

# PERSPECTIVE

## Poverty in Quebec still exists

Those engaged in combating poverty know very well that a single solution does not exist, nor is poverty single faceted. People living in poverty are acutely aware of this. Quebec has developed new weapons since the start of the 2000s, such as the [Act to combat poverty and social exclusion](#), to create a better framework to fight poverty. That said, the number of low-income people remains high and the needs are tremendous. What's more, the solutions have to be adapted given the ever-changing labour market and economic environment. What is clear is this: the fight against poverty is an ongoing battle, and one that concerns us all.

### The scope of the problem

There is no "poverty rate" in Canada or Quebec, much like there is no official definition for the term "middle class," and yet we refer to both realities almost every day. In terms of poverty, different measures have been developed to estimate the number of people or households that have trouble making ends meet. We've also tried to determine the income level that separates low-income from non-low-income individuals.

In terms of statistical tools, we have the Low Income Cut-off (LICO), Low Income Measure (LIM) and the Market Basket Measure<sup>1</sup>. The different methods used to measure poverty each have their own limits, and thus they yield different outcomes (table 1). The low-income population in Quebec was estimated at between 693,000 and 1.1 million in 2014. But even at 693,000, the lowest estimate is still daunting. Such a high number is difficult to imagine. To put it into perspective, this total is equal to the populations of Laval and Gatineau combined (the respective populations were 425,225 and 278,780 on July 1, 2015).

**TABLE 1**

### Quebec: The low-income population, based on various indicators in 2014

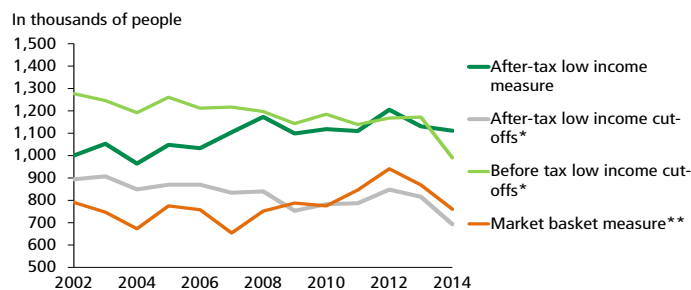
INDICATORS	IN THOUSANDS	IN %
After-tax low income measure	1,111	13.7
After-tax low income cut-offs, 1992 base	693	8.6
Before tax low income cut-offs, 1992 base	990	12.3
Market basket measure, 2011 base	760	9.4

Sources: Statistics Canada and Desjardins, Economic Studies

<sup>1</sup> See the box 1 on page 2 for the definition of each concept.

Looking at comparative changes in the indexes, they all showed a drop in the number of low-income individuals in 2014 (graph 1) compared to 2012 or 2013. However, this does not apply over a longer period, i.e. since 2002. The low income cut-offs, before taxes and after taxes, show a decrease over time. Very little change was noted in the market basket measure while the after-tax low income cut-off showed an increase. Regardless of the outcome, the finding is the same: even at close to 700,000, the low-income population is high.

**GRAPH 1**  
Quebec: Regardless of the measure used, the number of people affected has fallen since 2012–2013



\*1992 base; \*\*2011 base.

Sources: Statistics Canada and Desjardins, Economic Studies

The exercise can be done by looking at the percentage compared to the general population (graph 2 on page 2). Again, there is no consensus. Based on the low income cut-offs and the market basket measure, the number of low-income individuals declined between 2002 and 2014. However, according to the after-tax low income measure, stagnation was noted. Depending on the index used, in 2014 the share of the low-income population in Quebec was between 8.6% and 13.7%.

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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**BOX 1  
DEFINITIONS**

**Low income measures**, are relative measures of low income, set at 50% of adjusted median household income. These measures are categorized according to the number of persons present in the household, reflecting the economies of scale inherent in household size.

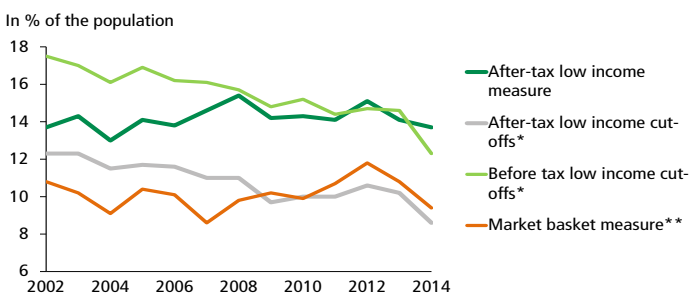
**The low income cut-offs after tax** are income thresholds below which a family will likely devote a larger share of its after-tax income on the necessities of food, shelter and clothing than the average family.

