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..	not available for a specific reference period
...	not applicable
0	true zero or a value rounded to zero
0^s	value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
^{p}	preliminary
^{r}	revised
x	confidential to meet secrecy requirements of the *Statistics Act*
^{E}	use with caution
F	too unreliable to be published

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Highlights

2002 income: an overview

- After five consecutive years of growth, after-tax family income remained virtually unchanged between 2001 and 2002, as the three main components — market income, government transfers and personal income taxes — each remained more or less stable.

- After-tax income for families of two people or more amounted to an estimated $60,500, virtually unchanged from $60,300 in 2001, after adjusting for inflation.

- This lack of growth was in contrast to the increase of 3.2% in annual average after-tax income for these families between 1996 and 2001.

- Family income is correlated with economic conditions. After reaching a peak at $53,900 in 1989, average family income declined through the recession of the early 1990s and stayed below $52,000 up to and including 1996. Since then, it has rebounded in step with the recovering economy.

- The low-income rate among families of two people or more edged up slightly in 2002 after five consecutive years of declines. A small increase in the low income rate was experienced by those aged 18 and over. However, the proportion of children aged under 18 and living in low income was marginally lower, continuing its long-term decline.

- Unlike most other family types, average after-tax income declined in 2002 for single-parent families headed by women. However, their income gains were among the strongest between 1996 and 2002 because of the increase in labour force participation by single mothers.

- For unattached individuals, after-tax income amounted to $25,900 in 2002, up 2.4% from 2001 and 17% from 1996. An estimated 1 million of these individuals lived in low income in 2002, about 25% of the total, down from 34% in 1996.

Main components all hold relatively steady

- The three main components of after-tax income - market income, transfers from governments and personal income taxes - were all relatively unchanged from 2001.

- Market income is the sum of paid employment and self-employment earnings, and income from investments and pensions, and represents the lion's share of family income, particularly for non-elderly families. In 2002, it remained at the same average level as in 2001 (approximately $66,000) for families of two or more people. This compares with an annual average gain of 2.7% during the previous five years.

- Families of two or more people paid an estimated $12,800 on average in personal income taxes in 2002, about $300 less than in 2001 after adjusting for inflation.

- This decline, equal to about 2.3%, came on the heels of a 7.1% decrease in 2001 when federal and provincial tax changes included increases in exemption and income threshold levels, and cuts in tax rates. The implicit tax rate for families was 17.4% in 2002, down from 17.8% in 2001.

- Government transfers cover a range of programs such as Employment Insurance, old-age security, child tax benefits and so on. They remained virtually unchanged from 2001 at an estimated $7,300. In 1996, transfers amounted to $7,900 on average.

- The number of families receiving Employment Insurance benefits rose 8.4% in 2002, following an 11.2% gain in 2001. Average EI benefits rose from $5,500 in 2001 to $5,900 in 2002. These increases are attributed mainly to the program changes that expanded parental benefits.

After-tax income down for female single-parents

- On average, the after-tax income for the estimated 500,000 single-parent families headed by women declined from $32,500 in 2001 to $30,800 in 2002 mainly due to a drop in their market income from $27,300 to $25,600.

- Even when including the decline in 2002, the annual average rate of increase of market income for female lone-parent families was 5.5% between 1996 and 2002. This was one of the largest increases among the different family types. As a result the 2002 after-tax income of female single parents was still much higher than in 1996 ($25,300).

Continuous growth of after-tax income for senior families

- Among senior families — those in which the major income recipient was aged 65 and over – after-tax income was estimated $43,400, up from $39,000 in 1996.

- After-tax income of senior families steadily grew for the past five years, primarily due to the increase of their market income. Between 1996 and 2002, after-tax income for senior families has increased 11%, compared with 18% for all younger families.

- In 2002, senior families received on average an estimated $20,200 in government transfers, accounting for 41% of their total income before taxes.

Low-income rate among children down for sixth straight year

- Although the change is not significant the low-income rate among children under 18 based on after-tax income, declined for the sixth consecutive year in 2002.

- An estimated 702,000 young people, or 10.2% of the total, were living in low-income families. This level was down from 713,000 children in 2001 (10.4%).

- The proportion of children living in low-income families has been declining since 1996, when it peaked at 16.7%. This decline follows overall improvements in the Canadian economy during the late 1990s.

Slight rise in low-income rate of families

- After five consecutive years of declines, the proportion of families living in low income rose slightly to 7.0% in 2002 from 6.6% the year before. The 6.6% level in 2001 was the lowest rate for families since 1980.

- An estimated 605,000 families were in low income in 2002, compared with 564,000 in 2001 and 870,000 in 1996.
- The long-term downward trend in the low-income rate reflected a healthy labour market in the latter part of the 1990s, as well as recent increases in transfers and cuts in income taxes.
- Of the estimated 500,000 lone-parent families headed by women, 34.8% were in low income in 2002, up from 30.1% in 2001. This was the first increase in the low-income rate for these families in five years. Their low-income rate peaked at 49.0% in 1996.
- For the population as a whole in the 10 provinces, about 2.9 million people, or 9.5%, were living in low income in 2002.

Income inequality among families remained stable

- One measure of income inequality is the ratio of average market income received by the 20% of families with the highest income compared with the 20% of families with the lowest income.
- In 2002, this ratio was about 11.7 to one. That is, the 20% of families with the highest income received about $11.70 in market income for every $1 received by the 20% with the lowest.
- However, taxes and transfers moderate the differences between the quintiles of the income distribution.
- In 2002, after taxes and transfers, the one-fifth of families with the highest income received $5.20 in market income for every $1 received by the one-fifth with the lowest. Historically, this ratio remained stable at about 4.8 to 1 for several years up to 1995. It then rose in 1996 and 1997 to 5.3 and, since then has remained at 5.2 to 5.3.

Provinces: After-tax income remained stable in most cases

- Families of two people or more recorded at least marginal increases in after-tax income in most provinces in 2002, but there was the occasional exception.
- In Alberta, after-tax income declined from $65,600 in 2001 to $64,300 in 2002. On the other hand, the proportion of these families living in low income in Alberta fell from 5.9% to 4.8%.
- The biggest gain was in Nova Scotia where after-tax income for families of two or more people rose from $49,800 to $51,500.
- Families of two or more people in Newfoundland and Labrador received government transfers estimated at $11,300 on average in 2002, highest in Canada and well above the national average of $7,300.

Related products

Selected publications from Statistics Canada

13F0022XCB	Income trends in Canada
13F0022XIE	Income trends in Canada
75F0011XIE	Survey of Labour and Income Dynamics - A survey overview
75F0026XIB	Survey of Labour and Income Dynamics electronic data dictionary
75-202-XIE	Income in Canada

Selected CANSIM tables from Statistics Canada

202-0101	Distribution of earnings, by sex, 2002 constant dollars
202-0102	Average female and male earnings, and female-to-male earnings ratio, by work activity, 2002 constant dollars
202-0103	Number of earners, by sex and work activity
202-0104	Female-to-male earnings ratios, by selected characteristics, 2002 constant dollars
202-0105	Distribution of total income, by husband-wife families, 2002 constant dollars
202-0106	Earnings of individuals, by selected characteristics and Standard Occupational Classification, 1991 (SOC), 2002 constant dollars
202-0107	Earnings of individuals, by selected characteristics and North American Industry Classification System (NAICS), 2002 constant dollars
202-0201	Distribution of market income, by economic family type, 2002 constant dollars
202-0202	Average market income, by economic family type, 2002 constant dollars
202-0203	Median market income, by economic family type, 2002 constant dollars
202-0301	Government transfers, by economic family type and after-tax income quintiles, 2002 constant dollars
202-0401	Distribution of total income, by economic family type, 2002 constant dollars
202-0402	Distribution of total income of individuals, 2002 constant dollars
202-0403	Average total income, by economic family type, 2002 constant dollars
202-0404	Total income, by economic family type, age group and income source, 2002 constant dollars
202-0405	Upper income limits and income shares of total income quintiles, by economic family type, 2002 constant dollars
202-0406	Upper income limits and income shares of total income quintiles, by major income source, 2002 constant dollars
202-0407	Income of individuals, by sex, age group and income source, 2002 constant dollars

202-0408	Distribution of total income, by census family type, 2002 constant dollars
202-0409	Average total income, by census family type and living arrangement, 2002 constant dollars
202-0410	Average total income, by census family type, 2002 constant dollars
202-0411	Median total income, by economic family type, 2002 constant dollars
202-0501	Income tax, by economic family type and after-tax income quintiles, 2002 constant dollars
202-0601	Distribution of after-tax income, by economic family type, 2002 constant dollars
202-0602	Distribution of after-tax income of individuals, 2002 constant dollars
202-0603	Average after-tax income, by economic family type, 2002 constant dollars
202-0604	Upper income limits and income shares of after-tax income quintiles, by economic family type, 2002 constant dollars
202-0605	Median after-tax income, by economic family type, 2002 constant dollars
202-0701	Market, total and after-tax income, by economic family type and income quintiles, 2002 constant dollars
202-0702	Market income, government transfers, total income, income tax and after-tax income, by economic family type, 2002 constant dollars
202-0703	Market, total and after-tax income, by economic family type and after-tax income quintiles, 2002 constant dollars
202-0704	Government transfers and income tax, by economic family type and after-tax income quintiles, 2002 constant dollars
202-0705	Gini coefficients of market, total and after-tax income, by economic family type
202-0706	Market, total and after-tax economic family income, by adjusted after-tax income quintiles, 2002 constant dollars
202-0801	Low income cut-offs before and after tax for rural and urban areas, by family size
202-0802	Persons in low income
202-0803	Families in low income before and after tax, by age and sex of major income earner
202-0804	Families in low income, by economic family type, 2002 constant dollars

202-0805	Low income gap, by economic family type, 2002 constant dollars
202-0806	Transitions of persons into and out of low income before and after tax, by selected characteristics
202-0807	Persistence of low income, by selected characteristics

Selected surveys from Statistics Canada

3889	Survey of Labour and Income Dynamics
3205	Survey of Consumer Finances

Selected tables of Canadian statistics from Statistics Canada

- *Canadian Statistics - Average total income by selected family types*
- *Canadian Statistics - Persons in low income after tax*
- *Canadian Statistics - Average income after tax by selected family types*
- *Canadian Statistics - Average market income by selected family types*
- *Canadian Statistics - Persons in low income before tax*
- *Canadian Statistics - Government transfers and income tax*
- *Canadian Statistics - Average earnings by sex and work pattern*
- *Canadian Statistics - Estimated numbers of earners by sex*

Chapter 1

Introduction

This report examines family income and low income in Canada. The data prior to 1996 are drawn from the Survey of Consumer Finances (SCF). Beginning with 1996, the data are taken from the Survey of Labour and Income Dynamics (SLID).

The publication is organized into chapters, each dealing with a specific income concept. Chapter 2 examines market income, also known as "income before transfers". It represents the money people earned from the labour market, investments and private pensions. Chapter 3 looks at government transfer payments, focusing on specific groups or family types (such as the elderly, lone-parent families and families without an earner) that are the target beneficiaries of most income security programs. Chapter 4 deals with the total income of Canadian families, examining the role of government transfers in total income. Chapter 5 presents information on income tax and how it varied by family type. Chapter 6 examines after-tax income. The joint effect of transfers and income taxes is assessed. Chapter 7 focuses on income inequality. Chapter 8 concentrates on low income in Canada, including low income persistence.

The companion product to this publication -- a compilation of tables on CD-ROM called *Income Trends in Canada*, (product number 13F0022XCB) — shows data tables for the period starting with 1980. It also contains data for the provinces in addition to 15 metropolitan areas. Tables on earnings (the major component of market income) and other related income concepts or statistics are also included.

When assessing data trends over time, there is always the choice of time period on which to make comparisons. Obviously, the analytical section at the beginning of chapters focuses on what's "new", the most recent year of data available. But it also draws on trends over the previous several years. The present edition shows stability of income for families and individuals between 2001 and 2002, after 5 year upward trend (1996-2001).

Finally, "structural" changes regarding income, such as in the distribution of incomes across the population, tend to require a longer time period to reveal notable changes. When commenting on the income distribution in Canada, such as quintile analysis or the Gini coefficient, we often compare the last few years. For analysis at the provincial level, it is again preferable to look at a longer trend for the purpose of separating real changes in income levels from estimate variation that could be caused by smaller sample sizes at the provincial level.

Quintile analysis is frequently used in this publication. Quintile data are produced by ranking economic families of two persons or more from lowest to highest by the value of their income, grouping the ranked families into five equal-numbered groups, or "quintiles", and then calculating statistics on each of the groups. The income concept used in this publication to rank families is always after-tax income, so they are called after-tax income quintiles. This way of defining the quintiles has the advantage of holding the population in each quintile constant while comparing different characteristics, such as market income versus after-tax income. But one can also analyse market income using market income quintiles, or total income using total income quintiles, as shown in the CD-ROM product, *Income Trends in Canada*, (product number 13F0022XCB), table 701.

Income is not adjusted for family size. Since changes in family size can account for changes in average incomes, it is worth noting that the average number of members in economic families of two or more persons decreased slightly over the period of analysis, from about 3.14 in the early 1990s to 3.08 in 2002.

All the figures included in this report (unless otherwise stated) are sample survey estimates. To factor in inflation when comparing income levels across time, all the income estimates are expressed in constant dollars of the last year for which data are presented.

Chapter 2

Market income

Market income includes the earnings that Canadians receive from employment. Also included in market income is investment and private pension income. For the majority of Canadians, particularly those of "working age" (aged 16 to 64), money from employment constitutes the highest proportion of market income. In 2002, 89% of aggregate market income came from employment.

Improvement in the labour market in 2002

Market income is closely linked to labour market conditions. According to data from the Labour Force Survey, there was a rise of 1.0% in the employment rate (i.e. the number of people employed compared to the working age population) from 2001 to 62% in 2002. This increase was due mainly to a 1.3% growth in the participation rate, which climbed in 2002 to 67%. In contrast, the unemployment rate rose between 2001 and 2002. It was at 7.7% in 2002 compared to a rate of 7.2% in 2001. The increase in the unemployment rate in 2002 was largely caused by more working age people looking for work. In 2002, real GDP per capita increased by 3.4%.

