



# The Daily

Statistics Canada

**Monday, June 12, 2000**

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## MAJOR RELEASES

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- **Family income, 1998** 2  
 Average family income rebounded to its highest level in a decade in 1998, as Canadians made up for ground lost during the lean years of the 1990s. The average family had an estimated after-tax income of \$49,626 in 1998, 1.7% higher than the 1989 pre-recession peak of \$48,807.
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## MAJOR RELEASES

### Family income

1998

Average family income rebounded to its highest level in a decade in 1998, as Canadians made up for ground lost during the lean years of the 1990s.

The average family had an estimated after-tax income of \$49,626 in 1998, up 3.7% from the previous year after adjusting for inflation. It was the strongest annual increase since 1989. Average after-tax income in 1998 was 1.7% higher than the pre-recession peak of \$48,807 in 1989. Unattached individuals also gained. At \$21,067, their average after-tax income was up 2.4% from 1997. For couples with children under 18, after-tax income in 1998 was \$55,074, up 4.7% from a year earlier.

The major source of these changes was market income — earnings from employment, private retirement pensions and investments. For families, it jumped 4.7% to reach its highest level since 1989. It was also the first time in the decade that both after-tax income and market income increased in every province.

The 1998 growth in market income was mainly the result of improved labour market conditions. The number of working people increased nearly 2.0%. Full-year, full-time employment rose 3.1%, as did real gross domestic product.

With market income up, Canadians paid more in income taxes in 1998, but average transfer payments to families from governments remained virtually unchanged from 1997.

Not all family types shared in the gains, however. Families headed by seniors recorded an average after-tax income of \$36,051 in 1998, essentially unchanged from the previous year. In fact, after adjusting for inflation, their average after-tax income was 7.7% below the 1989 peak of \$39,072.

And income inequality after tax is edging up, after remaining stable throughout the early 1990s. If families are ranked by their income, the top 20% received \$5.40 for every \$1 that went to the bottom 20% in 1998, up from \$4.80 to \$1 in 1994.

An estimated 752,000 families were in low income — living below the low-income cut-off (LICO) for their family size and community size — in 1998, down from 852,000 in 1997. The after-tax low-income rate declined from 10.3% to 9.1%, the

#### Note to readers

*This release is based on a major new report, Income in Canada, which examines family income and low income in 1998. Data come from two household surveys: the Survey of Consumer Finances (SCF) and the Survey of Labour and Income Dynamics (SLID).*

*This new annual report replaces the series of publications traditionally produced from the results of the SCF. It contains the key tables from the previous publication series, plus many additions. Historical data prior to 1996 are drawn from the SCF, and data since 1996 are taken from SLID.*

*To factor in inflation when comparing income levels across time, all the income estimates are expressed in 1998 constant dollars.*

#### Low income

*Statistics Canada's low-income cut-offs (LICOs) convey the income level at which a family may be in "strained circumstances" because it has to spend significantly more of its income on the basics (food, shelter and clothing) than does the average family. The LICOs depend on family and community size.*

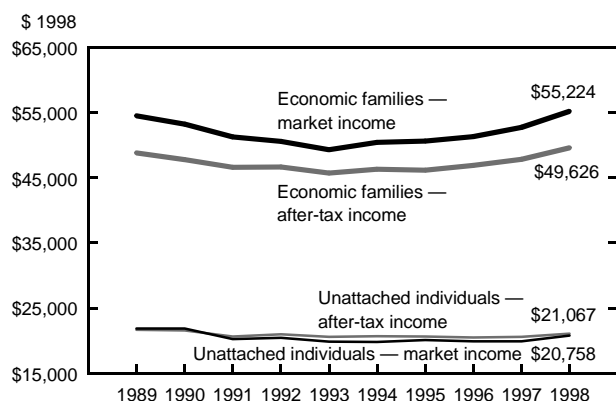
*For many years, LICOs have been calculated using both total income (income after transfers but before taxes) and after-tax income. Although Statistics Canada publishes low-income rates based on both total and after-tax income, the after-tax rates have not been featured because they were not available until several months later than were the rates based on total income. Starting with the 1998 reference year, the two sets are available simultaneously.*

*Although Statistics Canada will continue to publish both sets of low-income rates, the analysis below features the after-tax low-income information, for two reasons. First, transfers and income taxes are essentially two ways of redistributing income. The before-tax rates only partly capture the impact of Canada's tax and transfer system. Secondly, since necessities are bought with after-tax dollars, using after-tax income to draw conclusions about economic well-being seems appropriate. While the results vary across different population groups, after-tax low-income rates are, on average, five percentage points lower, reflecting the redistributive impact of income taxes.*

*Although LICOs are often referred to as poverty lines, they have no official status as such. For further information, please refer to the "Feature article on poverty and low income," available on Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)). On the Concepts, definitions and methods page, choose Discussion papers or new surveys.*

lowest rate since 1990 (8.5%). The proportion of unattached individuals in low income dropped to 30.3% in 1998 from 32.0% in 1997. The number of unattached individuals in low income was about 1,288,000 in 1998.