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**The Market Basket Measure**, developed by Employment and Social Development Canada, attempts to measure a standard of living that is a compromise between subsistence and social inclusion. It also reflects differences in living costs across regions.

Source: Statistics Canada, Table 206-0041.

**GRAPH 2**  
Quebec: In 2014, the low-income population fluctuated between 8.6% and 13.7%



\*1992 base; \*\*2011 base.  
Sources: Statistics Canada and Desjardins, Economic Studies

**Other measurement tools**

Another way to examine the issue is to consider the statistics on social assistance recipients. In December 2016, a total of 418,888 Quebecers in 306,485 households received benefits under last-resort financial assistance provincial government programs (table 2). Children represented 21.2% of beneficiaries, or 88,865 minors under the age of 18. To illustrate what this seemingly abstract number represents, this data can be compared to the number of people living in cities the size of Brossard (population of 86,354 on July 1, 2015) or Repentigny (population of 83,967).

**TABLE 2**  
Quebec: Social assistance rate

IN DECEMBER 2016	NUMBER OF HOUSEHOLDS	NUMBER OF RECIPIENTS	SOCIAL ASSISTANCE RATE (0-64 YEARS) (%)
Quebec	306,485	418,888	6.2
Bas-Saint-Laurent	7,561	9,514	6.2
Saguenay-Lac-Saint-Jean	10,775	13,487	6.1
Capitale-Nationale	20,209	25,556	4.3
Mauricie	14,747	19,493	9.5
Estrie	13,429	18,173	7.0
Île-de-Montréal	93,509	136,601	8.1
Outaouais	14,996	21,300	6.5
Abitibi-Témiscamingue	5,009	6,519	5.3
Côte-Nord	2,739	3,538	4.5
Nord-du-Québec	984	1,518	3.7
Gaspésie-Îles-de-la-Madeleine	4,455	5,767	8.3
Chaudières-Appalaches	9,911	12,377	3.6
Laval	10,677	15,468	4.4
Lanaudière	15,907	21,720	5.2
Laurentides	18,757	24,947	5.0
Montérégie	44,974	61,657	4.9
Centre-du-Québec	9,810	13,117	6.8
Central <sup>1</sup>	8,036	8,136	--

<sup>1</sup> Administered centrally.  
Sources: Ministère du Travail, de l'Emploi et de la Solidarité sociale, February 2017 and Desjardins, Economic Studies

The number of social assistance beneficiaries is high but has fallen in recent years, as has the rate of assistance. However, measuring the progress made based strictly on statistics is very difficult to do. Adjustments made to programs, especially in terms of access to benefits, have reduced the number of eligible beneficiaries. Furthermore, the aging of the population has shifted recipients to retirement and old age assistance programs.

A breakdown by region shows that the Island of Montreal has the lion's share of beneficiaries, with 136,601 in December 2016—an unsurprising result given the size of the area, the population density, the larger number of newcomers, the number of services offered and the anonymity a city this size provides.

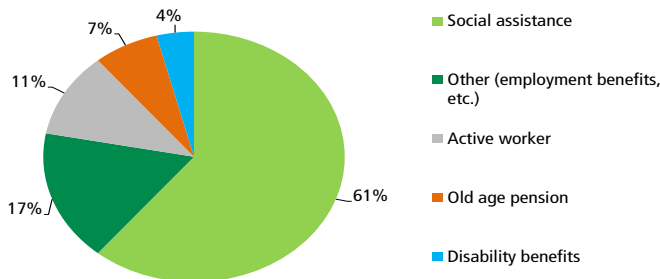
The social assistance rate for the 0 to 64 age group was 6.2% on average in Quebec last December. At least three regions have rates exceeding this average: Mauricie (9.5%), Gaspésie and Îles-de-la-Madeleine (8.3%) and the Island of Montreal (8.1%).

However, looking at the data on social assistance provides only a fragmented view of poverty. A growing number of working individuals find themselves in need of assistance to make it to the end of the month. This support is mostly found through food banks.

