



Catalogue no. 75F0002MIE — No. 003

ISSN: 1707-2840

ISBN: 0-662-40150-6

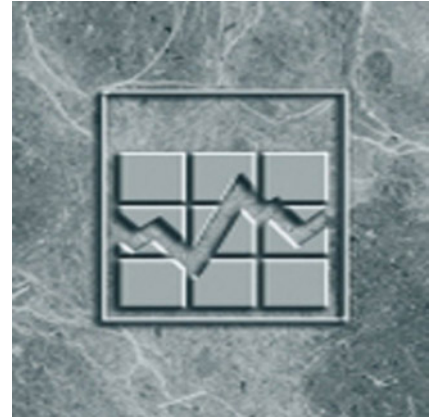
Research Paper

Income Research Paper Series

Low income cut-offs for 2004 and low income measures for 2002

Income Statistics Division
5th floor, Jean Talon Building, Ottawa, ON K1A 0T6

Telephone: 613 951-7355



Statistics
Canada

Statistique
Canada

Canada

How to obtain more information

Specific inquiries about this product and related statistics or services should be directed to: Income Statistics Division, Statistics Canada, Ottawa, Ontario, K1A 0T6 (telephone: (613) 951-7355; (888) 297-7355; income@statcan.ca).

For information on the wide range of data available from Statistics Canada, you can contact us by calling one of our toll-free numbers. You can also contact us by e-mail or by visiting our website.

National inquiries line	1 800 263-1136
National telecommunications device for the hearing impaired	1 800 363-7629
Depository Services Program inquiries	1 800 700-1033
Fax line for Depository Services Program	1 800 889-9734
E-mail inquiries	infostats@statcan.ca
Website	www.statcan.ca

Information to access the product

This product, catalogue no. 75F0002MIE, is available for free. To obtain a single issue, visit our website at www.statcan.ca and select Our Products and Services.

Standards of service to the public

Statistics Canada is committed to serving its clients in a prompt, reliable and courteous manner and in the official language of their choice. To this end, the Agency has developed standards of service that its employees observe in serving its clients. To obtain a copy of these service standards, please contact Statistics Canada toll free at 1 800 263-1136.



Statistics Canada
Income Statistics Division

Income research paper series

Low income cut-offs for 2004 and low income measures for 2002

Published by authority of the Minister responsible for Statistics Canada

© Minister of Industry, 2005

All rights reserved. The content of this publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it is done solely for the purposes of private study, research, criticism, review, newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from," if appropriate): Statistics Canada, name of product, catalogue, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopy, for any purposes, without the prior written permission of Licensing Services, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

April 2005

Catalogue no. 75F0002MIE2005003

Frequency: Irregular

ISSN 1707-2840

ISBN 0-662-40150-6

Ottawa

La version française de cette publication est disponible sur demande (n° 75F0002MIF au catalogue).

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Abstract

Statistics Canada has been publishing data on low-income Canadians for more than 30 years. In the past, these measures were published separately in Low income cut-offs (Catalogue no. 13-551-XPB) and Low income measures, low-income after-tax cut-offs and low-income after-tax measures (Catalogue no. 13F0019-XPB). Henceforth, all these measures will be incorporated in this publication.

As well as the various cut-offs, this publication contains a detailed description of the methods used to arrive at the cut-off points. There is also an explanation of how base years are defined, and how the cut-offs are updated using the Consumer Price Index (CPI).

Table of Contents

Introduction	6
Low income cut-offs	7
What are the LICOs?	7
How are LICOs calculated?	7
Low income rate and low income gap	8
Rebasing and indexing the LICOs	9
Use of after-tax and before-tax LICOs	9
Differences in after-tax and before-tax rates	10
Low income measures	11
What is the LIM?	11
How is the LIM calculated?	11
Adjustment for family size	11
Tables	14
Table 1: Low income cut-offs (1992 base) after tax.....	14
Table 2: Low income cut-offs (1992 base) before tax.....	19
Table 3: Low income measures, after tax	24
Table 4: Low income measures, before tax	26
Table 5: Low income measures, market income	28
Historical low income cut-offs (LICOs) for the base years 1959 (for 1969), 1969, 1978, and 1986	30
Table 1: low-income cut-offs (LICOs), 1959 base ¹ , before tax	30
Table 2: low-income cut-offs (LICOs), 1969 base, before tax.....	30
Table 3: low-income cut-offs (LICOs), 1978 base, before tax.....	31
Table 4: low-income cut-offs (LICOs), 1986 base, before tax.....	32
Table 5: low-income cut-offs (LICOs), 1986 base, after tax.....	32
Annual consumer price index (CPI) for Canada, all-items (1992=100)	33
References	34

Introduction

Statistics Canada has a long history of publishing data on low income Canadians. The low income cut-offs (LICOs) were first published in 1967 as part of the 1961 Census monograph series and are by far Statistics Canada's most established and widely recognized approach to estimating low-income cut-offs.

Following the practice of many international organizations, Statistics Canada began to publish before- and after-tax low income measures (LIMs) in 1991. LIMs are particularly convenient for making international comparisons, since estimating the cut-offs requires only data on family incomes within a country and they are constructed relative to the median within each country. As such, they require no adjustments using exchange rates or purchasing power parity indexes as would be necessary to make meaningful comparisons of absolute levels of income between countries.

Media, researchers and policy-makers interested in measures of low income are typically concerned with the extent to which individuals in the population are living in poverty. Unfortunately, defining poverty is far from straightforward. The underlying difficulty is that poverty is a question of social consensus, defined for a given point in time and in the context of a given country. Decisions on what defines poverty are subjective and ultimately arbitrary¹. Given this, Statistics Canada has always referred to the low income cut-offs and low income measures as indicators of the extent to which some Canadians are less well-off than others based solely on income and as such, are low income and not poverty measures.

Other statistical organizations are also sensitive to the use of the word 'poverty'. Eurostat refers to its measure (similar to the LIM) as an 'at risk of poverty' measure. In the United States, where an official poverty measure exists, the poverty rates are qualified as being calculated according to a specified definition, allowing that other measures are possible.