**Average market income and after-tax income for families and unattached individuals**



### Big gains in market income

The average market income of families jumped 4.7% to \$55,224 in 1998, surpassing the previous peak of \$54,508 in 1989. The market income of unattached individuals increased 4.5% from the previous year, to \$20,758.

For couples with children under 18, average market income was \$65,766, up 5.6% from 1997. Lone-parent families saw a 10.8% increase in 1998 to \$22,290.

Average market income for families grew in every province in 1998, a first for the decade. The largest gains, about 6.0% each, occurred in Prince Edward Island, Manitoba and Ontario. Over the longer term, Alberta and Prince Edward Island have shown the strongest growth, surpassing their 1989 levels by 9.9% and 8.8% respectively. Three provinces were still below the 1989 level: Ontario (-2.2%), Nova Scotia (-4.7%) and Newfoundland (-5.3%). In Quebec, market income in 1998 was virtually the same as in 1989.

In 1998, market income was highest in Ontario, at \$62,688 on average, followed by Alberta, at \$60,392.

### Government transfers unchanged

The average family received an estimated \$6,892 in government transfers in 1998, virtually the same as in 1997 after adjusting for inflation. Government transfers peaked in 1993 as the recession ended, and have since declined 5.4%.

Transfers contributed 11.1% of total family income in 1998, down slightly from the year before. The slight decrease was due, in part, to the improved economy. With average market income increasing, transfers were a smaller proportion of total family income.

In 1998, families and unattached individuals reported a total of \$10.4 billion in social assistance,

down 7.1% from 1997, while federal Employment Insurance payments totalled \$11.4 billion, down 5.0%. These declines followed a trend that started in 1994, when labour market conditions began to improve. About 2.6 million people reported EI payments in 1998 (down 2.7% from 1997); 1.9 million received social assistance (-3.9%).

In 1998, about 3.2 million families reported Child Tax Benefits from federal and provincial governments, down from 3.5 million the year before. However, the average amount each family received increased from \$1,636 to \$1,960. As a result, total payments of this kind amounted to \$6.3 billion in 1998, up from \$5.7 billion in 1997.

With improving labour market conditions, average transfers declined for families not headed by a senior. Among two-parent families with children under 18, the average dropped 4.4% to \$4,277. For unattached individuals under 65, a decline of 4.0% brought the average transfer payments to \$2,403.

Lone-parent families received an average \$7,597 in 1998, about the same amount as the year before. Transfers represented 25.4% of their income in 1998, down slightly from 27.4% in 1997. The vast majority (84%) of all lone parents are women, about three-quarters of whom had earnings. Among those with no earnings, transfers contributed \$12,198, accounting for 88.0% of their total income.

### Increase in average income taxes

With the increase in market income, income taxes rose in 1998. Taxes per family averaged \$12,489, up 5.7% from 1997 after adjusting for inflation. Unattached individuals paid \$4,718 on average, up 7.5%.

Families paid 20.1% of their total income in taxes in 1998, slightly higher than the previous year (19.8%). Unattached individuals paid 18.3% of their total income in taxes, up from 17.6%.

In 1998, the 20% of families with the highest incomes paid an average of \$32,617 in income taxes, accounting for just over half (52.2%) of all income taxes paid by families. In contrast, the 20% of families with the lowest incomes averaged \$1,233, or about 2.0% of total income taxes.