### Food banks: Another way to take stock of the situation

Workers requiring emergency food aid is not a new phenomenon, but the need seems to be rising. According to the Bilan-Faim published by the Food Banks of Quebec,<sup>2</sup> active workers represent 11% of food bank clients (graph 3). Nevertheless, most clients, 61%, are on social assistance. A considerable portion of these individuals, 7%, receive an old age pension. However, if the number of working poor is on the rise, we have to refrain from reaching the snap conclusion that each low-income earner is a member of the working poor. It comes down to the household in which this person lives and the combined income of all the persons in that household.<sup>3</sup>

**GRAPH 3**  
The majority of food bank clients in Quebec were on social assistance in 2016



Sources: Food Banks of Quebec and Desjardins, Economic Studies

The food banks have noted increased pressure on demand, which is a concern, and this is besides the growing number of the working poor. Between 2015 and 2016, requests for assistance were up 5.3%. Worth noting, the Institut de la statistique du Québec estimated that in 2015 and 2016 Quebec's population grew by 0.8%. As a result, Food Banks of Quebec calculated that Quebec fills 1,798,609 requests for emergency food aid each month (372,064 food baskets for families of one to six persons, 999,369 meals and 427,177 snacks). It's estimated that 34.5% of requests for assistance are for children and that 42.9% of supported households have at least one child. Between 2015 and 2016, about 100,000 more plates were filled each month.

One worrisome fact: 46% of food bank organizations confirmed that they have run short of food staples at some point during the year. Increased demand in households and stricter management of food inventories and surpluses by donors (large food chains, among others) have contributed to this shortage.

<sup>2</sup> *Bilan-Faim Québec 2016*, Food Banks of Quebec, for the period between March 1 and March 30, 2016, 40 p.

<sup>3</sup> Luc CLOUTIER-VILLENEUVE, *Comment ont évolué l'emploi à bas salaire et celui mieux rémunéré au Québec chez les travailleuses et les travailleurs?*, Cap sur la rémunération, Institut de la Statistique du Québec, April 2016, Number 3, 12 p.

Also of note, the food cost index has outpaced Quebec's general inflation rate for the past five years. This increase is putting a squeeze on the finances of individuals, needy or not, who are struggling to feed their families (table 3).

**TABLE 3**  
Quebec: Consumer price indexes

ANNUAL CHANGE IN %	2012	2013	2014	2015	2016	5-YEAR AVERAGE
Overall Index	2.1	0.7	1.4	1.1	0.7	1.2
Food Index	2.5	1.1	2.2	3.6	1.1	2.1

Sources: Statistics Canada and Desjardins, Economic Studies

While giving food to people offsets more pressing and immediate needs, the food banks and related organizations are thinking about more long-term solutions, by trying to break the cycle of dependency. One-third of the organizations tied to food banks in Quebec also operate collective kitchens where people cook low-cost meals together. One-quarter of these organizations have programs for children to encourage self-sufficiency and 16% offer access to a community garden. This is in addition to budget setting services, meals on wheels and stores where clothes and furniture get a second chance at a new life.

### Collaborative efforts

The financial support given to the neediest individuals is the fruit of a collective effort supported by income and other taxes. This redistribution, which takes the form of all kinds of benefits offered by governments, is accompanied by fundraising and other collection efforts made by a wide array of community, volunteer and charitable organizations across all horizons. Assistance provided in the field is the result of a combination of individual initiatives and collaborations with different partners (non-governmental groups, social economy enterprises, business partners, etc.).

If we take only food aid into account, we estimate that more than 3,600 employees were affected in Quebec in 2016. An army of volunteers (more than 17,500, the size of a city like L'Ancienne-Lorette) helped make this possible. And what about housing assistance and temporary shelters? What about thrift stores, furniture repair, reintegration into the workforce or support for youth? These are just a few examples of the myriad efforts made to help the less fortunate.

### The many faces of poverty

Homelessness is one facet of poverty that is the most striking. Until very recently, grasping the scope of homelessness was extremely difficult to do. A portrait of homelessness was published in 2014,<sup>4</sup> in the wake of the [Politique nationale de](#)

<sup>4</sup> *L'itinérance au Québec*, Ministère de la Santé et des Services sociaux, premier portrait, 2014, 169 p.

