



Income Statistics Division

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Income Trends in Canada

1980-1997

User's Guide

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January 2000



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Statistics Canada
Income Statistics Division

Income Trends in Canada 1980-1997 User's Guide

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Income trends in Canada (1980-1997) – User’s guide

Abstract:

This user’s guide provides a detailed description of a new CD-ROM *Income Trends in Canada* (13F0022XCB). It also provides a glossary, a description of the major concepts as well as an overview of the data source, the Survey of Consumer Finances.

Income Trends in Canada (1980-1997) contains 48 cross-classified income tables, covering the period 1980 to 1997. Most tables include estimates for Canada, the 10 provinces and 15 census metropolitan areas (CMAs). Major topics included in the tables are income distributions and inequality, earnings of men and women, income tax, government transfers, low income and sources of income.

More, Beyond 20/20 software used in this product allows users to execute very easily common tasks done by analysts and researchers: browse rapidly data, select data of interest, graph or map them or simply save them in a worksheet. Then, from instantaneous graph, it is very easy to find out trends and pull out highlights.

Note:

Income Trends in Canada replaces *Income Historical Review, 1980-1996*.

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1. Introduction

Income Trends in Canada is an extensive collection of income statistics on CD-ROM, covering topics such as income distributions, income tax, government transfers, and low income. These income estimates are derived from the Survey of Consumer Finances (SCF) and cover 1980 to 1997. For 1998 onward, the Survey of Labour and Income Dynamics (SLID) will replace SCF and future editions of this product will include SLID as well as SCF data.

This guide contains a brief overview of SCF, as well as the concepts and definitions underlying the data.

Income Trends in Canada uses Version 5.1 of the Beyond 20/20 Browser software for accessing and manipulating tables. See **Getting Started** for more information.

To order a copy of *Income Trends in Canada*, please refer to the appendix of the present guide.

2. What's New?

Income Trends in Canada replaces *Income Historical Review, 1980-1996*. Users familiar with the predecessor product will know that it contained 42 tables. Six new tables have been added. Most tables now include estimates for the 10 provinces and for 15 census metropolitan areas (CMAs). And of course, another year of data (1997) has been added to the tables. Several other changes make it easier to navigate through this very large database combining well over two million data points. A description of the changes follows.

2.1 Six New Tables

Four new tables present estimates of market income, that is, earnings plus investment income and income from retirement pensions. The other two new tables display information on government transfers and income taxes paid. These tables provide averages, rates and shares of the total by after-tax income quintiles. All tables provide estimates for various subgroups of the population.

2.2 Provincial and Metropolitan

All but one of the 48 tables now include provincial data. Forty tables also present estimates for the 15 largest CMAs in Canada, listed below. Users should note that this massive increase in content entails some suppression, due to small sample sizes. See **Data Reliability and Suppression** for more information.

The CMAs covered in *Income Trends in Canada* are Halifax, Québec, Montréal, Ottawa – Hull, Toronto, St-Catharines – Niagara, Hamilton – Burlington, Kitchener – Waterloo, London, Windsor, Winnipeg, Calgary, Edmonton, Vancouver and Victoria.

2.3 New Groupings for Tables

A “step by step” classification scheme groups tables into eight series, as follows:

Series 100 – Earnings

This is income from employment, which represents the greatest portion of income for most people.

Series 200 – Market income

Also known as “income before transfers”, market income is the sum of earnings plus income from investments and retirement pensions.

Series 300 – Government transfers

Income received from programs instituted by the different levels of government.

Series 400 – Total income

The sum of market income and government transfers.

Series 500 – Income tax

The amount paid in federal and provincial income taxes.

Series 600 – Income after tax

This is defined as total income minus income tax paid.

Series 700 – Multiple income concepts

Tables in this series include data based on several income concepts, for example, total income and after-tax income.

Series 800 – Low income

This series covers low income cutoffs (LICOs), low income estimates and rates.

2.4 New Table Titles and Numbers

Table numbers now reflect the new series. More importantly, the table titles and descriptions are now clearer and more meaningful. Users wishing to compare last year's tables with this year's can consult the section entitled **Concordance Table between Last Edition and This Edition**.

3. The Tables

3.1 Table Titles

Each table has a short and long name. Every effort has been made to make the titles meaningful. However, both short and long titles are constrained in the number of characters they can use. Several abbreviations are necessary. The table below contains the short and long table titles. Section 3.2 has a list of commonly used abbreviations.

