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Low Income Lines, 2008-2009



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Note of appreciation

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Abstract

In order to provide a holographic or complete picture of low income, Statistics Canada is implementing an approach that uses three complementary low income lines: the Low Income Cut-offs (LICOs), the Low Income Measures (LIMs) and the Market Basket Measure (MBM). While the first two lines were developed by Statistics Canada, the MBM is based on concepts developed by Human Resources and Skills Development Canada. Though these measures differ from one another, they give a generally consistent picture of low income status over time. None of these measures is the best. Each contributes its own perspective and its own strengths to the study of low income, so that cumulatively, the three provide a better understanding of the phenomenon of low income as a whole. These measures are not measures of poverty, but strictly measures of low income.

The LICOs are based on the relationship between the incomes and the consumption patterns of Canadian households as observed in 1992. The LICOs have been very widely used in Canada since the 1970s. The LIM is based solely on the distribution of household income across the Canadian population and is intended as a reference for international comparisons. Statistics Canada has been producing the LIM for more than 15 years. With this release, a different approach in calculating the LIM is introduced which is aligned with latest international standard. Finally, the MBM defines low income in relation to the cost of a predefined set of goods and services. The price of this “basket” of goods and services takes regional differences in the cost of living into account.

This publication incorporates a detailed description of the methods used to arrive at each of these measurements. It also explains how base years are defined and how LICOs are updated using the Consumer Price Index. Because the LICOs only depend on the annual Consumer Price Index, they can be produced as soon as the CPI is available (January following the reference year). The LIMs and the MBM depend on other survey products that are available much later. Consequently, they can only be produced 12 to 16 months after the end of the reference year. For these reasons, this report contains LICOs up to 2009, but LIMs and MBM up to 2008 only.

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Introduction

Statistics Canada has a long history of publishing data on the low income of 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. LICOs are income thresholds below which families devote a larger share of income to the necessities of food, shelter and clothing than the average family would.

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 household[1] incomes within a 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.

The Market Basket Measure (MBM) was developed by Human Resources Development Canada (HRSDC) to represent a standard of living that is a compromise between subsistence and social inclusion that reflects differences in living costs across the country (Hatfield, Pyper and Gustajtis 2010). The thresholds are produced for a reference family of two adults and two children for all sizes of area of residence in each province and for several cities. While HRSDC is responsible for defining the components of the basket and the related concepts, Statistics Canada is responsible for the costing the components and producing low income statistics.

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 arbitrary[2]. Given this, Statistics Canada has always referred to the low income lines 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. Low income status can be determined using family or household income. 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. A household is defined as a person or group of persons residing in a dwelling

1. Previously, LIMs were calculated at the economic family level. Beginning with this release, LIMs are calculated at the household level to meet the international standard.

2. 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 income thresholds 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.[3] 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)[4], 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.[5]

How are LICOs calculated?

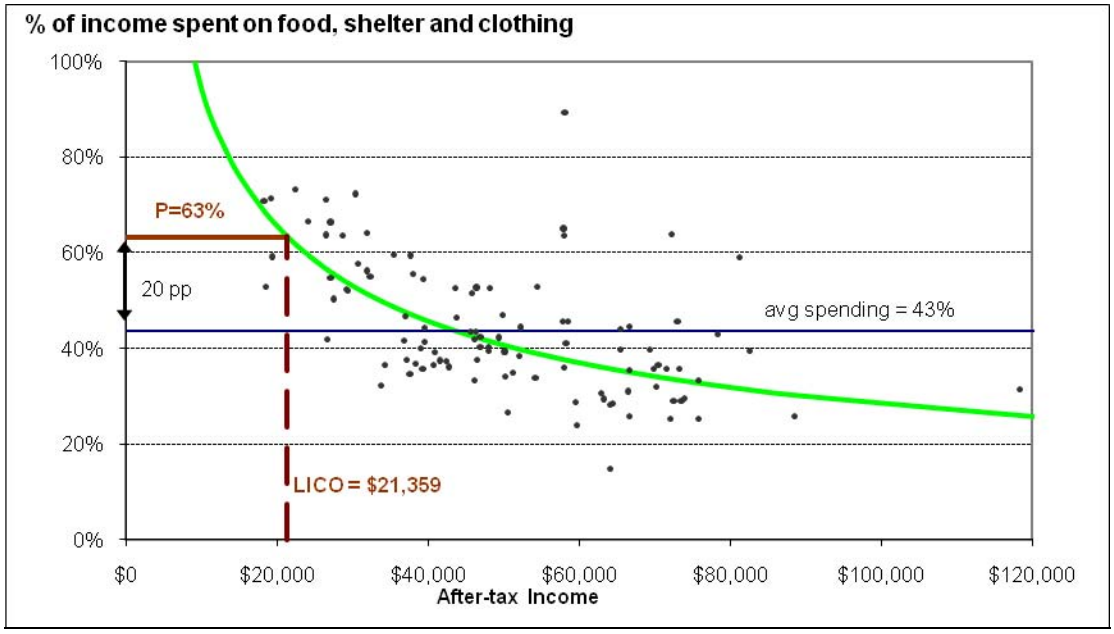
As mentioned previously, a LICO is an income threshold below which a family will likely devote a larger share of its income to the necessities of food, shelter and clothing than an average family would. According to the most recent base for LICOs, the 1992 Family Expenditures Survey, the average family 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, 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] [8]