The purpose of this document is to provide the dollar cut-offs used to define the low income population. Those who are interested in low income rates or other statistics related to the low income population should refer to the free publication *Analysis of income in Canada* (catalogue no. 75-203-XIE).

1. Refer to 'On poverty and Low income' (Fellegi) and 'Describing the Distribution of Income: Guidelines for Effective Analysis' (Skuterud, Frenette, and Poon) for a more detailed discussion on poverty and low income.

Low income cut-offs

What are the LICOs?

The low income cut-offs (LICOs) are by far Statistics Canada's most established and widely recognized approach to estimating low income cut-offs. In short, a LICO is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family. The approach is essentially to estimate an income threshold at which families are expected to spend 20 percentage points more than the average family on food, shelter and clothing.² The first set of published LICOs used the 1959 Family Expenditure Survey to estimate five different cut-offs varying between families of size one to five. These thresholds were then compared to family income from Statistics Canada's major income survey, the Survey of Consumer Finances (SCF)³, to produce low income rates.

Today, Statistics Canada continues to use precisely this approach to construct LICOs, with the exception that cut-offs now vary by 7 family sizes and 5 different populations of the area of residence. This additional variability is intended to capture differences in the cost of living between rural and urban areas.

Please note that the LICOs included in this document differ from those published previously due to a re-weighting of the 1992 Family Expenditure Survey data.⁴ This revision affects all 1992-based LICOs, both current and historical, although the annual increases in percentage terms remained essentially the same, since the same annual Consumer Price Index for Canada was used to update them from the base year. The 1992 Family Expenditure Survey data were re-weighted to incorporate new population and household counts based on the 1996 Census and not, as in previous years, the 1991 Census. As well, totals from the Canada Revenue Agency (CRA) are now being used to adjust survey results to reflect the income distribution of the Canadian population.⁵

How are LICOs calculated?

As mentioned previously, a LICO is an income threshold below which a family will likely devote a larger share of its income to the necessities of food, shelter and clothing than an average family would. According to the most recent base for LICOs, the 1992 Family Expenditures Survey, the average family spent 43% of its after-tax income on food, shelter and clothing. Figure 1 shows the calculation of a LICO using the example of a family of four living in an urban community with a population between 30,000 and 99,999. The 63% line represents the average proportion of after-tax income that all families (regardless of size) spent on food, shelter and clothing in 1992 (i.e. 43%) plus the 20 percentage point margin. The dots on the chart show the actual observed proportion of income spent by four-person families in medium-sized cities on necessities,

2. Twenty percentage points are used based on the rationale that a family spending 20 percentage points more than the average would be in "straitened circumstances".

3. Starting with data for 1996, the Survey of Labour and Income Dynamics (SLID) replaces the Survey of Consumer Finances (SCF).

4. For example, last year the published after-tax LICO for 2003 for 2 persons living in an urban area 500,000 and over was 19,948. This has been revised to 20,133.

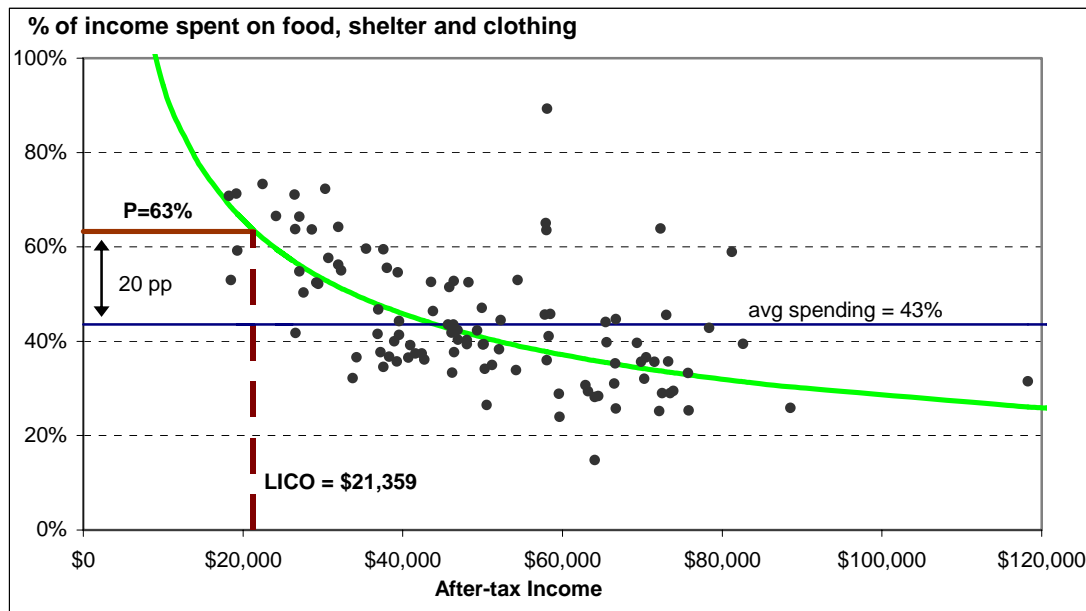
5. For further information please contact Client Services, Income Statistics Division, Statistics Canada, Ottawa, Ontario, K1A 0T6 ((613) 951-7355; (888) 297-7355; income@statcan.ca).

according to the 1992 Family Expenditure Survey. A regression line is fitted to this distribution and the intersection of that curve and the 63% line gives the LICO—in this case, \$21,359.^{6 7}

This process is carried out for seven family sizes⁸ and five community sizes and results in a table of 35 cut-offs. This operation is done twice: once for before-tax cut-offs, once for after-tax cut-offs.

Figure 1

Calculation of an after-tax LICO



Low income rate and low income gap

To determine whether a person (or family) is in low income, the appropriate LICO (given the family size and community size) is compared to the income of the person’s economic family.⁹ If the economic family income is below the cut-off, all individuals in that family are considered to be in low income. In other words, “persons in low income” should be interpreted as persons who are part of low income families, including persons living alone whose income is below the cut-off. Similarly, “children in low income” means “children who are living in low income families”. Overall, the low income rate for persons can then be calculated as the number of persons in low

6. The model is the following: the logarithm of spending on food, shelter and clothing is a function of the logarithm of income, family size, population of the area of residence and region.