Series 100 – Earnings

No.	Short title	Long title
101	Distribution of earners x earnings x sex	Distribution of earners by earnings and sex, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
102	Avg earnings, fem/male earnings ratios x work activity	Average earnings and female/male earnings ratios by work activity, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
103	Number of earners x sex x work activity	Number of earners by sex and work activity, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
104	Fem/male earnings ratios x age, educ, marital status	Female/male earnings ratios by age, education and marital status, Can, prov & CMAs, 1980 to 1997
105	Dist of dual, single and no earn husband/wife fam	Dist and average total income of dual earn, single earn, no earn for husband/wife fam, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars

Series 200 – Market income

No.	Short title	Long title
201	Market income, distribution of economic families (EF)	Market income, distribution of economic families, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
202	Market income, distribution of unattached individuals (UI)	Market income, distribution of unattached individuals, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars

203	Market income, distribution of EF+UI	Market income, distribution of EF+UI, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
204	Market income, distribution of EF, UI, EF+UI	Market income, distribution of EF, UI, EF+UI, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars

Series 300 – Government transfers

No.	Short title	Long title
301	Gov transfers x IAT quintiles for EF, UI, EF+UI	Government trans by IAT quintiles for EF, UI, EF+UI: Avg trans, rates of trans, shares of aggregate trans, Can & prov, 1980 to 1997, constant (1997) dollars

Series 400 – Total income

No.	Short title	Long title
401	Total income, distribution of economic families (EF)	Total income, distribution of economic families, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
402	Total income, distribution of unattached individuals (UI)	Total income, distribution of unattached individuals, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
403	Total income, distribution of EF+UI	Total income, dist of economic families and unattached individuals together, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
404	Total income, distribution of EF, UI, EF+UI	Total income, distribution of EF, UI, EF+UI, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
405	Total income, distribution of individuals (IND)	Total income, distribution of IND with income, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
406	Avg: TI, inc/cap, fam size, nbr: children & recip for EF	Averages for: tot inc, inc per cap, fam size, nbr of children & inc recip & earners for EF, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars

407	Avg TI x fam type, with/out children & earn for EF, UI	Average total income by family type, with or without children and earners for EF, UI, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
408	Tot inc x source x age for EF, UI, EF+UI	Tot inc by source and by age - For each source: nbr of recipients, avg, aggregates for EF, UI, EF+UI, Can, prov & CMAs, 1993 to 1997, constant (1997) dollars
409	Tot inc x source x age for EF, UI, EF+UI (+ mil)	Tot inc by source and by age - For each source: nbr of recip, avg, aggr for EF, UI, EF+UI (incl military), Can, prov & CMAs, 1993 to 1997, constant (1997) dollars
410	Tot inc quintiles: upper limits, shares for EF, UI, EF+UI	Tot inc quintiles: upper limits and shares of aggregate tot inc for EF, UI, EF+UI, Can & prov, 1980 to 1997, constant (1997) dollars
411	Tot inc quintiles: upper limits, shares x sex for IND	Tot inc quintiles: upper limits and shares of aggregate tot inc by sex for IND with income, Can & prov, 1980 to 1997, constant (1997) dollars
412	Tot inc x source x age x sex for IND	Tot inc by source, age and sex - For each source: nbr of recip, avg, aggr for IND with inc, Can, prov & CMAs, 1993 to 1997, constant (1997) dollars
413	Tot inc x source x age x sex for IND (+ mil)	Tot inc by source, age and sex - For each source: nbr of recip, avg, aggr for IND with inc (incl military), Can, prov & CMAs, 1993 to 1997, constant (1997) dollars
414	Tot inc, distribution of census families (CF)	Total income, distribution of census families, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
415	Tot inc, distribution of persons not in CF	Total income, distribution of persons not in census families, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
416	Tot inc, dist & avgs x living arrangements of CF	Average total income and distribution by living arrangement of census families, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
417	Avg: TI, inc/cap, fam size, nbr: children & recip for CF	Averages for: tot inc, inc per cap, fam size, nbr of children & inc recip & earners for census families, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
418	Avg TI x fam type, with/out children & earn for CF	Average total income by family type, with or without children and earners for census families, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars

Series 500 – Income tax

No.	Short title	Long title
501	Inc tax x inc after tax quintiles for EF, UI, EF+UI	Income tax by IAT quintiles for EF, UI, EF+UI: average tax, rates of tax, shares of aggregate tax, Can & prov, 1980 to 1997, constant (1997) dollars

Series 600 – Income after tax

No.	Short title	Long title
601	Income after tax, dist of economic families (EF)	Income after tax, distribution of economic families, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
602	IAT, distribution of unattached individuals (UI)	Income after tax, distribution of unattached individuals, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
603	Income after tax, distribution of EF+UI	Income after tax, distribution of economic families and unattached individuals together, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
604	Income after tax, distribution of individuals (IND)	Income after tax, distribution of individuals with inc, Can, prov & CMAs, 1980 to 1997, current and constant (1997) dollars
605	Avg IAT x fam type, with/out children for EF, UI	Avg income after tax by family type, with and without children and earners for EF, UI, Can, prov & CMAs, 1980 to 1997, constant (1997) dollars
606	IAT quintiles: upper limits and shares for EF, UI, EF+UI	Income after tax quintiles: upper limits and shares of aggregate income after tax for EF, UI, EF+UI, Can & prov, 1980 to 1997, constant (1997) dollars