This process is carried out for seven family sizes 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.

3. 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".
4. Starting with data for 1996, the Survey of Labour and Income Dynamics (SLID) replaces the Survey of Consumer Finances (**S**CF).
5. The LICOs were revised in early 2005 to incorporate revised weights from the 1992 Family Expenditure Survey, which were part of the 2003 Survey of Household Spending historical revision.
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 and size of the area of residence.
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. All dollar values are expressed in current dollars.

Figure 1

Calculation of an after-tax LICO



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.[9]

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. The CPI are provided at the end of this document. 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 2009, the Consumer Price Index is used as follows:

9. 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).

$LICO_{2009} = LICO_{1992} \times CPI_{2009} / CPI_{1992} = 21,359 \times 114.4 / 84.0 = 29,089$

Thus for 2009, 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 $29,089, expressed in current dollars.

Because the LICOs only depend on the annual Consumer Price Index, they can be produced as soon as the CPI is available, that is January following the reference year.

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 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 line. The use of the low income measure (LIM) was suggested in 1989 in a discussion paper written by Wolfson, Evans, and the OECD[10] which discussed their concerns about the LICOs. In simple terms, the LIM is a fixed percentage (50%) of median adjusted household[11] income, where "adjusted" indicates that household needs are taken into account. Adjustment for household sizes reflects the fact that a household's needs increase as the number of members increases. Most would agree that a household of five has greater needs than a household of two.

The LIMs are calculated three times; with market income, before-tax income, and after-tax income using the Survey of Labour and Income Dynamics (SLID). They do not require updating using an inflation index because they are calculated using an annual survey of household income. 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.

Changes to the LIM – accounting unit, unit of analysis and equivalence scale

With this release, some changes have been made to the concepts around the Low Income Measures (Murphy, Zhang and Dionne, 2010). These changes relate to the accounting unit utilized, the unit of analysis and the equivalence scale.

In previous years, the economic family was the accounting unit in which individuals pooled income to enjoy economies of scale. However, beginning this year, the household has replaced the economic family in the LIM. The rationale for this change is twofold. Firstly, housing costs such as mortgage interest or rent and utilities are likely shared among individuals living in a dwelling, regardless if they are part of a different economic family. Secondly, the household is the international standard when analysing income distribution (The Canberra Group 2001).

In addition, a change also appears at the unit of analysis. The median is no longer calculated over the population of families or households, but over the population of individuals. Hence, each person in the population is represented by its adjusted household income. The LIM is then defined as 50% of the median of the adjusted household income observed at the person level.

Finally, the equivalence scale has been changed. In the past, the scale used by Statistics Canada was as follows:

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

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

11. A household is defined as a person or group of persons residing in a dwelling.

The adjusted income amount for the family was then obtained by dividing the family's income by the sum of the factors assigned to the family's members.

In order to ensure international consistency and to facilitate the calculation of adjusted household income, a new scale will now be used. From now on, adjusted household income will be obtained by dividing household income by the square root of the number of members in the household. Previous years' LIMs have been revised accordingly.

How is the LIM calculated?

In order to calculate the LIMs, first calculate "equivalent household income" for each household by dividing household income by its adjusted size, that is the square root of the number of persons in the household. Next, assign this adjusted household income to each individual in the population. Then determine the median of this "equivalent household income" over the population of individuals that is the amount where half of all individuals will be above it and half below. The LIM for a household of one person is 50% of this median "equivalent household income", and the LIMs for other sizes of households are equal to this value multiplied by their "equivalent household size".

Market Basket Measure (2008 base)

What is the MBM?

