequality at the bottom. An increase in the indicator means that income inequality between the income of the 10% of the poorest households and the median income of all households is increasing.

Sources: Statistics Canada and Institut de la statistique du Québec.

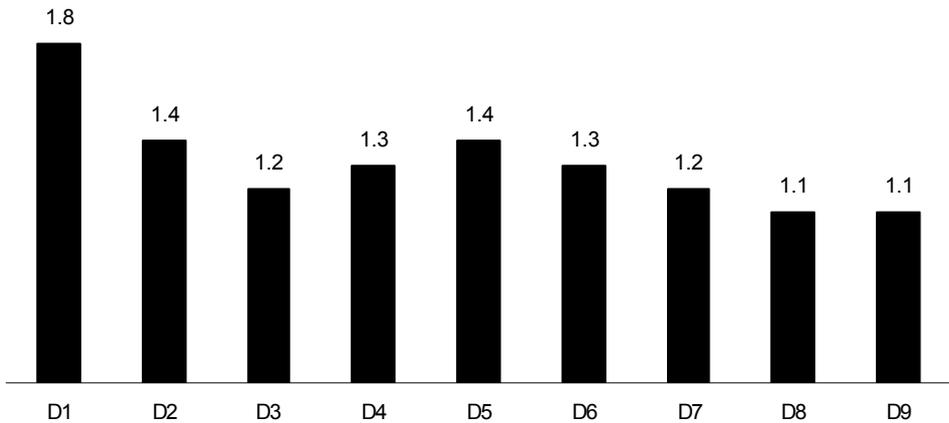
■ Income has risen for each decile in Québec

Between 2003 and 2009, real median income in all deciles rose in Québec.

- The median income of the poorest households (D1) increased by 1.8%, while that of the wealthiest households (D9) rose by 1.1%.
- Growth in the median income of households in the middle deciles (D4 to D7) varied, between 1.2% and 1.4%.

CHART 14

Growth in median income by decile in Québec, 2003 to 2009 (average annual change, in per cent)



Note: Disposable income has been adjusted according to the size of the household and converted into constant 2009 dollars using the consumer price index for Canada.

Sources: Statistics Canada and Institut de la statistique du Québec.

These additional indicators reinforce the observations in the first section: the profile of inequality in Québec is more advantageous than in Ontario and in Canada as a whole.

- Moreover, the decline in inequality in Québec has occurred at the same time as growth in income in all deciles.
- However, it is the poorest households that have experienced the biggest increases in income.