Little change in market income in 2002 after five consecutive years of growth

Average market income for Canadian families of two or more people was estimated at $65,900 in 2002, virtually unchanged from 2001 (-0.2%) after adjusting for inflation (as measured by changes in the Consumer Price Index). This represents a pause after five consecutive years of growth. Average market income has increased by over 17% (on average 2.7% per year) since the low in 1996, when it was estimated at $56,200.

Average market income for persons not living in families (unattached individuals) was $25,600 in 2002 compared to $25,200 in 2001 (+1.6%). Unattached persons' average market income has not declined since 1996 and grew by 20% between 1996 and 2002.

For all provinces, average market income for families of two or more people changed only slightly in 2002. Nevertheless, between 1996 and 2002, average market income increased in all provinces from a minimum of 6.9% in Prince Edward Island to a maximum of 22.8% in Nova Scotia.

After increasing between 1996 and 2001, a generalized pause in market income in 2002 for the main family types

Market income for two parent families was estimated at $78,100 in 2002, virtually unchanged from 2001 ($78,000). In contrast, average market income for all two parent families increased between 1996 and 2002 by 19%. This growth corresponds to an average increase in average market income of $2.9% per year.

Average market income for female lone parent families rose from $18,500 to $27,300 between 1996 and 2001. In 2002, this figure was $25,600. In all cases, the average annual increase between 1996 and 2002 was 5.6%.

Elderly families (in which the major income recipient is 65 or older) saw their average market income increase by 16% between 1996 and 2002. During this period, there was steady growth in the average market income, which rose from $25,500 to $29,600.

Finally, the average market income of married couples without children who are not elderly persons rose from $61,500 in 1996 to $69,500 in 2002, an increase of 13%. In contrast, this income was virtually unchanged from 2001 to 2002 (-1.6%).

Market income of working age unattached women had increased since 1996

Average market income for unattached working age women jumped 27% between 1996 and 2002, while that of their male counterparts rose by 19%. The gap in average market income between unattached working-age men and women fell from $5,100 in 1996 to $4,400 in 2002.

Difference in market income between all men and women narrowed in 2002

The difference in average market income (for recipients of market income of all ages) between all men and women rose steadily until 2001 when it reached $15,200. In 2002, the difference narrowed slightly, as market income for men was $38,200 compared to $23,500 for women.

Market income trend varied among quintiles

Between 1996 to 2002, average market income for families in the lowest quintile increased by $3,200 (+35%), while the increase for families in the highest quintile was $21,100 (+17%).

Chart 2.1

Average market income of economic families and unattached individuals, 1980 to 2002

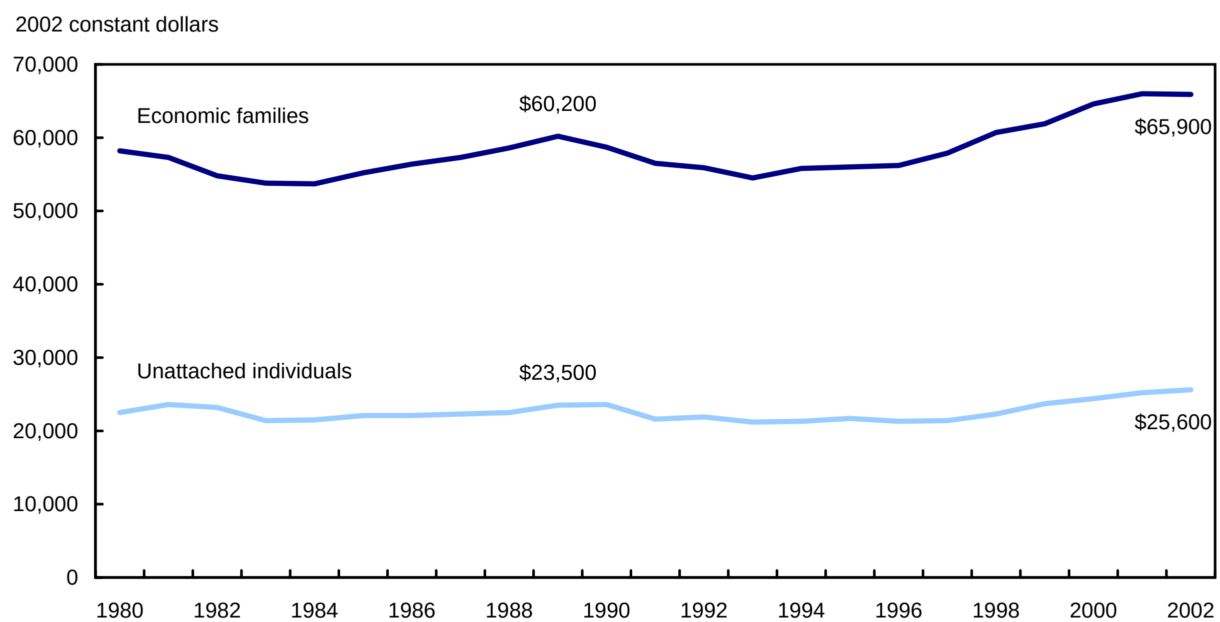


Chart 2.2

Average market income, Canada and provinces, percentage change between 1996 and 2002

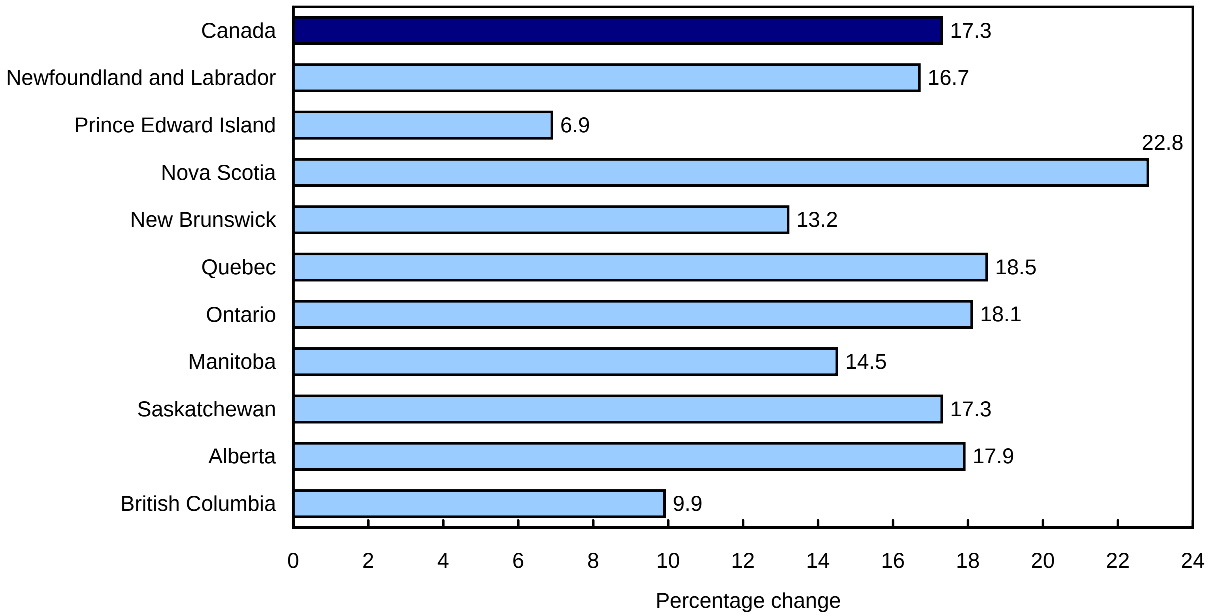


Chart 2.3

Average market income by major family type, 1996 and 2002

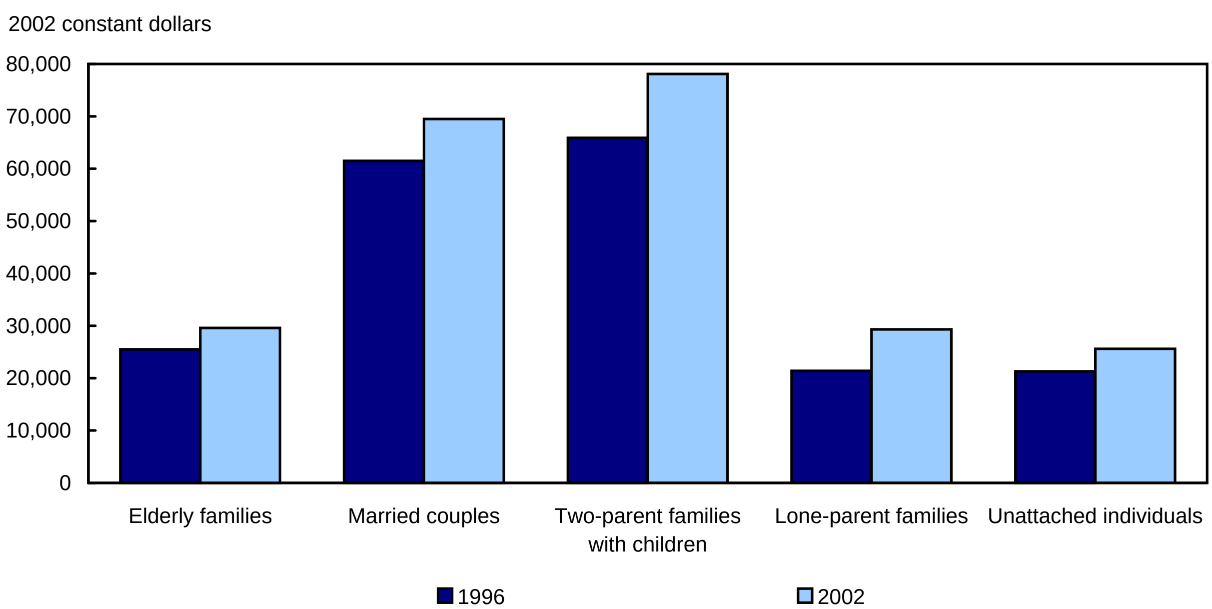
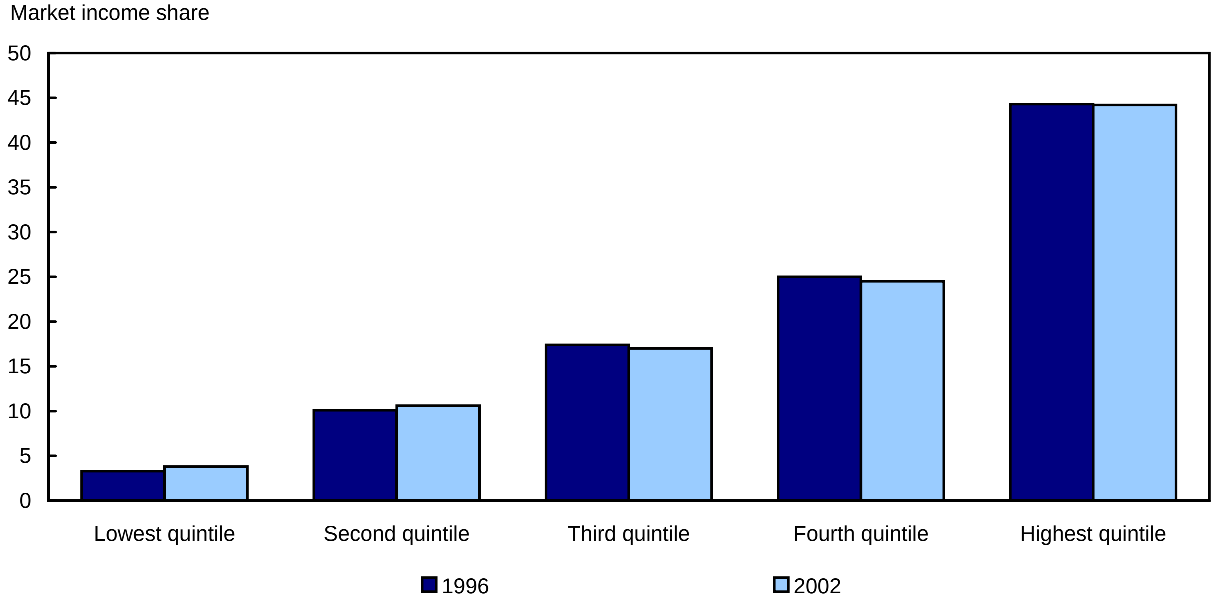


Chart 2.4

Share of market income by quintiles, 1996 and 2002



Chapter 3

Government transfers

Government transfers cover a range of programs. For example, Employment Insurance provides temporary income assistance to those who lose their job or are absent for reasons of illness or the birth of a child. The Canada Pension Plan and the Quebec Pension Plan are the two public pension plans in Canada. Old Age Security, including the Guaranteed Income Supplement, provides financial support to seniors. Child tax benefits and other child credits or allowances are aimed at families with children. Other government transfers include social assistance from provincial and municipal programs, Workers' compensation benefits, the GST/HST Credit and provincial refundable tax credits such as the Quebec and Newfoundland and Labrador sales tax credits.

The implicit transfer rate shows the amount received from all these sources as a proportion of total income (before tax). Unless otherwise specified, the average amounts of transfers are calculated for the total population (both recipients and non-recipients); they would be higher if non-recipients were excluded.

In addition to what is provided in this chapter, Chapter 4 and Chapter 7 include data on government transfers.

Average government transfers were stable in 2002 as compared to 2001

Average government transfers remained relatively constant in 2002. Those paid to all families of two or more people stood at $7,300 while those paid to unattached individuals were $5,300. However, average government transfers to families were 7.6% below the 1996 level of $7,900.

The average transfers remained stable for most family types, for example average transfers to all two-parent families with children and to female lone-parent families respectively were both virtually unchanged in 2002 at $4,900 and $8,200 respectively. In contrast, average transfers to two-parent families with two earners grew by 9.8% in 2002 from $4,100 to $4,500. The growth for this group was almost entirely driven by a growth in the amount of Employment Insurance benefits received.