The MBM is based on the cost of a specific basket of goods and services representing a modest, basic standard of living. It includes the costs of food, clothing, footwear, transportation, shelter and other expenses for a reference family of two adults aged 25-49 and two children (aged 9 and 13). It provides thresholds for a finer geographic level than the LICO, allowing, for example, different costs for rural areas in the different provinces. These thresholds are compared to disposable income of families to determine low income status. Disposable income is defined as the sum remaining after deducting the following from total family income: total income taxes paid; the personal portion of payroll taxes; other mandatory payroll deductions such as contributions to employer-sponsored pension plans, supplementary health plans, and union dues; child support and alimony payments made to another family; out-of-pocket spending on child care; and non-insured but medically prescribed health-related expenses such as dental and vision care, prescription drugs, and aids for persons with disabilities.

The MBM and the MBM disposable income were designed by a working group of Federal, Provincial and Territorial officials, led by HRSDC between 1997 and 1999 (Hatfield, 2002; Michaud, Cotton and Bishop 2004). During 2009 and early 2010, it underwent a comprehensive review of both content and methodology (Hatfield, Pyper and Gustajtis 2010). The consultation process, led by HRSDC, involved officials from Provincial and Territorial governments, other federal governments and agencies including Statistics Canada and a panel of experts in low income measurement. This review process led to a rebased series of thresholds (MBM 2008 base), revised historically to 2000, the beginning of the MBM time series.

How are MBM thresholds calculated?

The MBM thresholds are calculated as the cost of purchasing the following items:

- A nutritious diet as specified in the 2008 National Nutritious Food Basket.
- A basket of clothing and footwear required by a family of two adults and two children
- Shelter cost as the median cost of a two- or three-bedroom units including electricity, heat, water and appliances
- Transportation costs, using public transit where available or costs associated with owning and operating a modest vehicle where public transit is not available.
- Other necessary goods and services.

Low income rate and low income gap

To determine whether a person is in low income, the appropriate low income line (LIL) is compared to the income of the person's family[12] (or household)[13]. If their income is below the cut-off, the individual is 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 (or households), 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 (or households)". Overall, the low income rate for persons can then be calculated as the number of persons in low income divided by the total population. The same can be done for various sub-groups of the population; for example, low income rates by age, sex, or province.

After having determined that an individual is in low income, the depth of its low income can be analysed by using the amount that the person's family (or household) income falls short of the relevant low income cut-off. For example, an individual living in a family (or household) 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%.[14] The average gap for a given population, whether expressed in dollar or percentage terms, is the average of these values as calculated for each person.

12. 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.
13. When using the LICO or the MBM, the economic family is the appropriate unit. When using the LIM, the household is the appropriate unit.
14. For the calculation of this low income gap, negative incomes are treated as zero.

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

	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
Size of family unit	Current dollars				
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, 017	10,319	11,511	11,657	13,784
2 persons	10,974	12,560	14,011	14,187	16,776
3 persons	13,665	15,638	17,446	17,666	20,889
4 persons	17,048	19,511	21,766	22,040	26,061
5 persons	19,413	22,217	24,785	25,097	29,676
6 persons	21,529	24,640	27,488	27,833	32,911
7 or more persons	23,646	27,062	30,189	30,569	36,147
1994					
1 person	9,027	10,331	11,525	11,671	13,800
2 persons	10,987	12,574	14,027	14,204	16,795
3 persons	13,681	15,657	17,466	17,687	20,914
4 persons	17,068	19,533	21,791	22,066	26,092
5 persons	19,436	22,243	24,814	25,126	29,710
6 persons	21,555	24,668	27,520	27,866	32,950
7 or more persons	23,674	27,093	30,225	30,605	36,189

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 (continued)

	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
Size of family unit	Current dollars				
1995					
1 person	9,227	10,560	11,780	11,929	14,106
2 persons	11,231	12,853	14,338	14,519	17,168
3 persons	13,985	16,004	17,854	18,079	21,378
4 persons	17,446	19,967	22,274	22,555	26,670
5 persons	19,866	22,736	25,364	25,683	30,369
6 persons	22,032	25,215	28,130	28,484	33,680
7 or more persons	24,198	27,694	30,895	31,284	36,991
1996					
1 person	9,364	10,717	11,955	12,106	14,315
2 persons	11,397	13,044	14,551	14,734	17,422
3 persons	14,192	16,241	18,119	18,347	21,695
4 persons	17,705	20,263	22,605	22,890	27,066
5 persons	20,161	23,074	25,741	26,065	30,820
6 persons	22,359	25,589	28,547	28,906	34,180
7 or more persons	24,558	28,105	31,353	31,748	37,540
1997					
1 person	9,522	10,898	12,157	12,311	14,557
2 persons	11,589	13,264	14,797	14,983	17,716
3 persons	14,432	16,515	18,424	18,657	22,061
4 persons	18,004	20,605	22,986	23,276	27,522
5 persons	20,501	23,463	26,175	26,504	31,340
6 persons	22,737	26,021	29,029	29,394	34,757
7 or more persons	24,972	28,579	31,882	32,284	38,174