7. It can clearly be seen that as income increases, the proportion spent on food, shelter and clothing decreases. In this case, points to the left of the intersection point between the regression curve and 63% line represent situations where more than 63% of after-tax income is spent on necessities

8. Note that in the calculation of LICOs, contrary to the LIMs, no distinction is made by age of family members.

9. The family concept used is the economic family, that is, all persons living in the same dwelling and related by blood, marriage, common-law relationship or adoption.

income divided by the total population. The same can be done for families and various sub-groups of the population; for example, low income rates by age, sex, province or family types.

After having determined that an individual/family is in low income, the depth of their low income can be analysed by using the amount that the family income falls short of the relevant low income cut-off. For example, a family with an income of \$15,000 and a low income cut-off of \$20,000 would have a low income gap of \$5,000. In percentage terms this gap would be 25%.¹⁰ The average gap for a given population, whether expressed in dollar or percentage terms, is the average of these values as calculated for each unit.

Rebasing and indexing the LICOs

Over time, Canadian families have spent a smaller percentage of their income on the necessities of food, shelter and clothing. This relationship between families' income and spending is associated with a specific point in time, i.e. the year of the expenditure survey used to derive the cut-offs. That particular year is referred to as the base year for the set of cut-offs. In order to account for changing spending patterns, Statistics Canada has in the past recalculated new LICOs after each subsequent Family Expenditure Survey. This process is referred to as rebasing and includes recalculating new LICOs using the method described in 'How are low income cut-offs calculated?' and the new spending data. In addition to the 1992 base, LICOs have also been based on the 1986, 1978, 1969 and 1959 Family Expenditure Surveys; although cut-offs based on 1992 are the most commonly used and are available for the income reference years from 1976 onwards.¹¹

After having calculated LICOs in the base year, cut-offs for other years are obtained by applying the corresponding Consumer Price Index (CPI) inflation rate to the cut-offs from the base year – the process of indexing the LICOs. For example, continuing with the 1992 after-tax LICO for a family of four living in an urban community with a population between 30,000 and 99,999; to calculate the corresponding LICO for 2004, the Consumer Price Index is used as follows:

$$\text{LICO}_{2004} = \text{LICO}_{1992} \times \text{CPI}_{2004} / \text{CPI}_{1992} = 21,359 \times 124.6 / 100.0 = 26,613$$

Thus for 2004, the 1992 based after-tax LICO for a family of four living in an urban community with a population between 30,000 and 99,999 is \$26,613.

Note that using the CPI to update the cut-offs takes inflation into account, but does not reflect any changes that might occur over time in the average spending on necessities.

Use of after-tax and before-tax LICOs

The average proportion of income that families spend on food, shelter and clothing, which figures prominently in the low income cut-offs, is undoubtedly a useful gauge of economic well-being no matter which income concept is used. The choice of after-tax income, total income or market

10. For the calculation of this low income gap, negative incomes are treated as zero.

11. In 1997, the Family Expenditure Survey was replaced by the Survey of Household Spending, an annual survey. Therefore, theoretically new rebased LICOs could be produced annually (see Cotton, Webber, Saint-Pierre (1999) for more details).

income depends on whether one wants to take into account the added spending power that a family gets from receiving government transfers or its reduced spending power after paying taxes.

Statistics Canada produces two sets of low income cut-offs and their corresponding rates—those based on total income (i.e., income including government transfers, before the deduction of income taxes) and those based on after-tax income. Derivation of before-tax versus after-tax low income cut-offs are each done independently. There is no simple relationship, such as the average amount of taxes payable, to distinguish the two types of cut-offs.

Although both sets of low income cut-offs and rates continue to be available, Statistics Canada prefers the use of the after-tax measure.

The choice to highlight after-tax rates was made for two main reasons. First, income taxes and transfers are essentially two methods of income redistribution. The before-tax rates only partly reflect the entire redistributive impact of Canada's tax/transfer system because they include 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.

Differences in after-tax and before-tax rates

The number of people falling below the cut-offs has been consistently lower on an after-tax basis than on a before-tax basis. This result may appear inconsistent at first glance, since incomes after tax cannot be any higher than they are before tax, considering that all transfers, including refundable tax credits, are included in the definition of “before-tax” total income. However, with a relative measure of low income such as the LICO, this result is to be expected with any income tax system which, by and large, taxes those with more income at a higher rate than those with less. These “progressive” tax rates compress the distribution of income. Therefore, some families in low income before taking taxes into account are relatively better off and not in low income on an after-tax basis.

Low income measures

What is the LIM?

For the purpose of making international comparisons, the LIM is the most commonly used low income measure. The use of the low income measure (LIM) was suggested in 1989 in a discussion paper written by Wolfson, Evans, and the OECD¹² which discussed their concerns about the LICOs. In simple terms, the LIM is a fixed percentage (50%) of median adjusted family income, where “adjusted” indicates that family needs are taken into account. Adjustment for family sizes reflects the fact that a family’s needs increase as the number of members increases. Most would agree that a family of five has greater needs than a family of two. Similarly, the LIM allows for the fact that it costs more to feed a family of five adults than a family of two adults and three children.

The LIMs are calculated three times; using market income, before-tax income, and after-tax income. They do not require updating using an inflation index because they are calculated using an annual survey of family income. For years prior to 1996, they were calculated by Statistics Canada using the Survey of Consumer Finances. From 1996 onward, they are calculated using the Survey of Labour and Income Dynamics (SLID). Unlike the low income cut-offs, which are derived from an expenditure survey and then compared to an income survey, the LIMs are both derived and applied using a single income survey.

How is the LIM calculated?

In order to calculate the LIMs, first determine the “adjusted size” of each family. The first person is counted as 1.0 and the second person is counted as 0.4, regardless of age. Additional adults count as 0.4 and additional children count as 0.3 (where a child is defined as being under age 16). See the following section on adjustment for family size for more information. Next, calculate “adjusted family income” for each family by dividing family income by “adjusted family size”. Then determine the median of this “adjusted family income”, such that half of all families will be above it and half below. The LIM for a family of one person with no children is 50% of this median “adjusted family income”, and the LIMs for other kinds of family are equal to this value multiplied by their “adjusted family size”.