Series 700 – Tables with multiple income concepts

No.	Short title	Long title
701	Avg, shares: MI, TI, IAT x quintile for EF, UI, EF+UI	Averages and shares by quintile ordered by different income concepts (MI, TI, IAT) for EF, UI, EF+UI, Can & prov, 1980 to 1997, constant (1997) dollars
702	Avg, rates: MI, GT, TI, IT, IAT x fam type for EF, UI	Avg and rates for market inc, gov transfers, total inc, inc tax, inc after tax by family type for EF, UI, Can & prov, 1980 to 1997, constant (1997) dollars
703	Avg: MI, TI, IAT x IAT quintile for EF, UI, EF+UI	Avg for: market inc, tot inc, IAT by quintiles ordered by inc after tax for EF, UI, EF+UI, Can & prov, 1980 to 1997, current and constant (1997) dollars
704	Tax and gov transfers x TI quintile for EF, UI, EF+UI	Rates of inc tax and government transfers based on total inc by quintiles ordered with TI for EF, UI, EF+UI, Can & prov, 1980 to 1997
705	Avg for all inc concepts for EF, EF+UI	Avg for all inc concepts and avg inc after tax within quintiles ordered by IAT for EF, EF+UI, Can & prov, 1980 to 1997, constant (1997) dollars

Series 800 – Low income

No.	Short title	Long title
801	Bef-tax LICOs - 1992 & 1986 bases	Before-tax LICOs (low income cutoffs) - 1992 & 1986 bases
802	Bef-tax LICOs: Preval, nbr x age x sex for pers	Bef-tax LICOs: Prevalence and number of persons by age (children and elderly) and sex, Can, prov & CMAs, 1980 to 1997
803	Bef-tax LICOs: Preval, nbr, dist: pers in/out fam	Bef-tax LICOs: Prevalence, number, distribution by age (children and elderly) and sex for persons in/out EF, Can, prov & CMAs, 1980 to 1997
806	Bef-tax LICOs: Preval for EF, UI - 1992 & 1986 bases	Bef-tax LICOs: Prevalence by age and sex for EF, UI - 1992 & 1986 bases, Can, prov & CMAs, 1980 to 1997
807	Bef-tax LICOs: Prevalence x fam type for EF, UI	Bef-tax LICOs: Prevalence by fam type with/out children and earners for EF, UI, Can, prov & CMAs, 1980 to 1997

808	Bef-tax LICOs: Dist of fam/pers x fam type: EF, UI	Bef-tax LICOs: Dist of fam and persons living below by fam type for EF, UI compared to dist of all fam and persons, Can, prov & CMAs, 1980 to 1997
809	Bef-tax LICOs: Avg inc def x fam type for EF, UI	Bef-tax LICOs: Avg income deficiency by family type for EF, UI, Can, prov & CMAs, 1980 to 1997
810	Bef-tax LICOs: Def: avgs, aggr as % of MI for EF+UI	Bef-tax LICOs: Deficiency: averages and aggregates as % of market income for EF+UI, Can, prov & CMAs, 1980 to 1997

3.2 List of Abbreviations

Universes

+ mil	Includes military
CF	Census families
Earn	Earners
EF	Economic families
EF+UI	Economic families and unattached individuals together
Fam	Families
Fam/pers	Families and persons
IND	Individuals
Pers	Persons
Recip	Recipients
UI	Unattached individuals

Income concepts

Cap	Capita
CPP	Canada Pension Plan benefits
Cutoff base	Low income cutoff base year
GIS	Guaranteed Income Supplement
GST	Goods and services tax (credit)
GT	Government transfers
IAT	Income after tax
Inc	Income
Inc/cap	Income per capita
IT	Income tax

LICO	Low income cutoff
MI	Market income
OAS	Old Age Security Pension
QPP	Quebec Pension Plan benefits
RRSP	Registered retirement savings plan
SPA	Spouse's Allowance
TI	Total income
Trans	Transfers
Tot inc	Total income

Geography

Can	Canada
CMA	Census metropolitan area
Prov	Province

Statistics

x	By
C\$	Current dollars
% C\$	Distribution in current dollars
K (1997) \$	Constant (1997) dollars
% K\$	Distribution in constant dollars
Aggr	Aggregate
Avg	Average
Dist	Distribution
Estim	Estimated
Fem/male	Female to male (ratio)
Nbr	Number
Preval	Prevalence

Other abbreviations

Arrange	Living arrangements
Bef	Before
Charact	Characteristics of census families and persons not in CF
Def	Deficiency (income deficiency)
Educ	Education
Gov	Government
Marital	Marital status
With/out	With or without

4. Getting Started

When you open the “Data Browser” in Beyond 20/20, you will find the table of contents or the FIND dialog box. Within this box, there are three other dialog boxes, called CATEGORIES, NAME and TITLE.