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 (continued)

	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
Size of family unit	Current dollars				
1998					
1 person	9,617	11,006	12,278	12,433	14,701
2 persons	11,705	13,396	14,944	15,132	17,893
3 persons	14,575	16,680	18,608	18,843	22,280
4 persons	18,183	20,810	23,215	23,508	27,797
5 persons	20,706	23,697	26,436	26,768	31,652
6 persons	22,963	26,280	29,318	29,687	35,103
7 or more persons	25,221	28,864	32,200	32,605	38,554
1999					
1 person	9,785	11,199	12,493	12,651	14,959
2 persons	11,910	13,631	15,206	15,397	18,206
3 persons	14,831	16,972	18,934	19,173	22,671
4 persons	18,501	21,175	23,622	23,920	28,284
5 persons	21,068	24,112	26,899	27,237	32,206
6 persons	23,365	26,741	29,832	30,207	35,718
7 or more persons	25,663	29,370	32,764	33,176	39,229
2000					
1 person	10,049	11,500	12,829	12,991	15,362
2 persons	12,231	13,998	15,615	15,811	18,696
3 persons	15,230	17,429	19,443	19,689	23,281
4 persons	18,999	21,744	24,258	24,563	29,045
5 persons	21,635	24,761	27,623	27,970	33,073
6 persons	23,994	27,460	30,635	31,020	36,679
7 or more persons	26,353	30,160	33,646	34,069	40,285

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 (continued)

	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
Size of family unit		Current dollars			
2001					
1 person	10,302	11,790	13,152	13,318	15,748
2 persons	12,538	14,350	16,008	16,209	19,166
3 persons	15,613	17,867	19,933	20,184	23,867
4 persons	19,477	22,291	24,868	25,181	29,775
5 persons	22,180	25,384	28,318	28,674	33,905
6 persons	24,598	28,151	31,405	31,800	37,602
7 or more persons	27,016	30,919	34,492	34,926	41,298
2002					
1 person	10,533	12,055	13,448	13,618	16,102
2 persons	12,820	14,673	16,368	16,574	19,598
3 persons	15,964	18,269	20,381	20,638	24,404
4 persons	19,915	22,793	25,427	25,748	30,445
5 persons	22,679	25,955	28,955	29,319	34,668
6 persons	25,151	28,785	32,112	32,515	38,448
7 or more persons	27,624	31,614	35,268	35,712	42,227
2003					
1 person	10,828	12,392	13,824	13,999	16,553
2 persons	13,179	15,083	16,826	17,038	20,146
3 persons	16,411	18,781	20,952	21,216	25,087
4 persons	20,473	23,431	26,139	26,469	31,298
5 persons	23,314	26,681	29,765	30,140	35,639
6 persons	25,855	29,590	33,011	33,426	39,524
7 or more persons	28,397	32,499	36,255	36,712	43,410

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 (continued)

	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
Size of family unit	Current dollars				
2004					
1 person	11,028	12,621	14,080	14,258	16,859
2 persons	13,423	15,362	17,137	17,353	20,519
3 persons	16,715	19,128	21,339	21,608	25,551
4 persons	20,852	23,864	26,622	26,958	31,876
5 persons	23,744	27,175	30,316	30,697	36,297
6 persons	26,333	30,137	33,621	34,044	40,255
7 or more persons	28,922	33,100	36,925	37,390	44,212
2005					
1 person	11,271	12,899	14,389	14,571	17,230
2 persons	13,718	15,700	17,514	17,734	20,969
3 persons	17,082	19,548	21,808	22,083	26,112
4 persons	21,310	24,388	27,207	27,550	32,576
5 persons	24,266	27,772	30,982	31,371	37,095
6 persons	26,912	30,799	34,360	34,792	41,139
7 or more persons	29,557	33,827	37,737	38,212	45,183
2006					
1 person	11,492	13,152	14,671	14,857	17,568
2 persons	13,987	16,008	17,857	18,082	21,381
3 persons	17,417	19,932	22,236	22,516	26,624
4 persons	21,728	24,867	27,741	28,091	33,216
5 persons	24,742	28,317	31,590	31,987	37,823
6 persons	27,440	31,404	35,034	35,474	41,946
7 or more persons	30,138	34,491	38,477	38,962	46,070

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 (continued)