Adjustment for family size

When comparing family incomes to study such things as income adequacy or socio-economic status, one often wants to take family size and composition into account—the income amount itself is not sufficient to understand a family’s financial well-being without knowing how many people are sharing it. In general, two approaches have been used to help with the analysis of family income. One is to produce data by detailed family types, so that within a given family type, differences in family size are not significant. In fact, many income measures have been crossed by detailed family types in the published tables. The other way to take into account family size and composition is to adjust the income amount by an adjustment factor.

12. ‘Statistics Canada’s Low Income Cut-offs: Methodological Concerns and Possibilities’ (Wolfson, Evans, and OECD).

The simplest method is to use per capita income, that is, to divide the family income by the family size. A limitation of per capita income, however, is that it tends to underestimate economic well-being for larger families as compared to smaller families. This is due to the fact that it assumes equal living costs for each member of the family, but some costs, primarily those related to shelter, decrease proportionately with family size (they may also be lower for children than for adults). For example, the shelter costs for an adult married couple with no children are arguably not much more than those for an adult living alone.

To take such economies of scale into account, it is common to use an “equivalence scale” to adjust family incomes. Instead of implicitly assuming equal costs for additional family members as the per capita approach does, the equivalence scale is a set of decreasing factors assigned to the first member, the second member, and so on. The adjusted income amount for the family is obtained by dividing the family’s income by the sum of the factors assigned to each member.

There is no single equivalence scale in use in Canada. The one used in the published income tables and in concepts such as the low income measure (LIM) has, however, achieved a high degree of acceptance. In this equivalence scale, the factors are as follows:

- the oldest person in the family receives a factor of 1.0;
- the second oldest person in the family receives a factor of 0.4;
- all other family members aged 16 and over each receive a factor of 0.4;
- all other family members under age 16 receive a factor of 0.3.

Other equivalence scales in use include:

OECD scale

- the oldest person in the family receives a factor of 1.0;
- all other family members aged 14 and over each receive a factor of 0.7;
- all other family members under age 14 receive a factor of 0.5.

Modified OECD scale

- the oldest person in the family receives a factor of 1.0;
- all other family members aged 15 and over each receive a factor of 0.5;
- all other family members under age 15 receive a factor of 0.3.

Square root of family size (this is a close approximation to the LIM equivalence scale, particularly for families with 6 members or less).

Table 1 gives the adjusted family size using all four methods. Note that the LIM equivalence scale produces lower adjusted family sizes than both OECD scales. As well, the LIM scale produces similar results to the scale that uses the square root approach but differs because it takes age into account.

Table 1**Adjusted family sizes for four different equivalence scales**

	OECD	Modified OECD	LIM	Square Root
One adult	1.0	1.0	1.0	1.00
Two adults / One adult, one child	1.7	1.5	1.4	1.41
Two adults, one child / One adult, two children	2.2	1.8	1.7	1.73
Three adults	2.4	2.0	1.8	1.73
Two adults, two children / One adult, three children	2.7	2.1	2.0	2.00
Three adults, one child	2.9	2.3	2.1	2.00
Four adults	3.1	2.5	2.2	2.00
Two adults, three children / One adult, four children	3.2	2.4	2.3	2.24
Three adults, two children	3.4	2.6	2.4	2.24
Four adults, one child	3.6	2.8	2.5	2.24
Two adults, four children / One adult, five children	3.7	2.7	2.6	2.45
Three adults, three children	3.9	2.9	2.7	2.45
Four adults, two children	4.1	3.1	2.8	2.45

Note: The definition of an adult differs for each equivalence scale: 16 and over (LIM), 15 and over (modified OECD), 14 and over (OECD). For the LIM scale, the second oldest person is treated as an adult, regardless of age.

Table 1: Low income cut-offs (1992 base) after tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
1992					
1 person	8,848	10,126	11,296	11,439	13,526
2 persons	10,769	12,325	13,749	13,922	16,462
3 persons	13,410	15,346	17,120	17,336	20,499
4 persons	16,729	19,146	21,359	21,628	25,574
5 persons	19,050	21,802	24,322	24,628	29,121
6 persons	21,127	24,179	26,974	27,313	32,296
7 or more persons	23,204	26,556	29,625	29,998	35,471
1993					
1 person	9,007	10,308	11,499	11,645	13,769
2 persons	10,963	12,547	13,996	14,173	16,758
3 persons	13,651	15,622	17,428	17,648	20,868
4 persons	17,030	19,491	21,743	22,017	26,034
5 persons	19,393	22,194	24,760	25,071	29,645
6 persons	21,507	24,614	27,460	27,805	32,877
7 or more persons	23,622	27,034	30,158	30,538	36,109
1994					
1 person	9,025	10,329	11,522	11,668	13,797
2 persons	10,984	12,572	14,024	14,200	16,791
3 persons	13,678	15,653	17,462	17,683	20,909
4 persons	17,064	19,529	21,786	22,061	26,085
5 persons	19,431	22,238	24,808	25,121	29,703
6 persons	21,550	24,663	27,513	27,859	32,942
7 or more persons	23,668	27,087	30,218	30,598	36,180

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 1: Low income cut-offs (1992 base) after tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
1995					
1 person	9,220	10,551	11,770	11,919	14,094
2 persons	11,221	12,843	14,326	14,507	17,153
3 persons	13,973	15,991	17,839	18,064	21,360
4 persons	17,432	19,950	22,256	22,536	26,648
5 persons	19,850	22,718	25,344	25,662	30,344
6 persons	22,014	25,195	28,107	28,460	33,652
7 or more persons	24,179	27,671	30,869	31,258	36,961
1996					
1 person	9,370	10,723	11,962	12,114	14,324
2 persons	11,404	13,052	14,560	14,743	17,433
3 persons	14,201	16,251	18,130	18,359	21,708
4 persons	17,716	20,276	22,619	22,904	27,083
5 persons	20,174	23,088	25,757	26,081	30,839
6 persons	22,373	25,606	28,565	28,924	34,201
7 or more persons	24,573	28,123	31,373	31,768	37,564
1997					
1 person	9,520	10,896	12,154	12,308	14,554
2 persons	11,587	13,262	14,794	14,980	17,713
3 persons	14,429	16,512	18,421	18,654	22,057
4 persons	18,000	20,601	22,982	23,272	27,518
5 persons	20,498	23,459	26,170	26,500	31,334
6 persons	22,733	26,017	29,024	29,389	34,750
7 or more persons	24,968	28,574	31,877	32,278	38,167