### After-tax income at highest level in decade

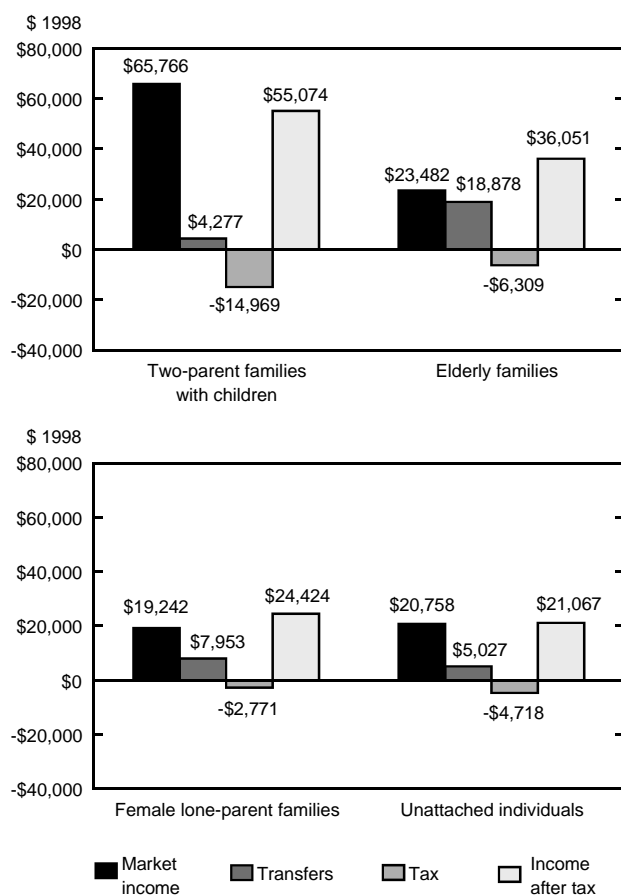
After-tax income is total income (market income plus government transfers) minus income taxes. It reflects the impact of both taxes and transfers, and is sometimes called "disposable income."

In 1998, families had an average after-tax income of \$49,626, up 3.7% from the previous year after adjusting for inflation, the strongest annual increase

of the decade. The 1998 level was 1.7% higher than the 1989 peak of \$48,807. Like market income, average after-tax income rose in every province. However, three provinces have not yet surpassed their 1989 level: Quebec (-1.8%), Nova Scotia (-3.7%) and Newfoundland (-6.1%). The provinces with the largest increases in after-tax income, relative to 1989, were Alberta (+7.1%) and British Columbia (+7.0%).

Among two-parent families with children under 18, average after-tax income increased 4.7% to \$55,074 in 1998. Lone-parent families averaged \$26,279 after transfers and taxes, a 7.2% increase. However, average after-tax income for families headed by a senior remained at \$36,051, essentially unchanged.

Composition of income differs by family type



## Income inequality: gap between two ends of the income scale widened slightly

Income inequality has increased during the latter part of the 1990s. In 1989, the 20% of families with the highest incomes received 41.9% of total market income, and by 1998 this proportion had risen to 45.2%. At the same time, the share of the market income going to 20% of families with the lowest incomes decreased from 3.8% to 3.1%.

In dollar terms, families in the top 20% received \$11 in market income for every \$1 earned by families in the lowest 20% in 1989. By 1998, this ratio had increased to \$14 to \$1.

Despite the equalizing role played by transfers and taxes, the gap between the two ends of the income scale widened slightly during the 1990s, even on an after-tax basis. Families in the lowest 20% garnered 7.6% of all after-tax income in 1989, but by 1998, their share had dropped to 7.1%. Meanwhile, the 20% of families with the highest incomes, who received 37.0% of all after-tax dollars in 1989, saw their share go up to 38.8% in 1998.

During the early part of the decade, taxes and transfers held the ratio of highest-to-lowest after-tax incomes at just under five to one. During the second half of the 1990s, as transfers declined, the ratio widened from about 4.8 to one in 1994 to 5.4 to one in 1998.

## Fewer families in low income

In 1998, a family of four in a city of 500,000 or more would be counted as living in low income — below its LICO — if its after-tax income was below \$27,890. For the same family living in a rural area, the LICO was \$18,285. LICOs are lower for smaller families and higher for larger ones, reflecting greater expenditures on necessities. They also vary by community size.

In 1998, an estimated 752,000 families, or 9.1% of the total, were in low income, down from 852,000, or 10.3%, in 1997. This was the lowest rate since 1990 (8.5%).

While fewer families lived below their LICOs in 1998, the financial situation of those that did showed no improvement. Families in low income in 1998 would have needed, on average, an additional \$6,638 in after-tax dollars to reach their LICO; in 1997, they would have needed \$6,404.

Of the 580,000 lone-parent families headed by a woman, 42.0% were in low income in 1998, down slightly from 46.8% in 1997. Three-quarters of lone-parent families headed by women had earnings in 1998. Of those without earnings, 85.8% were in low income.

Among unattached individuals, about 1,288,000, or 30.3%, were in low income in 1998, down

from 1,317,000, or 32.0%, in 1997. On average, unattached individuals in low income would have needed an additional \$4,910 to rise above their LICO in 1998.