	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
Size of family unit	Current dollars				
2007					
1 person	11,745	13,441	14,994	15,184	17,954
2 persons	14,295	16,360	18,250	18,480	21,851
3 persons	17,800	20,370	22,725	23,011	27,210
4 persons	22,206	25,414	28,352	28,709	33,946
5 persons	25,287	28,940	32,285	32,691	38,655
6 persons	28,044	32,095	35,805	36,255	42,869
7 or more persons	30,801	35,250	39,324	39,819	47,084
2008					
1 person	12,019	13,754	15,344	15,538	18,373
2 persons	14,628	16,741	18,676	18,911	22,361
3 persons	18,215	20,845	23,255	23,548	27,844
4 persons	22,724	26,007	29,013	29,378	34,738
5 persons	25,876	29,614	33,037	33,453	39,556
6 persons	28,698	32,843	36,640	37,100	43,869
7 or more persons	31,519	36,072	40,241	40,747	48,181
2009					
1 person	12,050	13,791	15,384	15,579	18,421
2 persons	14,666	16,785	18,725	18,960	22,420
3 persons	18,263	20,900	23,316	23,610	27,918
4 persons	22,783	26,075	29,089	29,455	34,829
5 persons	25,944	29,692	33,124	33,541	39,660
6 persons	28,773	32,929	36,736	37,198	43,984
7 or more persons	31,602	36,167	40,346	40,854	48,308

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

	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
Size of family unit	Current dollars				
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	11,450	13,026	14,236	14,325	16,633
2 persons	14,254	16,216	17,722	17,832	20,707
3 persons	17,524	19,936	21,787	21,923	25,457
4 persons	21,277	24,205	26,453	26,618	30,908
5 persons	24,131	27,453	30,003	30,188	35,055
6 persons	27,217	30,963	33,838	34,048	39,536
7 or more persons	30,301	34,472	37,674	37,908	44,018
1994					
1 person	11,463	13,042	14,253	14,341	16,652
2 persons	14,271	16,235	17,743	17,853	20,731
3 persons	17,544	19,959	21,813	21,948	25,487
4 persons	21,302	24,234	26,484	26,649	30,944
5 persons	24,159	27,485	30,038	30,224	35,096
6 persons	27,249	30,999	33,878	34,088	39,582
7 or more persons	30,337	34,513	37,718	37,952	44,069

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 (continued)

	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
Size of family unit		Current dollars			
1995					
1 person	11,718	13,331	14,569	14,659	17,022
2 persons	14,587	16,595	18,136	18,249	21,191
3 persons	17,933	20,401	22,296	22,435	26,052
4 persons	21,774	24,771	27,072	27,239	31,630
5 persons	24,695	28,095	30,704	30,894	35,874
6 persons	27,853	31,686	34,629	34,844	40,460
7 or more persons	31,009	35,278	38,554	38,793	45,046
1996					
1 person	11,891	13,529	14,785	14,877	17,274
2 persons	14,804	16,841	18,405	18,520	21,505
3 persons	18,199	20,704	22,627	22,768	26,438
4 persons	22,097	25,139	27,473	27,644	32,099
5 persons	25,061	28,512	31,159	31,352	36,407
6 persons	28,266	32,156	35,143	35,361	41,060
7 or more persons	31,470	35,801	39,127	39,369	45,715
1997					
1 person	12,092	13,757	15,034	15,128	17,566
2 persons	15,054	17,125	18,716	18,832	21,868
3 persons	18,506	21,054	23,009	23,152	26,884
4 persons	22,470	25,563	27,937	28,110	32,641
5 persons	25,484	28,993	31,685	31,881	37,021
6 persons	28,743	32,699	35,736	35,958	41,753
7 or more persons	32,001	36,405	39,787	40,033	46,486

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 (continued)

	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
Size of family unit	Current dollars				
1998					
1 person	12,212	13,894	15,184	15,279	17,740
2 persons	15,204	17,296	18,902	19,020	22,086
3 persons	18,690	21,263	23,238	23,383	27,152
4 persons	22,693	25,817	28,215	28,390	32,966
5 persons	25,738	29,281	32,001	32,198	37,390
6 persons	29,029	33,025	36,092	36,316	42,169
7 or more persons	32,319	36,768	40,183	40,432	46,949
1999					
1 person	12,426	14,137	15,450	15,546	18,051
2 persons	15,470	17,599	19,234	19,353	22,473
3 persons	19,018	21,636	23,645	23,792	27,628
4 persons	23,091	26,270	28,709	28,887	33,544
5 persons	26,189	29,794	32,561	32,763	38,045
6 persons	29,538	33,603	36,724	36,952	42,908
7 or more persons	32,885	37,412	40,887	41,140	47,772
2000					
1 person	12,761	14,518	15,866	15,965	18,537
2 persons	15,886	18,073	19,751	19,874	23,078
3 persons	19,530	22,218	24,282	24,433	28,371
4 persons	23,713	26,977	29,482	29,665	34,446
5 persons	26,894	30,596	33,438	33,644	39,069
6 persons	30,333	34,508	37,713	37,946	44,062
7 or more persons	33,770	38,419	41,987	42,247	49,057