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 1: Low income cut-offs (1992 base) after tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
1998					
1 person	9,609	10,997	12,267	12,423	14,689
2 persons	11,695	13,385	14,931	15,119	17,878
3 persons	14,563	16,666	18,592	18,827	22,262
4 persons	18,168	20,793	23,196	23,488	27,773
5 persons	20,688	23,677	26,414	26,746	31,625
6 persons	22,944	26,258	29,294	29,662	35,073
7 or more persons	25,200	28,840	32,173	32,578	38,522
1999					
1 person	9,777	11,189	12,482	12,640	14,946
2 persons	11,900	13,619	15,193	15,384	18,191
3 persons	14,818	16,957	18,918	19,156	22,651
4 persons	18,486	21,156	23,602	23,899	28,259
5 persons	21,050	24,091	26,876	27,214	32,179
6 persons	23,345	26,718	29,806	30,181	35,687
7 or more persons	25,640	29,344	32,736	33,148	39,195
2000					
1 person	10,042	11,493	12,821	12,983	15,352
2 persons	12,223	13,989	15,605	15,801	18,684
3 persons	15,220	17,418	19,431	19,676	23,266
4 persons	18,987	21,731	24,242	24,548	29,026
5 persons	21,622	24,745	27,605	27,953	33,052
6 persons	23,979	27,443	30,615	31,000	36,656
7 or more persons	26,337	30,141	33,624	34,048	40,260

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 1: Low income cut-offs (1992 base) after tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
2001					
1 person	10,299	11,787	13,149	13,315	15,744
2 persons	12,535	14,346	16,004	16,205	19,162
3 persons	15,609	17,863	19,928	20,179	23,861
4 persons	19,473	22,286	24,862	25,175	29,768
5 persons	22,174	25,378	28,311	28,667	33,897
6 persons	24,592	28,144	31,398	31,792	37,593
7 or more persons	27,009	30,911	34,484	34,918	41,288
2002					
1 person	10,529	12,050	13,442	13,612	16,096
2 persons	12,815	14,667	16,361	16,567	19,590
3 persons	15,958	18,262	20,373	20,630	24,394
4 persons	19,908	22,784	25,417	25,737	30,433
5 persons	22,670	25,944	28,943	29,307	34,654
6 persons	25,141	28,773	32,099	32,502	38,432
7 or more persons	27,613	31,602	35,254	35,698	42,210
2003					
1 person	10,821	12,384	13,815	13,990	16,542
2 persons	13,170	15,073	16,815	17,027	20,133
3 persons	16,400	18,768	20,938	21,202	25,070
4 persons	20,460	23,416	26,122	26,451	31,277
5 persons	23,298	26,664	29,746	30,120	35,615
6 persons	25,838	29,571	32,989	33,404	39,498
7 or more persons	28,378	32,478	36,231	36,688	43,381

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000)

Table 1: Low income cut-offs (1992 base) after tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
2004					
1 person	11,025	12,617	14,075	14,253	16,853
2 persons	13,418	15,357	17,131	17,347	20,512
3 persons	16,709	19,121	21,332	21,601	25,542
4 persons	20,844	23,856	26,613	26,948	31,865
5 persons	23,736	27,165	30,305	30,686	36,285
6 persons	26,324	30,127	33,610	34,032	40,241
7 or more persons	28,912	33,089	36,913	37,378	44,197

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000)

Table 2: Low income cut-offs (1992 base) before tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
1992					
1 person	11,236	12,783	13,970	14,057	16,322
2 persons	13,988	15,913	17,391	17,499	20,320
3 persons	17,196	19,563	21,380	21,513	24,981
4 persons	20,879	23,753	25,959	26,120	30,330
5 persons	23,680	26,940	29,442	29,624	34,400
6 persons	26,708	30,384	33,206	33,412	38,797
7 or more persons	29,735	33,828	36,970	37,199	43,195
1993					
1 person	11,438	13,013	14,221	14,310	16,616
2 persons	14,240	16,199	17,704	17,814	20,686
3 persons	17,506	19,915	21,765	21,900	25,431
4 persons	21,255	24,181	26,426	26,590	30,876
5 persons	24,106	27,425	29,972	30,157	35,019
6 persons	27,189	30,931	33,804	34,013	39,495
7 or more persons	30,270	34,437	37,635	37,869	43,973
1994					
1 person	11,461	13,039	14,249	14,338	16,648
2 persons	14,268	16,231	17,739	17,849	20,726
3 persons	17,540	19,954	21,808	21,943	25,481
4 persons	21,297	24,228	26,478	26,642	30,937
5 persons	24,154	27,479	30,031	30,216	35,088
6 persons	27,242	30,992	33,870	34,080	39,573
7 or more persons	30,330	34,505	37,709	37,943	44,059

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 2: Low income cut-offs (1992 base) before tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
1995					
1 person	11,708	13,320	14,557	14,647	17,008
2 persons	14,575	16,581	18,121	18,234	21,173
3 persons	17,918	20,385	22,278	22,417	26,030
4 persons	21,756	24,751	27,049	27,217	31,604
5 persons	24,675	28,071	30,679	30,868	35,845
6 persons	27,830	31,660	34,601	34,815	40,426
7 or more persons	30,984	35,249	38,523	38,761	45,009
1996					
1 person	11,899	13,537	14,794	14,886	17,285
2 persons	14,813	16,852	18,417	18,531	21,519
3 persons	18,211	20,717	22,641	22,782	26,455
4 persons	22,111	25,154	27,491	27,661	32,119
5 persons	25,077	28,529	31,179	31,372	36,430
6 persons	28,284	32,177	35,165	35,383	41,086
7 or more persons	31,489	35,824	39,151	39,394	45,744
1997					
1 person	12,090	13,755	15,032	15,125	17,562
2 persons	15,051	17,122	18,713	18,829	21,864
3 persons	18,503	21,050	23,005	23,148	26,880
4 persons	22,466	25,558	27,932	28,105	32,635
5 persons	25,480	28,987	31,680	31,875	37,014
6 persons	28,738	32,693	35,730	35,951	41,746
7 or more persons	31,995	36,399	39,780	40,026	46,478