Employment insurance benefits had second year of strong growth

The number of families receiving Employment Insurance (EI) benefits rose by 8.4% in 2002 after rising 11.2% in 2001. The average EI benefits paid to such families was substantially higher as well: $5,900 in 2002 as compared to $5,500 in 2001 and $5,000 in 2000. This increase brought the average benefits paid back to the 1996 level. As in 2001, part of the increase is attributable to policy changes that became effective December 31st 2000 for persons seeking parental leave: aggregate EI payments for parental leave more than doubled in 2002. This increase was equal to 56% of the change in total benefits that year [1]. A second substantial part of the change is most likely due to the higher amount of regular benefits paid out. While the number of unattached individuals receiving EI benefits was relatively stable at 393,000 recipients, the average amount received increased by 27%, from $4,100 in 2001 to $5,200 in 2002. This might be explained by more frequent unemployment spells or spells of longer duration because of the higher average unemployment rate: 7.7% in 2002 as compared to 7.2% in 2001.

1. *Administrative data on Employment insurance payments by type are published every month by Statistics Canada's Employment insurance statistics program They can be accessed in The Daily or CANSIM table 276-0005.*

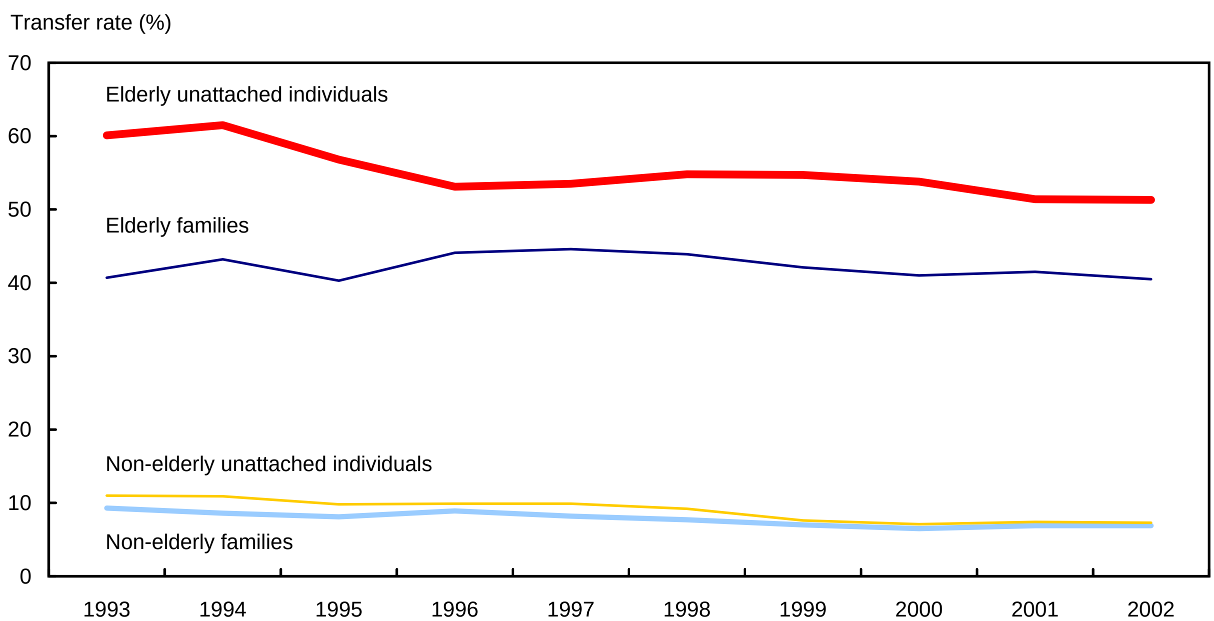
Transfers were higher for seniors than for people of working age

Elderly families received an estimated $20,200, on average, in government transfers in 2002, compared to an average $5,300 for non-elderly families. These amounts can also be expressed as a proportion of total income, called the implicit transfer rate. In 2002, elderly families and elderly unattached individuals received 41% and 51%, respectively, of their total income before tax in the form of transfers, while non-elderly families and non-elderly unattached individuals had corresponding implicit transfer rates of 6.9% and 7.3%.

The trend over the past two decades in government transfers to elderly families has been less variable than transfers to non-elderly families. Since most seniors are retired, government transfers to this group are less tied to labour market conditions than transfers to families with children or other people of working age. Two of the main transfers to seniors are the Canada and Quebec pension plan benefits and the Old Age Security Pension, both of which are relatively independent of a person's or family's income level. The Guaranteed Income supplement — the needs-based portion of Old Age Security — provides an additional low-income supplement if necessary.

Chart 3.1

Implicit transfer rates for seniors are higher than for non-seniors, 1993 to 2002

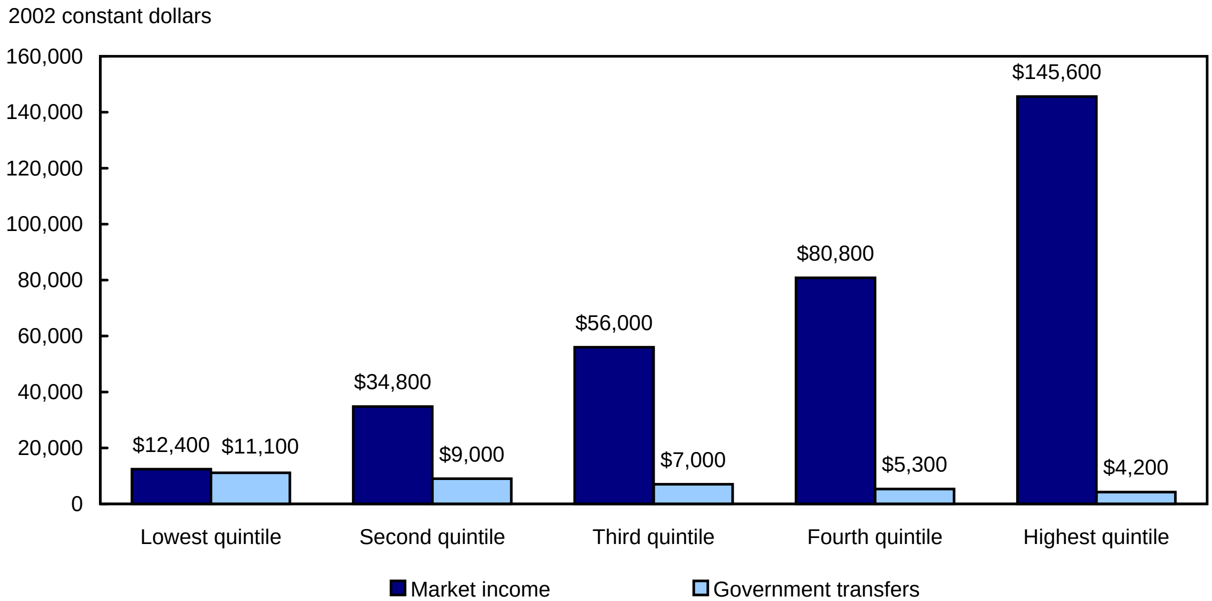


The 20% lowest-income families received 30% of government transfers

Some, but not all, government transfers are needs-based, meaning they are designed to supplement the incomes of lower-income families and individuals. This is evident in the distribution of transfers over the population when ranked from lowest to highest after-tax income. The share of transfers paid to families in the lowest after-tax income quintile is typically the highest — it was 30% in 2002. The share to the second lowest quintile was the second highest, at 25%, and so on. The families in the highest income quintile received 11.5% of all transfers paid to families.

Chart 3.2

Market income and government transfers for families by after-tax income quintiles, 2002



Share of transfers to lowest income families was stable

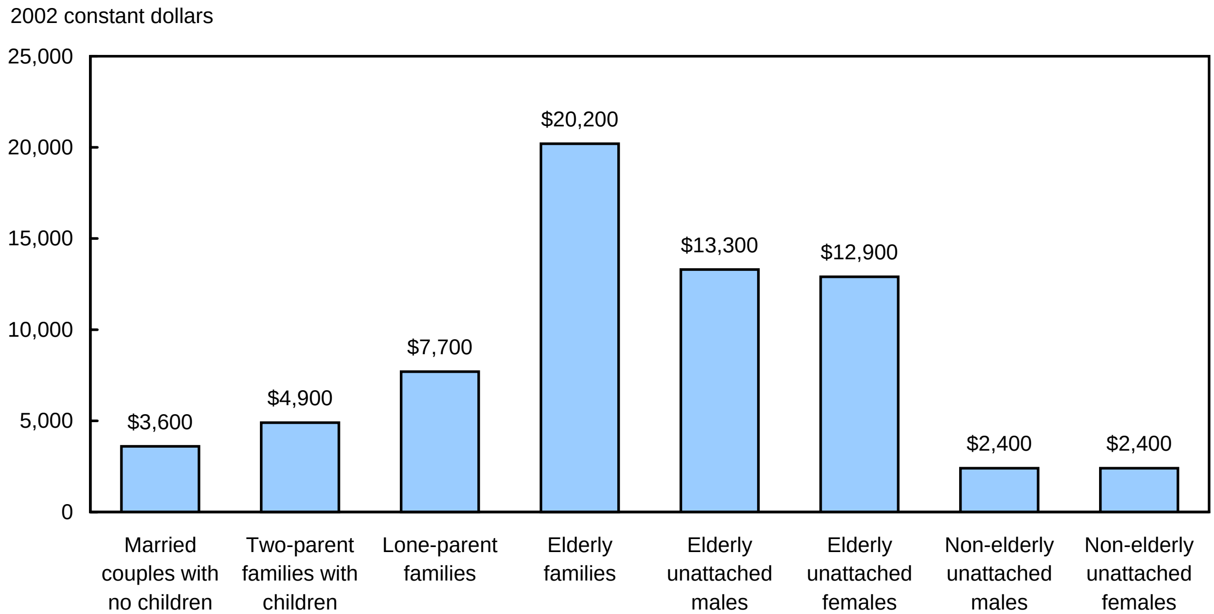
In the late 1990s, the share of all government transfers going to families in the lowest income quintile had generally been rising. It rose from 28% in 1996 to a peak of 31% in 2000, and was closer to 30% in 2002. At least some of the change is likely related to changes made to government programs, rather than changes in labour market conditions. Among all recipients of child tax benefits, the average amount each family received from federal and provincial sources rose from an estimated $1,800 on average in 1996 to $2,300 in 2002 — an increase of about 28%. The share of all government transfers going to the highest income quintile inched back up in 2002 to 11.5%, but was still below the 1996 level of 12.1%.

Transfers to families with children in the absence of earnings

Two-parent families with no earnings for the whole year received on average $16,800 in government transfers in 2002, or 67% of their total income in the form of transfers. Among female lone-parent families without earnings, 86% of their total income came from government transfers; the remainder came mostly from other income, which includes support payments from ex-spouses.

Chart 3.3

Average government transfers by family type, 2002



Total income

Total income is the sum of market income and government transfers.

Considering all sources of income, economic families of two persons or more received an estimated $73,200 in average total income in 2002, virtually unchanged from the previous year (-0.3%) after adjusting for inflation. Over the six year period, 1996 to 2002, total family income grew by 14%; an average annual increase of 2.2%. Average total income for unattached individuals was estimated at $30,900 in 2002, slightly increased (+1.6%) from the previous year. Between 1996 and 2002, their total income has increased by 15%, equivalent to a 2.4% annual increase.

In 2002, average total income of families in all provinces experienced no significant changes over the previous year. When comparing 1996 to 2002, the largest increases in total family income were found in Nova Scotia (+17.7%) followed by Alberta (+16.6%). For both provinces, market income accounted for a large percentage of the total income (87% and 92% respectively).

For the first time since 1996, in 2002, average total income in Ontario did not increase from the previous year (-0.9%). However, Ontario remained the province where families had the highest average total income ($81,400). Alberta was second in 2002 as family average total income was $77,100. The province where the families had the lowest average total income was Newfoundland and Labrador with $55,400. Over the six year period, 1996 to 2002, total family income in Newfoundland and Labrador grew by 13%.

After five years of growth, a pause for average total income for non-elderly families

In 2002, non-elderly families received on average an estimated $77,000 in total income, virtually unchanged from 2001 (-0.4%). From 1996 to 2002, their average total income went up by 14.9%. Unattached individuals of working-age (16 to 64 years of age) received in 2002 an estimated average total income of $33,000 representing an increase of 18% since 1996. In 2001, their total income was $32,300.

Senior families' total income stable from 2001 to 2002

The average total income of families, whose main income earner was a senior, gradually increased each year between 1996 and 2002. Comparing 1996 to 2002, the average total income grew 9.2%. This trend is primarily due to an annual average increase in market income of 2.5%. The estimated total incomes for 2002 and 2001 were $49,800 and $49,100 respectively.

Among elderly unattached individuals, women's average total income climbed by 7.5% since 1996, partially due to a 12.9% growth rate in market income. In 2002, average total income was estimated at $24,300. The picture is slightly different for senior unattached men who experienced almost no change in total income between 1996 and 2002 (+0.7%). Their total income was estimated at $28,200 in 2002.

In aggregate terms, in 2002, market income accounted for 60% the total income of seniors living in families, almost unchanged from 2001 (59%). The rest of their income came mostly from transfers such as public retirement pensions (18%) and Old Age Security (19%).

Income redistribution: impact of government transfers

In 2002, families in the lowest income quintile received only 3.8% of aggregate market income, but their share of total income was larger: 6.4%. Conversely, families in the highest income quintile received 44% of aggregate market income but 41% of total income.

Before government transfers, those in the highest income quintile received, on average, $11.70 for each $1 earned by those in the lowest quintile. After transfers, this ratio was reduced to $6.40 to $1.

Government transfers also reduced the income differences between various family types. Before transfers in 2002, the average income of non-elderly families was 2.4 times that of elderly families. After transfers, this ratio was reduced to 1.5.