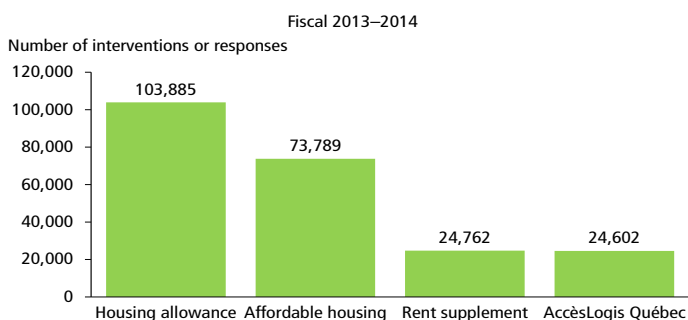
[lutte à l'itinérance](#) and the [Plan d'action interministériel en itinérance 2015–2020](#), both of which were tabled by the Quebec government in 2014.

In 2013–2014, there were 1,263 “emergency” beds in 41 shelters across Quebec. Half of these were in Montreal, with the rest scattered across Quebec’s other regions. The occupancy rate of these beds was 78.8% (annual average). This statistic clearly masks any day-to-day, seasonal and regional fluctuations. The average stay was 7.8 nights. This means that 2,469 different persons requested accommodations on a monthly basis.

Quebec also has “transitional beds”: 429 beds in 14 different locations. The occupancy rate was 74.3%, which varied depending on the region. Given the vocation of these facilities, the average stay was longer, i.e. 62.1 nights, the equivalent of two months. An additional 302 transitional beds were available for young people, with an estimated occupancy rate of 78.5%. In light of these few figures, the need for accommodations cannot be overlooked.

There are other types of housing support, and they enable us to measure the difficulties many households have in ensuring a roof is over their heads. As such, for fiscal 2013–2014, the Quebec government intervened in 103,885 cases through its Shelter Allowance Program that offers “financial assistance to low-income households that spend too much of their budget on housing” (graph 4).

**GRAPH 4**  
Housing assistance affects many people



Sources: Société d'habitation du Québec and Desjardins, Economic Studies

In the same vein, the government stepped in to provide low-rental housing units in 73,789 cases; it also paid out rent supplements (24,762) and encouraged the construction of affordable community housing (24,602 interventions or responses). This is only a portion of government assistance that is also extended at the municipal level. It is, however, difficult to say how many people have been affected by these actions.

### Is anyone immune?

One can ask, at what point does a precarious situation become poverty? Based on the annual survey conducted by the Canadian Payroll Association and released in 2016,<sup>5</sup> close to half of the 5,600 employed respondents said that “they would have difficulty meeting their financial obligations if their paycheques were delayed by just one week.” What’s more, 24% of respondents estimated that it would be difficult for them to come up with \$2,000 to deal with an emergency in the months ahead. Desjardins Economic Studies have looked into the issue of household debt, and two analyses conducted in 2015 and 2016 help make sense of the situation.<sup>6</sup>

Poverty can occur after an extended work stoppage or when employment is terminated (layoff, company closure, premature retirement). Poverty can also arise if a worker or close relative gets sick, especially if that person is a breadwinner in the household. In some situations, workers have to take care of a loved one, which at times pushes caretakers to quit their own jobs. A death or separation can also trigger the process that eventually leads to poverty. These are all situations that are hard to avoid. How do you prepare for these potential situations when you don’t have the funds to meet your basic needs?

### BOX 2 A FEW QUEBEC GOVERNMENT PROGRAMS AT A GLANCE

**Shelter Allowance Program:** Financial assistance program for low-income households that spend too much of their budget on housing.

**Low-Rental Housing Program:** This program aims to provide housing to low-income households selected based on their socioeconomic status. Under this program, tenants pay 25% of their income on rent.

**Rent Supplement:** This financial assistance helps low-income households live in private dwellings or in dwellings that belong to a housing cooperative or non-profit organization, and pay rent similar to that of a low-rental housing unit.

**AccèsLogis Québec:** This program encourages the construction of community and affordable housing for low-income households and for tenants with special housing needs.

<sup>5</sup> [The Canadian Payroll Association](#).

<sup>6</sup> For a more in-depth analysis of the financial position of Quebec’s households, please refer to the following studies: [Financial position of households in Quebec and Ontario](#), April 7, 2015 and [The financial situation of Quebec households. The picture differs widely with borrower age](#), August 25, 2016. Desjardins, Economic Studies.