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 2: Low income cut-offs (1992 base) before tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
	\$				
1998					
1 person	12,202	13,882	15,171	15,266	17,726
2 persons	15,191	17,282	18,887	19,004	22,068
3 persons	18,675	21,245	23,219	23,363	27,129
4 persons	22,675	25,796	28,191	28,366	32,938
5 persons	25,716	29,257	31,974	32,172	37,358
6 persons	29,005	32,997	36,062	36,285	42,134
7 or more persons	32,292	36,737	40,149	40,398	46,910
1999					
1 person	12,416	14,125	15,437	15,533	18,036
2 persons	15,457	17,584	19,217	19,336	22,454
3 persons	19,002	21,617	23,625	23,772	27,604
4 persons	23,071	26,247	28,685	28,863	33,515
5 persons	26,166	29,769	32,533	32,735	38,012
6 persons	29,512	33,574	36,693	36,920	42,871
7 or more persons	32,857	37,380	40,852	41,105	47,730
2000					
1 person	12,753	14,509	15,856	15,955	18,525
2 persons	15,876	18,061	19,739	19,861	23,063
3 persons	19,517	22,204	24,266	24,417	28,353
4 persons	23,698	26,960	29,463	29,646	34,425
5 persons	26,877	30,577	33,417	33,623	39,044
6 persons	30,314	34,486	37,689	37,923	44,035
7 or more persons	33,749	38,395	41,961	42,221	49,026

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 2: Low income cut-offs (1992 base) before tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
		\$			
2001					
1 person	13,079	14,879	16,261	16,362	18,999
2 persons	16,282	18,523	20,243	20,369	23,652
3 persons	20,016	22,771	24,886	25,041	29,078
4 persons	24,303	27,648	30,216	30,404	35,304
5 persons	27,564	31,358	34,270	34,482	40,042
6 persons	31,088	35,367	38,652	38,892	45,160
7 or more persons	34,612	39,376	43,033	43,300	50,279
2002					
1 person	13,371	15,212	16,624	16,728	19,423
2 persons	16,646	18,936	20,695	20,824	24,181
3 persons	20,463	23,280	25,442	25,600	29,727
4 persons	24,846	28,266	30,891	31,083	36,093
5 persons	28,179	32,059	35,036	35,253	40,936
6 persons	31,783	36,157	39,515	39,760	46,168
7 or more persons	35,385	40,255	43,994	44,267	51,402
2003					
1 person	13,742	15,634	17,085	17,192	19,962
2 persons	17,107	19,462	21,269	21,401	24,851
3 persons	21,031	23,926	26,148	26,310	30,552
4 persons	25,535	29,050	31,748	31,945	37,094
5 persons	28,961	32,948	36,008	36,230	42,071
6 persons	32,664	37,160	40,611	40,863	47,449
7 or more persons	36,366	41,372	45,214	45,494	52,827

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 2: Low income cut-offs (1992 base) before tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000 ¹	30,000 to 99,999	100,000 to 499,999	500,000 and over
2004					
1 person	14,000	15,928	17,407	17,515	20,337
2 persons	17,429	19,828	21,669	21,804	25,319
3 persons	21,426	24,375	26,639	26,805	31,126
4 persons	26,015	29,596	32,345	32,546	37,791
5 persons	29,505	33,567	36,685	36,912	42,862
6 persons	33,278	37,858	41,375	41,631	48,341
7 or more persons	37,050	42,150	46,065	46,350	53,821

1. Includes cities with a population between 15,000 and 30,000 and small urban areas (under 15,000).

Table 3: Low income measures, after tax

Number of adults	Number of children					
	0	1	2	3	4	5
	\$					
1993						
1	10,096	14,134	17,163	20,192	23,221	26,250
2	14,134	17,163	20,192	23,221	26,250	29,278
3	18,173	21,202	24,230	27,259	30,288	33,317
4	22,211	25,240	28,269	31,298	34,326	37,355
1994						
1	10,382	14,535	17,649	20,764	23,879	26,993
2	14,535	17,649	20,764	23,879	26,993	30,108
3	18,688	21,802	24,917	28,031	31,146	34,261
4	22,840	25,955	29,070	32,184	35,299	38,413
1995						
1	10,537	14,752	17,913	21,074	24,235	27,396
2	14,752	17,913	21,074	24,235	27,396	30,557
3	18,967	22,128	25,289	28,450	31,611	34,772
4	23,181	26,343	29,504	32,665	35,826	38,987
1996						
1	10,746	15,044	18,268	21,492	24,716	27,940
2	15,044	18,268	21,492	24,716	27,940	31,163
3	19,343	22,567	25,790	29,014	32,238	35,462
4	23,641	26,865	30,089	33,313	36,536	39,760
1997						
1	11,005	15,407	18,709	22,010	25,312	28,613
2	15,407	18,709	22,010	25,312	28,613	31,915
3	19,809	23,111	26,412	29,714	33,015	36,317
4	24,211	27,513	30,814	34,116	37,417	40,719

Table 3: Low income measures, after tax

Number of adults	Number of children					
	0	1	2	3	4	5
\$						
1998						
1	11,442	16,019	19,451	22,884	26,317	29,749
2	16,019	19,451	22,884	26,317	29,749	33,182
3	20,596	24,028	27,461	30,893	34,326	37,759
4	25,172	28,605	32,038	35,470	38,903	42,335
1999						
1	11,960	16,744	20,332	23,920	27,508	31,096
2	16,744	20,332	23,920	27,508	31,096	34,684
3	21,528	25,116	28,704	32,292	35,880	39,580
4	26,312	29,900	33,488	37,181	40,780	44,378
2000						
1	12,468	17,455	21,196	24,936	28,676	32,417
2	17,455	21,196	24,936	28,676	32,417	36,157
3	22,442	26,183	29,923	33,664	37,404	41,646
4	27,430	31,170	34,910	39,122	42,908	46,694
2001						
1	13,243	18,540	21,189	25,162	29,135	33,108
2	18,540	22,513	26,486	30,459	34,432	38,405
3	23,837	27,810	31,783	35,756	39,729	44,576
4	29,135	33,108	37,080	41,875	45,927	49,980
2002						
1	14,028	19,639	23,848	28,056	32,264	36,473
2	19,639	23,848	28,056	32,264	36,473	40,681
3	25,250	29,459	33,667	37,876	42,084	46,292
4	30,862	35,070	39,278	43,487	47,695	51,904