CATEGORIES: There are eight categories of tables listed here, corresponding to different income concepts or topics and to the table groupings outlined above in section 2.3 of this guide.

NAME: After selecting one or more categories, this box lists the short titles of all tables included in the highlighted categories. To see all tables in all categories, click on “ALL” button at the top right of the FIND box.

TITLE: By clicking once on a table name in the NAME box, the TITLE box displays the long title for this table. To open the selected table, click twice in the NAME box or click on the OK button in the FIND box.

TABLE 000: Table Title Abbreviations provides a list of all abbreviations used in table titles, along with the meaning of each abbreviation. It is possible to open this table on the screen while one is using the FIND box to examine the list of the data tables.

5. Overview of the Survey of Consumer Finances

Prior to 1998, the Survey of Consumer Finances (SCF) was conducted as a supplement to the Labour Force Survey each April. The survey was designed to provide reliable estimates on average income and income distribution for individuals and families. The data support trend analysis on the economic well-being of Canadian families by various socio-demographic and labour force characteristics. Among the many income topics covered by the survey are low income, female-to-male earnings ratios, average family income, income after tax, the effects of government transfers and income taxes on family incomes, as well as the major source of income for different families and individuals.

The target population for the survey is all persons aged 15 and over residing in Canada, with the exception of people in the territories, residents of institutions, people living on Reserves and full-time members of the Canadian Armed Forces living in barracks. Income data, collected in April, refer to the previous calendar year. In recent years, the sample has consisted of approximately 35,000 households or about 65,000 individuals. The individual response rate for the survey was approximately 80%.

SCF became an annual survey in 1971. There were modifications to data collection and processing procedures over the years, but most estimates are conceptually consistent since 1971. Historical SCF data for the period 1980 to 1993 are consistent with 1991 Census-based population estimates and they incorporate an adjustment for net undercoverage and for non-permanent residents.

A major change to the income statistics program is now taking place, whereby SCF is being integrated with the Survey of Labour and Income Dynamics (SLID) in order to harmonize data concepts and to reduce costs. Starting with reference year 1998, SLID will be the source of annual cross-sectional income estimates. This integration will enhance the information available for the analysis of cross-sectional income data because of the more comprehensive demographic, cultural, family and labour market information collected in SLID. In addition, SLID is a longitudinal survey and it is therefore possible to analyse such issues as income stability and the duration of spells of low income.

6. Income Concepts

This section reviews the definition of major income sources and the relationship between detailed sources and higher-level summary categories. In addition, terms frequently used in income measurement are defined. For ease of reference, the concepts have been alphabetically arranged. Following the definitions is a table that shows the relationship between detailed and summary income sources. See **Classification of Income Sources**.

Average Rate of Government Transfers

Government transfers as a percentage of total income.

Constant Dollars

For historical comparison, income data for all years are expressed in the dollar values of the most recent year, i.e. income in constant dollars. Constant dollars show income adjusted using the Consumer Price Index (CPI). The following table presents the CPI from 1980 to 1997. For example, \$5,000 in 1984 is equivalent to $5,000 \times (107.6/72.1) = 7,462$ in 1997 constant dollars. In simple terms, \$7,462 in 1997 can purchase the “same” as \$5,000 in 1984.

Consumer Price Index, 1980-1997			
Annual average all-items index, 1992 = 100			
1980	52.4	1989	89.0
1981	58.9	1990	93.3
1982	65.3	1991	98.5
1983	69.1	1992	100.0
1984	72.1	1993	101.8
1985	75.0	1994	102.0
1986	78.1	1995	104.2
1987	81.5	1996	105.9
1988	84.8	1997	107.6

Earner

An earner is a person who received wages or a salary and/or income from self-employment during the reference year.

Earnings

The term earnings is synonymous with employment income. It includes wages and salaries earned by persons who worked for others and net income from self-employment.

Effective Average Tax Rate

Income tax payable as a percentage of total income.

Family income (see family definitions below)

Family income consists of incomes received by all individuals 15 years of age and over who at the time of the survey formed either one economic or census family. Income data are collected from each member and considered to be part of the family's income even if certain family members belonged to another family unit for the whole or part of the preceding calendar year. Also, no recall or adjustment is made to account for income of persons who are members of the family for part of the year and who left because of marriage, death or other reasons.

Families or individuals that immigrated to Canada during the reference year and earned some income abroad and some in Canada are classified by their income while residing in Canada.

Government transfers

All social welfare payments from federal, provincial and municipal governments such as Old Age Security, Guaranteed Income Supplement, Spouse's Allowance, Canada and Quebec Pension Plan income, Employment Insurance benefits, worker's compensation, training allowances, veteran's pensions, social assistance, pensions for the blind and the disabled. Federal and provincial refundable tax credits are also included (e.g., goods and services tax credit, child tax benefits).