Chart 4.1

Average total income of families and unattached individuals, 1980 to 2002

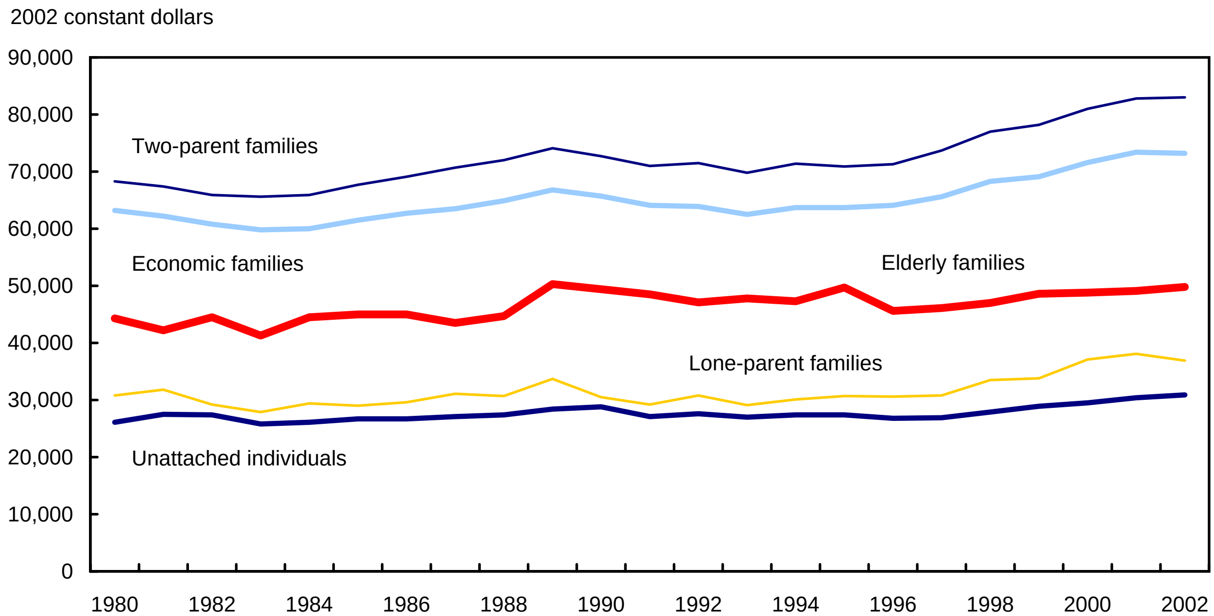


Chart 4.2

Market income made up majority of total income for non-elderly families in 2002

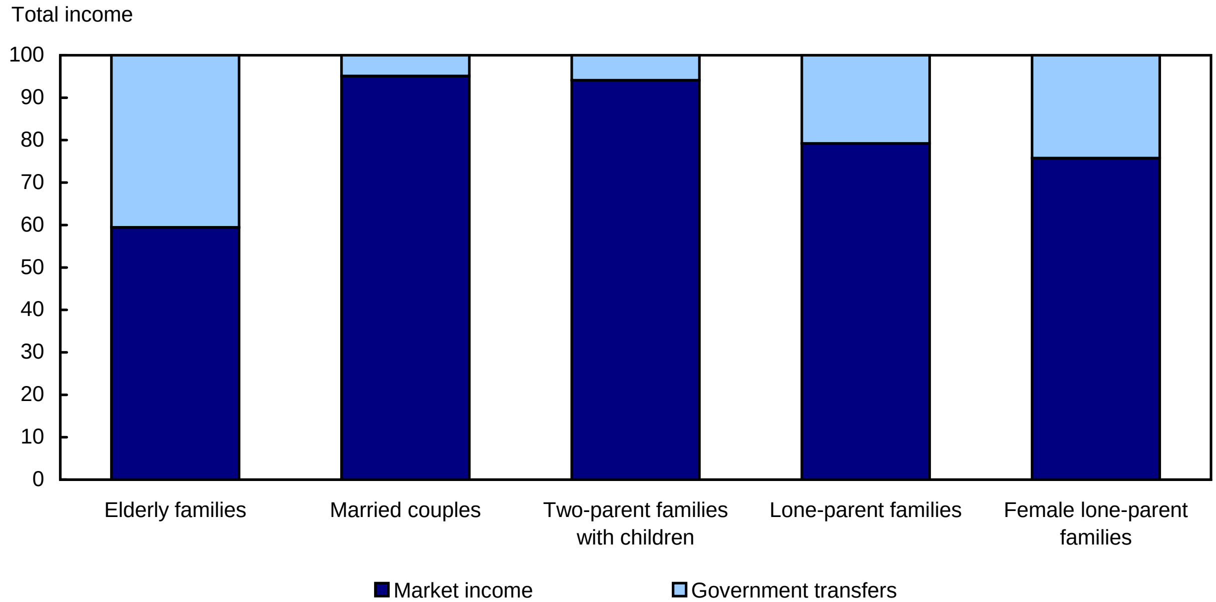
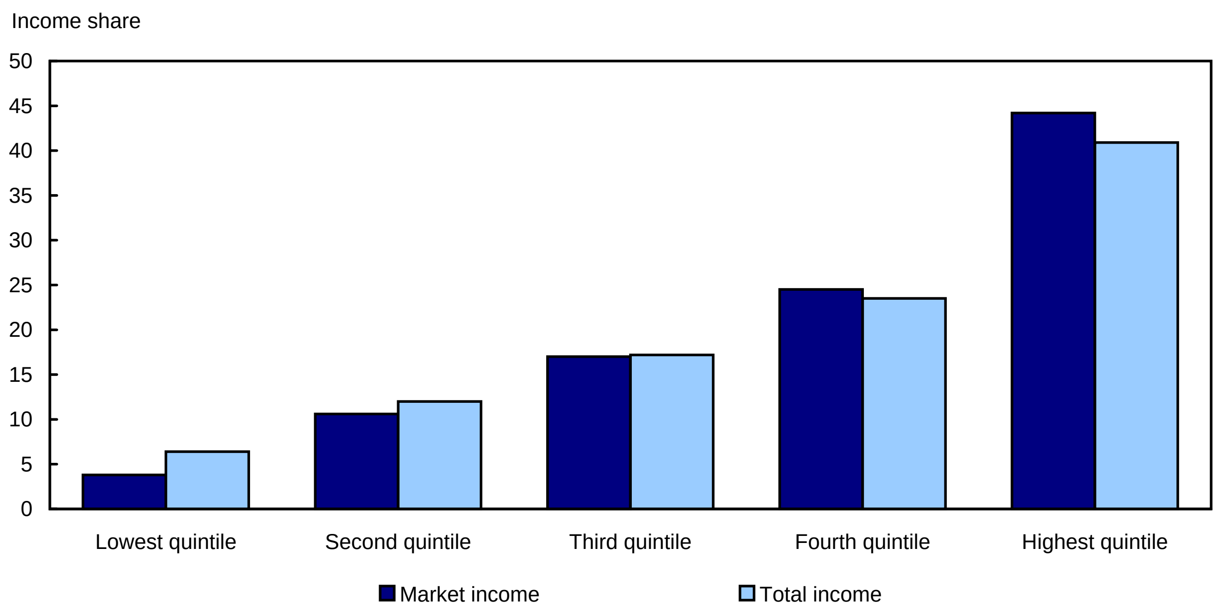


Chart 4.3

Government transfers increased shares of total income for lower quintiles, 2002



Chapter 5

Income taxes

Income taxes include both federal and provincial taxes. The implicit tax rate shows taxes as a proportion of total income.

In addition to what is provided in this chapter, Chapter 7 includes data on income taxes.

Second recent decline in average tax paid by families

Canadian families of two persons or more paid an estimated $12,800 on average in income taxes in 2002, or about $300 less (or -2.3%) than in 2001 (after adjusting for inflation). This followed a decline of about 7% in 2001, a year when the federal government and several provincial governments made changes in their income tax policies in the direction of lower taxation. In 2002, the average amount of federal income tax paid by families was about the same as in 2001. However, the average amount of provincial tax paid by families dropped 6%.

Estimated declines of 2% or more in average income tax in most provinces in 2002

There were estimated declines of 2% or more in average income tax paid by families in six of the ten provinces in 2002. The largest change in average tax paid by families in 2002 occurred in Nova Scotia, where it increased by about 12%, or $1,200 from $9,900 in 2001.

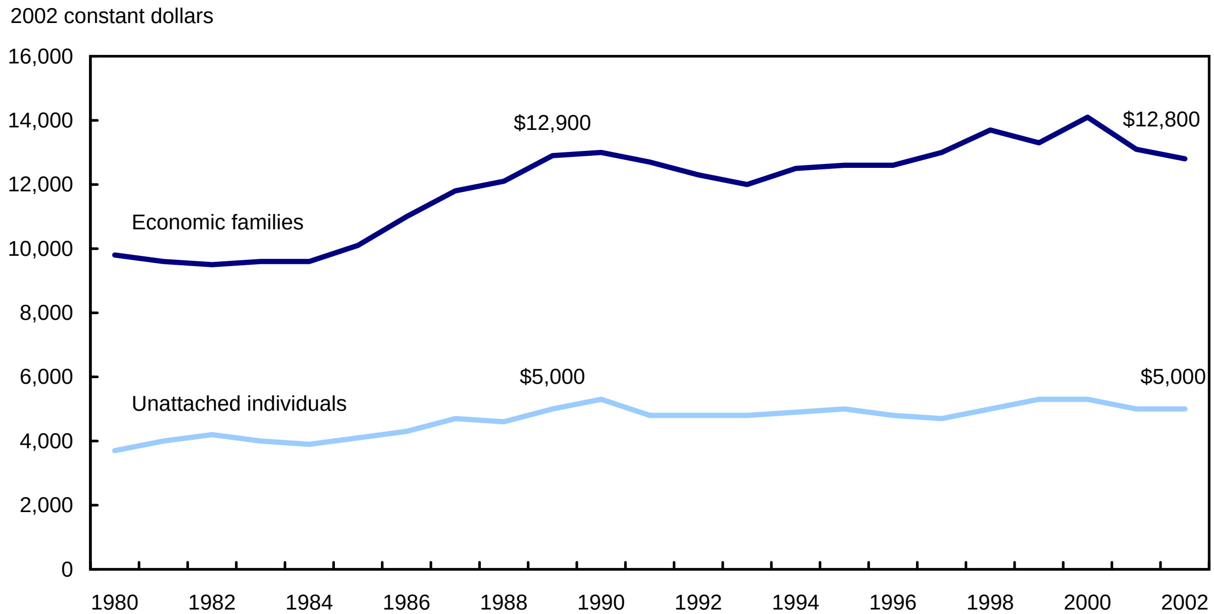
Average taxes paid by unattached individuals were stable at the national level between 2001 and 2002. Unattached individuals paid on average $5,000 in income taxes in those years, representing a 4.2% increase from 1996. Provincially, there were no significant changes in average taxes paid by unattached individuals between 2001 and 2002.

The relatively large increase in estimated average taxes in Nova Scotia in 2002 may be partially due to the fact that their tax-transfer system changed little while the average market income of non-elderly families — most of which would be taxable — increased by about 6.0%. Nova Scotia did not increase its basic personal, spousal and eligible dependent exemption amounts or its statutory tax rates from 2001 levels.

The relatively large decrease in average tax paid by families in Manitoba, where it dropped by 5.7% in 2002, can be attributed to changes in taxation, which included increases in exemption amounts, a decrease in the statutory tax rate for the second income tax bracket (from 16.2% to 15.4%) and a rise in the income threshold for the third income tax bracket (from $61,089 to $65,000). Although market income increased in Manitoba, changes in the tax-transfer system appear to have more than offset the effects of increased market income in that province.

Chart 5.1

Average income tax of families and unattached individuals, 1980 to 2002



Implicit tax rates by family type

The implicit tax rate for Canadian families was 17.4% in 2002, down from 17.8% in 2001 and a lengthy plateau of 19 to 20 percent for several years before that. Unattached individuals had a similar decrease, posting an implicit tax rate of 16.3% in 2002, down from 16.6% in 2001, and a plateau fluctuating about 18% since 1996.

Families of two or more persons in which the major income earner was under age 65 and unattached individuals aged less than 65 had average implicit tax rates of 17.9% in 2002. In contrast, elderly families and elderly unattached individuals had lower average implicit tax rates of 12.9% and 10.8%, respectively. The difference between seniors and the rest of the population is consistent given that retirement income is on average lower than income received over the course of one's working-age years-the ratio of tax to total income during retirement is also considerably lower on average.

Several family types have similar implicit tax rates. In 2002, among families in which the major income earner was under age 65, dual-earner couples without children, two-parent families with two earners, and two-parent families with one earner all paid, on average, about one-fifth of their total income in income taxes (20%, 19% and 19%, respectively).

Shares of total income tax by income quintile

In 2002, families in the highest after-tax income quintile paid on average $33,500 in income taxes, or just over half (53%) of the aggregate amount of income tax paid by Canadian families. As an indication of the progressivity of taxes, these high-income families had a smaller share of aggregate market income, 44%. Looking at the other end of the distribution, one can expect to see the reversed situation in the presence of a progressive tax system. Indeed, families in the bottom quintile paid an average of $1,200 in income tax. This was equal to 1.9% of the total income tax collected from families, while the share they held of the aggregate market income of families was 3.8%.