Table 4: Low income measures, before tax

Number of adults	Number of children					
	0	1	2	3	4	5
	\$					
1993						
1	12,178	17,049	20,703	24,356	28,009	31,663
2	17,049	20,703	24,356	28,009	31,663	35,316
3	21,920	25,574	29,227	32,881	36,534	39,636
4	26,792	30,445	34,098	37,234	40,837	44,441
1994						
1	12,299	17,219	20,908	24,598	28,288	31,977
2	17,219	20,908	24,598	28,288	31,977	35,667
3	22,138	25,828	29,518	33,207	36,897	40,587
4	27,058	30,748	34,437	38,127	41,817	45,506
1995						
1	12,532	17,545	21,304	25,064	28,824	32,583
2	17,545	21,304	25,064	28,824	32,583	36,343
3	22,558	26,317	30,077	33,836	37,596	41,356
4	27,570	31,330	35,090	38,849	42,609	46,368
1996						
1	12,652	17,713	21,508	25,304	29,100	32,895
2	17,713	21,508	25,304	29,100	32,895	36,691
3	22,774	26,569	30,365	34,160	37,956	41,752
4	27,834	31,630	35,426	39,221	43,017	46,812
1997						
1	12,987	18,182	22,078	25,974	29,870	33,766
2	18,182	22,078	25,974	29,870	33,766	37,662
3	23,377	27,273	31,169	35,065	38,961	42,857
4	28,571	32,468	36,364	40,260	44,156	48,052

Table 4: Low income measures, before tax

Number of adults	Number of children					
	0	1	2	3	4	5
\$						
1998						
1	13,606	19,048	23,130	27,212	31,294	35,376
2	19,048	23,130	27,212	31,294	35,376	39,457
3	24,491	28,573	32,654	36,736	40,818	44,900
4	29,933	34,015	38,097	42,179	46,260	50,342
1999						
1	14,088	19,723	23,950	28,176	32,402	36,629
2	19,723	23,950	28,176	32,402	36,629	40,855
3	25,358	29,585	33,811	38,038	42,264	46,490
4	30,994	35,220	39,446	43,673	47,899	52,126
2000						
1	14,734	20,628	25,048	29,468	33,888	38,308
2	20,628	25,048	29,468	33,888	38,308	42,729
3	26,521	30,941	35,362	39,782	44,202	49,088
4	32,415	36,835	41,255	46,113	50,575	55,038
2001						
1	15,470	21,658	24,752	29,393	34,034	38,675
2	21,658	26,299	30,940	35,581	40,222	44,863
3	27,846	32,487	37,128	41,769	46,410	51,939
4	34,034	38,675	43,316	48,791	53,513	58,234
2002						
1	16,263	22,768	27,647	32,526	37,405	42,284
2	22,768	27,647	32,526	37,405	42,284	47,163
3	29,273	34,152	39,031	43,910	48,789	53,668
4	35,779	40,658	45,536	50,415	55,294	60,173

Table 5: Low income measures, market income

Number of adults	Number of children					
	0	1	2	3	4	5
\$						
1993						
1	10,552	14,773	17,938	21,104	24,270	27,435
2	14,773	17,938	21,104	24,270	27,435	30,601
3	18,994	22,159	25,325	28,490	31,656	34,822
4	23,214	26,380	29,546	32,711	35,877	39,042
1994						
1	10,675	14,945	18,148	21,350	24,553	27,755
2	14,945	18,148	21,350	24,553	27,755	30,958
3	19,215	22,418	25,620	28,823	32,025	35,228
4	23,485	26,688	29,890	33,093	36,295	39,498
1995						
1	10,913	15,278	18,552	21,826	25,100	28,374
2	15,278	18,552	21,826	25,100	28,374	31,648
3	19,643	22,917	26,191	29,465	32,739	36,013
4	24,009	27,283	30,556	33,830	37,104	40,378
1996						
1	10,709	14,993	18,205	21,418	24,631	27,843
2	14,993	18,205	21,418	24,631	27,843	31,056
3	19,276	22,489	25,702	28,914	32,127	35,340
4	23,560	26,773	29,985	33,198	36,411	39,623
1997						
1	10,979	15,371	18,664	21,958	25,252	28,545
2	15,371	18,664	21,958	25,252	28,545	31,839
3	19,762	23,056	26,350	29,643	32,937	36,231
4	24,154	27,448	30,741	34,035	37,329	40,622

Table 5: Low income measures, market income

Number of adults	Number of children					
	0	1	2	3	4	5
\$						
1998						
1	11,667	16,334	19,834	23,334	26,834	30,334
2	16,334	19,834	23,334	26,834	30,334	33,834
3	21,001	24,501	28,001	31,501	35,001	38,501
4	25,667	29,168	32,668	36,168	39,668	43,168
1999						
1	12,279	17,191	20,874	24,558	28,242	31,925
2	17,191	20,874	24,558	28,242	31,925	35,609
3	22,102	25,786	29,470	33,153	36,837	40,521
4	27,014	30,698	34,381	38,065	41,749	45,432
2000						
1	13,100	18,340	22,270	26,200	30,130	34,060
2	18,340	22,270	26,200	30,130	34,060	37,990
3	23,580	27,510	31,440	35,370	39,300	43,230
4	28,820	32,750	36,680	40,610	44,540	48,470
2001						
1	13,741	19,237	23,360	27,482	31,604	35,727
2	19,237	23,360	27,482	31,604	35,727	39,849
3	24,734	28,856	32,978	37,101	41,223	45,345
4	30,230	34,353	38,475	42,597	46,719	50,842
2002						
1	14,288	20,003	24,290	28,576	32,862	37,149
2	20,003	24,290	28,576	32,862	37,149	41,435
3	25,718	30,005	34,291	38,578	42,864	47,150
4	31,434	35,720	40,006	44,293	48,579	52,866

Note: The LIMs for market income from 1993-1995 are based on SLID data, and not data from SCF.