### **Low income rate for individuals also fell**

The total number of persons in low income also declined. In 1998, 12.2% of all Canadians, about 3.7 million persons, were in low income based on income after tax. After climbing throughout the early 1990s, the rate peaked in 1996, at 14.2%, and declined to 13.7% in 1997.

In 1998, an estimated 1,004,000 children under age 18 were living in low income, down 14% from 1,168,000 in 1997. The low-income rate for children dropped from 16.5% to 14.2%.

### **Many families "cross the line"**

Major changes in a family, such as a job loss or a job gain, a marital separation or the birth of a child, can cause a family to "cross the line" into or out of low income. Of all persons in low income in 1997, about one-third were no longer below the line in 1998; the remaining two-thirds stayed in low income both years.

But despite the general reduction in low income in 1998, many people dropped below the low-income cut-off that year. Of those in low income in 1998, 26.2% 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. 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 experiencing low income is much greater than one might conclude based on annual low-income rates.

Between 1993 and 1998, 24.2% of people experienced low income at some time. Of the total population, 8.0% were in low income for one of those six years, and 4.8% were there for two years. At the other extreme, 3.3% of the population were in low income throughout the full six years.

*Income in Canada, 1998* (75-202-XPE, \$45) is now available. See *How to order publications*. An electronic version, with more results, is also available on Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)). To consult the list of additional tabulations, click on the electronic publication number (75-202-XIE, \$45). To download the electronic version, go to the *Products and services* page, then choose *Downloadable publications* (\$).

Data on market income, total income, government transfers, income tax, income after tax and persons in low income are also available, free of charge, on Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)). On the *Canadian Statistics* page, choose *The people*, then *Families, households and housing*, then *Income*. For data on earnings, from the *Canadian Statistics* page, choose *The people*, then *Labour, employment and unemployment*, then *Earnings*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-888-297-7355; 613-951-7355; [income@statcan.ca](mailto:income@statcan.ca)), Income Statistics Division. ■

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## OTHER RELEASES

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### Particleboard, oriented strandboard and fibreboard

April 2000

Oriented strandboard production totalled 664 657 cubic metres in April, up 1.8% from the 653 116 cubic metres produced in April 1999. Particleboard production reached 213 036 cubic metres, an increase of 3.2% from 206 488 cubic metres in April 1999. Fibreboard production totalled 94 513 cubic metres, up 16.6% from 81 053 cubic metres in April 1999.

Year-to-date oriented strandboard production at the end of April was 2 633 199 cubic metres, a 2.9% increase from 2 558 976 cubic metres produced in the same period in 1999. Particleboard production reached 805 464 cubic metres, up 2.8% from 783 505 cubic metres compared with the same period in 1999. Year-to-date fibreboard production reached 373 351 cubic metres, up 23.3% from 302 835 cubic metres during the same period in 1999.

**Available on CANSIM: matrices 31 (series 2, 3 and 5) and 122 (series 8).**

The April 2000 issue of *Particleboard, oriented strandboard and fibreboard* (36-003-XIB, \$5/\$47), is now available. See *How to order publications*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Sara Breen (613-951-3521; [sara.breen@statcan.ca](mailto:sara.breen@statcan.ca)), Manufacturing, Construction and Energy Division. ■

### Passenger bus industry

January to September 1999 (preliminary)

Canada's passenger bus industry saw a marginal improvement in its financial performance in the first nine months of 1999 compared with the same period in 1998. However, while both revenues and ridership continued to grow for urban transit companies, they declined among scheduled intercity bus companies.

Between January and September 1999, the bus industry grossed revenues of \$2.34 billion compared with \$3.53 billion in expenses. This represented an improvement in gross revenues of 1.3%, while expenditures increased just 0.4%. (These revenues excluded subsidies paid to urban transit companies, which comprise about half the industry).

For transit companies, gross revenues from urban transit passenger services, excluding subsidies, reached \$1.29 billion during the first nine months of 1999, up 3.6% from the same period a year earlier. About 1.05 billion passengers used urban transit services during this period in 1999, about 14 million more (+1.4%) than in the first nine months of 1998.

However, both ridership and gross revenues declined in the scheduled intercity passenger bus segment. Between January and September 1999, gross revenues for this sector were \$175 million, 4.8% less than the same period in 1998. Ridership declined 7.8% during this same period, as 9.4 million passengers used scheduled intercity services in the first nine months of 1999, compared with 10.2 million in the same months in 1998.

**Note:** These data are derived from quarterly surveys of about 100 urban transit and 300 other bus companies that earn gross revenues of at least \$200,000 a year. These data exclude school bus companies with annual revenues under \$2 million.