Income after tax

Income after tax is total income less income tax payable.

Income quintile

Quintile data are compiled by ranking families or individuals by their income in ascending order. Then the array is divided into five equal parts or quintiles. In a majority of cases, the ranking is based on after-tax income. However, some tables show quintiles where the ranking is based on other income concepts.

Income tax payable

In general, income tax payable for a given reference year is the sum of federal and provincial income taxes payable on income and capital gains for that year. Provincial tax credits, the child tax benefit and the goods and services tax credit have not been deducted from income tax payable. The value of the Quebec abatement for residents of Quebec has been removed from income tax payable.

Investment income

This source of income includes interest received on bonds, deposits and savings certificates from Canadian or foreign sources, dividends received from Canadian and foreign corporate stocks, cash dividends received from insurance policies, net rental income from real estate and farms, interest received on loans and mortgage interest, regular income from an estate or trust fund and other investment income. Note that realized capital gains are not counted as income for conceptual reasons.

Market income

Market income is the sum of wages and salaries, net income from self-employment, investment income and (private) pension income.

Miscellaneous income

Scholarships, alimony and other items not specified or included in the above categories.

Net income from self-employment

Net income (gross income minus expenses) received from self-employment either on own account or in partnership in an unincorporated business or in independent professional practice. Included here is net income from operating a farm as well as that received from roomers and boarders. Payments for room and board received from relatives are not included.

Net income from farm self-employment is to be reported by individuals who operate their own or a rented farm either on own account or in partnership. Net income from farming is calculated by subtracting farm operating expenses and depreciation of farm assets from farm cash receipts. The latter are to include all money receipts from the sale of farm products as well as supplementary and assistance payments from governments. Income in kind is excluded.

Pension income

Pension income includes retirement pensions, annuities and superannuation plus RRSP annuities and RRIFs (Registered Retirement Income Funds). It excludes RRSP withdrawals.

Total income

Total income is the sum of market income and government transfers. It is sometimes also referred to as income before tax.

Wages and salaries

Gross wages and salaries from all jobs during the year, before deductions for such items as income taxes, employment insurance and pension plans, and excluding fringe benefits. Commission income received by salespersons as well as occasional earnings for baby-sitting, for delivering papers, for cleaning, etc. are also included in this category. All income in kind such as meals or living accommodation is excluded.

Where individuals received military pay in the form of reserve military pay, and where this is a minor part of total income, such income is combined with wages and salaries.

Classification of Income Sources

Total income

Market income

Earnings

Wages and salaries

Net self-employment income

Net farm self-employment income

Net non-farm self-employment income including Net partnership income

Investment income (total, not taxable)

Interest (including interest from outside Canada)

Dividends

Other investment income including Net rental income

Pension income

Retirement pensions, superannuation and annuities

RRSP annuities and RRIF withdrawals (but not RRSP withdrawals)

Government transfers

Old Age Security

Guaranteed Income Supplement/Spouse's Allowance

Canada Pension Plan/Quebec Pension Plan benefits

Child Tax Benefit

Employment Insurance benefits

Workers' Compensation

GST credit

Provincial tax credits

Social assistance and Provincial income supplements

Veterans' Pension

Other income from government sources

Other income

Alimony, separation allowance, child support

Money from outside household

(Income tax payable)

Income after tax

Note: While capital gains and RRSP withdrawals are income sources that are taxable, neither is included in the concept of total income.

7. Family and Other Key Concepts

Income estimates are produced for both economic and census families. This section provides definitions and illustrations of the two family concepts, and then looks at key demographic concepts.

Economic family

An economic family is a group of individuals sharing a common dwelling unit who are related by blood, marriage, common law relationship or adoption. Thus, all relatives living together at the time of the survey form one economic family. Some families existing at the time of the survey are not a family during the entire reference year. No adjustment is made to account changes in family composition throughout of the year.

A person living alone or in a household where he or she is unrelated to any other household member is defined as an **“unattached individual”**.

Unattached individuals are part of the economic family universe.

The head of an economic family is determined as follows:

- In families consisting of married couples with or without children, the husband is considered the “head”.
- In lone-parent families with unmarried children, the parent is the “head”.
- In lone-parent families with married children, the member who is mainly responsible for the maintenance of the family becomes the “head”.
- In families where relationships are other than husband-wife or parent-child, normally the eldest in the family is considered the head.

The determination of the “head” is based on relationships only. The head is not necessarily the major earner or income recipient and may, in fact, have no income at all.

Census family

A census family, sometimes referred to as an “immediate family” or “nuclear family”, consists of either a husband or wife (with or without children who have never married) or a parent with one or more children who have never married, living together in the same dwelling. Never married children, regardless of their age, living with their parent(s) are considered a part of the

family, i.e. a census family includes adult children as long as they are not married, separated, divorced or widowed. Adopted children, step-children and guardianship children under 21 years of age are counted as own children.