Chart 5.2

Shares of total income and income tax of families by after-tax income quintiles, 2002

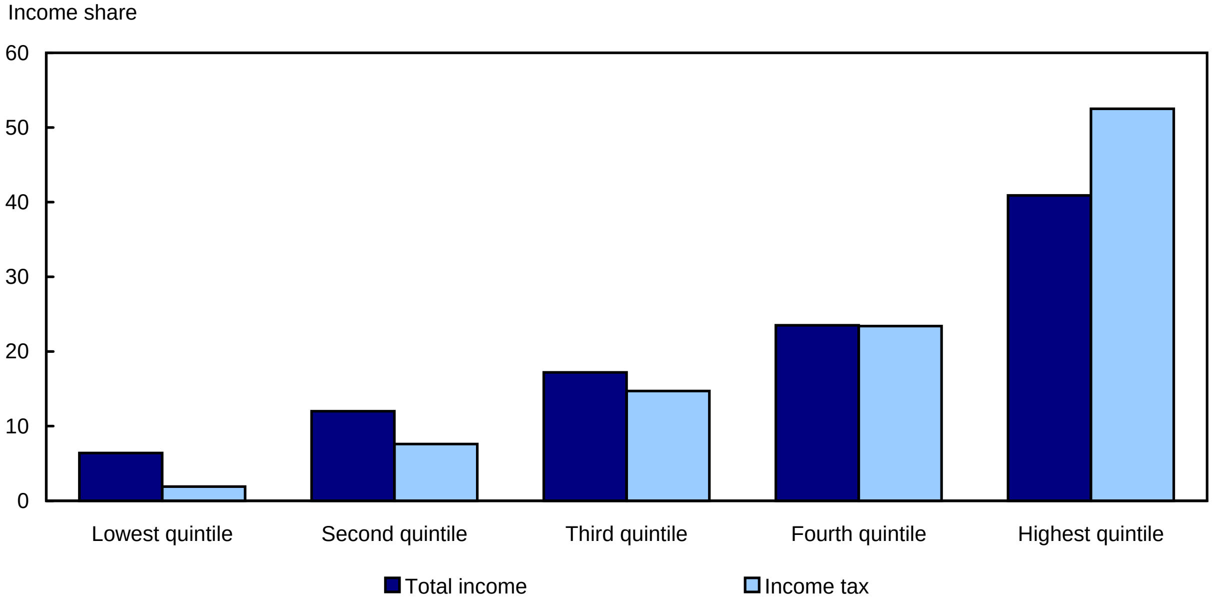
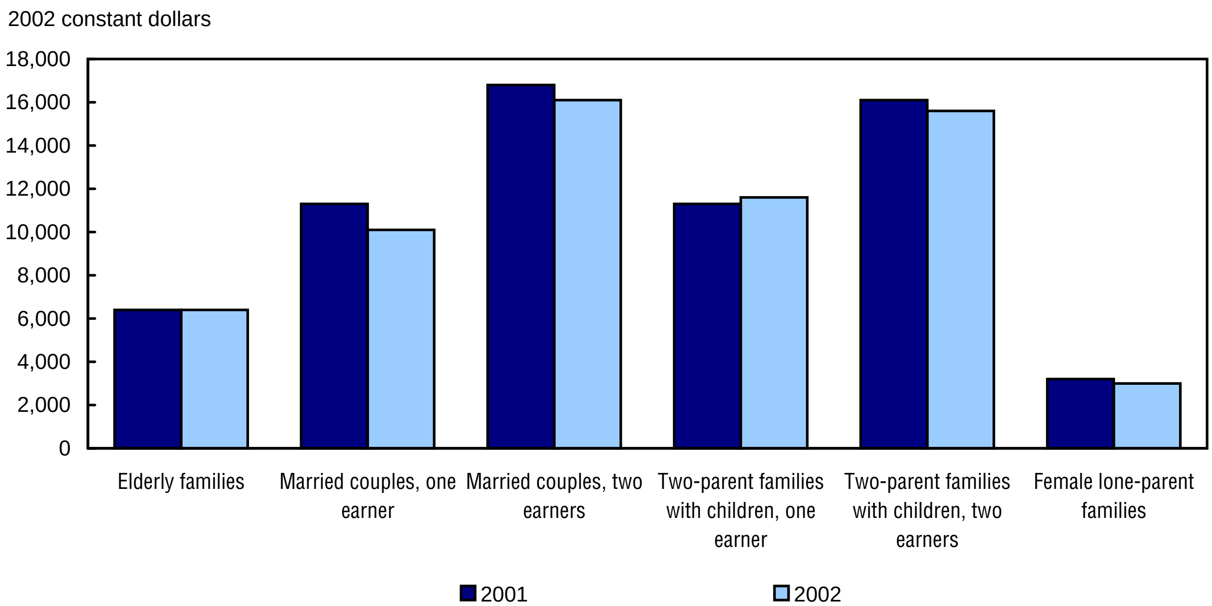


Chart 5.3

Average income tax by family type, 2001 and 2002



Chapter 6

After-tax income

After-tax income is defined as total income (market income plus government transfers) less income taxes. Thus, after-tax income reflects income redistribution through transfers and taxes.

After five consecutive years of growth, after-tax income experienced a pause in 2002

After adjustment for inflation, average after tax income for families of two or more people reached $60,500 in 2002, remaining virtually unchanged from 2001 (+ 0.3%). This change was significantly less than what these families experienced between 1996 and 2001, when the average annual increase was 3.2%. As with after tax income, market income (-0.2%) and total income (-0.3%) remained relatively stable from 2001 to 2002. Nevertheless, after tax income had risen 18% since 1996.

The income of lone parent families headed by women climbed from $25,300 to $30,800 (+22%) between 1996 and 2002. In 2001, it was $32,500.

Families of two or more people whose main income earner was under 65 years of age received after tax income in 2002 of $63,200, virtually the same as that of the previous year (+0.2%). However, the average after tax income of these families had risen by almost $9,800, or close to 18%, since 1996.

In recent years, average after tax income of elderly families increased steadily, rising from a low of $39,000 in 1996 to a high of $43,400 in 2002. However, since 1996, these families had experienced slower growth (+11%) than families whose main income earner was under 65 years of age (+18%), by a difference of 7 percentage points.

Average after tax income for unattached individuals was $25,900 in 2002, relatively unchanged from 2001 (+2.4%). These people had experienced steady growth in their income (+17%) since 1996.

Differences from province to province between 1996 and 2002

After tax income of families with two or more people had risen in all provinces since 1996. Between 1996 and 2002, the national growth rate for this type of family was 18%, but rates varied considerably from province to province. Alberta and Ontario both exceeded the national average with growth rates of 20% and 18% respectively. The growth rates in the other provinces varied between 8.3% (Prince Edward Island) and 17% (Nova Scotia and Quebec). Between 2001 and 2002, after tax income for these families remained relatively stable for all provinces.

Similarly, after tax income for unattached individuals increased unevenly among the provinces. Since 1996, it had seen growth of 17% for Canada as a whole. As was the case for families of two or more people, the income of unattached individuals also rose in Ontario and Alberta, which respectively saw increases of 22% and 20% between 1996 and 2002. Compared to 2001, after tax income in 2002 remained the same in all provinces and did not see any significant changes.

Government transfers and taxes helped to reduce disparities between the different family types

In 2002, families of two or more people earned an average of $7,300 in transfers and paid $12,800 in taxes for a net contribution of $5,500. This amount was equal to 7.5% of their income before transfers and taxes. This means that the average family retained 92.5% of its market income.

Two earner couples with no children had the lowest proportion, retaining 83% of their market income. At the other end of the spectrum, this ratio was 147% and 120$ respectively for families whose main income earner was an elderly person and for lone parent families headed by women. In other words, these families received more in transfers than they paid in taxes.

Personal income taxes and government transfers reduce the income disparities among the various types of families. While average market income for elderly families was 56% of average market income for non elderly families, the ratio was 88% for after tax income. Average market income of lone parent families headed by women was 48% of the average market income of all other families, but rose to 62% after transfers and taxes.

Lowering the disparity among income quintiles

In 2002, families of two or more people whose market income was in the top quintile received $11.70 for every dollar received by families in the bottom quintile. After transfers and taxes, the disparity was down to $5.20 for every dollar.

The impact was even greater for unattached individuals. Those in the top quintile received $20.70 for every dollar earned by unattached individuals in the bottom quintile. After transfers and taxes, unattached individuals in top quintile received $6.80 for every dollar received by those in the bottom quintile.

Average after tax income for families of two or more people experienced virtually the same evolution in both the lowest and highest quintiles, which was not the case for average market income where there were greater differences. Thus, for the bottom quintile, average after tax income remained relatively stable compared to 2001 (-0.4%) at around $22,300 and much the same happened with the top quintile (-0.8%) where after tax income was $116,400 in 2002.

Since 1996, average after tax income in the first quintile saw a smaller increase (+17% or $3,200) than market income (+35% or $3,200). There was less of a disparity in the change in after tax income and market income in the last quintile, with after tax income increasing 20% (or $19,300) and market revenue increasing 17% (or $21,100).

For unattached individuals, the increase in after tax income in the first quintile was greater than for families of two or more people and rose 8.3% from 2001. In 2002, it was about $7,800. For the highest quintile, the after tax income for unattached individuals was $53,200 in 2002, virtually unchanged from 2001 (+0.8%). Unattached individuals in the lowest quintile had seen their after tax income increase by 22% (or $1,400) since 1996, while those in the highest quintile received an increase of 17% or $7,600.

Disparities between quintiles varied by family types

Since 1996, the disparity in the after tax income of persons in the first quintile and that of those in the last quintile increased but to differing degrees depending on family type.

In 1996, the disparity between the after tax income of the two quintile extremes for families of two or more people was $78,000. In 2002, this gap had widened to $94,100 or an increase of 20.6% in six years.

For unattached individuals, the disparity observed between the lowest quintile and the highest quintile climbed from $39,200 in 1996 to $45,000 in 2002, an increase of 15.8%.

Chart 6.1

Average after-tax income of families, Canada and provinces, 2002

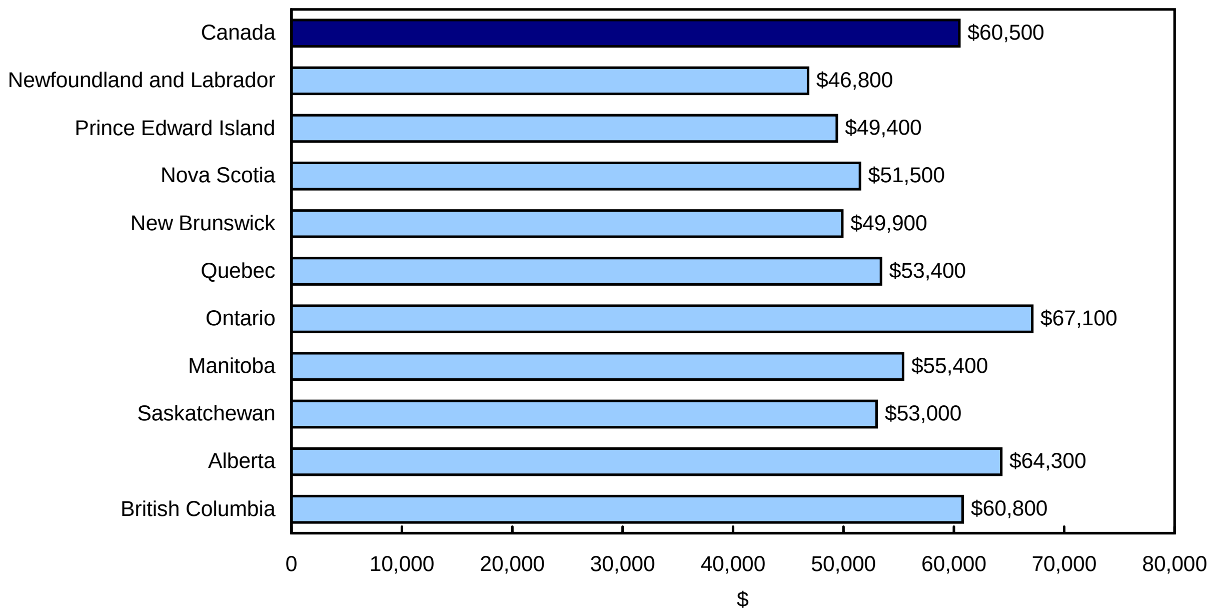


Chart 6.2

Averages in market income, total income and after-tax income of families followed similar trends, 1980 to 2002

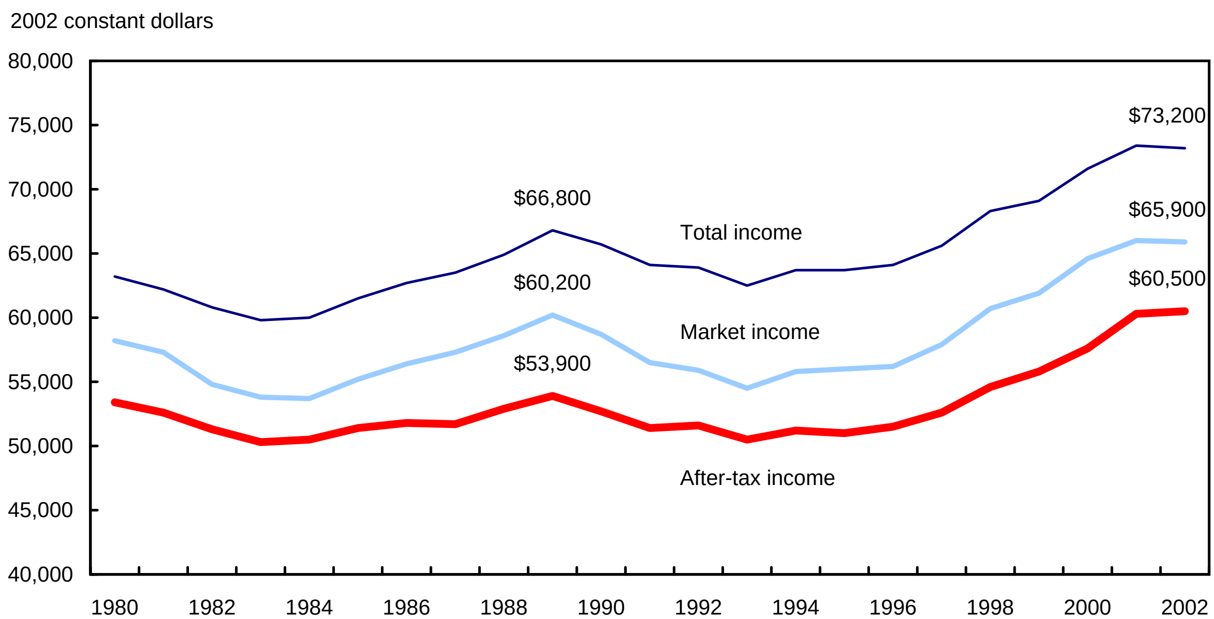


Chart 6.3

Change in average market income and after-tax income by family type, 1992 and 2002