**Available on CANSIM: matrices 346 and 347.**

To obtain data, contact Jean-Robert Larocque, (613-951-2486; [laroque@statcan.ca](mailto:laroque@statcan.ca)), Transportation Division.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Harold Kohn, (613-951-0162; [kohnhar@statcan.ca](mailto:kohnhar@statcan.ca)), Transportation Division. ■

### Economic overview of farm incomes, greenhouse and nursery farms 1996

The eighth bulletin in the series *Economic overview of farm incomes*, a joint publication of Statistics Canada and Agriculture and Agri-Food Canada, is now available.

*Economic overview of farm incomes* offers farm financial information and analysis based on data from the Taxation Data Program and other agricultural surveys. The new bulletin provides a detailed analysis of greenhouse and nursery farms, including information on farm-level revenues, expenses, and net operating income before depreciation by revenue class and by province. Information is also included on the concentration and production specialization of greenhouse and nursery farms by revenue class.

*Economic overview of farm incomes, greenhouse and nursery farms* (21-005-XIE, free) is now available free on Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)). On the *Products and services* page, choose *Downloadable publications (free)*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Lina Di Pi  tro (1-800-465-1991; 613-951-3171) or the Client Services Unit (613-951-5027; fax: 613-951-3868), Agriculture Division. ■

## **The non-profit sector: publicly available data resources**

This brief report, one of a series on voluntary activity, provides an inventory of data and information pertaining to the non-profit sector to assist the research community and to help identify information needs. The inventory revealed a surprising scarcity of reliable statistical material.

In Canada, there are only five principal sources of statistical information on the non-profit sector. First, limited annual information about registered charities and large non-charitable, non-profit corporations is available from the Charities Division of the Canada Customs and Revenue Agency. Virtually nothing is known about the great majority of non-profits that are not registered charities.

In addition, two national surveys conducted by Statistics Canada in 1987 and 1997 provide data on volunteers. The 1997 survey also provides information regarding charitable donating and participation in civic affairs. Several General Social Surveys conducted

by Statistics Canada have generated limited data on volunteering as well.

Statistics on charitable giving are also produced from the Survey of Household Spending and from administrative data provided to Statistics Canada by other departments of government.

The report *Publicly available data resources on the nonprofit sector in Canada* (75F0033MIE, free) profiles 14 data files from which data or custom analyses can be obtained. All but one of these are government data sources. The publication is one in a series of studies on the non-profit sector, conducted under the auspices of Statistics Canada's Nonprofit Sector Knowledge Base Project. It is available on Statistics Canada's Web site ([www.statcan.ca](http://www.statcan.ca)) under *Products and services*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Dr. Paul Reed, Senior Social Scientist (613-951-8217; [reedpau@statcan.ca](mailto:reedpau@statcan.ca)), Statistics Canada. ■

## **Dairy statistics**

April 2000 and May 2000 (preliminary)

Monthly dairy statistics for April and May are now available.

These data will be included in the April–June 2000 issue of *The dairy review* (23-001-XPB, \$36/\$119; 23-001-XIB, \$27/\$89), which will be released in August. See *How to order publications*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Anna Michalowska (1-800-465-1991; 613-951-2442; fax: 613-951-3868), Agriculture Division. ■

## PUBLICATIONS RELEASED

**Particleboard, oriented strandboard and fibreboard,**  
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Catalogue number **36-003-XIB** (\$5/\$47).

**Cable television, 1997**  
Catalogue number **56-205-XIB** (\$30).

**Industry price indexes, March 2000**  
Catalogue number **62-011-XPB** (\$22/\$217).

**Income in Canada, 1998**  
Catalogue number **75-202-XIE** (\$45).

**Income in Canada, 1998**  
Catalogue number **75-202-XPE** (\$45).

**All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.**

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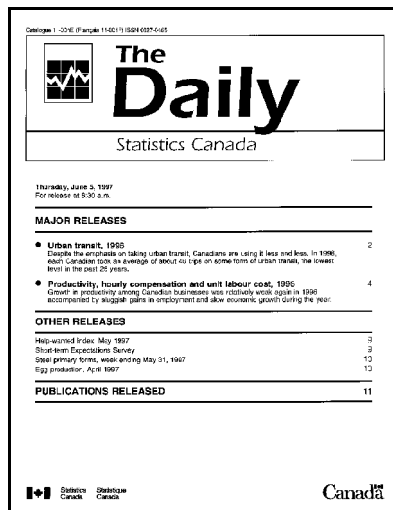
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