Persons not in a census family are nevertheless part of the census family concept. A person not in census family may be:

- living alone;
- living with unrelated individuals (as a lodger, employee or roommate);
- living with relatives but not in a husband-wife or parent-unmarried child (including guardianship child) relationship.

The “head” of a census family is determined as follows:

- In families consisting of married couples with or without children, the husband is considered the “head”.
- In lone-parent families with unmarried children, the parent is the “head”.

As with economic family, the determination of the “head” in a census family is based on relationships only. The head is not necessarily the major earner or income recipient and may, in fact, have no income at all.

Children in a census family are sons and daughters (including adopted, and step children) who have never married, regardless of age, and who are living in the same dwelling as their parent(s). Also included are never-married guardianship children who are under 21 years of age, and live in the same dwelling.

Comparison of Census and Economic Families

The definition of economic family is broader than the census family. The two familial relationships in census family are marriage (including common-law) and/or parent-children (as long as the children are never-married). Due to its broader definition, an economic family can be divided into:

- two or more census families;
- a census family with one or more persons not in census families present at the time of the survey;
- a group of persons not in families (this group of persons can be related but not in husband-wife or parent-unmarried child relationship).

For example, parents living with their married son and his wife would be considered as part of the economic family, whereas in census family terms, both couples are counted as separate families; one economic family of size four becomes two census families of two persons each. In other cases related individuals, like an elderly widowed parent, are absorbed into the economic family, whereas according to the census family definition, they are persons not in families. An economic family can be made up of two or more related individuals such as sisters or brothers, but according to the census family definition, they will be persons not in families.

Family size refers to the total number of persons in the family (economic or census) as constituted at the time of the survey.

Other Key Demographic Concepts

Education

A person's education is the highest level of schooling successfully completed at the time of survey.

Size of area of residence

Also referred to as community size, the size of area of residence distinguishes urban from rural communities and classifies urban communities into four groups: under 30,000, 30,000-99,000, 100,000-499,000 and 500,000 and over. The classification is based on 1996 Census geographic boundaries and 1991 Census population counts.

Work activity

Work activity summarises the amount of work done by a person in the year as a whole, into the following categories:

- Full-year, full-time worker: a person who worked mostly 30 or more hours per week for 49 to 52 weeks in the reference year.
- Other worker: a person who worked mostly 29 or less hours per week for 49 to 52 weeks, or worked less than 49 weeks in the reference year.

8. Low Income Cutoffs Defined

Low income cutoffs (LICOs) are thresholds used to classify unattached individuals and economic families as being in low income or not. Cutoffs are calculated for seven family sizes (that is, unattached individuals and families of 2, 3, 4, 5, 6 and 7+). They also vary by community size (5).

The low income cutoffs are based on data from the Family Expenditure Survey. They are derived by first calculating the proportion of income spent on food, shelter and clothing for all households, and determining the average. To this average figure, 20 percentage points are added. The LICO is then determined as the average income of families who spend this proportion of their income on food, shelter and clothing. LICOs are periodically rebased to reflect changes in expenditure patterns. The most recent rebasing occurred in 1992. In that year, the average family spent 34.7% of its pre-tax income on food, shelter and clothing, so the LICOs currently in use show families where more than 54.7% of income is likely to be spent on these essentials.

In between years where this rebasing is done, the LICOs are updated using CPI to reflect changes in the cost of living.

This product includes 1986-base LICOs as well, since some data users are still using these. Table 800 presents 1986-base LICOs as well as 1992-base LICOs.

Users interested in reading more on the LICO methodology should consult:

Measuring Low Income and Poverty in Canada: an Update

<http://www.statcan.ca/english/research/75F0002MIE/98-13e.pdf>

Should the Low Income Cutoffs Be Updated? A Discussion Paper

<http://www.statcan.ca/english/research/75F0002MIE/99009.pdf>

A note on poverty and low income, by the Chief Statistician, is also presented in appendix.

9. Data Reliability and Suppression

This data product does not contain any coefficients of variation, standard errors or any other measures of data reliability. However, data reliability cutoffs have been established. Any data value which does not exceed the relevant cutoff has been suppressed and is replaced by a dash (-).

The cutoffs have been established based on “average” variances of a number of income variables. In general, data values that are not suppressed have a coefficient of variation less than 33% and are reliable enough to use. Suppressed values will have a coefficient of variation greater than 33% and are not reliable enough to use.

In some situations, it is possible for a user to derive a suppressed value. For example, a row total is published along with the all values in the row except one. The suppressed value can be determined by summing all the non-suppressed values and subtracting it from the total. It is highly recommended that a user not derive suppressed values in this manner. The use of unreliable estimates may lead to a misleading analytical interpretation.