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 (continued)

	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
Size of family unit	Current dollars				
2001					
1 person	13,082	14,883	16,265	16,366	19,003
2 persons	16,286	18,527	20,248	20,374	23,658
3 persons	20,021	22,777	24,892	25,047	29,085
4 persons	24,309	27,655	30,224	30,411	35,313
5 persons	27,570	31,366	34,279	34,491	40,051
6 persons	31,096	35,376	38,661	38,901	45,171
7 or more persons	34,620	39,385	43,044	43,310	50,291
2002					
1 person	13,376	15,218	16,631	16,735	19,431
2 persons	16,652	18,944	20,704	20,832	24,190
3 persons	20,471	23,289	25,452	25,611	29,739
4 persons	24,856	28,277	30,904	31,095	36,107
5 persons	28,190	32,071	35,050	35,267	40,952
6 persons	31,795	36,171	39,531	39,776	46,187
7 or more persons	35,399	40,271	44,012	44,285	51,423
2003					
1 person	13,751	15,644	17,097	17,203	19,975
2 persons	17,119	19,474	21,283	21,415	24,868
3 persons	21,045	23,941	26,165	26,328	30,572
4 persons	25,552	29,069	31,769	31,966	37,118
5 persons	28,980	32,969	36,031	36,254	42,099
6 persons	32,686	37,184	40,638	40,890	47,480
7 or more persons	36,390	41,399	45,244	45,524	52,862

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 (continued)

	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
Size of family unit	Current dollars				
2004					
1 person	14,005	15,933	17,413	17,521	20,344
2 persons	17,435	19,834	21,677	21,811	25,327
3 persons	21,434	24,384	26,649	26,814	31,137
4 persons	26,024	29,606	32,356	32,557	37,804
5 persons	29,515	33,579	36,697	36,924	42,877
6 persons	33,290	37,871	41,389	41,646	48,358
7 or more persons	37,063	42,164	46,080	46,366	53,839
2005					
1 person	14,313	16,283	17,795	17,906	20,791
2 persons	17,818	20,270	22,153	22,290	25,884
3 persons	21,904	24,920	27,234	27,403	31,821
4 persons	26,596	30,257	33,067	33,272	38,635
5 persons	30,164	34,316	37,504	37,735	43,819
6 persons	34,021	38,703	42,298	42,561	49,420
7 or more persons	37,877	43,090	47,093	47,384	55,022
2006					
1 person	14,593	16,603	18,144	18,257	21,199
2 persons	18,168	20,668	22,588	22,728	26,392
3 persons	22,334	25,409	27,769	27,941	32,446
4 persons	27,118	30,851	33,716	33,925	39,393
5 persons	30,756	34,990	38,240	38,476	44,679
6 persons	34,689	39,463	43,128	43,396	50,390
7 or more persons	38,620	43,936	48,017	48,314	56,102

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 (continued)

	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
Size of family unit	Current dollars				
2007					
1 person	14,914	16,968	18,544	18,659	21,666
2 persons	18,567	21,123	23,084	23,228	26,972
3 persons	22,826	25,968	28,379	28,556	33,159
4 persons	27,714	31,529	34,457	34,671	40,259
5 persons	31,432	35,760	39,081	39,322	45,662
6 persons	35,452	40,331	44,077	44,350	51,498
7 or more persons	39,470	44,903	49,073	49,377	57,336
2008					
1 person	15,262	17,364	18,976	19,094	22,171
2 persons	19,000	21,615	23,623	23,769	27,601
3 persons	23,358	26,573	29,041	29,222	33,933
4 persons	28,361	32,264	35,261	35,480	41,198
5 persons	32,165	36,594	39,992	40,239	46,727
6 persons	36,278	41,272	45,105	45,385	52,699
7 or more persons	40,390	45,950	50,218	50,529	58,673
2009					
1 person	15,302	17,409	19,026	19,144	22,229
2 persons	19,050	21,672	23,685	23,832	27,674
3 persons	23,419	26,643	29,118	29,299	34,022
4 persons	28,435	32,349	35,354	35,573	41,307
5 persons	32,250	36,690	40,097	40,345	46,850
6 persons	36,374	41,380	45,223	45,504	52,838
7 or more persons	40,496	46,071	50,350	50,661	58,827

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

Table 3 Low income measures, by income concept, for household size of four persons