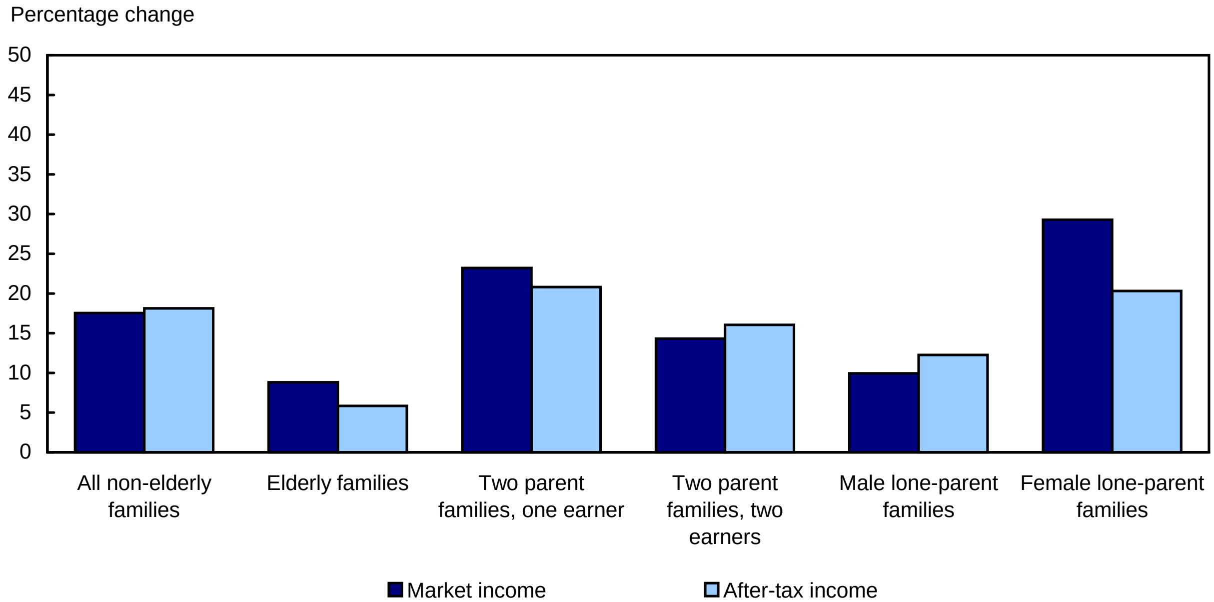


Chart 6.4

Female lone-parent families earned only 33% of average market income, but 45% of average after-tax income of two-parent families, 2002

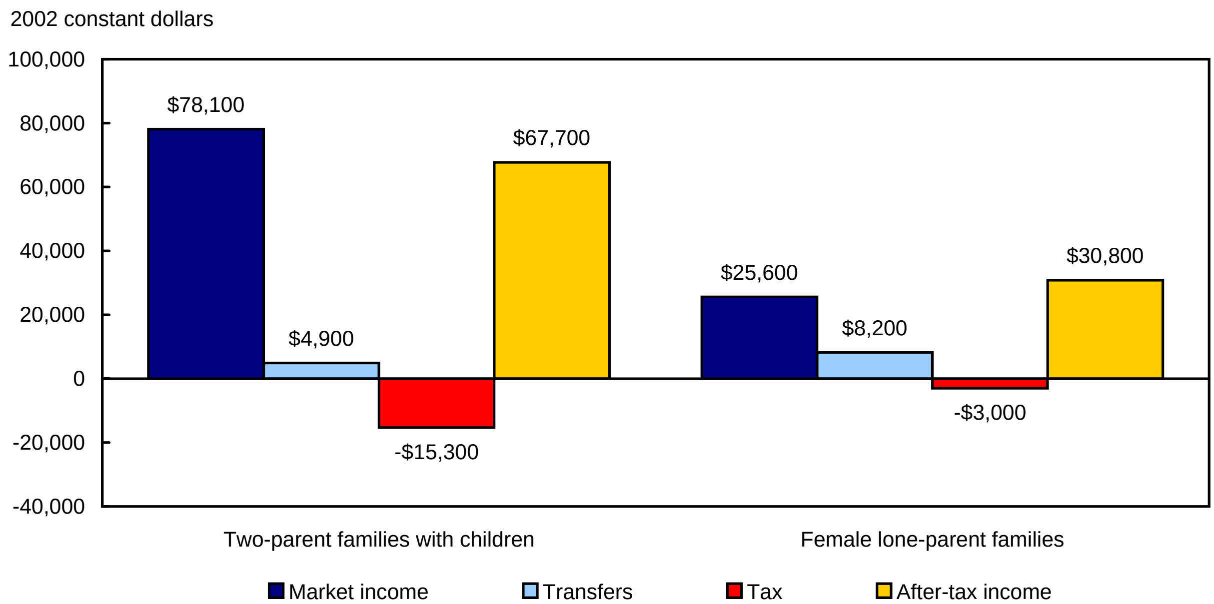


Chart 6.5

Single-earner two-parent families received 74% of after-tax income of dual-earner families, 2002

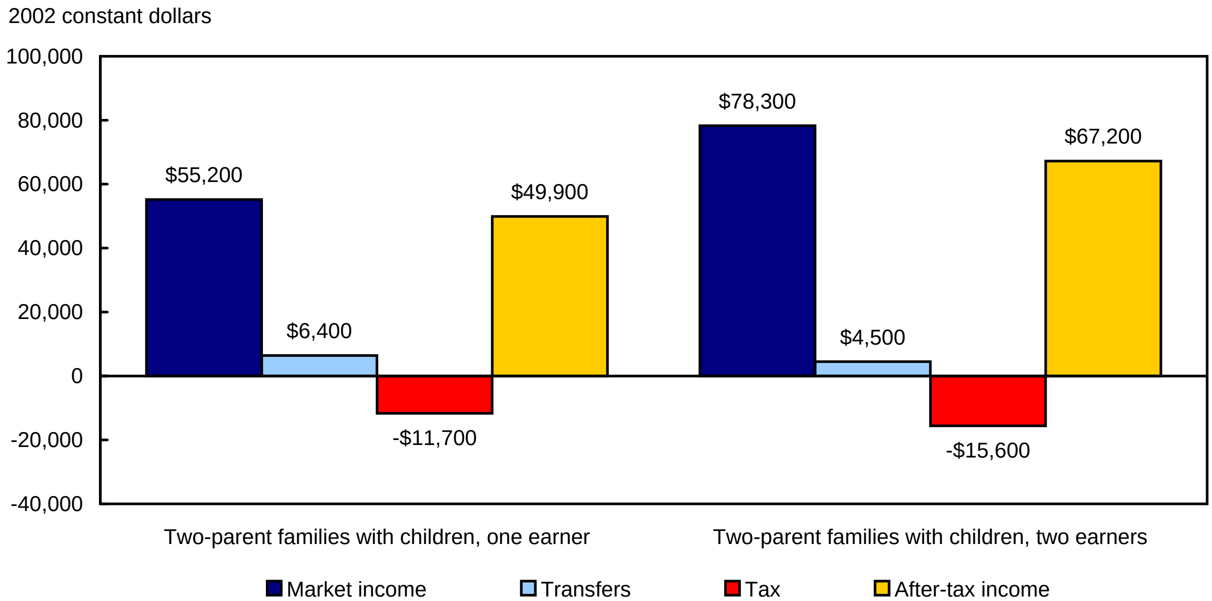


Chart 6.6

Transfers and taxes reduced the income difference between elderly and non-elderly families, 2002

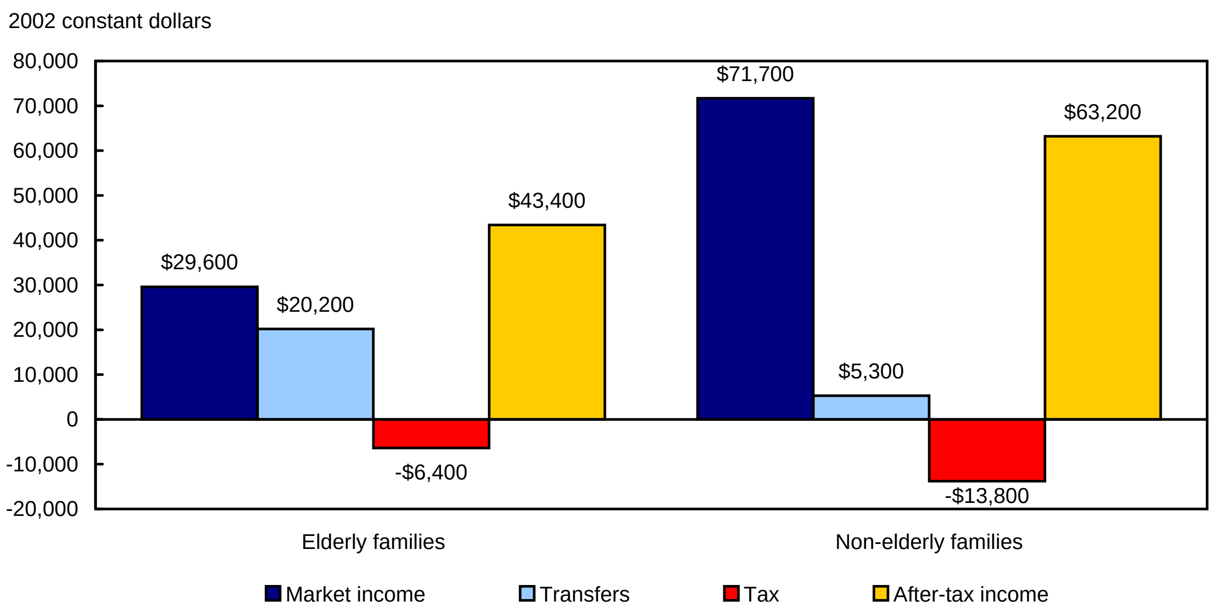
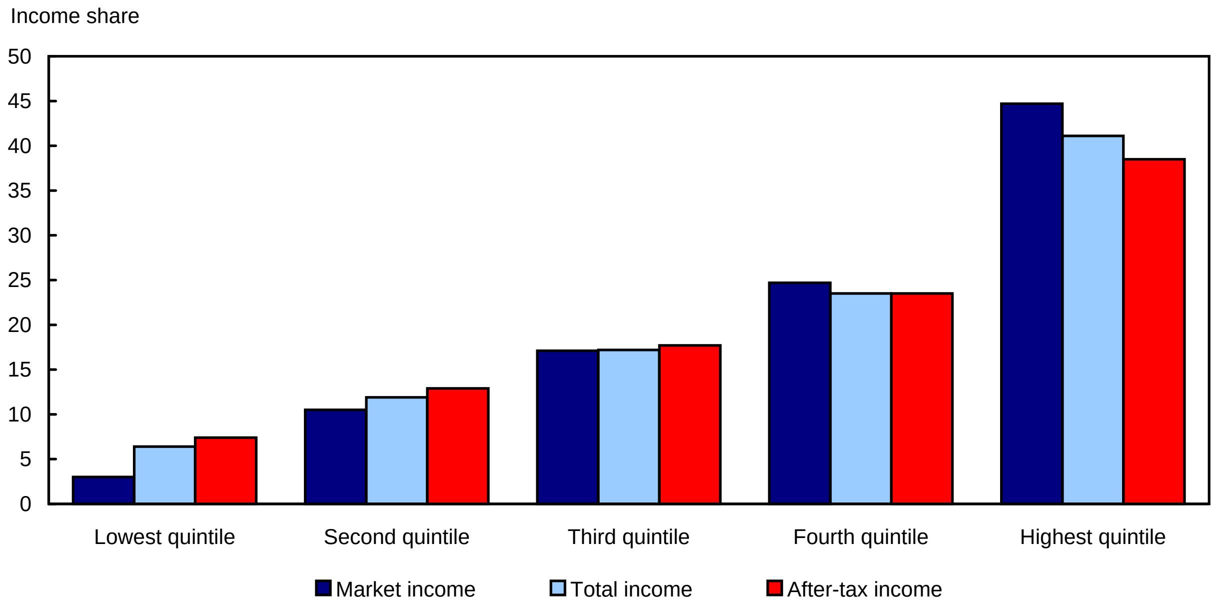


Chart 6.7

Lower income quintiles families had larger shares of aggregate income, after transfers and taxes, 2002



Chapter 7

Family income: income inequality

This chapter highlights broad trends in income inequality, both on a market income basis and an after-tax income basis. The difference between these two concepts of income is government transfers and income taxes, so the chapter also provides information on the redistributive impact of the tax-transfer system.

Has income inequality changed in recent years?

This question can be answered in a few ways. One way is to look at income in absolute terms: did the differences in income across the population become larger or smaller in dollar terms? It can also be looked at in relative terms: how did the distribution of income change in terms of the share held by the families with the lowest and the highest income. Depending on how the income of all families changed, each approach could lead to a different conclusion. The following analysis illustrates changes in inequality among Canadian families using both points of view.

In absolute terms, i.e., in dollar terms, the disparities in after-tax income became wider over the years from 1996 to 2001. This happened mainly because of a greater improvement in the average income of the one-fifth of families with highest income (top quintile). In 2002, the distribution of after-tax income remained about the same as in 2001.

In relative terms, the distribution of after-tax income for the whole period from 1996 to 2002 changed very little.