Annex

Historical low income cut-offs (LICOs) for the base years 1959 (for 1969), 1969, 1978, and 1986

Table 1: low-income cut-offs (LICOs), 1959 base¹, before tax

All areas					
(no distinction by community size)					
\$					
Size of family unit	1 person	2 persons	3 persons	4 persons	5 or more persons
1969	1,894	3,157	3,788	4,420	5,051

1. The 1959-based low-income cut-offs were published only starting with 1969.

Table 2: low-income cut-offs (LICOs), 1969 base, before tax

Community size					
Size of family unit	Rural areas	Urban areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
\$					
1969					
1 person	1,890	2,174	2,363	2,434	2,599
2 persons	2,741	3,152	3,426	3,529	3,769
3 persons	3,498	4,022	4,372	4,503	4,809
4 persons	4,159	4,783	5,199	5,355	5,719
5 persons	4,650	5,347	5,812	5,986	6,393
6 persons	5,104	5,870	6,380	6,571	7,018
7 or more persons	5,596	6,435	6,995	7,205	7,695

Table 3: low-income cut-offs (LICOs), 1978 base, before tax

	Community size				
	Rural areas	Urban areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
Size of family unit					
1978					
1 person	4,400	4,900	5,300	5,650	5,950
2 persons	5,750	6,450	6,950	7,450	7,850
3 persons	7,700	8,650	9,300	9,950	10,500
4 persons	8,900	10,000	10,750	11,500	12,100
5 persons	10,350	11,600	12,450	13,350	14,100
6 persons	11,300	12,650	13,600	14,550	15,400
7 or more persons	12,450	13,950	15,000	16,050	16,950

Note: After-tax LICOs were never published on a 1959 base, 1969 base, or 1978 base.

Table 4: low-income cut-offs (LICOs), 1986 base, before tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
1986					
1 person	11,847	10,405	10,165	9,266	8,065
2 persons	16,059	14,105	13,779	12,561	10,933
3 persons	20,412	17,928	17,514	15,966	13,896
4 persons	23,501	20,641	20,164	18,382	15,999
5 persons	25,677	22,552	22,031	20,084	17,480
6 persons	27,871	24,479	23,914	21,800	18,974
7 or more persons	29,977	26,329	25,721	23,448	20,408

Table 5: low-income cut-offs (LICOs), 1986 base, after tax

Size of family unit	Community size				
	Rural areas	Urban areas			
		Less than 30,000	30,000 to 99,999	100,000 to 499,999	500,000 and over
1986					
1 person	10,045	8,607	8,381	7,532	6,414
2 persons	13,620	11,669	11,364	10,212	8,696
3 persons	17,632	15,107	14,711	13,220	11,258
4 persons	20,739	17,769	17,304	15,550	13,242
5 persons	22,565	19,333	18,826	16,919	14,407
6 persons	24,118	20,664	20,123	18,083	15,399
7 or more persons	25,641	21,969	21,394	19,226	16,372

Annual consumer price index (CPI) for Canada, all-items (1992=100)

1960	18.5	1980	52.4	2000	113.5
1961	18.7	1981	58.9	2001	116.4
1962	18.9	1982	65.3	2002	119.0
1963	19.2	1983	69.1	2003	122.3
1964	19.6	1984	72.1	2004	124.6
1965	20.0	1985	75.0		
1966	20.8	1986	78.1		
1967	21.5	1987	81.5		
1968	22.4	1988	84.8		
1969	23.4	1989	89.0		
1970	24.2	1990	93.3		
1971	24.9	1991	98.5		
1972	26.1	1992	100.0		
1973	28.1	1993	101.8		
1974	31.1	1994	102.0		
1975	34.5	1995	104.2		
1976	37.1	1996	105.9		
1977	40.0	1997	107.6		
1978	43.6	1998	108.6		
1979	47.6	1999	110.5		

Source: CANSIM Table 326-0002.

References

- Cotton, C., M. Webber and Y. Saint-Pierre (1999) "Should the Low Income Cutoffs Be Updated? A Discussion Paper", Statistics Canada, Income Research Paper Series, 75F0002MIE99009.
- Cotton, C. and M. Webber (2000) "Should the Low Income Cutoffs Be Updated? A Summary of Feedback on Statistics Canada's Discussion Paper", Statistics Canada, Income Research Paper Series, 75F0002MIE00011.
- Cotton, C. (2001) "Recent Developments in the Low Income Cutoffs", Statistics Canada, Income Research Paper Series, 75F0002MIE01003.
- Cotton, C., K. Bishop, P. Giles, P. Hewer and Y. Saint-Pierre (1999) "A comparison of the results of the Survey of Labour and Income Dynamics (SLID) and the Survey of Consumer Finances (SCF) 1993-1997 – Update", Statistics Canada, Income Research Paper Series, 75F0002MIE99007.
- Cunningham, R., P. Lafrance, J. Rowland and J. Murray (1997) "SLID geography and its impact on low income measurement", Statistics Canada, Income Research Paper Series, 75F0002MIE97009.
- Expenditure Surveys Section, Income Statistics Division (2005) "The Effects of the Revised Estimation Methodology on Estimates from Household Expenditure Surveys", forthcoming.
- Fellegi, I.P. (1997) "On poverty and low income", Statistics Canada, 13F0027XIE.
- Giles, P. (2004) "Low Income Measurement in Canada", Statistics Canada, Income Research Paper Series, 75F0002MIE.
- Podoluk, J. R. (1967), "Income of Canadians", 1961 Census Monograph Program, Dominion Bureau of Statistics.
- Skuterud, M., M. Frenette and P. Poon (2004) "Describing the Distribution of Income: Guidelines for Effective Analysis", Statistics Canada, Income Research Paper Series, 75F0002MIE2004010.
- Webber, M. (1998) "Measuring low income and poverty in Canada: an update", Statistics Canada, Income Research Paper Series, 75F0002MIE98013.
- Wolfson, M.C. and J. M. Evans (1989) "Statistics Canada's Low Income Cutoffs, Methodological Concerns and Possibilities", Statistics Canada, A Discussion Paper.