The suppression cutoffs used for this version of *Income Trends in Canada* are listed below. A separate value is used for each level of geography. Cutoffs for CMA-level data are identical to that used for the province in which the city is located. (For Ottawa – Hull, the cutoffs for Ontario are used.)

CANADA	13,000 weighted estimate
Atlantic	4,000
Newfoundland	2,500
Prince Edward Island	1,500
Nova Scotia	4,000
New Brunswick	2,500
Quebec	14,000

Ontario	14,500
Prairies	6,500
Manitoba	6,500
Saskatchewan	2,500
Alberta	6,000
British Columbia	11,000

10. Concordance Table between Last Edition and This Edition

Tables in *Income Trends in Canada (ITC)* have been grouped differently than they were in *Income Historical Review (IHR)*, the predecessor product. For users familiar with *Income Historical Review*, this section shows the table number concordance between the two products.

IHR: Income Historical Review (1980-1996)

ITC: Income Trends in Canada (1980-1997)

IHR	Series 100: Earnings	ITC
13	Distribution of earners x earnings x sex	101
14	Avg earnings, fem/male earnings ratios x work activity	102
16	Number of earners x sex x work activity	103
15	Fem/male earnings ratios x age, educ, marital status	104
12	Dist of dual, single and no earn husband/wife fam	105

IHR	Series 400: Total Income	ITC
2	Total income, distribution of economic families (EF)	401
3	Total income, distribution of unattached individuals (UI)	402
4	Total income, distribution of EF+UI	403
17	Total income, distribution of EF, UI, EF+UI	404
5	Total income, distribution of individuals (IND)	405
33	Avg: TI, inc/cap, fam size, nbr: children & recip for EF	406
34	Avg TI x fam type, with/out children & earn for EF, UI	407
26	Tot inc x source x age for EF, UI, EF+UI	408
27	Tot inc x source x age for EF, UI, EF+UI (+ mil)	409
30	Tot inc quintiles: upper limits, shares for EF, UI, EF+UI	410
31	Tot inc quintiles: upper limits, shares x sex for IND	411
28	Tot inc x source x age x sex for IND	412

29	Tot inc x source x age x sex for IND (+ mil)	413
6	Tot inc, distribution of census families (CF)	414
7	Tot inc, distribution of persons not in CF	415
40	Tot inc dist & avgs x living arrangements of CF	416
41	Avg: TI, inc/cap, fam size, nbr: children & recip for CF	417
42	Avg TI x fam type, with/out children & earn for CF	418

Series 600: Income After Tax

8	Income after tax, dist of economic families (EF)	601
9	IAT, distribution of unattached individuals (UI)	602
10	Income after tax, distribution of EF+UI	603
11	Income after tax, distribution of individuals (IND)	604
22	Avg IAT x fam type, with/out children for EF, UI	605
24	IAT quintiles: upper limits and shares for EF, UI, EF+UI	606

Series 700: Tables with multiple income concepts

18	Avg, shares: MI, TI, IAT x quintile for EF, UI, EF+UI	701
19	Avg, rates: MI, GT, TI, IT, IAT x fam type for EF, UI	702
20	Avg: MI, TI, IAT x IAT quintile for EF, UI, EF+UI	703
21	Tax and gov transfers x TI quintile for EF, UI, EF+UI	704
23	Avg for all inc concepts for EF, EF+UI	705

IHR	Series 800: Low Income	ITC
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25	Bef-tax LICOs - 1992 & 1986 bases	801
1	Bef-tax LICOs: Preval, nbr x age x sex for pers	802
35	Bef-tax LICOs: Preval, nbr, dist: pers in/out fam	803
32	Bef-tax LICOs: Preval for EF, UI - 1992 & 1986 bases	806
36	Bef-tax LICOs: Prevalence x fam type for EF, UI	807
38	Bef-tax LICOs: Dist of fam/pers x fam type: EF, UI	808
37	Bef-tax LICOs: Avg inc def x fam type for EF, UI	809
39	Bef-tax LICOs: Def: avgs, aggr as % of MI for EF+UI	810

11. Plans for Future Editions

Income Trends in Canada is an annual product. Every year, the time series will be extended. As well, content expansions are being planned. In particular, after-tax low-income cutoffs and rates will appear in the 1998 edition of this product.

In the 1998 edition, SLID data will also appear for the first time. This will allow the inclusion of information on duration of low income spells, among other topics.

12. Questions and Comments

If you have any **questions** about the data in this CD-ROM product, you can contact the Income Statistics Division.