	Income concept		
	Market income	Before tax	After tax
		Current dollars	
1976	8,492	9,160	7,914
1977	9,290	10,044	8,736
1978	10,162	10,978	9,578
1979	11,408	12,248	10,594
1980	12,746	13,686	11,854
1981	14,144	15,264	13,132
1982	14,994	16,444	14,208
1983	15,188	16,894	14,628
1984	16,360	18,056	15,558
1985	17,438	19,188	16,440
1986	18,714	20,460	17,220
1987	19,750	21,650	18,020
1988	21,332	23,256	19,292
1989	22,798	25,000	20,700
1990	22,840	25,518	21,030
1991	22,512	25,612	21,136
1992	22,574	26,022	21,652
1993	22,408	25,894	21,604
1994	22,728	26,164	21,822
1995	23,348	26,680	22,266
1996	23,502	27,028	22,560
1997	24,390	27,780	23,136
1998	25,548	28,938	24,158
1999	27,062	30,346	25,508
2000	28,566	31,876	26,716
2001	29,338	33,058	28,340
2002	30,154	33,954	29,254
2003	30,978	34,888	30,066
2004	31,968	36,078	31,020

Table 3 Low income measures, after tax by income concept, for household size of four persons (continued)

	Income concept		
	Market income	Before tax	After tax
	Current dollars		
2005	33,216	37,380	32,326
2006	34,170	38,726	33,470
2007	35,722	40,506	35,404
2008	37,644	42,378	37,164

Note: To convert to other household sizes, divide these values by 2 (the square root of the household size of four persons) and then multiply by the square root of the desired household size.

Table 4 Market Basket Measure thresholds, disposable income for reference family of two adults and two children, by MBM region

	2000	2001	2002	2003	2004	2005	2006	2007	2008
	Current dollars								
Newfoundland and Labrador									
Rural	23,884	24,365	24,760	24,938	25,730	26,569	27,621	28,356	29,978
Less than 30,000	25,177	25,664	26,071	26,258	27,026	27,854	28,882	29,614	31,205
St. John's	23,514	24,169	24,640	25,086	25,601	26,354	27,782	28,245	29,753
Prince Edward Island									
Rural	22,641	23,387	23,832	24,090	24,969	26,026	27,229	27,582	28,947
Less than 30,000	24,422	25,181	25,671	25,970	26,828	27,879	29,108	29,477	30,826
Charlottetown	25,312	26,081	26,545	26,827	27,657	28,690	29,923	30,301	31,649
Nova Scotia									
Rural	23,086	23,780	24,030	24,326	24,885	26,033	27,054	27,980	29,655
Less than 30,000	24,785	25,490	25,818	26,192	26,793	28,009	29,073	29,991	31,637
30,000 to 99,999	22,440	23,060	23,417	23,761	24,213	25,186	26,464	27,187	28,798
Halifax	24,002	24,745	25,188	25,585	26,179	26,963	28,092	28,756	30,062
Cape Breton	22,152	22,887	23,317	23,597	24,091	24,836	25,975	26,673	28,123
New Brunswick									
Rural	23,350	24,004	24,532	25,063	25,518	26,371	27,539	27,691	29,102
Less than 30,000	24,652	25,322	25,847	26,376	26,798	27,723	28,873	29,037	30,451
30,000 to 99,999						27,260	28,399	28,560	29,971
Fredericton	22,962	23,629	24,314	24,869	25,420	26,494	27,932	28,515	30,042
Saint John	22,435	23,317	23,829	24,076	24,618	25,491	27,010	27,109	28,619
Moncton	22,816	23,689	23,957	24,193	24,642	25,472	27,012	27,388	28,854
Québec									
Rural	21,391	22,398	22,350	22,307	22,868	23,858	24,746	25,205	26,915
Less than 30,000	22,413	23,420	23,372	23,319	23,869	24,850	25,733	26,186	27,881
30,000 to 99,999	20,500	21,488	21,703	21,692	22,105	22,901	24,025	24,403	26,017
100,000 to 499,999	21,052	22,102	22,224	22,262	22,794	23,642	24,749	25,154	26,743
Québec City	21,385	22,491	22,805	23,009	23,473	24,212	25,362	25,798	27,349
Montréal	21,641	22,699	22,943	23,267	23,980	24,808	26,041	26,537	28,091