### A long and bitter battle

Despite all the individual and collective efforts made, many people still struggle to make ends meet every month. If the solution was simple, poverty would not be nearly as pervasive as it is.

Here is another worthwhile question: Is combating inequality the same as fighting poverty? Opinions differ depending on who is answering the question. It is generally agreed, however, that combating inequality can contribute to reducing poverty.

Child allowances, disability benefits and support for education and housing are the tools used most often to combat poverty. Some, however, question how we are dealing with the situation. In terms of housing, some believe that we have to get back to building social housing by encouraging developers to build for low-income families. According to some researchers, allowances alone do not fix the problems related to housing shortages or dilapidated dwellings, which create many other problems (exorbitant heating costs, health problems, multiple costly moves, etc.).

With regard to education, some question whether the assistance currently offered actually helps fight poverty. For example, the financial aid granted for post-secondary education benefits the middle and upper classes the most. Offering assistance to low-income families for early childhood and secondary education would seem to be more effective in reducing inequalities over the long term. According to some researchers, encouraging student retention at a young age would also produce better outcomes.

Increasing incomes, or ensuring overall personal financial security, is one solution that is often put forth. This usually refers to the minimum wage, providing a guaranteed minimum income or boosting government benefits. The concept of a “living wage” has recently been resurrected, having first been coined in the late 19th and early 20th centuries. The Institut de recherche et d’informations socio-économiques (IRIS) defines this term as a wage that allows “full-time workers to earn enough money to provide the basic necessities for their families, while offering workers the potential to increase their earnings.”<sup>7</sup>

This approach focuses on workers, much like the initiatives that target job quality (the Good Jobs Roundtable, research done by the Institut de la statistique du Québec, university papers on job insecurity, to name just a few). Each aforementioned option (minimum wage, guaranteed minimum income, living wage) could be debated. To this end, a work group mandated by the Quebec government is currently examining the issue of a guaranteed minimum income. Incidentally, a new plan to fight

poverty and social exclusion for the period from 2017 to 2022 will be tabled by the spring.

We need to keep in mind that any efforts made must also take those who cannot hold a job into account. There will always be a portion of the population that will never be able to enter the labour market, and they need support. This is nothing new.

Assistance cannot be given if it is not harmonized with taxation. We have to prevent situations where workers strive to increase their income only to have to pay a tax penalty, which would only discourage workers from taking the initiative to increase their income. This is what many refer to as the “poverty trap”: Due to certain tax rules, workers lose interest in keeping a job, as they have too much to lose in terms of government support.

We cannot deny the many efforts that have been made in recent years by all levels of government, the private sector and civil society in the following areas: education, housing, food and integration into the labour market. That said, given the many measures enacted and initiatives made, the low-income rate does not seem to have fallen in any meaningful way in the last 10 years (refer to graph 2 on page 2). We can say that poverty continues to affect many people.

Some researchers refer to the “poverty plateau” in the fight against poverty, wherein outcomes are limited in spite of the efforts invested. Rising job insecurity in the labour market is responsible for this phenomenon, which has led to the growing problem of worker impoverishment. Companies seeking optimum management flexibility have created greater job instability (on call and temporary jobs, split shifts, reduced hours, etc.). Employment income is insufficient for many workers who either do not work enough hours to generate an income that allows them to live well, or they earn an hourly wage that is inconsistent with the number of hours they are offered.

### A shared responsibility

While the different low-income measures are not always consistent, we still have to recognize that many Quebecers are struggling to make ends meet. At the same time, the different types of support available are under increased pressure. On this score, solidarity is needed and teamwork is key. Teamwork offers relief to those who suffer from poverty but it cannot eradicate poverty. What is needed is a better grasp of the problems affecting the low-income population and the underlying causes that created their situations in order to develop suitable solutions. We have made significant progress in recent years to get there. We must, however, closely monitor the ever-changing labour market. Staying informed is key.

<sup>7</sup> *Quel est le salaire viable? Calcul pour Montréal et Québec en 2015*, IRIS, Economic brief, April 2015. The data have since been updated.

Questioning the methods used to fight poverty is healthy. The current solutions all have merit but they also have their limits. Today's technology more than ever enables us to create simulations and work scenarios. Why can't we use these to combat poverty collectively as well as manage our personal finances? We often hear people say that "the ball is in your court," referring to one group or another. In this case, the ball is no more on one side than the other. It is fair to say that more work needs to be done, on all sides.

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