Telephone: 1-888-297-7355 or 613-951-7355

Facsimile Number: 613-951-3012

Internet: income@statcan.ca

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If you have **comments** on this product, you should direct them to:

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Appendix I

On Poverty and Low Income

(The author of this article is Ivan P. Fellegi, Chief Statistician of Canada)

Recently the news media have provided increasing coverage of Statistics Canada's low income cutoffs and their relationship to the measurement of poverty. At the heart of the debate is the use of the low income cutoffs as poverty lines, even though Statistics Canada has clearly stated, since their publication began over 25 years ago, that they are not. The high profile recently given to this issue has presented Statistics Canada with a welcome opportunity to restate its position on these issues.

Many individuals and organizations both in Canada and abroad understandably want to know how many people and families live in “poverty”, and how these levels change. Reflecting this need, different groups have at different times developed various measures which purported to divide the population into those who were poor and those who were not.

In spite of these efforts, there is still no internationally-accepted definition of poverty - unlike measures such as employment, unemployment, gross domestic product, consumer prices, international trade and so on. This is not surprising, perhaps, given the absence of an international consensus on what poverty is and how it should be measured. Such consensus preceded the development of all other international standards.

The lack of an internationally-accepted definition has also reflected indecision as to whether an international standard definition should allow comparisons of well-being across countries compared to some international norm, or whether poverty lines should be established according to the norms within each country.

The proposed poverty lines have included, among others, relative measures (you are poor if your means are small compared to others in your population) and absolute measures (you are poor if you lack the means to buy a specified basket of goods and services designated as essential). Both approaches involve judgmental and, hence, ultimately arbitrary choices.

In the case of the relative approach, the fundamental decision is what fraction of the overall average or median income constitutes poverty. Is it one-half, one-third, or some other proportion? In the case of the absolute approach, the number of individual judgements required to arrive at a poverty line is far larger. Before anyone can calculate the minimum income needed to purchase the “necessities” of life, they must decide what constitutes a “necessity” in food, clothing, shelter and a multitude of other purchases, from transportation to reading material.

The underlying difficulty is due to the fact that poverty is intrinsically a question of social consensus, at a given point in time and in the context of a given country. Someone acceptably well off in terms of the standards in a developing country might well be considered desperately poor in Canada. And even within the same country, the outlook changes over time. A standard of living considered as acceptable in the previous century might well be viewed with abhorrence today.

It is through the political process that democratic societies achieve social consensus in domains that are intrinsically judgmental. The exercise of such value judgements is certainly not the proper role of Canada's national statistical agency which prides itself on its objectivity, and whose credibility depends on the exercise of that objectivity.

In Canada, the Federal/Provincial/Territorial Working Group on Social Development Research and Information was established to create a method of defining and measuring poverty. This group, created by Human Resources Development Canada and social services ministers in the various jurisdictions, has proposed a preliminary market basket measure of poverty - a basket of market-priced goods and services.

The poverty line would be based on the income needed to purchase the items in the basket.

Once governments establish a definition, Statistics Canada will endeavour to estimate the number of people who are poor according to that definition. Certainly that is a task in line with its mandate and its objective approach. In the meantime, Statistics Canada does not and cannot measure the level of “poverty” in Canada.

For many years, Statistics Canada has published a set of measures called the low income cutoffs. We regularly and consistently emphasize that these are quite different from measures of poverty. They reflect a well-defined methodology which identifies those who are substantially worse off than the average. Of course, being significantly worse off than the average does not necessarily mean that one is poor.

Nevertheless, in the absence of an accepted definition of poverty, these statistics have been used by many analysts to study the characteristics of the relatively worst off families in Canada. These measures have enabled us to report important trends, such as the changing composition of this group over time. For example, 20 to 30 years ago the elderly were by far the largest group within the “low income” category, while more recently lone-parent families headed by women have grown in significance.

Many people both inside and outside government have found these and other insights to be useful. As a result, when Statistics Canada carried out a wide-ranging public consultation a decade ago, we were almost unanimously urged to continue to publish our low income analyses. Furthermore, in the absence of a generally accepted alternative methodology, the majority of those consulted urged us to continue to use our present definitions.

In the absence of politically-sanctioned social consensus on who should be regarded as “poor”, some people and groups have been using the Statistics Canada low-income lines as a de facto definition of poverty. As long as that represents their own considered opinion of how poverty should be defined in Canada, we have no quarrel with them: all of us are free to have our own views. But they certainly do not represent Statistics Canada's views about how poverty should be defined.

Appendix II

How to Order *Income Trends in Canada*

Income Trends in Canada, 1980-1997, costs \$195 in Canada (plus **either** GST and applicable PST **or** HST) and US\$195 outside Canada.

To order your copy online, please complete the enclosed order form.

If you prefer to order by MAIL, simply print the order form, complete it and send it to Statistics Canada, Dissemination Division, Circulation Management, 120 Parkdale Avenue, Ottawa, Ontario, Canada, K1A 0T6.

You may also send your order by FAX to 1 877 287-4369 or CALL us at 1 800 267-6677.

For more information on *Income Trends in Canada*, 1980-1997, please contact your nearest Statistics Canada.