Incomes improved over several years, across the distribution

Since changes in aggregate income can have an impact on the conclusions to be made about inequality, it is important to recognize that average after-tax income for families had been on the rise since 1996. Most of the increase occurred over the five years from 1997 to 2001. Average after-tax income for families changed minimally between 2001 and 2002 (up 0.3%).

When the population of families is broken down each year into five equal-sized groups or "quintiles", from lowest after-tax income to highest after-tax income, it can be seen that all five quintiles shared to some extent in the increases in after-tax income since 1996. The same is true for market income.

Slight narrowing of the gap in 2002 (in dollar terms), after it widened from 1996 to 2001

The dollar difference between the average after-tax income of the highest and lowest quintiles increased yearly, from $78,000 in 1996 to $94,900 in 2001. In 2002, this gap narrowed slightly to $94,100 (-0.8%). Over the period from 1996 to 2002, the average after-tax income of the highest 20% of families of two or more persons rose by an estimated $19,300 or 20%. Although the lowest quintile had a $3,200 increase in average income, this was a 17% improvement. The middle three quintiles had increases of 15% to 16% in their average after-tax income. In short, the absolute gains of the highest quintile were the largest, in dollar terms and as a percentage of the income they started with. The lowest quintile had the smallest gains in dollar terms, but had the second highest gains as a percentage of the income they started with.

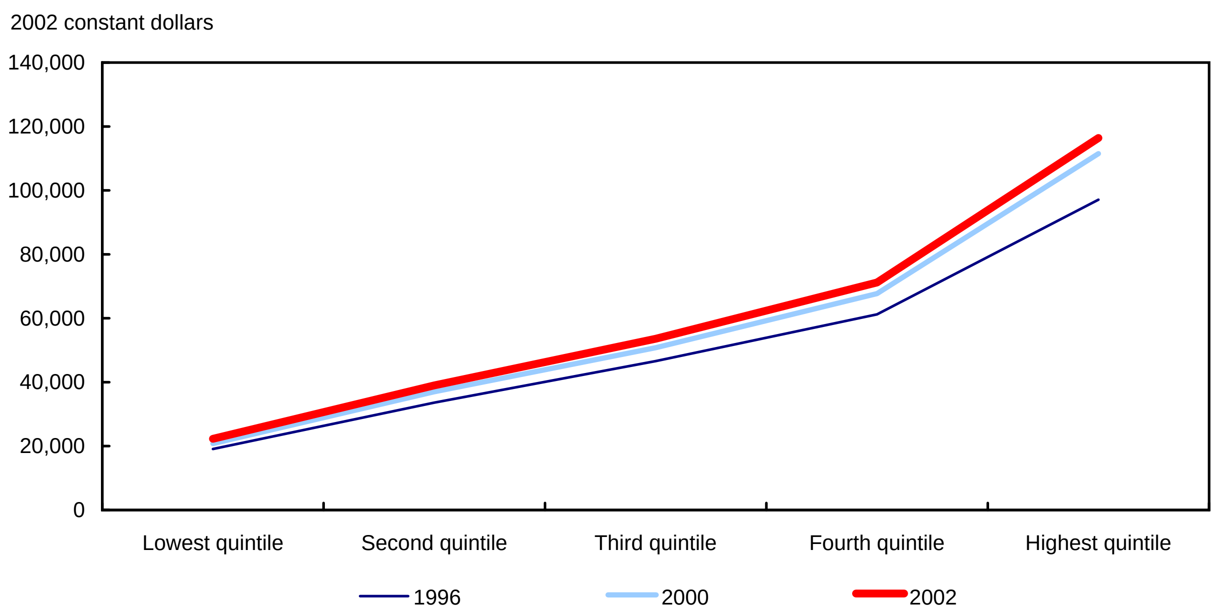
Looking at market income over the same period, the bottom two quintiles (still defined on an after-tax basis) had much larger percentage improvements in income than they did on an after-tax basis, but their market income is so low that even a small variation in dollar terms appears as a large percentage change. For example, the lowest quintile had an increase in average market income of 35% between 1996 and 2002, while the second quintile had an increase of 23%. But in dollar terms, the lowest quintile gained $3,200 in average market income and the second quintile gained $6,400, contrasted with a gain by the highest quintile of $21,100. For the highest quintile, this gain represented a 17% increase in their average market income.

Chart 7.1 shows the average after-tax income for families in each quintile, at three points in time covering the period 1996 to 2002. A line drawn between the points of each adjacent pair of quintiles shows the degree of inequality in the distribution between the five groups of the population, in absolute terms. An increase in the steepness of the line between two years suggests that the distribution has become less equal, while a flatter line suggests it has become more equal.

Between 1996 and 2000, the line in chart 7.1 shifted upwards and became steeper. This is true for all segments of the line, but especially between the fourth and fifth quintiles. This suggests that the inequality of the distribution of income grew across all five quintiles, but especially between the highest quintile and all other families. Between 2000 and 2002, the line shifted upwards slightly, but did not become much steeper. This suggests that the inequality of the distribution did not change much between 2000 and 2002.

Chart 7.1

Average after-tax income of families by quintiles, for years 1996, 2000 and 2002



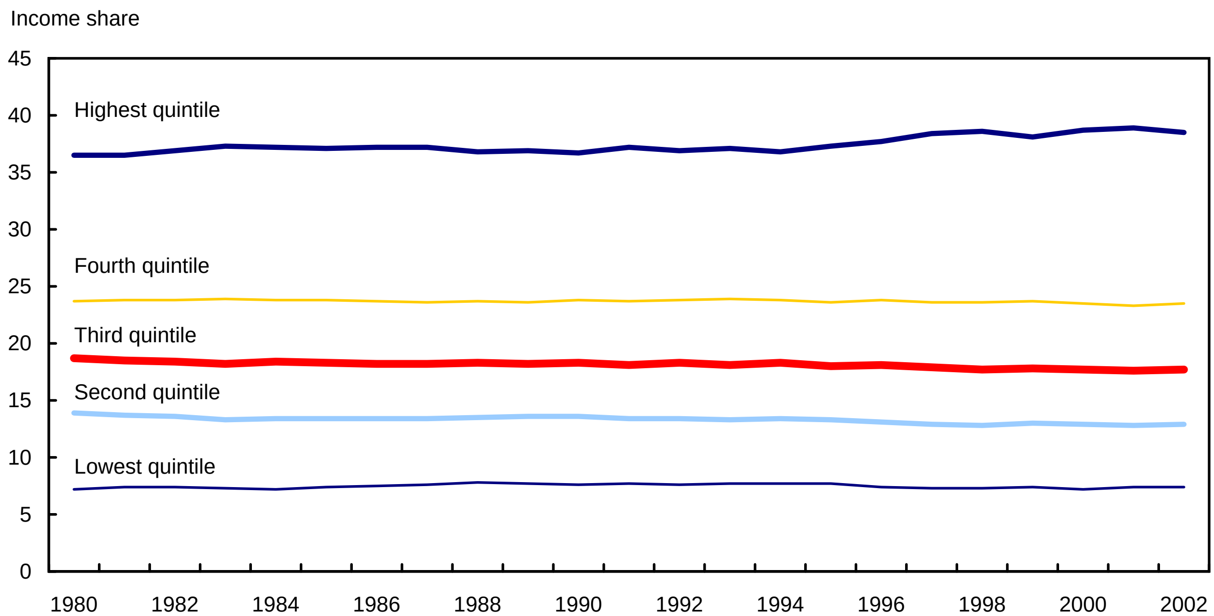
Income inequality in relative terms

By expressing the income of each quintile as a share of the income of all families, we concentrate on relative changes among quintiles. Any increase to a particular quintile is necessarily a decrease for some other quintiles. How did the shares of income received by lower-, middle-, and higher-income families evolve in the last several years?

There was a very small and gradual shift in favour of the highest quintile families from 1996 to 1998, as their share of after-tax income rose from 38% to 39%. Their share did not fluctuate between 1998 and 2002, at an average of 39%. Any changes in the shares of market income were even less evident over the period from 1996 to 2002.

Chart 7.2

Shares of aggregate after-tax income by quintiles, 1980 to 2002



Increasing ratio of the top to the bottom

Another relative measure of income inequality is the ratio of average income of the highest income families to that of the lowest income families. This measure focuses on the two ends of the income distribution. Again, after-tax income quintiles are used here to identify these two groups of families.

This ratio shows quite starkly the impact that taxes and transfers have in moderating differences between the outer ends of the distribution. In terms of market income, the ratio of average income received by the families in the highest quintile versus those in the lowest quintile was 11.7 to 1 in 2002, i.e., $11.70 held by the highest quintile for every one dollar held by the lowest quintile. However, after taxes and transfers, the ratio was much lower, 5.2 to 1.

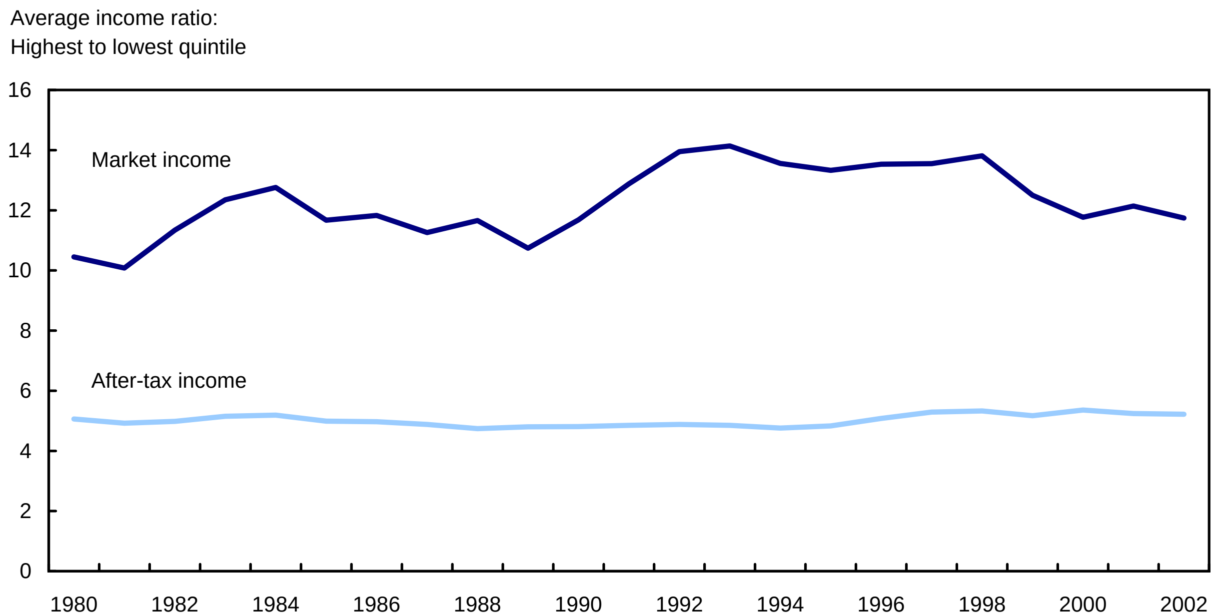
As for the movement in the after-tax income ratio of top to bottom, it remained stable at about 4.8 to 1 for several years up to 1995. It then rose in 1996 and 1997 to 5.3 and fluctuated very little in the four years leading up to 2002, when it was estimated to be 5.2 to 1.

While this measure would suggest that income inequality increased during 1996 and 1997, the interpretation of changes in this ratio has to be done carefully. A given dollar increase or decrease for the lowest quintile will always be larger in percentage terms than for the highest quintile. With the ratio measure in particular, when the income of the lower quintile is rising, the value of the ratio can decrease, even while the gap in dollar terms between the top and the bottom is widening.

This apparent contradiction occurred, in fact, when the ratio for market income fell between 1998 and 2000. Over that period, the gap in average market income between the lowest 20% of families and the highest 20% increased by over $4,600, as a result of a $2,300 increase for the lowest quintile and a $6,900 increase for the highest quintile - clearly a larger dollar gain for the higher quintile. But because it represented a 23% increase for the lowest quintile and only a 5.0% increase for the higher quintile, the ratio of average market income of the top to the bottom declined; it fell from 13.8 to 1 in 1998, to 11.8 to 1 in 2000. The ratio of average market income of the top to the bottom then rose to 12.1 to 1 in 2001, but fell again in 2002 to 11.7 to 1.

Chart 7.3

Ratio of average income of the highest quintile families to the lowest, showing market income and after-tax income, 1980 to 2002



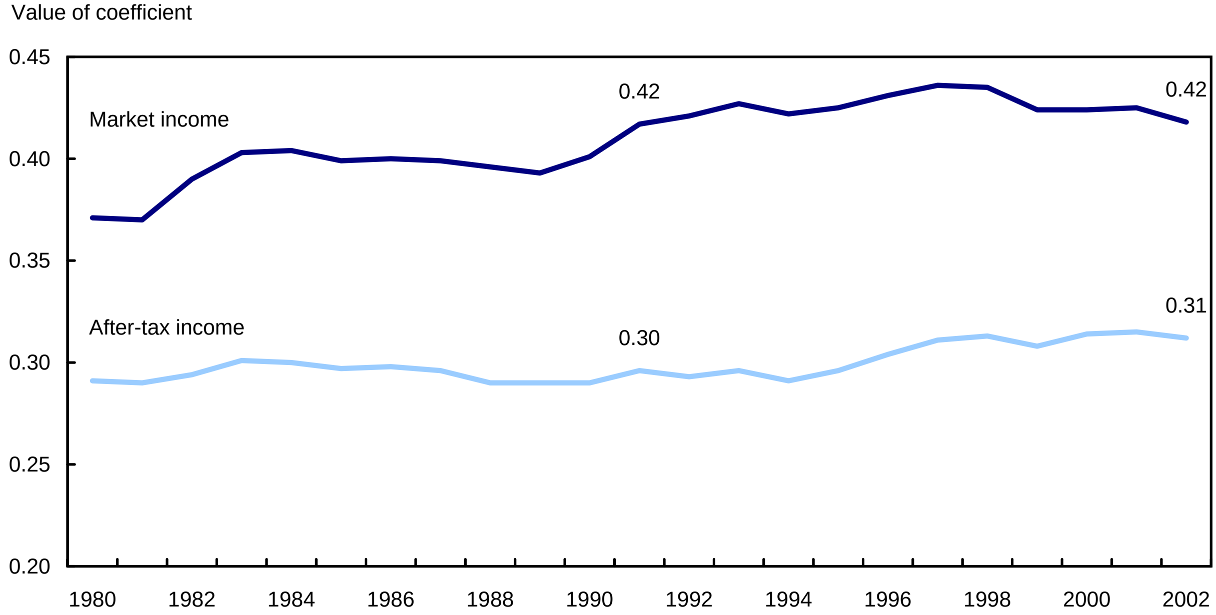
The Gini coefficients declined for market income and remained stable for after-tax income in 2002

The Gini coefficient is a number between zero and one that measures the degree of inequality in the distribution of income. Again, this is a relative measure of inequality. The coefficient would register zero (perfect equality) for a population in which each member received exactly the same income and it would register a coefficient of one if one member received all the income and the rest received none. Even though a single Gini coefficient value has no simple interpretation, comparisons of the level over time or between populations are very straightforward: the higher the coefficient, the higher the inequality of the distribution, and vice versa.