Table 4 Market Basket Measure thresholds, disposable income for reference family of two adults and two children, by MBM region (continued)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
	Current dollars								
Ontario									
Rural	22,109	22,920	23,082	23,349	24,326	25,492	26,314	26,326	27,756
Less than 30,000	23,216	24,042	24,244	24,534	25,500	26,668	27,486	27,499	28,904
30,000 to 99,999	21,244	22,145	22,538	22,772	23,708	25,007	26,029	25,636	26,620
100,000 to 499,999	22,449	23,360	23,764	24,087	24,741	25,535	26,560	26,591	28,044
Ottawa	24,829	25,786	26,116	26,224	26,742	27,592	28,449	28,432	29,797
Hamilton/Burlington	21,654	22,362	23,087	23,442	24,106	24,841	26,068	26,000	27,907
Toronto	24,802	25,792	26,420	26,782	27,326	28,047	29,163	29,509	31,129
Manitoba									
Rural	21,253	22,164	22,419	22,987	23,478	24,411	25,043	25,855	27,246
Less than 30,000	22,473	23,407	23,727	24,353	24,877	25,863	26,544	27,375	28,779
Brandon	20,602	21,534	22,168	22,940	23,393	24,115	25,029	25,870	26,936
Winnipeg	21,379	22,291	22,765	23,167	23,741	24,415	25,514	26,126	27,444
Saskatchewan									
Rural	21,882	22,601	22,505	23,146	23,921	24,516	25,520	26,558	28,562
Less than 30,000	22,795	23,524	23,467	24,137	24,917	25,533	26,554	27,550	29,545
30,000 to 99,999	20,953	21,607	21,728	22,453	23,224	23,606	24,754	25,551	27,306
Saskatoon	22,188	23,279	23,549	24,018	24,552	24,867	26,071	26,750	28,469
Regina	21,613	22,243	22,752	23,194	23,789	24,226	25,406	26,270	27,975
Alberta									
Rural	22,647	23,625	23,693	24,300	24,534	24,705	25,960	27,332	29,228
Less than 30,000	24,058	25,081	25,247	25,934	26,200	26,422	27,666	29,078	31,083
30,000 to 99,999	22,809	23,777	24,080	24,716	24,865	24,862	26,192	27,455	29,386
Edmonton	22,781	23,627	24,022	24,569	24,974	25,606	26,967	27,759	29,685
Calgary	23,468	24,517	25,140	25,839	26,042	26,774	28,068	29,281	31,007
British Columbia									
Rural	25,070	24,520	24,121	23,900	25,101	25,692	26,329	26,886	28,217
Less than 30,000	25,998	25,461	25,114	24,943	26,177	26,808	27,482	28,056	29,409
30,000 to 99,999	23,960	23,335	23,191	23,139	24,297	24,732	25,640	26,011	27,241
100,000 to 499,999	22,805	23,690	23,994	24,662	25,163	25,663	26,963	27,596	28,937
Vancouver	24,167	24,955	25,332	25,738	26,209	26,823	28,002	28,418	30,038

Note: To convert to other family sizes, divide these values by 2 (the square root of the reference family size of four persons) and then multiply by the square root of the desired family size.

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

Table A.1 Low- income cut-offs (LICOs), 1959 base, before tax

	All areas (no distinction by community size)				
	Current dollars				
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

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

Table A.2 Low- income cut-offs (LICOs), 1969 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	Current dollars				
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 A.3 Low- income cut-offs (LICOs), 1978 base, before tax

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

Table A.5 Low- income cut-offs (LICOs), 1986 base, after 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			Current dollars		
1986					
1 person	6,414	7,532	8,381	8,607	10,045
2 persons	8,696	10,212	11,364	11,669	13,620
3 persons	11,258	13,220	14,711	15,107	17,632
4 persons	13,242	15,550	17,304	17,769	20,739
5 persons	14,407	16,919	18,826	19,333	22,565
6 persons	15,399	18,083	20,123	20,664	24,118
7 or more persons	16,372	19,226	21,394	21,969	25,641

Annual consumer price index (CPI) for Canada, all-items (2002=100)

1960	15.5	1980	44.0	2000	95.4
1961	15.7	1981	49.5	2001	97.8
1962	15.9	1982	54.9	**2002**	**100.0**
1963	16.1	1983	58.1	2003	102.8
1964	16.4	1984	60.6	2004	104.7
1965	16.8	1985	63.0	2005	107.0
1966	17.5	1986	65.6	2006	109.1
1967	18.1	1987	68.5	2007	111.5
1968	18.8	1988	71.2	2008	114.1
1969	19.7	1989	74.8	2009	114.4
1970	20.3	1990	78.4		
1971	20.9	1991	82.8		
1972	21.9	1992	84.0		
1973	23.6	1993	85.6		
1974	26.2	1994	85.7		
1975	29.0	1995	87.6		
1976	31.1	1996	88.9		
1977	33.6	1997	90.4		
1978	36.6	1998	91.3		
1979	40.0	1999	92.9		

Source: CANSIM Table 326-0021

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