The Gini coefficients were fairly stable from 1991 to 1995, at about 0.43 for market income and 0.30 for after-tax income. They then rose for the next two years. After this point, Gini coefficients for market income declined slowly to 0.42 in 2002 and Gini coefficients for after-tax income remained stable at 0.31.

Chart 7.4

Gini Coefficients for families, 1980 to 2002



Chapter 8

Low income

A person in low income is someone whose family income falls below Statistics Canada's low-income cutoffs (LICOs). The cutoffs reflect an income level at which a family is likely to spend significantly more of its income on food, shelter and clothing than the average family.

Low-income cutoffs have been calculated using both total income (that is, income after government transfers but before taxes) and after-tax income. The analysis below provides after-tax low-income information. Statistics Canada considers this measure to be preferable for two main reasons. First, income taxes and transfers are essentially two methods of income redistribution. The before-tax rates only partly reflect the redistributive impact of Canada's tax/transfer system, by including the effect of transfers but not the effect of income taxes. Second, since the purchase of necessities is made with after-tax dollars, it is logical to use people's after-tax income to draw conclusions about their overall economic well-being.

When is someone counted as being in low income? Low-income cutoffs depend on family size since larger families need more income to meet their needs. The cutoffs also take into account the varying costs by community size. In 2002, a family of four living in a city with a population of half a million or more would be counted as low income if the total of the after-tax income for all family members fell below the cutoff of $30,576. For the same family living in a rural area, the cutoff was $20,047.

After five years of consecutive reductions, in 2002, low income rate for families stopped dropping

After five consecutive years of decrease in the low-income rate, reflecting a well-performing economy and a decrease in income taxes, in 2002 the low-income rate stopped dropping. Since the increase from 2001 to 2002 is not statistically significant, only the subsequent years of data will allow to determine if the trend has changed. This low-income rate in 2002 represents an estimated 605,000 families.

Although the low-income rate has changed, the financial situation of families below the low-income cutoff has remained unaffected over the past 6 years. In 2002, families in low income would have needed, on average, an additional $6,900 in after-tax dollars to reach the low-income cutoff. In relative terms, this gap was 30% of the low-income cutoff. During the years 1996 to 2001, this gap for low income families was between 30% and 32%.

Among unattached individuals, 1,015,000 or 25% were in low income in 2002, down from 34% in 1996 and 26% in 2001. Unattached individuals in low income would have needed, on average, an extra $5,200 to reach the low-income cutoff in 2002. In relative terms, their low income gap was 36% of the low-income cutoff. During the years 1996 to 2001, this gap for low income unattached individuals varied between 37% and 39%.

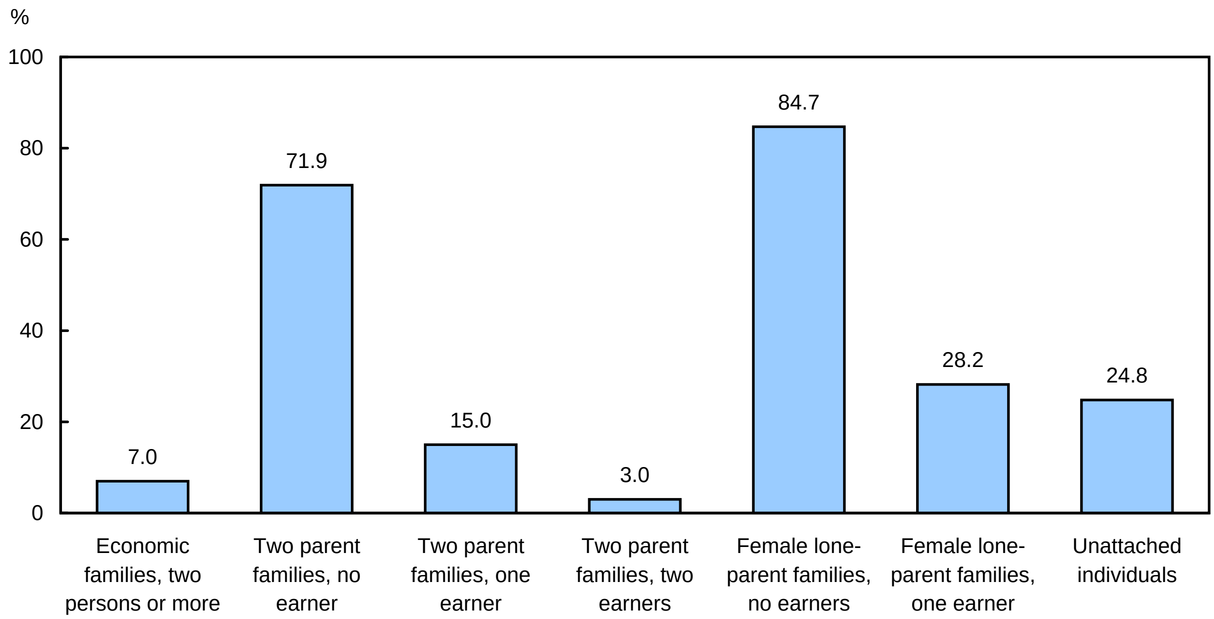
Low-income rate varied, depending on family type and number of earners

Over the last seven years, the low-income rate for elderly families did not change much, decreasing slightly from 3.0% in 1996 to 2.7% in 2002, while that for non-elderly families dropped from 11.9% to 7.7%. The difference between these rates diminished. However, there are larger differences among family types and when considering the number of earners in the family. Only 5.5% of non-elderly married couples with no children at home were in low income in 2002. Their low-income rate approached 30% if both partners were non-earners in 2002, and was much smaller (2.3%) if both received earnings.

For the 3,124,000 two-parent families with children, the average low-income rate was 5.4%. A majority of these two-parent families (1,943,000) had two earners in 2002; the low-income rate for this group was 3.0% (2.6% in the previous year). Of the estimated 454,000 two-parent families with one earner, 15% were in low income. Although relatively few in number, 72% of the 45,000 two-parent families with no earners experienced low income in 2002. Six years earlier, the rate was even higher at 81%.

Chart 8.1

Majority of families with no earner were in low income, 2002



Low-income rate for female lone-parent families increased after five consecutive years of decline

After five uninterrupted years of decrease from 49% in 1996 to 30% in 2001 the low income rate for female lone parent families grew in 2002: of the 500,000 lone-parent families headed by women, 35% were in low income. About 82% of lone-parent families headed by women had earnings in 2002 (the same rate as in 2001) while in 1996 the corresponding figure was 65%. Although the low-income rate of female lone-parent families with one earner was about four times the average for all families (28% versus 7.0%), they fared much better than lone mothers without earnings; 85% of the latter experienced low income in 2002.

On the other hand, the low-income rate for lone-parent families headed by men declined since 1996, when it was 22%. By 2002, it halved to 11%.

Low-income rate for children continued its downward trend, while the rate for all Canadians grew slightly

After climbing throughout the early 1990s, the prevalence of low income peaked in 1996, at 14.0%, and then declined to 9.3% in 2001. In 2002, 9.5% of all Canadians were living in low income (about 2.9 million persons). Low income was more prevalent among women than men (10.1% versus 8.8% in 2002).

About 702,000 children under 18 were living in low income families in 2002, down from 1,175,000 in 1996. The proportion of children living in low-income families has been falling since 1996, when it last peaked at 16.7% on an after-tax income basis. In 2002, the percentage of children in low income fell to 10.2% - the lowest rate recorded from 1980 onward (the earliest year for which comparable data are available). In 2001 the rate was 10.4%.

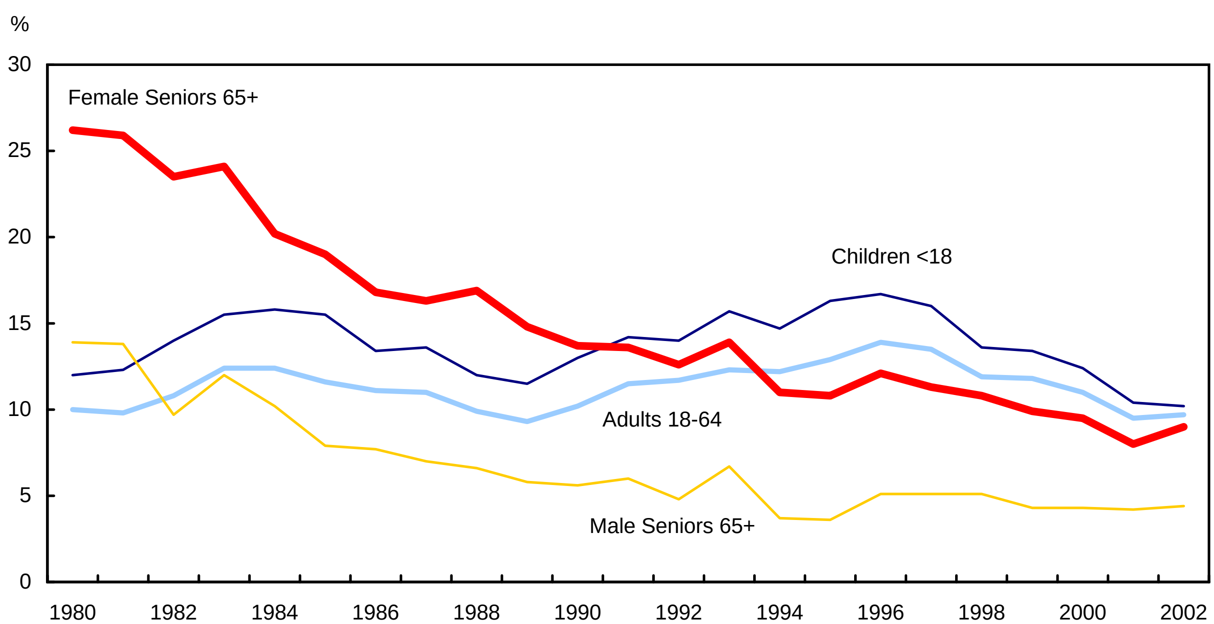
The number of children in low-income living in two-parent and female lone-parent families were comparable (341,000 and 329,000 respectively). However, at 6.0% in 2002, the low-income rate of children living in two-parent families was much lower than that of children living in female lone-parent families (39%).

Among seniors aged 65 and over, low-income rates and trends varied by gender. In 2002, the low-income rate for women aged 65 and over was 9.0%, the respective rate for men was 4.4%. Historically, low-income rates for senior women have been more than double those for senior men. From 1980 until 1992 the low-income rate for senior men has been dropping steadily from about 14% and in the early 1990's the rate stabilised at around 4% to 5%. For senior women, the low-income rate has been diminishing gradually since 1980, when the rate was about 26%. Seniors living on their own, as unattached individuals, did not fare as well as those living in families: 18% were in low income in 2002, compared with only 2.2% of seniors living in an economic family. The rate was 20% for unattached older women and 14% for unattached older men.

People in the 18 to 64 age range accounted for about two-thirds of the low-income population. Their low-income rate was close to the average rate for the population at large: 9.7% of individuals in this age group was in low income in 2002.

Chart 8.2

Low-income rates of children, adults of working age, and seniors, 1980 to 2002



Crossing the LICO line

A family's income often changes substantially over time. A breadwinner may lose a job; a second family member may enter the labour market. The family itself may experience a change, such as marital separation, which often affects income. The birth of a child, an older relative joining the household or even a move to a larger city can affect income needs. Such changes can cause a family to "cross the line", moving into or out of low income.

Of all persons in low income in 2001, 33% were no longer below the line in 2002, while the remaining 67% stayed in low income both years. Of all people in low income in 2002, 33% had not been in low income the year before. In short, there is clearly some turnover in the low income population from one year to the next, even when the overall low income rate is does not change much, as was the case between 2001 and 2002. At least for some, low income is not a persistent state. However, this level of turnover also means that, over a longer period, the number of people that experienced low income at some point in time is much greater than one might conclude based on annual low income rates.

Low income touched more than one in five people over a six-year period

According to data referring to the period from 1996 to 2001, almost a quarter of all Canadians experienced low income at some time over a six-year period (24%). This reflects the fact that, for some, low income is a transitory experience. About 8.5% experienced one year of low income and 5.0% experienced two years (not necessarily consecutive). At the other extreme, 3.1% of the population was in low income throughout the full six years. Among all those below the cutoff at some time during the six-year period, the average spent 2.7 years in low income.

Among children under age 18, 29% were in families that experienced low income at some time over the 1996-2001 period. About 9.6% were in low income for one year, 2.8% for all six years. The average number of years in low income for children was 2.7, about the same as the average for all persons.

At some time during the 1996 to 2001 period, 14% of seniors experienced low income. While this rate is below the 24% rate for the whole population, 4.2% seniors experienced six years of low income which is above the rate for all Canadians.

Chart 8.3

Persons experiencing low income at least one year at some time during six years from 1996 to 2001